

**| interim report  
as of september 30, 2007 |**

**COMMERZBANK** 



## highlights of commerzbank group

	1.1.–30.9.2007	1.1.–30.9.2006
<b>Income statement</b>		
Operating profit (€ m)	2,344	1,997
Operating profit per share (€)	3.57	3.04
Pre-tax profit (€ m)	2,344	1,783
Consolidated surplus (€ m)	1,716	1,245
Earnings per share (€)	2.61	1.90
Operating return on equity <sup>1)</sup> (%)	23.1	21.8
Cost/income ratio in operating business (%)	59.0	57.7
Return on equity of consolidated surplus <sup>1)</sup> (%)	18.4	14.7
	<b>30.9.2007</b>	<b>31.12.2006</b>
<b>Balance sheet</b>		
Balance-sheet total (€ bn)	626.3	608.3
Risk-weighted assets according to BIS (€ bn)	253.3	231.5
Equity (€ bn) as shown in balance sheet	16.6	15.3
Own funds (€ bn) as shown in balance sheet	30.7	30.1
<b>BIS capital ratios</b>		
Core capital ratio, excluding market-risk position (%)	6.7	6.8
Core capital ratio, including market-risk position (%)	6.6	6.7
Own funds ratio (%)	10.2	11.1
	<b>30.9.2007</b>	<b>30.9.2006</b>
<b>Commerzbank share</b>		
Number of shares issued (million units)	657.2	657.2
Share price (€, 1.1.–30.9.) high	38.20	33.96
low	26.12	24.66
Book value per share <sup>2)</sup> (€)	23.87	20.66
Market capitalization (€ bn)	18.7	17.4
<b>Staff</b>		
Germany	27,707	27,916
Abroad	8,741	8,207
Total	36,448	36,123
<b>Short/long-term rating</b>		
Moody's Investors Service, New York	P-1/Aa3	P-1/A2
Standard & Poor's, New York	A-1/A	A-2/A-
Fitch Ratings, London	F1/A	F1/A

1) annualized; 2) excluding cash flow hedges and minority interests.

The figures contained in this report are unaudited.



## Dear Shareholders

In the third quarter of 2007, the banking sector was overshadowed by the US subprime crisis. Our own bank did not escape unscathed, and strongly falling market valuations have forced us to report impairments on our subprime portfolio. Furthermore, our trading income in particular has been hit by the unsettled financial markets. Nevertheless, strong earnings in our client-oriented segments Private and Business Customers and *Mittelstandsbank* have allowed us to hold on to our income targets for the Commerzbank Group.

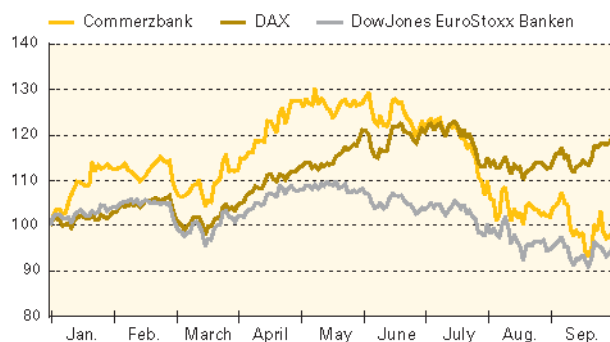
### Commerzbank share remains stable despite difficult market environment

After nine months, the Commerzbank share price is at virtually the same level as at the beginning of the year. The share price started the year with significant gains, and clearly outperformed the DAX as well as comparable European banking shares represented by the DowJones EuroStoxx Banks Index. The positive share price performance was underpinned in particular by Commerzbank's strong business performance, which early on already resulted in an increase in the targets for the year as a whole.

The share price reached its highest level so far during the second quarter. Since May, however, the impact of the subprime crisis in the United States has significantly weakened the environment for financials. German banks were also affected by this development.

### Performance of the Commerzbank share for the first nine months 2007

Daily figures, 29.12.2006=100



### Highlights of the Commerzbank share

	1.1.-30.9.2007	1.1.-30.9.2006
Earnings per share (€)	2.61	1.90
Share price high (€)	38.20	33.96
Share price low (€)	26.12	24.66
Average daily trading volume (million units)	6.63	4.75
	30.9.2007	30.9.2006
Number of shares (million units)	657.2	657.2
Closing price (€)	28.39	26.55
Market capitalization (€ bn)	18.7	17.4

Since then the share price has steadily lost the ground it had gained, especially during the period from mid-June to the start of August. By then, the problems in the US subprime market had become the dominant issue. Against this background, the announcement of positive results again in the second quarter met with little attention, but managed to stabilize the performance of Commerzbank shares, which experienced lively trading in the months of August and September.

Since the publication of our last interim report, the share price has generally tracked the performance of the DowJones EuroStoxx Banks Index. In contrast, the DAX index, which is dominated for the most part by non-banking shares, had divorced itself at the end of July from the downward trend driven by the subprime problems, and had started to gain ground by the end of September.

Our Investors' Day was held on September 20 and met with a positive response. The event was attended by about 100 investors and analysts, and once again offered an in-depth view of the bank's strategies and business performance. In general, the positive reaction helped to stabilize the share price.

We provide our shareholders with comprehensive information. You can find data on Commerzbank's shares as well as current news, publications and presentations on Commerzbank at our Internet site [www.ir.commerzbank.com](http://www.ir.commerzbank.com).

## **interim management report as of september 30, 2007**

### **BUSINESS AND ECONOMY**

Despite somewhat weaker growth in the United States and turbulence on international financial markets, the global economy remains on an upward trend, from which the German economy continued to benefit. However, the first months of 2007 were not quite able to reproduce the high growth rates of 2006. At the start of the year, this was primarily attributable to significant tax increases, but now the ECB's higher interest rates and somewhat weaker demand from abroad are having more and more effect.

In the third quarter, performance on financial markets was strongly impacted by the crisis in the US mortgage market. Uncertainty over the scale of the problems and concerns about possible negative consequences for the broader economy saw interest rates and share prices tumble significantly in the interim. In some market segments, trading temporarily came almost to a complete halt. By the end of September, however, equity indices had risen again, almost to their highs for the year, and yields on government bonds had recovered. But money markets remained plagued by the tensions that had been triggered during the crisis, with the result that short-term financing continued to be more expensive than it was before the crisis.

We at Commerzbank can be satisfied with the performance in 2007, despite the difficult market situation outlined above. Our strategy of concentrating on client-oriented segments has paid dividends, especially in Private Customers and the *Mittelstandsbank*. In addition, we have continued along the path of controlled expansion and reinforced our presence in highly promising markets abroad. In September we were awarded the license for a branch in Dubai. This will be the 21<sup>st</sup> branch of Commerzbank AG abroad, and reflects our aim of gaining exposure to the rapidly expanding economic potential of the region while also using the branch to offer service locally to German and Arabic clients alike. The branch will provide a wide range of banking services for companies

and institutional investors, including in particular structured investment products, derivatives, trade finance and transaction banking, asset management via cominvest and real-estate financing via Eurohypo.

In September we also announced that we would acquire 60% plus one share in Forum Bank of Ukraine, thereby significantly strengthening our position in Central and Eastern Europe. Forum Bank has more than 3,000 employees, and concentrates primarily on services to its 12,000 corporate clients. With our support, the bank will expand its retail banking operations in the years ahead.

At the start of October, our new representative office in the Ethiopian capital Addis Ababa opened for business. The main task of the office will be to maintain close contacts with the National Bank of Ethiopia, local banks and other institutions.

In the area of asset management, our strategy of increased focus has been successfully implemented. In October we reached an agreement with UBS over the sale of our French subsidiary, Caisse Centrale de Réescompte (CCR). The transaction is expected to be finalized in the first quarter of 2008, following approval from the supervisory authorities. After the sale of the UK-based Jupiter International Group in June and the pending sale of Commerz International Capital Management (Japan), we will fully concentrate our asset management operations in our domestic subsidiary cominvest Asset Management in future.

The annual general meeting of Eurohypo was held on August 29, 2007. The meeting approved the squeeze-out of minority shareholders for the benefit of the principal shareholder, Commerzbank Inlandsbanken Holding GmbH. The annual general meeting also approved the control and profit transfer agreement. This was recorded in the commercial register and entered into effect on September 4, 2007. This agreement will allow us to reduce fiscal complexity within the Commerzbank Group and to achieve tax benefits.



## **EARNINGS PERFORMANCE, FINANCIAL AND ASSET POSITION**

When examining the income statement of the Commerzbank Group, it should be noted that Eurohypo has been fully consolidated only since April 2006. In the first quarter of 2006 it was still reported at equity. This means that for the first three months of 2006 the contribution to income due to our investment was shown under net interest income.

Although the income statement for the third quarter of 2007 clearly reflects the impact of the subprime crisis, income after provisioning did rise modestly in comparison to the same period last year. The operating profit improved by over 7% compared to the third quarter of 2006 and by over 17% in the nine-month comparison.

### **Net interest income at stable levels – provisioning is down**

Net interest income came to €999m in the third quarter, compared with €1,003m in the previous quarter. We were able to expand volumes and margins in domestic corporate banking, BRE Bank and in the Commercial Real Estate segment, thereby improving income in comparison to the previous quarters. Net interest income remained stable in retail banking. However, we were forced to report negative net interest income in the Public Finance and Treasury segment due to the development of interest rates. In total for the first nine months of 2007, we are able to report net interest income of €3.05bn, compared to €2.94bn for the same period last year.

We are happy to report a further reduction in provisions for possible loan losses. After setting aside provisions of €160m in the first quarter and €151m in the second quarter, we have allocated an amount of €107m for the period July to September. Although the need for provisions in the USA has risen due to the subprime crisis, it has fallen in all other areas. We were even able to make net releases of provisions in the *Mittelstandsbank* segment. In the year to date, we have made provisions totaling €418m for possible loan losses. Even when not taking into account the one-off amount of €293m in retail business in 2006, loan loss provisions declined.

### **Net commission income doing well – trading profit weaker**

In the third quarter of 2007, we have posted net commission income of €810m. Of this amount, €100m was due to an extraordinary item in the *Mittelstandsbank* segment. A ruling by the German Federal Finance Court means that we can now recognize income from what was termed the reserve management programme, a product for corporate clients dating back to 2000. The remaining amount of €710m represents income from current operations; for the first time, this amount no longer includes income from our former subsidiary Jupiter International Group. The figure for the previous year was €718m, and included a €63m contribution from Jupiter. In total, commission income for the first nine months of this year amounted to €2.41bn compared to €2.17bn for the same period last year. Among the significant contributing factors to this growth were securities trading on behalf of our clients and the real estate business.

Seasonal factors and the fallout from the financial crisis were the main reasons for the noticeable decline in trading profit. It amounted to €124m in the third quarter, compared with €381m in the previous quarter and €168m in the third quarter of 2006. The Corporates & Markets segment was particularly impacted, especially the credit trading unit, while trading profit from derivative products and interest rate and currency trading remained strong. The valuation of derivatives and the application of the fair value option made a negative contribution. For the first nine months of 2007, however, we are still able to report a trading profit of €806m, compared to €825m in the same period for the previous year.

### **Net result on investments and securities portfolio dented by financial crisis**

This position reflects the write-downs on our subprime exposure. Since the end of June, the market as a whole has deteriorated significantly. For this reason, we reassessed our exposure in great detail, and have adopted a transparent valuation process with regular intervals. The portfolio was subjected to an in-depth credit analysis focusing on the probability of defaults and appropriately valued taking into con-

sideration the information currently available. In the third quarter we made value adjustments of €291m on our subprime securities portfolio. This was spread over the Corporates & Markets (€163m) and Commercial Real Estate (€128m) segments and fully accounts for market developments up to the end of September.

In the first half of 2007, we were able to report investment earnings of €487m, due in large part to the sale of Jupiter International Group. Following the valuation adjustment mentioned above, the result for the third quarter is a negative €238m, leaving €249m for the first nine months. In the comparative period for 2006, the amount was €720m.

#### **Cost control continues to be successful**

In the third quarter, administrative expenses amounted to €1.28bn, or 3.1% less than in the previous quarter. This decline was primarily a result of the deconsolidation of Jupiter International Group, along with lower bonus provisions in some business segments. In the first nine months, administrative expenses totaled €3.97bn, or 4.1% higher than in the same period in 2006. On a pro-forma basis, i.e. taking Eurohypo fully into account in the comparison, there was a marginal increase of 0.7%. Personnel expenses rose to €2.35bn. The modest increase in the number of employees to 36,448 over the last twelve months was solely the result of additional staff abroad, mainly due to the expansion of BRE Bank. Investments in our efficiency initiatives resulted in higher other expenditure, which increased to €1.38bn. Depreciation on fixed assets of €237m remained at the level of last year.

#### **Operating profit 17.4% higher than last year**

We generated an operating profit of €361m in the third quarter, compared with €337m in the third quarter of 2006. For the first nine months of 2007, we are showing an operating profit of €2.34bn, an increase of 17.4% on the same period for the previous year. After deduction of tax of €560m and profit and loss of €68m attributable to minority interests, the consolidated surplus is €1.72bn. This is 37.8% higher than for the same period of the previous year. Based

on an average of 656.6 million issued ordinary shares, earnings per share came to €2.61, compared to €1.90 for the previous year on the basis of an average of 656.3 million shares.

#### **Total assets and equity capital**

Over the course of 2007, total assets of the Commerzbank Group have risen by 2.9% or €17.9bn to €626.3bn. While our interbank lending and claims on customers remained virtually unchanged, assets held for trading rose by €15bn to €100.6bn, especially due to higher positive fair values attributable to derivative financial instruments. Liabilities to banks and customers increased strongly by €9.1bn and €16.4bn respectively. Securitized liabilities meanwhile declined by €17.9bn. Liabilities from trading activities increased by €7.9bn.

Equity capital rose by 8.7% compared to the end of 2006 to €16.65bn. Subscribed capital, capital reserves and retained earnings remained virtually unchanged. The revaluation reserve was reduced by 15%, to €1.48bn as a result of the market situation. This decline was more than offset by the strongly improved results from cash flow hedges (-€42m compared to -€381m) and the €84m reduction in the reserve from currency translation. The consolidated surplus contributed an amount of €1.7bn for the period from January to September while €493m for 2006 were paid as dividends in May.

Risk-weighted assets rose sharply by €21.8bn to €253.3bn. For this reason, the core capital ratio fell slightly from 6.7% to 6.6%, despite higher equity capital. The own funds ratio fell from 11.1% to 10.2%.

#### **Segment reporting**

The composition of the segments and the segment reporting principles are explained in detail on pages 22 and 23 of this report. Performance in the various segments varied significantly during the first nine months of the year:



### Private and Business Customers

This segment, which also includes the German Asset Management business area since the start of the year, has generated further improvements in earnings quality. Net interest income remained at the level reported in the first two quarters, totaling €956m for the first nine months. Provisions for possible loan losses were reduced each quarter; overall we have set aside €197m in provisions for the period from January to September. Net commission income was especially pleasing. This increased again in the third quarter, growing in comparison to the previous year by almost 10% to €1.2bn. We have retained a firm grip on costs. The modest increase to €1.6bn for the first nine months is primarily the result of higher bonus provisions due to good business performance and our growth programmes. Investments in branches and comdirect bank are bearing fruit. In the year to date, Commerzbank has acquired a net total of 231,000 new private and business customers.

Operating profit for the first nine months totaled €334m. On a comparable basis, that is to say without the special risk provision of the third quarter of 2006, it increased by 23.7% compared to the previous year. The operating return on equity was 17.8% and the cost/income ratio improved slightly to 75.2%.

### *Mittelstandsbank*

The *Mittelstandsbank* segment continued its undiminished success. Margins remained stable while credit and deposit business volumes were increased. This saw net interest income rise quarter on quarter to total €1,074m for the first nine months, 15.4% more than in the comparative period in 2006. Due to the continuing favorable economic environment, we reduced the provision for possible loan losses once again. We were even able to make net releases of provisions in the third quarter. For the first nine months, we are reporting provisions of only €17m compared to €174m in the same period for 2006. Net commission income of €645m also made a pleasingly strong contribution to earnings. Adjusted for the extraordinary item of €100m mentioned above, commission income was still almost 12% higher than in the

first nine months of 2006. This reflects the success of our improved cross-selling efforts. Our ongoing tight cost management kept cost increases to a minimal 2.9%.

We achieved an operating profit of €993m, compared with €502m in the a previous year. With slightly more average equity tied up, the operating return on equity rose to 42.5% from 22.3%. The cost/income ratio improved from an already strong 54.3% last year to 45.0%.

### Corporates & Markets

The performance of the Corporates & Markets segment in the third quarter of 2007 was impacted by the subprime crisis. However, core operations remained strong. While interest income for the first nine months rose by 6.2% over the same period last year to total €275m, we were forced to make significantly higher provisions for possible loan losses – but solely for the New York subsidiary, which has only been part of this segment since mid-2006. For the first nine months of 2006, this position reported a positive balance, but a negative amount of €80m was recorded in the course of this year. Despite a drop in income from syndications, net commission income rose by 4.4% to €142m in the year to date. Trading profit reflected the difficult market environment; in the third quarter it was €150m compared to €327m in the previous quarter. For the first nine months of 2007, we have achieved a modest rise of 1.3% to €766m. The net result from the investments and securities portfolio of –€140m includes €163m of write-downs on CDOs linked to the subprime crisis.

The operating profit fell from €520m in the first nine months of 2006 to €227m. On the basis of lower average equity tied up, the operating return on equity was 13.4% compared to 28.1% for the previous year. The cost/income ratio rose from 58.3% to 71.1%.

## Commercial Real Estate

The Commercial Real Estate segment includes the commercial real-estate operations of Eurohypo and Commerz Real AG (formed through the merger of CommerzLeasing und Immobilien and Commerz Grundbesitzgesellschaft). Operating business continued to perform positively. This is shown more clearly through a pro-forma comparison with the results for 2006 than by looking at the reported figures. Net interest income has risen modestly in the year to date, remaining stable at €642m after €643m last year. Loan loss provisions were lowered from €137m to €104m. Net commission income increased by a pleasing 29% to €289m. Unfortunately, this segment was also affected by the subprime crisis. The net result on investments and securities portfolio was hit by an impairment charge of €128m on the subprime portfolio of Eurohypo in New York. Administrative costs rose only slightly to €810m for the period from January to September.

We report an operating profit of €401m. On a pro-forma basis, this represents a modest decline of 1.7%. The operating return on equity was 12.5%, while the cost/income ratio was 44.7%.

## Public Finance and Treasury

This segment comprises Hypothekenbank in Essen, Erste Europäische Pfandbrief- und Kommunalkreditbank, the public-sector lending business of Eurohypo and the Group Treasury. Essen Hyp in particular was impacted by the difficult market environment following the subprime crisis. It is worth noting in this regard that Essen Hyp itself is not exposed in this sector. Income in the third quarter was also weighed down by lower gains on sales of borrower note loans at Essen Hyp and less repayment penalties at Eurohypo. In our Treasury, however, we noticed a turn for the better. For the first nine months of 2007, income of €120m was generated with administrative costs of €78m.

Operating profit was €42m compared to €247m on a pro-forma basis for the previous year. The operating return on equity was 4.7%, and the cost/income ratio was 57.4%.

## Others and Consolidation

Since the start of the year, we have also included international asset-management activities into this segment. Performance was driven in particular by the deconsolidation of Jupiter International Group in June. Net interest income was €19m compared with €3m last year. Commission income fell from €254m to €157m. The net result on investments and securities portfolio was €339m. This position reflects the proceeds from the sale of various stakes, especially Germanischer Lloyd, Deutsche Börse and Jupiter International. Administrative costs fell from €390m last year to €288m this year. We report an operating profit of €347m compared with €471m last year.

The Commerzbank Group posted an operating return on equity of 23.1% for the first nine months of 2007, or 18.4% calculated on the basis of the consolidated surplus. The cost/income ratio remained at the pleasingly low level of 59.0%.

## FORECAST

Despite financial market turbulence, the global upturn will continue in the months ahead. Nonetheless, the crisis in the real-estate market, which is also unsettling the financial markets, is likely to continue to put the brakes on the US economy. In Germany growth will probably tend to weaken and approach the medium-term trend level of about 1½%. Given the less favorable economic prospects in the euro zone, the ECB will leave interest unchanged for the immediate future. Further interest rate cuts are likely from the Federal Reserve, so we expect bond yields to fall slightly.

The Commerzbank Group as a whole remains well on track in operational terms. In the individual segments we anticipate the following results for 2007:

- In the Private and Business Customers segment we anticipate an operating profit of more than €375m. This represents significant growth in comparison over the previous year, even if the 2006 results are adjusted for the special risk provision of €293m.





- Seen from today's perspective, the *Mittelstandsbank* will achieve operating profit of over €1.2bn, representing strong growth compared to the results in 2006.
- In Corporates & Markets we anticipate the fourth quarter will be positive again. The operating profit will be below the previous year but will remain at a satisfactory level, given the roughly €210m impairments on the subprime portfolio in total.
- Despite impairments on the subprime portfolio, we expect operating profit in the Commercial Real Estate segment to match the level from last year.
- For Public Finance and Treasury, the fourth quarter should offer a modest recovery. However, this segment will continue to be impacted by interest rate developments and the weaker markets.

Despite subprime effects but also thanks to a good result from our management of investments, our current projections indicate that for the Group as a whole we will achieve a return on equity based on the consolidated surplus of more than 15%. We intend to share this increase in earnings with our shareholders in the form of higher dividends.

In 2008, we will maintain our strategy of concentrating on client-based operations and controlled growth. Provided the markets do not deteriorate any more, we are confident that we can further increase the return on equity next year.

## RISK REPORT

### I. Risk-based overall Bank management

#### 1) Principles and organization of risk management

The Commerzbank Group's value-based and risk/return-oriented overall Bank management involves taking on identified risks and managing them professionally. Accordingly, the core tasks for Commerzbank risk management consist of identifying all the major risks within the Group and – as far as possible – precisely measuring these risks and managing the resulting risk positions.

Commerzbank defines risk as the danger of possible losses or profits foregone, which may be triggered by internal or external factors. Risk management always distinguishes between quantifiable – i.e. measurable – and unquantifiable categories of risk.

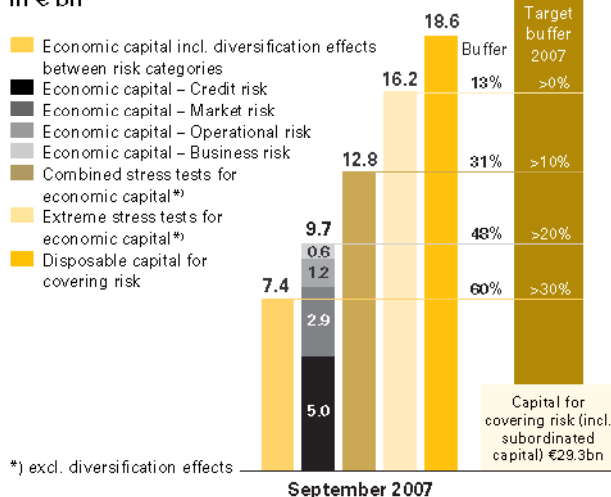
For a more detailed explanation of the way risk management is organized at Commerzbank, please see our 2006 annual report. There have been no significant changes in organizational and reporting structures since the last management report.

#### 2) Risk-taking capability

Calculation of the risk-taking capability based on economic capital is the second important pillar of overall Bank management, alongside integrated risk/return-oriented management based on expected loss and risk appetite.

For this, the aggregate risk figure for the Bank as a whole (measured as economic capital) is set against the total capital available for covering risk. The objective of this comparison is to establish whether the Bank is in a position to anticipate potential unexpected losses without serious negative effects on its business activity and to cover them from its own funds.

### Risk-taking capability for the Commerzbank Group in € bn



In accordance with Group guidelines, the capital available for covering risk must be 20% higher than the economic capital excluding diversification effects. Within the Bank's overall risk strategy, the risk buffer requirement has been translated into specific targets for individual portfolios. The Bank maintained all of the buffers set in the reporting period at all times.

## II. Risk management

### 1) Default risks

#### Definition

The risk of losses or profits foregone due to defaults by counterparties and also the change in this risk. Apart from this traditional risk, default risk also

covers country risk and issuer risk as well as counterparty risk and settlement risk arising from trading activities.

#### Provision development

Risk provisions in the third quarter totaled €107m, which was €44m lower than in the previous quarter. There was also a significant reduction from the third quarter of 2006, primarily the result of the one-off charge in Retail taken in the Q3 last year. We anticipate that Group risk provisions in 2007 will be below €550m.

#### Modeling and quantifying credit risk

All credit risks are aggregated at the portfolio level with the aid of the internal credit-risk model, with the input parameters and risk factors closely linked to the parameters for Basel II. From the distribution of loss we calculate both the expected loss (EL) and the unexpected loss (UL).

Whilst UL is used to measure risk concentrations and in managing cluster risks, we have established EL as a central variable in guiding the Bank's processes. EL is used in the Bank's operational management of risk. In addition, the EL positioning for the individual business lines is ascertained within the strategic planning process. The regular monitoring of EL is embedded in a limits system.

The expected loss at Group level has risen by 5% over the comparative nine-month period, in line with segmental business trends. The decline in the Private and Business Customers segment from the planned

#### Provision for possible loan losses

Segments	1st quarter 2006	2nd quarter 2006	3rd quarter 2006*	2006 as a whole (pro forma)	1st quarter 2007	2nd quarter 2007	3rd quarter 2007	Difference 3rd quarter vs. 2nd quarter
Private and Business Customers	71	72	381	599	73	66	58	-8
Mittelstand	80	81	13	128	30	25	-38	-63
Corporates & Markets	11	9	-27	-11	13	10	57	47
Commercial Real Estate	41	55	41	186	39	39	26	-13
Public Finance and Treasury	8	8	7	28	5	7	4	-3
Others and Consolidation	0	0	0	0	0	4	0	-4
<b>Group</b>	<b>211</b>	<b>225</b>	<b>415</b>	<b>930</b>	<b>160</b>	<b>151</b>	<b>107</b>	<b>-44</b>

\*) Increase in risk provisions in the third quarter 2006 resulting from the one-off in retail business amounting to €293 m.



### Expected loss by segment

	30.9.2007	31.12.2006 <sup>*)</sup>	Change
	€ m	€ m	in %
Private and Business Customers	260	294	-12
<i>Mittelstand</i>	323	287	13
Corporates & Markets	162	109	49
Commercial Real Estate	265	277	-4
Public Finance and Treasury	68	55	24
Others and Consolidation	15	17	-12
<b>Group</b>	<b>1,093</b>	<b>1,039</b>	<b>5</b>

\*) EL as of 31.12.2006 was adjusted to the current segment structure.

introduction of additional selective scoring systems stands in contrast with the higher level in the *Mittelstand* segment, which is the result of increased volumes in the target groups German *Mittelstand* (SMEs) and Central/Eastern Europe (especially BRE). The rise in the C&M segment is due to base date effects and to revaluations in the context of current market instability.

#### Country risks

Country-risk management covers all the decisions, measures and processes which are intended to influence portfolio structure in order to achieve management goals. The country risk credit committee discusses Group strategy decisions in conjunction with the Group-wide planning and control of country risks, and sets segment-specific country limits. Globalization is increasingly bringing opportunities for all areas of business which, through targeted risk/return-oriented business expansion in the emerging

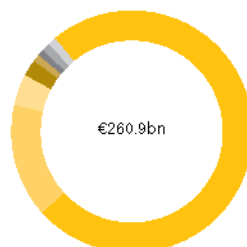
markets, can be utilized to a greater extent than has previously been the case. Overall, 86% of exposure abroad is in the rating range 1.0 to 1.8, and 11% is in the range 2.0 to 2.8, whilst only 3% of the exposure has a rating of 3.0 or worse.

#### 2) Market-price risks

##### Definition

Market-price risks encompass the risks of losses from changes in market prices (interest rates, spreads, exchange rates, share prices, etc) or parameters influencing prices, such as volatility and correlations. This definition comprehends also risks from equity investments in the banking book and equity event risks (modeling equity risk beyond VaR, e.g. to cover the insolvency of an issuer). We also keep an eye on market liquidity risk, which covers cases where it is not possible for the Bank to liquidate or hedge risky positions in a timely manner and to the desired extent as a result of insufficient liquidity in the market.

#### Regions of foreign exposure as of 30.9.2007



#### Modeling and quantifying market risks

The value-at-risk shows the potential losses which will not be exceeded with a 99% degree of probability for a holding period of 10 days. In the table on the following page, market risk is broken down into business lines in accordance with the internal model (trading book risks and currency risks for the banking book).

**Changes in market-price risks**

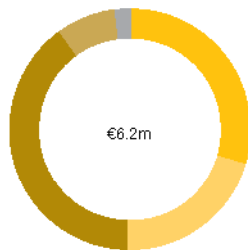
Value-at-risk (99%, 10 days)

€ m	Corporates & Markets		Treasury		Group	
	1.1.–30.9.2007	2006	1.1.–30.9.2007	2006	1.1.–30.9.2007	2006
Minimum	16.0	15.2	5.2	9.4	21.5	21.0
Median	24.6	27.2	8.6	12.3	33.2	31.3
Maximum	37.4	38.6	54.8	25.8	69.6	44.3
<b>End of period</b>	<b>24.2</b>	<b>22.6</b>	<b>7.7</b>	<b>12.2</b>	<b>26.2</b>	<b>30.0</b>

**Market risk in accordance with the internal model as of 30.9.2007**

(99%, 10 days)

- 30% Credit-spread risk
- 20% Interest-rate risk
- 40% Equity risk
- 8% FX risk
- 2% Precious metal risk



In addition, credit spread, equity investment and interest-rate risks in the banking book, which are reflected in the revaluation reserve, are also subject to internal monitoring and limits (including a sensitivity limit).

**3) Operational risks**

**Definition**

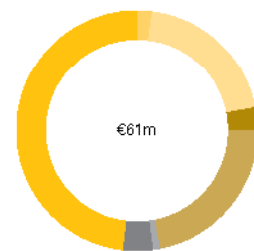
We define operational risk as the risk of losses through inadequate or defective systems and processes, human or technical failures or external events such as system breakdowns or fire damage. In line with the definition of the Solvency Regulation, this also includes legal risk, i.e. risks stemming from inadequate contractual agreements or changes in the legal framework.

In the first three quarters of 2007, actual losses (individual cases above €5,000) amounted to €31m, while overall provisions in the same period were reduced by around €5m. Expected loss (EL) and unexpected

loss (UL) from operational risks amounted to around €61m and €1,233m respectively. Further development of the Advanced Measurement Approach for fully taking into account all components of the Solvency Regulation led to increases versus the December 2006 figures (EL €50m, UL €1,044m). The EL/UL ratio of 1:20 highlights the importance of avoiding major risks in the prevention of losses. We are gradually optimizing the use of insurance policies against losses to limit UL as part of the OpRisk concept.

**Expected loss from operational risks as of 30.9.2007**

- 2% Internal fraud
- 20% External fraud
- 3% Employment practice and job security
- 22% Customers, products and business practices
- 1% Material damages
- 4% Interruptions to business and systems crashes
- 48% Execution, delivery and process management



**4) Other types of risk**

In terms of all other quantifiable and non-quantifiable risks, there were no significant changes in the third quarter of 2007 as against the position reported in detail in the 2006 annual report.



### III. Main developments in 2007

#### Basel II

Commerzbank has applied for approval to be an AIRB bank. This impacts both the AIRB approach for the loan book and the AMA approach to reporting operational risks. Scrutiny by the regulator for the purpose of certification in this regard is still ongoing. Current extrapolations confirm the positive capital saving effect expected for the Group as a whole.

#### Internal model for calculating liquidity risks

Regulatory liquidity requirements under Principle II were met at all times in the first three quarters, with values of between 1.12 and 1.25. Commerzbank uses the long-established Available Net Liquidity concept for internal liquidity management. In the reporting period, this was expanded with additional scenarios to simulate stress situations. The reliability of the concept has been demonstrated during the current liquidity crisis, ensuring that the bank had access to sufficient liquidity at all time and even placing it in a position to make liquidity available to the financial markets.

Commerzbank will apply for the method to be approved as its internal liquidity risk model. After initial consultations with the supervisory authority in the second quarter of 2007, a workshop has been scheduled for the fourth quarter to address specific issues in the approval process.

#### Retail lending

Implementation of the combined retail-lending platform conceived in 2006 in the course of the Eurohypo integration, and the establishment of a highly effective operational credit function focusing systematically on risk optimization, were executed according to plan in September 2007 with the migration of the loan portfolio to the new platform. Together with further

improved, powerful scoring systems, these new business processes and organizational structures will create the conditions for enhancing return on equity in the retail-lending market through efficient credit processing, swift, risk-based decision-making and active portfolio management, and for playing a successful, leading role in the competitive market for private and business customers in Germany.

#### Intensive Care

In 2007, a project was launched with the objective of combining Group-wide intensive care skills into a single unit. The unit's tasks will include inter alia the definition of Group-wide standards for a professional and efficient workout procedure, the harmonization of write-down policies, the introduction of a cash-value oriented management system and the positioning of the new unit as a virtual profit center. The planning phase will be completed by the end of the year.

#### Subprime crisis

Commerzbank is exposed to the US subprime market with a CDO/RMBS volume in the amount of €1.2bn through its units in New York and London; in addition CB Europe holds €54m subprime underlyings as part of AAA bonds in a total volume of €0.2bn.

In the third quarter, the environment has deteriorated dramatically, as illustrated for example by the decline in the ABX HE 2006-2 indices (which show the price performance of RMBS securitizations by ratings). The index for the BBB tranche on March 31, 2007 was 79.00, but by September 30, 2007 it had fallen to only 39.33.

For this reason, the risk function undertook a complete revaluation of the portfolio as per September 30, 2007 (please see the note on accounting principles). This analysis resulted in a charge against earnings in the amount of €291m before tax, which was fully booked in the third quarter.

**DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)  
– ACCOUNTING PRINCIPLES AND CONSOLIDATED COMPANIES –**

**Accounting principles**

Our interim financial statements as of September 30, 2007, were prepared in accordance with Art. 315a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606/2002 (IAS Regulation) of the European Parliament and of the Council of July 19, 2002, together with other regulations for adopting certain international accounting standards on the basis of the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS), approved and published by the International Accounting Standards Board (IASB). This report takes particular account of the requirements of IAS 34 relating to interim financial reporting.

In preparing this interim report, we have in principle employed the same accounting policies as in our consolidated financial statements as of December 31, 2006 (see page 112ff. of our 2006 annual report).

Sales margins from foreign exchange transactions were previously reported in the income statement under net result on trading. From 2007 financial year onward, these will be reported under net commission income, as is now the international norm. We have adjusted the previous years' figures accordingly. In respect of the first nine months of 2006, the reclassification amounts to €49m.

**Adjustment to the provision for possible loan losses in accordance with IAS 8**

As of December 31, 2006, we effected a backdated increase in the provision for possible loan losses in accordance with IAS 8.42. Details may be found in Note 2 to the consolidated financial statements as at December 31, 2006. This adjustment also affects the results for the first three quarters and the statement of changes in equity of 2006, which we have adjusted in this report to make comparisons easier.

**Valuation of the subprime portfolio**

The CDO and RMBS portfolios affected are allocated to the IAS 39 category "Available for Sale" in the Investments and Securities Portfolio. As far as no active market is available for these financial instruments, we have, in accordance with IAS 39, resorted to a valuation process and calculated the fair value from available market-price indices. The question of whether or not a RMBS is impaired has been addressed in a tranche-by-tranche individual valuation process (bottom-up analysis) using trustee reports and additional available information. The expected losses projected by this process have been applied to the securities underlying the CDOs on the basis of the rating and year of issue. Where assets are impaired, the difference in value between the amortized cost and the current fair value has been reported as a value impairment expense in the income statement. The analysis has led to impairment charges against earnings for CDO and RMBS portfolios based on subprime assets of €291m before tax in the third quarter of 2007.

**Consolidated companies**

On August 28, 2007 we concluded a contract for the sale of our subsidiary Commerz International Capital Management (Japan) Ltd, Tokyo. We also signed an agreement on October 23, 2007 for the sale of our subsidiary Caisse Centrale de Réescompte, S.A., Paris, (CCR). In compliance with IFRS 5, we are reporting these companies' assets and liabilities under Other Assets and Other Liabilities until the final transfer of the shares is completed, which in the case of CCR is planned for early 2008. The individual amounts can be found in the relevant notes.

The subsidiaries Skarbiec Asset Management Holding SA, Warsaw, BRE Agent Transferowy Sp. z o.o., Warsaw, and SKARBIEC Towarzystwo Funduszy Inwestycyjnych SA, Warsaw, as well as the special-purpose entity Comas Strategy Fund Limited, Grand Cayman, were deconsolidated in January 2007.



The subsidiaries Commerz Grundbesitz Beteiligungsgesellschaft mbH & Co.KG, Frankfurt am Main, and KENSTONE GmbH, Eschborn, were consolidated into the Group as of January 1, 2007.

Commerzbank (Schweiz) AG Private Banking, Vienna, was consolidated at the end of May 2007.

We sold our subsidiaries Commerz Asset Management (UK) plc, London, and Jupiter International Group plc, London, and deconsolidated the companies on June 19, 2007. The sale generated non-recurring income of €243m in the category investments and securities portfolio (available for sale) as well as €94m in other income.

The subsidiaries ComTS Mitte GmbH, ComTS Nord GmbH and ComTS West GmbH, as well as the special-purpose entity Semper Finance 2007-1 GmbH, all based in Frankfurt am Main, were consolidated into the Group on June 30, 2007.

P.T. Bank Finconesia, Jakarta was divested on August 1, 2007 and has no longer been consolidated since that date.

The following newly established special purpose entities have been included in the interim report for the first time: CB Mezzanine Ltd Partnership, Frankfurt am Main; CoSMO Finance 2007-1 Ltd, Dublin; Glastonbury 2007-1 plc, Dublin; Kaiserplatz Purchaser No. 08 Ltd, St. Helier (Jersey); Kaiserplatz Purchaser No. 18 Ltd., St. Helier (Jersey); and KP Avalon Ltd, Dublin.

The following special funds were divested and deconsolidated: DBI Fund HIE 1, Frankfurt am Main; DBI Fund HIE 3, Frankfurt am Main; DEVIF Fund No. 606, Frankfurt am Main; and Grugafonds, Munich.

The special purpose entities Kaiserplatz Purchaser Nos. 02, 03, 04 and 09, each domiciled in St. Helier (Jersey) were closed as planned upon maturity and are therefore no longer consolidated.

## **consolidated income statement**

	Notes	1.1.–30.9.2007 € m	1.1.–30.9.2006 € m	Change in %
Net interest income	(1)	3,047	2,941	3.6
Provision for possible loan losses	(2)	–418	–799	–47.7
Net interest income after provisioning		2,629	2,142	22.7
Net commission income	(3)	2,415	2,129	13.4
Trading profit	(4)	806	825	–2.3
Net result on investments and securities portfolio (available for sale)	(5)	249	720	–65.4
Other result	(6)	212	–10	.
Operating expenses	(7)	3,967	3,809	4.1
<b>Operating profit</b>		<b>2,344</b>	<b>1,997</b>	<b>17.4</b>
Restructuring expenses		–	214	.
<b>Pre-tax profit</b>		<b>2,344</b>	<b>1,783</b>	<b>31.5</b>
Taxes on income	(8)	560	413	35.6
<b>After-tax profit</b>		<b>1,784</b>	<b>1,370</b>	<b>30.2</b>
Profit/loss attributable to minority interests		–68	–125	–45.6
<b>Consolidated surplus</b>		<b>1,716</b>	<b>1,245</b>	<b>37.8</b>

<b>Earnings per share</b>	1.1.–30.9.2007	1.1.–30.9.2006	Change in %
Operating profit (€ m)	2,344	1,997	17.4
Consolidated surplus (€ m)	1,716	1,245	37.8
Average number of ordinary shares issued (units)	656,593,546	656,267,572	0.0
Operating profit per share (€)	3.57	3.04	17.4
Basic earnings per share (€)	2.61	1.90	37.4

The basic earnings per share, calculated in accordance with IAS 33, are based on the consolidated surplus. Minority interests are not taken into consideration.

In the financial year as in the previous year, no conversion or option rights were outstanding. The diluted earnings per share, therefore, correspond to the basic earnings per share.





### CONSOLIDATED INCOME STATEMENT (QUARTER-ON-QUARTER COMPARISON)

€ m	3 <sup>rd</sup> quarter	2 <sup>nd</sup> quarter	1 <sup>st</sup> quarter	4 <sup>th</sup> quarter	3 <sup>rd</sup> quarter	2 <sup>nd</sup> quarter	1 <sup>st</sup> quarter
	2007	2006					
Net interest income	999	1,003	1,045	975	1,050	1,060	831
Provision for possible loan losses	-107	-151	-160	-79	-415	-225	-159
Net interest income after provisioning	892	852	885	896	635	835	672
Net commission income	810	758	847	798	718	677	734
Trading profit	124	381	301	286	168	337	320
Net result on investments and securities portfolio (available for sale)	-238	262	225	50	91	184	445
Other result	56	146	10	-4	17	-6	-21
Operating expenses	1,283	1,324	1,360	1,395	1,292	1,327	1,190
<b>Operating profit</b>	<b>361</b>	<b>1,075</b>	<b>908</b>	<b>631</b>	<b>337</b>	<b>700</b>	<b>960</b>
Restructuring expenses	-	-	-	39	-	214	-
<b>Pre-tax profit</b>	<b>361</b>	<b>1,075</b>	<b>908</b>	<b>592</b>	<b>337</b>	<b>486</b>	<b>960</b>
Taxes on income	10	283	267	174	84	146	183
<b>After-tax profit</b>	<b>351</b>	<b>792</b>	<b>641</b>	<b>418</b>	<b>253</b>	<b>340</b>	<b>777</b>
Profit/loss attributable to minority interests	-12	-24	-32	-66	-36	-55	-34
<b>Consolidated surplus</b>	<b>339</b>	<b>768</b>	<b>609</b>	<b>352</b>	<b>217</b>	<b>285</b>	<b>743</b>

## consolidated balance sheet

<b>Assets</b>		<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	Notes	€ m	€ m	in %
Cash reserve		3,271	5,967	-45.2
Claims on banks	(10, 12)	75,364	75,271	0.1
Claims on customers	(11, 12)	295,453	294,471	0.3
Provision for possible loan losses	(13)	-6,296	-7,371	-14.6
Positive fair values attributable to derivative hedging instruments		8,571	6,979	22.8
Assets held for trading purposes	(14)	100,572	85,527	17.6
Investments and securities portfolio	(15)	135,991	135,291	0.5
Intangible assets	(16)	1,304	1,680	-22.4
Fixed assets	(17)	1,319	1,388	-5.0
Tax assets		5,545	5,918	-6.3
Other assets	(18)	5,166	3,218	60.5
<b>Total</b>		<b>626,260</b>	<b>608,339</b>	<b>2.9</b>

<b>Liabilities and equity</b>		<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	Notes	€ m	€ m	in %
Liabilities to banks	(19)	134,930	125,825	7.2
Liabilities to customers	(20)	157,574	141,214	11.6
Securitized liabilities	(21)	210,902	228,753	-7.8
Negative fair values attributable to derivative hedging instruments		14,143	14,119	0.2
Liabilities from trading activities	(22)	67,171	59,248	13.4
Provisions	(23)	3,006	3,346	-10.2
Tax liabilities		4,185	4,127	1.4
Other liabilities	(24)	3,613	1,582	.
Subordinated capital	(25)	10,654	11,274	-5.5
Hybrid capital	(26)	3,448	3,540	-2.6
Equity of Commerzbank Group		16,634	15,311	8.6
Subscribed capital		1,706	1,705	0.1
Capital reserve		5,699	5,676	0.4
Retained earnings		5,124	5,166	-0.8
Revaluation reserve		1,484	1,746	-15.0
Valuation of cash flow hedges		-42	-381	-89.0
Reserve from currency translation		-59	-143	-58.7
2006 consolidated profit <sup>*)</sup>		-	493	.
Consolidated surplus 1.1.–30.9.2007		1,716	-	.
Total before minority interests		15,628	14,262	9.6
Minority interests		1,006	1,049	-4.1
<b>Total</b>		<b>626,260</b>	<b>608,339</b>	<b>2.9</b>

\*) after allocation to retained earnings



## statement of changes in equity

The changes in the Commerzbank Group's equity were as follows during the first nine months:

€ m	Sub- scribed capital	Capital reserve	Retained earnings	Revalu- ation reserve	Valuation of cash flow hedges	Reserve from currency trans- lation	Consoli- dated profit	Total before minority interests	Minority interests	Equity
<b>Equity as of 1.1.2006</b>	<b>1,705</b>	<b>5,686</b>	<b>4,033</b>	<b>1,995</b>	<b>-1,069</b>	<b>-107</b>	<b>328</b>	<b>12,571</b>	<b>947</b>	<b>13,518</b>
Consolidated profit							493	493		493
Allocation to retained earnings			1,104					1,104		1,104
Profits/losses								-	191	191
Changes in revaluation reserve				-112				-112	-156	-268
Changes arising from cash flow hedges					682			682	91	773
Changes in currency reserve						-36		-36		-36
<b>Comprehensive income 2006</b>	<b>-</b>	<b>-</b>	<b>1,104</b>	<b>-112</b>	<b>682</b>	<b>-36</b>	<b>493</b>	<b>2,131</b>	<b>126</b>	<b>2,257</b>
Capital increases								-	25	25
Issue of shares to employees	1	8						9		9
Profits/losses in previous year								-	-106	-106
Allocation to retained earnings (minority interests)								-	32	32
Dividend							-328	-328		-328
Changes in companies included in consolidation and other changes <sup>*)</sup>	-1	-18	29	-137	6			-121	25	-96
<b>Equity as of 31.12.2006</b>	<b>1,705</b>	<b>5,676</b>	<b>5,166</b>	<b>1,746</b>	<b>-381</b>	<b>-143</b>	<b>493</b>	<b>14,262</b>	<b>1,049</b>	<b>15,311</b>
Consolidated profit							1,716	1,716		1,716
Allocation to retained earnings								-		-
Profits/losses								-	68	68
Changes in revaluation reserve				-256				-256	-135	-391
Changes arising from cash flow hedges					339			339	63	402
Changes in currency reserve						-4		-4	2	-2
<b>Comprehensive income for the first nine months 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-256</b>	<b>339</b>	<b>-4</b>	<b>1,716</b>	<b>1,795</b>	<b>-2</b>	<b>1,793</b>
Capital increases								-	24	24
Profits/losses in previous year								-	-184	-184
Allocation to retained earnings (minority interests)								-	90	90
Dividend							-493	-493		-493
Changes in companies included in consolidation and other changes <sup>*)</sup>	1	23	-42	-6		88		64	29	93
<b>Equity as of 30.9.2007</b>	<b>1,706</b>	<b>5,699</b>	<b>5,124</b>	<b>1,484</b>	<b>-42</b>	<b>-59</b>	<b>1,716</b>	<b>15,628</b>	<b>1,006</b>	<b>16,634</b>

\*) including change in treasury shares

**NB: statement of changes in equity from 1.1. to 30.9.2006**

€ m	Sub-scribed capital	Capital reserve	Retained earnings	Revaluation reserve	Valuation of cash flow hedges	Reserve from currency translation	Consolidated profit	Total before minority interests	Minority interests	Equity
<b>Equity as of 1.1.2006</b>	<b>1,705</b>	<b>5,686</b>	<b>4,033</b>	<b>1,995</b>	<b>-1,069</b>	<b>-107</b>	<b>328</b>	<b>12,571</b>	<b>947</b>	<b>13,518</b>
Consolidated profit							1,245	1,245		1,245
Allocation to retained earnings								-		-
Profits/losses								-	125	125
Changes in revaluation reserve				-363				-363	-123	-486
Changes arising from cash flow hedges					494			494	65	559
Changes in currency reserve						-24		-24		-24
<b>Comprehensive income for the first nine months 2006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-363</b>	<b>494</b>	<b>-24</b>	<b>1,245</b>	<b>1,352</b>	<b>67</b>	<b>1,419</b>
Capital increases								-	25	25
Issue of shares to employees	1	8						9		9
Profits/losses in previous year								-	-106	-106
Allocation to retained earnings (minority interests)								-	33	33
Dividend							-328	-328		-328
Changes in companies included in consolidation and other changes <sup>*)</sup>	1	6	-11	-164	-2			-170	40	-130
<b>Equity as of 30.9.2006</b>	<b>1,707</b>	<b>5,700</b>	<b>4,022</b>	<b>1,468</b>	<b>-577</b>	<b>-131</b>	<b>1,245</b>	<b>13,434</b>	<b>1,006</b>	<b>14,440</b>

\*) including change in treasury shares

## **cash flow statement**

€ m	2007	2006
<b>Cash and cash equivalents as of 1.1.</b>	<b>5,967</b>	<b>8,628</b>
Net cash provided by operating activities	-1,262	34,512
Net cash used by investing activities	-250	-44,709
Net cash provided by financing activities	-1,180	5,953
<b>Total cash flow</b>	<b>-2,692</b>	<b>-4,244</b>
Effects of exchange-rate changes	-4	-2
<b>Cash and cash equivalents as of 30.9.</b>	<b>3,271</b>	<b>4,382</b>

The chart shows the cash flow within the Commerzbank Group. Cash and cash equivalents are represented by the cash reserve item, which is made up of cash on hand, balances with central banks, as well as debt issued by public-sector borrowers and bills of exchange discountable at central banks.



## NOTES TO THE INCOME STATEMENT

### (1) Net interest income

	1.1.-30.9.2007	1.1.-30.9.2006	Change
	€ m	€ m	in %
Interest income from lending and money-market transactions and also from available-for-sale securities portfolio	15,971	13,095	22.0
Dividends from securities	65	137	-52.6
Current result on investments, investments in associated companies and holdings in subsidiaries	77	147	-47.6
Current income from leasing and comparable assets	156	166	-6.0
<i>Interest income</i>	<i>16,269</i>	<i>13,545</i>	<i>20.1</i>
Interest paid on subordinated and hybrid capital and also on securitized and other liabilities	13,080	10,467	25.0
Current expenses from leasing and comparable assets	142	137	3.6
<i>Interest expenses</i>	<i>13,222</i>	<i>10,604</i>	<i>24.7</i>
<b>Total</b>	<b>3,047</b>	<b>2,941</b>	<b>3.6</b>

The interest margin, based on the average risk-weighted assets in the on-balance-sheet business according to BIS, was 2.09% (previous year period: 2.36%).

### (2) Provision for possible loan losses

	1.1.-30.9.2007	1.1.-30.9.2006	Change
	€ m	€ m	in %
Allocation to provisions	-636	-1,060	-40.0
Reversals of provisions	320	315	1.6
Balance of direct write-downs and amounts received on written-down claims	-102	-54	88.9
<b>Total</b>	<b>-418</b>	<b>-799</b>	<b>-47.7</b>

### (3) Net commission income

	1.1.-30.9.2007	1.1.-30.9.2006	Change
	€ m	€ m	in %
Securities transactions	852	744	14.5
Asset management	513	548	-6.4
Payment transactions and foreign commercial business	355	365	-2.7
Real-estate business	209	154	35.7
Guarantees	127	125	1.6
Income from syndicated business	94	87	8.0
Other net commission income	265	106	.
<b>Total</b>	<b>2,415</b>	<b>2,129</b>	<b>13.4</b>

Net commission income includes €424m (previous year: €391m) of commissions paid.

**(4) Trading profit**

	<b>1.1.-30.9.2007</b>	<b>1.1.-30.9.2006</b>	<b>Change</b>
	€ m	€ m	in %
Net result on trading	787	896	-12.2
Net result on the valuation of derivative financial instruments	32	-103	.
Net result on hedge accounting	-21	11	.
Net result from applying the fair value option	8	21	-61.9
<b>Total</b>	<b>806</b>	<b>825</b>	<b>-2.3</b>

**(5) Net result on investments and securities portfolio (available for sale)**

	<b>1.1.-30.9.2007</b>	<b>1.1.-30.9.2006</b>	<b>Change</b>
	€ m	€ m	in %
Net result on interest-rate-bearing transactions	-97	87	.
Net result on equity instruments	346	633	-45.3
<b>Total</b>	<b>249</b>	<b>720</b>	<b>-65.4</b>

**(6) Other result**

	<b>1.1.-30.9.2007</b>	<b>1.1.-30.9.2006</b>	<b>Change</b>
	€ m	€ m	in %
Other income	389	231	68.4
Other expenses	177	241	-26.6
<b>Total</b>	<b>212</b>	<b>-10</b>	<b>.</b>

**(7) Operating expenses**

	<b>1.1.-30.9.2007</b>	<b>1.1.-30.9.2006</b>	<b>Change</b>
	€ m	€ m	in %
Personnel expenses	2,348	2,316	1.4
Other expenses	1,382	1,257	9.9
Current depreciation on fixed assets and other intangible assets	237	236	0.4
<b>Total</b>	<b>3,967</b>	<b>3,809</b>	<b>4.1</b>



### **(8) Taxes on income**

At September 30, 2007 the Group tax rate, i.e. the anticipated average tax rate on the basis of anticipated pre-tax profit, was 23.9% for the year under review. We applied this rate to calculate tax liability for the first nine months of 2007 totalling €560m.

As a result of the Bundesrat's approval of Business Tax Reform 2008 on July 6, 2007, corporate tax rates will be lowered as of January 1, 2008. Thus, Commerzbank AG's capitalized deferred tax assets and liabilities will in future be compared to lower corporate tax rates. Since the Group currently has a capitalized deferred tax surplus, a revaluation with the lower corporate tax rates results in a non-recurring tax liability of €148m in the third quarter of 2007.

In September, the profit-and-loss-transfer and control agreement between Commerzbank Inlandsbanken Holding GmbH – a wholly owned subsidiary of Commerzbank AG – and Eurohypo AG was entered in the commercial register, thus meeting the requirements for a tax entity. The forecast earnings for Eurohypo AG can now be utilized within the group tax entity and offset against the tax loss carryforwards of Commerzbank AG. Updating the medium-term planning to include Eurohypo AG led to recognition of deferred taxes on the loss carryforwards of Commerzbank AG within the domestic tax unit, resulting in a one-off tax credit of €260m.

### (9) Segment reporting

Segment reporting reflects the results of the operational business lines within the Commerzbank Group. It is based on our internal management information, which is compiled every month in accordance with IAS rules.

In our segment reporting, we report on six segments:

- "Private and Business Customers" includes branch business with private individuals, professional and business people, private banking, the activities of comdirect bank, the retail banking of Eurohypo and the German Asset Management department (cominvest).
- "*Mittelstand*" presents the results of corporate banking in Germany, the Central and Eastern European region and Asia, as well as the Financial Institutions department.
- "Corporates & Markets" comprises equity and bond-trading activities, trading in derivative instruments, interest-rate and currency management, as well as corporate finance. In addition, this segment is responsible for business involving multinational companies. It also looks after the branches and subsidiaries in Western Europe, America and Africa.
- "Commercial Real Estate" presents the results of Commerz Real and Eurohypo's commercial real-estate activities.
- "Public Finance and Treasury" consists of Hypothekenbank in Essen and Erste Europäische Pfandbrief- und Kommunalkreditbank in Luxemburg, Eurohypo's public finance business and the Group Treasury department.
- "Others and Consolidation" registers the income and expenses which do not fall within the area of responsibility of the operational business lines. Also included here are the income and expenses required to reconcile the internal accounting control variables used in the segment reporting of the operational business lines to the relevant external accounting data.

In addition, this segment covers equity participations which are not assigned to the operational business lines as well as the international asset management activities (Jupiter International Group, Caisse Centrale de Réescompte, Commerzbank Europe (Ireland) and CAM Asia Pacific).

The result generated by each individual segment is measured in terms of the operating profit and the pre-tax profit, as well as the return on equity and the cost/income ratio. Through the presentation of pre-tax profits, minority interests are included in both the result and the average equity tied up. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit.

The return on equity is calculated from the ratio between the operating profit (operating or pre-tax) and the average amount of equity that is tied up. It shows the return on the equity that is invested in a given segment. The cost/income ratio in operating business reflects the cost efficiency of the various segments. It represents the quotient formed by operating expenses and income before provisioning.

Income and expenses are shown such that they reflect the originating unit and appear at market prices, with the market interest rate applied in the case of interest-rate instruments. Net interest income reflects the actual funding costs of the equity participations, which are assigned to the respective segments according to their specific business orientation. The investment yield achieved by the Group on its equity is assigned to the net interest income of the various segments such that it reflects the average amount of equity that is tied up. The interest rate corresponds to that of a risk-free investment in the long-term capital market. The average amount of equity tied up is worked out using the BIS system, based on the established average amount of risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, investors' capital is shown, which is used to calculate the return on equity. The capital backing for risk-weighted assets which we assume for segment reporting purposes is 6%.





Direct and indirect expenditure form the operating expenses which are shown in the operating profit. They consist of personnel costs, other expenses and depreciation of fixed assets and other intangible assets. Restructuring expenses appear below the operating

profit in the pre-tax profit. Operating expenses are assigned to the individual segments on the basis of the causation principle. The indirect expenses arising in connection with internal services are charged to the beneficiary or credited to the segment performing the service.

<b>1.1.–30.9.2007</b>	<b>Private and Business Customers</b>	<b>Mittelstand</b>	<b>Corporates &amp; Markets</b>	<b>Commercial Real Estate</b>	<b>Public Finance and Treasury</b>	<b>Others and Consolidation</b>	<b>Total</b>
€ m							
Net interest income	956	1,074	275	642	81	19	3,047
Provision for possible loan losses	-197	-17	-80	-104	-16	-4	-418
Net interest income after provisioning	759	1,057	195	538	65	15	2,629
Net commission income	1,201	645	142	289	-19	157	2,415
Trading profit	3	74	766	36	-77	4	806
Net result on investments and securities portfolio	1	28	-140	-126	147	339	249
Other result	-19	15	19	73	4	120	212
<i>Revenue</i>	<i>1,945</i>	<i>1,819</i>	<i>982</i>	<i>810</i>	<i>120</i>	<i>635</i>	<i>6,311</i>
Operating expenses	1,611	826	755	409	78	288	3,967
<b>Operating profit</b>	<b>334</b>	<b>993</b>	<b>227</b>	<b>401</b>	<b>42</b>	<b>347</b>	<b>2,344</b>
Restructuring expenses	-	-	-	-	-	-	-
<b>Pre-tax profit</b>	<b>334</b>	<b>993</b>	<b>227</b>	<b>401</b>	<b>42</b>	<b>347</b>	<b>2,344</b>
<b>Average equity tied up</b>	<b>2,498</b>	<b>3,116</b>	<b>2,262</b>	<b>4,265</b>	<b>1,188</b>	<b>172</b>	<b>13,501</b>
<b>Operating return on equity<sup>*)</sup> (%)</b>	<b>17.8</b>	<b>42.5</b>	<b>13.4</b>	<b>12.5</b>	<b>4.7</b>	<b>.</b>	<b>23.1</b>
<b>Cost/income ratio in operating business (%)</b>	<b>75.2</b>	<b>45.0</b>	<b>71.1</b>	<b>44.7</b>	<b>57.4</b>	<b>.</b>	<b>59.0</b>
<b>Return on equity of pre-tax profit<sup>*)</sup> (%)</b>	<b>17.8</b>	<b>42.5</b>	<b>13.4</b>	<b>12.5</b>	<b>4.7</b>	<b>.</b>	<b>23.1</b>
Staff (average no.)	11,699	9,480	1,768	1,613	425	9,650	34,635

<sup>\*)</sup> annualized

<b>1.1.–30.9.2006</b>	<b>Private and Business Customers</b>	<b>Mittelstand</b>	<b>Corporates &amp; Markets</b>	<b>Commercial Real Estate</b>	<b>Public Finance and Treasury</b>	<b>Others and Consolidation</b>	<b>Total</b>
€ m							
Net interest income	952	931	259	481	315	3	2,941
Provision for possible loan losses	-509	-174	7	-100	-23	-	-799
Net interest income after provisioning	443	757	266	381	292	3	2,142
Net commission income	1,094	487	136	182	-24	254	2,129
Trading profit	3	60	756	12	-42	36	825
Net result on investments and securities portfolio	-	5	30	6	42	637	720
Other result	-17	-4	49	31	-	-69	-10
<i>Revenue</i>	<i>1,523</i>	<i>1,305</i>	<i>1,237</i>	<i>612</i>	<i>268</i>	<i>861</i>	<i>5,806</i>
Operating expenses	1,546	803	717	294	59	390	3,809
<b>Operating profit</b>	<b>-23</b>	<b>502</b>	<b>520</b>	<b>318</b>	<b>209</b>	<b>471</b>	<b>1,997</b>
Restructuring expenses	96	-	3	13	6	96	214
<b>Pre-tax profit</b>	<b>-119</b>	<b>502</b>	<b>517</b>	<b>305</b>	<b>203</b>	<b>375</b>	<b>1,783</b>
<b>Average equity tied up</b>	<b>2,463</b>	<b>2,999</b>	<b>2,465</b>	<b>2,844</b>	<b>1,031</b>	<b>403</b>	<b>12,205</b>
<b>Operating return on equity<sup>*)</sup> (%)</b>	<b>-1.2</b>	<b>22.3</b>	<b>28.1</b>	<b>14.9</b>	<b>27.0</b>	<b>·</b>	<b>21.8</b>
<b>Cost/income ratio in operating business (%)</b>	<b>76.1</b>	<b>54.3</b>	<b>58.3</b>	<b>41.3</b>	<b>20.3</b>	<b>·</b>	<b>57.7</b>
<b>Return on equity of pre-tax profit<sup>*)</sup> (%)</b>	<b>-6.4</b>	<b>22.3</b>	<b>28.0</b>	<b>14.3</b>	<b>26.3</b>	<b>·</b>	<b>19.5</b>
Staff (average no.)	11,615	9,085	1,741	1,409	281	9,530	33,661

<sup>\*)</sup> annualized



## NOTES TO THE BALANCE SHEET

### (10) Claims on banks

	30.9.2007	31.12.2006	Change
	€ m	€ m	in %
due on demand	16,887	16,186	4.3
other claims	58,477	59,085	-1.0
with a remaining lifetime of			
less than three months	21,801	27,070	-19.5
more than three months, but less than one year	14,812	8,525	73.7
more than one year, but less than five years	13,516	15,061	-10.3
more than five years	8,348	8,429	-1.0
<b>Total</b>	<b>75,364</b>	<b>75,271</b>	<b>0.1</b>
of which: reverse repos and cash collaterals	22,097	32,944	-32.9

### (11) Claims on customers

	30.9.2007	31.12.2006	Change
	€ m	€ m	in %
with indefinite remaining lifetime	21,154	19,881	6.4
other claims	274,299	274,590	-0.1
with a remaining lifetime of			
less than three months	52,259	44,723	16.9
more than three months, but less than one year	27,525	30,658	-10.2
more than one year, but less than five years	95,217	99,635	-4.4
more than five years	99,298	99,574	-0.3
<b>Total</b>	<b>295,453</b>	<b>294,471</b>	<b>0.3</b>
of which: reverse repos and cash collaterals	10,291	9,967	3.3

### (12) Total lending

	30.9.2007	31.12.2006	Change
	€ m	€ m	in %
Loans to banks	33,623	29,808	12.8
Loans to customers	287,562	286,664	0.3
<b>Total</b>	<b>321,185</b>	<b>316,472</b>	<b>1.5</b>

We distinguish loans from claims on banks and customers such that only those claims are shown as loans for which special loan agreements have been concluded with the borrowers. Therefore, interbank money-market

transactions and repo transactions, for example, are not shown as loans. Acceptance credits are also included in loans to customers.

**(13) Provision for possible loan losses**

<b>Development of provisioning</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
	€ m	€ m	in %
<b>As of 1.1.</b>	<b>7,918</b>	<b>5,650</b>	<b>40.1</b>
Allocations	636	1,060	-40.0
Deductions	1,731	769	.
Utilized	1,411	454	.
Reversals	320	315	1.6
Changes in companies included in consolidation	-4	2,415	.
Exchange-rate changes/transfers	11	-12	.
<b>As of 30.9.</b>	<b>6,830</b>	<b>8,344</b>	<b>-18.1</b>

With direct write-downs and income received on previously written-down claims taken into account, the allocations and reversals reflected in the income statement gave rise to a provision of €418m (previous year: €799m); see Note 2.

<b>Level of provisioning</b>	<b>30.9.2007</b>	<b>31.12.2006</b>	<b>Change</b>
	€ m	€ m	in %
Specific valuation allowances	5,607	6,710	-16.4
Portfolio valuation allowances	689	661	4.2
<b>Provision to cover balance-sheet items</b>	<b>6,296</b>	<b>7,371</b>	<b>-14.6</b>
Provisions in lending business (specific risks)	334	356	-6.2
Provisions in lending business (portfolio risks)	200	191	4.7
<b>Total</b>	<b>6,830</b>	<b>7,918</b>	<b>-13.7</b>

**(14) Assets held for trading purposes**

	<b>30.9.2007</b>	<b>31.12.2006</b>	<b>Change</b>
	€ m	€ m	in %
Bonds, notes and other interest-rate-related securities	21,663	23,551	-8.0
Shares and other equity-related securities	15,448	7,787	98.4
Promissory notes held for trading purposes	2,041	1,800	13.4
Positive fair values attributable to derivative financial instruments	61,420	52,389	17.2
<b>Total</b>	<b>100,572</b>	<b>85,527</b>	<b>17.6</b>

**(15) Investments and securities portfolio (available-for-sale)**

	<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	€ m	€ m	in %
Bonds, notes and other interest-rate-related securities	130,572	130,603	0.0
Shares and other equity-related securities	2,955	2,407	22.8
Investments	2,025	1,850	9.5
Investments in associated companies	301	298	1.0
Holdings in subsidiaries	138	133	3.8
<b>Total</b>	<b>135,991</b>	<b>135,291</b>	<b>0.5</b>

**(16) Intangible assets**

	<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	€ m	€ m	in %
Goodwill	950	1,287	-26.2
Other intangible assets	354	393	-9.9
<b>Total</b>	<b>1,304</b>	<b>1,680</b>	<b>-22.4</b>

**(17) Fixed assets**

	<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	€ m	€ m	in %
Land and buildings	824	836	-1.4
Office furniture and equipment	495	552	-10.3
<b>Total</b>	<b>1,319</b>	<b>1,388</b>	<b>-5.0</b>

**(18) Other assets**

	<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	€ m	€ m	in %
Collection items	381	758	-49.7
Precious metals	746	1,013	-26.4
Leased equipment	288	259	11.2
Assets held for sale	2,324	160	.
Assets held as financial investments	286	289	-1.0
Sundry assets, including deferred items	1,141	739	54.4
<b>Total</b>	<b>5,166</b>	<b>3,218</b>	<b>60.5</b>

**(19) Liabilities to banks**

	<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	€ m	€ m	in %
due on demand	32,821	14,195	·
with remaining lifetime of	102,109	111,630	-8.5
less than three months	65,050	73,027	-10.9
more than three months, but less than one year	12,306	12,564	-2.1
more than one year, but less than five years	10,318	10,861	-5.0
more than five years	14,435	15,178	-4.9
<b>Total</b>	<b>134,930</b>	<b>125,825</b>	<b>7.2</b>
of which: repos and cash collaterals	37,094	40,503	-8.4

**(20) Liabilities to customers**

	<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	€ m	€ m	in %
Savings deposits	10,112	10,933	-7.5
with agreed period of notice of			
three months	9,433	10,181	-7.3
more than three months	679	752	-9.7
Other liabilities to customers	147,462	130,281	13.2
due on demand	61,696	49,145	25.5
with agreed remaining lifetime of	85,766	81,136	5.7
less than three months	39,789	34,973	13.8
more than three months, but less than one year	6,419	5,105	25.7
more than one year, but less than five years	14,154	14,860	-4.8
more than five years	25,404	26,198	-3.0
<b>Total</b>	<b>157,574</b>	<b>141,214</b>	<b>11.6</b>
of which: repos and cash collaterals	11,488	10,783	6.5

**(21) Securitized liabilities**

	<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	€ m	€ m	in %
Bonds and notes issued	194,051	209,778	-7.5
of which: mortgage <i>Pfandbriefe</i>	30,584	33,251	-8.0
public-sector <i>Pfandbriefe</i>	112,437	124,913	-10.0
Money-market instruments issued	16,838	18,966	-11.2
Own acceptances and promissory notes outstanding	13	9	44.4
<b>Total</b>	<b>210,902</b>	<b>228,753</b>	<b>-7.8</b>



<b>Remaining lifetimes of securitized liabilities</b>	<b>30.9.2007</b>	<b>31.12.2006</b>	<b>Change</b>
	€ m	€ m	in %
due on demand	5	61	-91.8
with agreed remaining lifetime of	210,897	228,692	-7.8
less than three months	20,517	25,358	-19.1
more than three months, but less than one year	46,963	47,067	-0.2
more than one year, but less than five years	110,069	120,773	-8.9
more than five years	33,348	35,494	-6.0
<b>Total</b>	<b>210,902</b>	<b>228,753</b>	<b>-7.8</b>

#### (22) Liabilities from trading activities

	<b>30.9.2007</b>	<b>31.12.2006</b>	<b>Change</b>
	€ m	€ m	in %
Currency-related transactions	5,134	3,921	30.9
Interest-rate-related transactions	47,463	43,515	9.1
Delivery commitments arising from short sales of securities	3,968	3,937	0.8
Sundry transactions	10,606	7,875	34.7
<b>Total</b>	<b>67,171</b>	<b>59,248</b>	<b>13.4</b>

#### (23) Provisions

	<b>30.9.2007</b>	<b>31.12.2006</b>	<b>Change</b>
	€ m	€ m	in %
Provisions for pensions and similar commitments	579	612	-5.4
Other provisions	2,427	2,734	-11.2
<b>Total</b>	<b>3,006</b>	<b>3,346</b>	<b>-10.2</b>

#### (24) Other liabilities

Other liabilities of €3,613m include obligations arising from still outstanding invoices, deductions from salaries to be passed on and deferred liabilities. In addition, liabilities in an amount of €1,889m were included in this position, which stand in relation to assets yet to be disposed of.

**(25) Subordinated capital**

	<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	€ m	€ m	in %
Subordinated liabilities	9,112	9,240	-1.4
Profit-sharing rights outstanding	1,343	1,616	-16.9
Deferred interest, including discounts	216	233	-7.3
Valuation effects	-17	185	.
<b>Total</b>	<b>10,654</b>	<b>11,274</b>	<b>-5.5</b>

**(26) Hybrid capital**

	<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	€ m	€ m	in %
Hybrid capital	3,342	3,389	-1.4
Deferred interest, including discounts	89	132	-32.6
Valuation effects	17	19	-10.5
<b>Total</b>	<b>3,448</b>	<b>3,540</b>	<b>-2.6</b>

**OTHER NOTES**

**(27) Risk-weighted assets and capital ratios as defined by the Basel capital accord (BIS)**

	<b>30.9.2007</b>	<b>31.12.2006</b>	Change
	€ m	€ m	in %
Core capital	16,756	15,497	8.1
Supplementary capital	9,033	10,224	-11.6
<b>Liabe equity capital</b>	<b>25,789</b>	<b>25,721</b>	<b>0.3</b>
Tier III capital	101	77	31.2
<b>Eligible own funds</b>	<b>25,890</b>	<b>25,798</b>	<b>0.4</b>





as of 30.9.2007	Capital charges in %						Total
€ m	100	50	25	20	10	4	
Balance-sheet business	171,554	18,201	–	19,402	–	–	209,157
Traditional off-balance-sheet business	5,134	27,247	93	1,136	522	78	34,210
Derivatives business in investment portfolio	–	2,325	–	4,591	–	–	6,916
<b>Risk-weighted assets, total</b>	<b>176,688</b>	<b>47,773</b>	<b>93</b>	<b>25,129</b>	<b>522</b>	<b>78</b>	<b>250,283</b>
Risk-weighted market-risk position multiplied by 12.5							2,975
Total items to be risk-weighted							253,258
Eligible own funds							25,890
Core capital ratio (excluding market-risk position)							6.7
Core capital ratio (including market-risk position)							6.6
Own funds ratio (including market-risk position)							10.2

as of 31.12.2006	Capital charges in %						Total
€ m	100	50	25	20	10	4	
Balance-sheet business	154,690	19,031	–	16,561	–	–	190,282
Traditional off-balance-sheet business	4,294	25,570	133	742	444	71	31,254
Derivatives business in investment portfolio	–	2,117	–	3,953	–	–	6,070
<b>Risk-weighted assets, total</b>	<b>158,984</b>	<b>46,718</b>	<b>133</b>	<b>21,256</b>	<b>444</b>	<b>71</b>	<b>227,606</b>
Risk-weighted market-risk position multiplied by 12.5							3,875
Total items to be risk-weighted							231,481
Eligible own funds							25,798
Core capital ratio (excluding market-risk position)							6.8
Core capital ratio (including market-risk position)							6.7
Own funds ratio (including market-risk position)							11.1

#### (28) Contingent liabilities and irrevocable lending commitments

	30.9.2007	31.12.2006	Change
	€ m	€ m	in %
Contingent liabilities	30,559	29,453	3.8
from rediscounted bills of exchange credited to borrowers	5	4	25.0
from guarantees and indemnity agreements	30,027	29,110	3.2
Other commitments	527	339	55.5
Irrevocable lending commitments	56,219	49,080	14.5

Provisioning for contingent liabilities and irrevocable lending commitments has been deducted from the respective items.

**(29) Derivative transactions**

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

30.9.2007	Nominal amount, by remaining lifetime				Fair values	
	less than one year	more than one year, but under five years	more than five years	Total	positive	negative
€ m						
Foreign currency-based forward transactions	353,959	126,924	63,852	544,735	6,832	6,029
Interest-based forward transactions	1,763,364	1,992,221	1,914,102	5,669,687	55,688	60,758
Other forward transactions	170,067	228,476	33,603	432,146	7,471	10,559
<b>Total</b>	<b>2,287,390</b>	<b>2,347,621</b>	<b>2,011,557</b>	<b>6,646,568</b>	<b>69,991</b>	<b>77,346</b>
<i>of which:</i>						
<i>traded on a stock exchange</i>	16,081	80,496	9,243			

31.12.2006	Nominal amount, by remaining lifetime				Fair values	
	less than one year	more than one year, but under five years	more than five years	Total	positive	negative
€ m						
Foreign currency-based forward transactions	214,788	116,547	73,929	405,264	4,419	4,567
Interest-based forward transactions	1,859,543	1,866,404	1,685,628	5,411,575	48,238	56,973
Other forward transactions	148,458	192,217	21,917	362,592	6,711	7,890
<b>Total</b>	<b>2,222,789</b>	<b>2,175,168</b>	<b>1,781,474</b>	<b>6,179,431</b>	<b>59,368</b>	<b>69,430</b>
<i>of which:</i>						
<i>traded on a stock exchange</i>	142,984	62,513	7,748			

**(30) 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. For a detailed description of our methods, please consult the notes on pages 179 f. of our 2006 annual report.

Portfolio	30.9.2007	31.12.2006
	€ m	€ m
<b>Commerzbank Group</b>	<b>26.2</b>	<b>30.0</b>
Corporates & Markets	24.2	22.6
Treasury	7.7	12.2

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

€ bn	Fair value		Book value		Difference	
	30.9.2007	31.12.2006	30.9.2007	31.12.2006	30.9.2007	31.12.2006
<b>Assets</b>						
Cash reserve	3.3	6.0	3.3	6.0	–	–
Claims on banks	75.2	75.2	75.4	75.3	–0.2	–0.1
Claims on customers	293.1	294.0	295.5	294.5	–2.4	–0.5
Hedging instruments	8.6	7.0	8.6	7.0	–	–
Assets held for trading purposes	100.6	85.5	100.6	85.5	–	–
Investments and securities portfolio	136.0	135.3	136.0	135.3	–	–
<b>Liabilities</b>						
Liabilities to banks	134.7	125.7	134.9	125.8	–0.2	–0.1
Liabilities to customers	156.7	140.9	157.6	141.2	–0.9	–0.3
Securitized liabilities	210.5	228.8	210.9	228.8	–0.4	0.0
Hedging instruments	14.1	14.1	14.1	14.1	–	–
Liabilities from trading activities	67.2	59.2	67.2	59.2	–	–
Subordinated and hybrid capital	13.9	14.8	14.1	14.8	–0.2	0.0

In net terms, the difference between the book value and fair value amounted for all items to €–0.9bn as of September 30, 2007 (31.12.2006: €–0.2bn).

**(32) Treasury shares**

	Number of shares*) in units	Accounting par value in €1,000	Percentage of share capital
Portfolio on 30.9.2007	760,859	1,978	0.12
Largest total acquired during the financial year	4,950,540	12,871	0.75
Total shares pledged by customers as collateral on 30.9.2007	3,033,660	7,888	0.46
Shares acquired during the financial year	119,330,512	310,259	–
Shares disposed of during the financial year	120,152,379	312,396	–

\*) accounting par value per share: €2.60

Frankfurt am Main, November 6, 2007  
The Board of Managing Directors



Klaus-Peter Müller



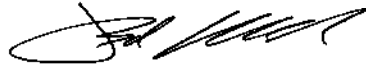
Martin Blessing



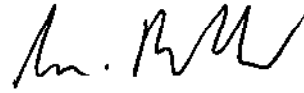
Wolfgang Hartmann



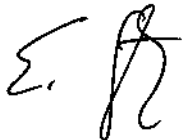
Achim Kassow



Bernd Knobloch



Michael Reuther



Eric Strutz



Nicholas Teller



## **BOARDS OF COMMERZBANK AKTIENGESELLSCHAFT**

### **Supervisory Board**

Dr. h.c. Martin Kohlhaussen  
Chairman

Uwe Tschäge<sup>\*)</sup>  
Deputy Chairman

Hans-Hermann Altenschmidt<sup>\*)</sup>

Dott. Sergio Balbinot

Herbert Bludau-Hoffmann<sup>\*)</sup>

Astrid Evers<sup>\*)</sup>

Uwe Foullong<sup>\*)</sup>

Daniel Hampel<sup>\*)</sup>

Dr.-Ing. Otto Happel

Dr. jur. Heiner Hasford

Sonja Kasischke<sup>\*)</sup>

Wolfgang Kirsch<sup>\*)</sup>

Friedrich Lürssen  
(since May 16, 2007)

Werner Malkhoff<sup>\*)</sup>

Prof. h.c. (CHN) Dr. rer. oec.  
Ulrich Middelman

Klaus Müller-Gebel

Dr. Sabine Reiner<sup>\*)</sup>

Dr. Erhard Schipporeit  
(until January 31, 2007)

Prof. Dr. Jürgen F. Strube

Dr. Klaus Sturany

Dr.-Ing. E.h. Heinrich Weiss

### **Board of Managing Directors**

Klaus-Peter Müller  
Chairman

Martin Blessing

Wolfgang Hartmann

Dr. Achim Kassow

Bernd Knobloch

Klaus M. Patig  
(until January 31, 2007)

Michael Reuther

Dr. Eric Strutz

Nicholas Teller

### *Honorary Chairman of the Supervisory Board*

Dr. Walter Seipp

<sup>\*)</sup> elected by the Bank's employees

## REPORT OF THE AUDIT REVIEW

### To Commerzbank Aktiengesellschaft, Frankfurt am Main

We have reviewed the abridged version of the Group's interim financial statements – comprising the abridged balance sheet, the abridged income statement, the abridged cash flow statement, the abridged statement of changes in equity and selected Notes – as well as the Group interim report for Commerzbank Aktiengesellschaft, Frankfurt am Main, for the period from January 1 to September 30, 2007, which are components of the quarterly financial statement according to Art. 37x of the German Securities Trading Act. The compilation of the abridged Group interim financial statements in accordance with the IFRS governing interim reporting as applicable in the EU, and the Group interim report in accordance with the applicable provisions of the German Securities Trading Act, are the responsibility of the Group's management. Our responsibility is to express an opinion on these abridged Group interim financial statements and the Group interim report based on our review.

We conducted our review of the abridged Group interim financial statements and the Group interim report in accordance with German generally accepted standards for the review of financial statements as promulgated by the Institut der Wirtschaftsprüfer or IDW (Institute of Public Auditors in Germany). Those standards require that we plan and perform the review to obtain reasonable assurance that the abridged Group interim financial statements are free of material misstatement as required by the IFRS

governing interim reporting as applicable in the EU, and that the Group interim report is free of material misstatement as required by the provisions of the German Securities Trading Act concerning Group interim reports. An audit review is limited primarily to interviews with Group employees and to analytical assessments, and thus does not offer the level of security afforded by a full audit. Since we were not instructed to perform a full audit, we cannot issue an audit certificate.

Our review revealed nothing to suggest that the abridged Group interim financial statements were not prepared in accordance with the IFRS governing interim reporting as applicable in the EU, or that the Group interim report were not prepared in accordance with the provisions of the German Securities Trading Act concerning Group interim reports.

Frankfurt am Main, November 6, 2007

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Schreiber	Koch
(Wirtschaftsprüfer)	(Wirtschaftsprüfer)
(German public auditor)	(German public auditor)

## Commerzbank AG

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e-mail: [ir@commerzbank.com](mailto:ir@commerzbank.com)

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

## Major group companies and holdings

### In Germany

comdirect bank AG, Quickborn  
cominvest Asset Management GmbH,  
Frankfurt am Main  
Commerz Real AG,  
Düsseldorf/Wiesbaden  
Eurohypo AG, Eschborn  
Hypothekenbank in Essen AG, Essen  
CBG Commerz Beteiligungsgesellschaft Holding mbH,  
Bad Homburg v.d.H.  
Commerz Business Consulting GmbH,  
Frankfurt am Main  
Deutsche Schiffsbank AG, Bremen/Hamburg

### Abroad

BRE Bank SA, Warsaw  
cominvest Asset Management S.A., Luxembourg  
Commerzbank Capital Markets Corporation, New York  
Commerzbank (Eurasija) SAO, Moscow  
Commerzbank Europe (Ireland), Dublin  
Commerzbank International S.A., Luxembourg  
Commerzbank (South East Asia) Ltd., Singapore  
Commerzbank (Switzerland) Ltd, Zurich/Geneva  
Commerzbank Zrt., Budapest  
Commerz (East Asia) Ltd., Hong Kong  
Erste Europäische Pfandbrief- und  
Kommunalkreditbank AG, Luxembourg

### Foreign branches

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

### Representative offices

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

### **| disclaimer |** RESERVATION REGARDING FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements on Commerzbank's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses. Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

**COMMERZBANK** 

