Postbank Investor Relations Release
Results as of June 30, 2010

Postbank - positive earnings trend confirmed

(comments refer to H1 2010 versus the adjusted figures for H1 2009 unless otherwise stated)

Profit before tax in H1 2010 is €225 million following a loss of €100 million in H1 2009

Profit before tax at €94 million in Q2 in spite of €21 million of staff-related provisions ties up to the good Q1 result of €131 million

Strong performance in the interest-bearing customer business leads to a substantial 12% increase in net interest income

Allowance for losses on loans and advances at an annualized net addition ratio of 57 basis points remains within our own expectations

Tier 1 ratio (including market risk positions) shows a further increase to 7.3% from 6.6% at the end of 2009; unchanged vs. March 31, 2010

- **Profit before tax in Q2 2010** — €94 million (Q2 09: €-29 million; Q1 10: €131 million)
  Negative effects from risk portfolios: €-76 million (Q2 09: €-152 million, Q1 10: €-98 million); burden of staff-related provisions: €21 million
- **Profit before tax in H1 2010** — €225 million (H1 09: €-100 million)
  Further declining negative effects from risk portfolios: €-174 million (H1 09: €-431 million)
- **Consolidated net profit** — €153 million in H1 10 and €57 million in Q2 10 (H1 09: €113 million, Q1 10: €96 million)
- **Net interest income** — €1,346 million (H1 09: €1,206 million, Q2 10: €671 million); positive effects from growth in the customer business, on-going adjustment of liability costs to market levels and steepness of the yield curve
- **Net fee and commission income** — €659 million (H1 09: €649 million and Q2 10: €316 million); net fee and commission income in H1 10 slightly above H1 2009, however Q2 10 shows decline vs. Q1 due to lower income from insurance and checking businesses
- **Net trading income** — €-123 million (H1 09: €-210 million and Q2 10: €-40 million); negative effects from our structured credit portfolio (SCP) of €-120 million (Q2 10: €-38 million, Q1 10: €-82 million) significantly below H1 09 at €-314 million;
- **Net income from investment securities** — €54 million (H1 09: €-118 million, Q2 10: €26 million) negative effects from SCPs: €-47 million, thereof €-31 million in Q2 10

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- **Administrative expenses** — €1,408 million (H1 09: €1,403 million, Q2 10: €716 million); stable performance vs. previous year in spite of staff related provisions of €21 million in Q2 10; increase expected in H2 10 vs. H1 10 due to take-over of 277 branches and higher project costs among other things

- **Allowance for losses on loans and advances** — €315 million (H1 09: €228 million, Q2 10: €175 million); annualized net addition ratio of 57 basis points (bp) in line with guidance of 50-60 bp; increase in Q2 10 vs. Q1 10 due to higher risk provisions in the commercial real estate loan business among other things

- **Earnings per share** — €0.70 (H1 2009: €0.52), based on 218.8 million shares outstanding

- **Tier 1 ratio** — Including market risk positions: 7.3% (6.6 % as of year-end, 2009); Q1 10: 7.3%
  Excluding market risk positions: 7.9 % (7.6 % as of year-end 2009); Q1 10: 7.8%

- **Customer business book: savings volume continues to grow**
  - Savings deposits up 0.9 % vs. H1 09, to €56.4 billion
  - Private mortgage lending (self generated) +3.4% vs. H1 09 to €66.2 billion
  - Consumer loans + 11.8 % vs. H1 09, to €3.8 billion

Income statement

In the first half of 2010, Postbank generated a profit before tax of €225 million, following a loss of €100 million in the prior-year period. Profit in Q2 2010 amounted to €94 million, following €131 million in the first quarter. The positive year-on-year development is due on the one hand to encouraging growth in net interest income and to the significant decline in negative effects from the Bank's risk positions on the other. Despite a number of non-recurring expenses in Q2 2010, systematic cost management led to administrative expenses remaining essentially unchanged year-on-year and allowed the improvements in income to be reflected in profit before tax.

Postbank's customer business performed positively on the whole in the first half of 2010. This can be seen in particular in the growth in portfolio volume, which expanded significantly compared with the same reporting date in the previous year. Customer deposits amounted to €113.9 billion as of June 30, 2010, following €106.4 billion as of the corresponding date in 2009. As expected, the strong growth in volumes seen in the second half of 2009 did not continue in the first half of 2010. Volumes in the customer lending business, which focuses on Germany, rose by 4.5% year on year to €109.0 billion. Our lending business revolves around private mortgage loans, where volumes as of June 30, 2010 were up €0.9 billion on the previous year's figure, at €73.7 billion. The securities business is experiencing a slight recovery, especially compared to the weak first three months of the previous year.

These trends in our customer business are also reflected in the performance of the individual operating earnings lines. Net interest income profited from the substantial expansion in volume – particularly in the deposit business – and the ongoing adjustment of the interest expense in line with interest rates, which fell considerably against the previous year, as well as from other positive effects of the steeper yield curve. Net fee and commission income was up slightly on the prior year's level, with structural declines in the revenues generated by the postal business being more than compensated for by net fee and commission income in the traditional banking business. Taken together, net trading income and net income from investment securities improved extremely clearly as against the previous year, which was still dominated by relatively strong negative effects from our risk portfolios. As we had forecast, the allowance for losses on loans and advances in the lending business rose in comparison to the figure for the prior-year period, reflecting the ongoing difficulties on the international real estate markets. However, due to the high proportion of highly collateralized German private mortgage loans, Postbank's addition to the allowance for losses on loans and advances remains below the average for European banks.

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Unless otherwise stated, the following comments on individual income items represent a comparison with the restated figures for the first half of 2009 or, in the case of balance sheet disclosures, December 31, 2009.

At €671 million, net interest income in Q2 2010 remained almost unchanged as against the previous quarter's high level (€675 million); the figure for the first half of the year overall was up 11.6% on the prior-year amount, at €1,346 million, in excess of our expectations. This positive trend was due to good volume growth in our customer business and ongoing adjustments to interest expense in line with market levels. We also benefited from the steeper yield curve year-on-year, which provides scope to generate additional income due, for example, to the natural maturity structure of our customer business with its long-term assets and comparatively short-term liabilities. The ongoing pressure on demand deposit margins due to the overall low interest rate levels and the planned reduction in our investment securities portfolios had an offsetting effect.

We expect that this trend in net interest income will continue over the course of the year, albeit at a more moderate level.

Net trading income amounted to €–123 million as of June 30, 2010, following €–210 million in the prior-year period. The loss in Q2 2010 only amounted to €40 million, following a loss of €83 million in Q1 2010. Losses on the remeasurement of embedded derivatives contained in the structured credit substitution business recognized in net trading income totaled €120 million (H1 2009: losses of €314 million). €38 million of this figure is attributable to Q2 and €82 million to Q1 2010, of which €74 million was due to the default of U.S. insurance group Ambac.

Net income from investment securities amounted to €54 million as of June 30, 2010, up €172 million on the first half of 2009. The improvement is mainly due to the reduced impact of the financial market crisis. The results for the first half of the year contain impairment losses and disposal losses on our structured credit substitution business amounting to €47 million (of which €31 million is attributable to Q2 2010). The relevant loss for the first half of the previous year was €41 million. In the aggregate, impairment losses of €7 million were charged on other fixed-income securities and on retail funds and investments still held in our portfolio (previous year: loss of €76 million).

In addition, due to the improved conditions on the international financial markets and interest rate trends, we were able to generate limited gains on the sale of fixed-income securities holdings again.

All in all, the negative effects from the financial crisis on net trading income and net income from investment securities fell from €431 million in the first half of 2009 to €174 million in the first half of 2010.

Net fee and commission income in the first half of 2010 amounted to €659 million, up 1.5% or €10 million on the previous year's weak level. The segment continued to suffer from the negative effects of the structural decline in income from the sale of postal services and from the sale of new services at our branches. We more than offset this structural decline in the first half of 2010 with higher net fee and commission income from the banking business. The decline in net fee and commission income in Q2 2010 as against the high level in the first three months is mainly due to the fall in income from the insurance business and a reduction in the minimum incoming payment threshold for our free checking account in Q2 2010 aimed at expanding our product range to include another target group.

Consequently, total income rose by a considerable 26.8% and amounted to €1,936 million in the first half of 2010, after €1,527 million in the prior-year period.

The allowance for losses on loans and advances in the lending business as of June 30, 2010 was €315 million, up €87 million on the figure for the first half of 2009. The year-on-year rise is in line with our expectations and is due to the slowdown in the macroeconomic situation that occurred at the beginning of 2009 plus ongoing difficulties on the international real estate markets. Postbank is making allowance for this development by increasing additions to its allowance for losses on loans and advances. The annualized additions ratio (based on the results for the first half of

2010) for the customer loan portfolio is 57 basis points, within the 50 to 60 basis point range we expect for the year as a whole. The increase in the allowance for losses on loans and advances as against the first quarter is mainly due to the recognition of higher specific valuation allowances on exposures at our London branch.

Administrative expenses rose by only €5 million or 0.4% as against the first half of 2009 to €1,408 million, reflecting our continuing strict cost management program – the focus of our Postbank4Future strategy program. Other administrative expenses, which fell from €632 million to €618 million, performed particularly well in comparison to the previous year. The slight rise in staff costs (from €703 million to €722 million) is mainly due to staff-related provisions of €21 million recognized in Q2 2010 as part of updates to the strategy program. These are designed to rapidly realize efficiency gains by reducing overhead and support functions. Adjusted for this non-recurring item, administrative costs in the first half of 2010 are down 1.1% on the comparable prior-year figure.

As in the previous year, administrative costs are expected to rise in the second half of 2010. It should also be noted that they will increase persistently by €60 million to €70 million per year as a result of the acquisition of 277 additional former Deutsche Post retail outlets, which took effect on July 1, 2010.

Net other income and expenses amounted to €12 million, following €4 million in the first half of the previous year.

Profit before tax amounted to €225 million in the first half of 2010, after a loss of €100 million in the prior-year period.

After adjustment for income taxes of €–71 million (previous year: €214 million) and minority interest, consolidated net profit amounted to €153 million, following €113 million in the previous year.

Earnings per share were €0.70 (previous year: €0.52). The return on equity before tax amounted to 8.3% as compared to –4.1% in the prior-year period. The cost/income ratio amounted to 72.7% (91.9% in H1 2009).

Segment Reporting

Postbank is currently engaged in a fundamental review of its segment reporting with the aim of further increasing transparency, particularly with regard to a more detailed breakdown of the results in the Others segment. The new segment reporting is due to be introduced in 2011.

The following comments relate to the restated figures for the first half of 2009.

Retail Banking

Profit before tax in the Retail Banking segment improved distinctly in the first six months of 2010 as against the prior-year period, climbing 39.9% to €403 million. This was mainly due to the 10.2% rise in net interest income and a slight decrease in administrative costs.

The strong performance by net interest income in this segment was due in particular to the substantial volume expansion in the deposit business, the simultaneous adjustment in the interest expense for these positions in line with market levels, as well as the positive trend in the profitability of new lending. As a result, net interest income rose by 10.2% or €107 million to €1,160 million.

Net trading income – which is generated exclusively by BHW Bausparkasse AG, part of this segment – rose slightly by €5 million year-on-year to €–29 million. This is mainly due to an improvement in earnings resulting from remeasurements under the fair value option which we apply to interest rate risk hedges of our mortgage loan portfolio.

At €536 million, net fee and commission income in the first half of 2010 was largely constant as against the previous year (€538 million). At €262 million, the figure for Q2 2010 was down €12 million compared with the strong first quarter, due mainly to weaker net income from the insurance business. In addition, we reduced the minimum incoming payment threshold for our free checking account in order to expand the target group. This also adversely affected our net fee and commission income.

All in all, total segment income rose by €105 million or 6.7% to €1,663 million as of June 30, 2010.

Administrative expenses fell by €23 million to €1,092 million as a result of sustained strict cost discipline. This figure already contains non-recurring charges from staff-related provisions of €17 million. The allowance for losses on loans and advances increased slightly by €8 million to €168 million. The trend in the allowance for losses on loans and advances continues to profit from the comparatively high quality of loans in our extremely granular and highly collateralized private mortgage lending business.

Net other income and expenses amounted to €0 million, following €5 million in the previous year. In line with this, the cost/income ratio improved significantly in the first half of 2010 from 71.6% to 65.7%. The return on equity before taxes rose from 25.9% to 35.7%.

Corporate Banking

Profit before tax in the Corporate Banking segment also rose by a significant €105 million as against the first half of 2009 to €156 million. In addition to the positive trend in operating income, this was mainly due to the steady decline in the impact of the structured credit product portfolio that is partially allocated to this segment.

At €345 million, the segment’s net interest income clearly exceeded the prior-year level (€257 million) due to the higher business volume and continuing strong margins. Another factor in this increase is the accrual of interest income on impaired assets (unwinding in accordance with IAS 39).

Taken together, net trading income and net income from investment securities climbed to €–9 million, a year-on-year improvement of €90 million. This reflects the significant decline in the impact of structured credit products. Taken individually, net income from investment securities amounted to €–5 million compared with €–16 million in the previous year, while net trading income improved by €79 million to €–4 million. The effects of our structured credit portfolio contained in the two items fell from €–99 million in the first half of 2009 to €–21 million. €+7 million of this figure relates to the second quarter of 2010. Value adjustments on other fixed-income securities in the Corporate Banking segment amounted to €+1 million in the first half of 2010, of which €–1 million relates to the second quarter of 2010 (H1 2009: €–13 million).

Net fee and commission income fell by €7 million year-on-year in the first half of 2010 to €50 million. In line with this, the segment’s total income rose by €171 million to €386 million.

In the first half of 2010, the allowance for losses on loans and advances in the lending business increased by €83 million as against the first half of 2009 to €152 million, reflecting the ongoing difficulties on the international real estate markets. However, the situation is clearly normalizing in comparison to the Q4 2009 level, which saw an intensive review of our risk positions. Higher allowances for losses on loans and advances were needed in the first and second quarters of 2010 in particular in commercial real estate finance at our London branch.

Administrative expenses fell by €11 million as against the first half of 2009 to €86 million, contributing to the positive trend in profit before tax.

The return on equity before taxes for the segment rose to 56.3% following 19.5% in the first half of 2009. The cost/income ratio halved to 22.3%.

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Transaction Banking

Profit before tax in the Transaction Banking segment increased by €8 million year-on-year to €27 million. Net fee and commission income from this business division was largely stable at €172 million (previous year: €173 million). Administrative expenses fell noticeably by €7 million to €151 million. This figure contains non-recurring charges from staff-related provisions of €4 million recognized in Q2 2010. Net other income and expenses doubled, rising from €3 million to €6 million. The cost/income ratio in Transaction Banking improved slightly to 87.8%.

In this segment, we expect the integration of HSH Nordbank – a new customer acquired in 2009 – to generate positive momentum for net fee and commission income over time. At the same time, the integration within Commerzbank of the payment transactions that we previously handled for Dresdner Bank is expected to result in the loss of a customer relationship by 2011, which will probably lead to declining net fee and commission income in this segment overall. Steps to reduce the associated cost pool have already been taken.

Financial Markets

Profit before tax in the Financial Markets segment fell by €26 million year-on-year in the first half of 2010 to €64 million.

This fall is mainly the result of a €36 million decline in net interest income to €46 million. A decline in the contribution by our PBI Luxembourg subsidiary, which is partially allocated to the Financial Markets segment, was the main driver for this development. Due to the sharp drop in money market interest rates, this company generated a high level of net interest income in the first quarter of 2009 in particular that then returned to normal as of the second quarter of 2009.

Net trading income remained largely unchanged at €44 million (previous year: €46 million).

Net income from investment securities improved by €8 million to €–5 million owing to a decline in the negative effects of the financial market crisis. Net fee and commission income remained unchanged at €18 million.

The profit reported by the segment includes effects from our structured credit portfolio of €–4 million, of which €–5 million was incurred in the second quarter (first half of 2009: €–19 million). Of this figure, €–2 million (previous year: €–12 million) relates to net trading income, of which €–3 million was incurred in Q2, while €–2 million (previous year: €–7 million) relates to net income from investment securities, of which €–2 million was incurred in Q2.

Administrative expenses declined by €1 million to €44 million, bringing the cost/income ratio for the segment to 42.7% (previous year: 33.8%) as of June 30, 2010. The return on equity before tax fell from 26.0% to 15.6%.

Others

The loss in the Others segment as of June 30, 2010 narrowed by €123 million to €425 million following €548 million in the prior-year period. This segment contains items not directly attributable to the other business divisions, unallocated central function costs, and the result of Postbank's own-account transactions.

At €–207 million, net interest income for the segment was down €20 million on the prior-year level. The figure, which is negative for structural reasons, is due among other things to disposals of banking book and trading book assets, contributions from asset/liability management, and the transfer pricing system in place up to and including 2004, as well as to the acquisition of the BHW Group and Postbank Filialvertrieb AG in 2006.

Net trading income for the segment improved slightly to €–133 million after €–140 million in the prior-year period. Less severe losses on the remeasurement of embedded derivatives contained in structured credit products of €104 million (previous year: €204 million) had a positive effect. €42 million of this figure was realized in Q2 2010.

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The segment's net income from investment securities rose by €158 million year-on-year to €68 million. The losses on structured credit product holdings of €38 million (of which €29 million is attributable to Q2 2010) included in this item widened by €5 million in comparison to the prior-year period. In addition, impairment losses of €5 million (previous year: €51 million) were realized on other debt instruments and retail funds, of which €3 million was incurred in Q2 2010. Proceeds from the sale of fixed-income securities holdings were also recognized in this segment.

Net fee and commission income for the segment rose by €29 million to €0 million. As a result, total income improved by €174 million to €–272 million.

Administrative expenses as of June 30, 2010 rose to €426 million following €385 million in the prior-year period. This rise is due, among other things, to increased staff costs as well as higher project costs in the cost centers. We anticipate that this figure will decline again to a certain extent over the course of 2010.

Moreover, administrative expenses in the Others segment include corporate function costs of €133 million (previous year: €114 million) that cannot be directly attributed to the operating segments. In addition, they comprise IT and other service expenses of €207 million (previous year: €212 million), some of which are allocated to the operating segments and credited to other income in the Others segment. Net other income and expenses fell by €10 million to €273 million.

Consolidation

This segment, which was introduced in the first half of 2009, encompasses the internal transactions between the Postbank Group's consolidated companies. It therefore generally reports a balanced result.

Key consolidation adjustments are made within net fee and commission income and primarily comprise adjustments to payments for the provision of payment services for Postbank that are recognized in income for the Transaction Banking segment. Consolidation adjustments in the first half of 2010 were €–117 million compared with €–108 million in the previous year.

Additionally, consolidation adjustments made within administrative expenses amounted to €391 million (previous year: €397 million). This is primarily attributable to the cost allocation of IT and Transaction Banking services provided within the Group. Net income and expenses (€–275 million after €–290 million in the previous year) primarily eliminates income from internally invoiced IT services which is reported as other income in the item of the same name in the Others segment.

Total Assets

Postbank's total assets amounted to €242 billion as of June 30, 2010, after €227 billion at the end of the last fiscal year and €239 billion as of March 31, 2010.

On the assets side, a significant reduction in investment securities in line with Postbank's strategy is matched by increases in loans and advances to other banks. In addition, the increase in total assets outside the customer business in the observation period is mainly due to technical effects arising from the pronounced decline in interest rates; this led to an increase in the positive fair values of derivatives held for trading on the assets side and a corresponding rise in the negative fair values of trading liabilities. Amounts due to customers continued to rise due to noticeably higher demand deposits in particular.

With respect to the individual items, loans and advances to customers, which also include securitized assets such as promissory note loans, increased by €1.2 billion as against the end of 2009 to €112.2 billion. Low-margin public-sector receivables fell by €0.2 billion to €1.4 billion.

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Loans and advances to other banks increased by a good €10.5 billion compared to the figure at the end of 2009 to €25 billion, up approximately €2 billion on the figure as of March 31, 2010. This increase is due to the rise in short-term loans to other banks, most of which were collateralized using securities.

As planned under our Postbank4Future strategy program, holdings of investment securities were reduced substantially, particularly in Q2 2010; the volume totaled €62.9 billion as of June 30, 2010, down €9.5 billion as against the figure as of December 31, 2009. We mainly achieved this significant fall by allowing positions to expire without reinvestment, supplemented in some cases by their active reduction, which took advantage of the favorable conditions pertaining to Q2 2010.

Interest rates, which have fallen as against the end of 2009, led to a substantial rise in the positive fair values of trading book derivatives; as a result, trading assets on the reporting date totaled €32.8 billion, up €12.3 billion as against the figure for December 31, 2009. In contrast, the volume of our trading assets in securities remained largely unchanged at a very low level.

On the liabilities side, amounts due to customers increased by €2.7 billion as against the end of 2009 to €134.7 billion. This is due, among other things, to a rise in the volume of savings and home savings deposits, which together were up by €1.4 billion to €66.8 billion. The volume of demand deposits also increased, amounting to €36.9 billion following €33.6 billion at the end of 2009.

Debt securities in issue fell moderately to €16.2 billion (December 31, 2009: €16.7 billion). Deposits from other banks were also down slightly (€0.2 billion) on the figure for year-end 2009 to €39.1 billion as of June 30, 2010. This item mainly comprises liabilities from repo transactions with central banks.

In addition, trading liabilities increased by a similar amount as trading assets, rising by €13 billion to €35.5 billion.

Equity

Recognized capital rose to €5,465 million as of June 30, 2010, compared with €5,251 million at the end of 2009. This increase was mainly due to the consolidated net profit of €153 million and a €42 million improvement in the revaluation reserve to €–460 million.

The Tier 1 ratio (excluding market risk positions) was 7.9% as of June 30, 2010, following 7.6% at year-end 2009 and 8.0% as of June 30, 2009. Taking market risk positions into account, the Tier 1 ratio was 7.3%, following 6.6% as of December 31, 2009 and 6.9% as of June 30, 2009. The rise in the Tier 1 ratio including the market risk positions is mainly due to preprocessing to net out economically offsetting interest rate positions, which was implemented in the first quarter of 2010 to measure market risk positions more exactly.

Overall, the action taken by Postbank during the course of the financial market crisis to strengthen its capital position and improve its risk profile has played an important role in stabilizing and in fact slightly increasing the Tier 1 capital ratio.

Postbank will continue with its 2008 program to reduce capital market risk and portfolios. The Bank's holdings of investment securities as of June 30, 2010 are down almost 23% compared with at the start of the program on September 30, 2008. In addition, we are driving forward the implementation of advanced measurement models for risk-weighted assets and intend to use the profits we generate up to and including 2012 to strengthen our capital base. These measures should contribute significantly to further improving Postbank's Tier 1 capital ratio. The Bank is also closely tracking the discussions of and pronouncements concerning the enhancement of the regulatory framework so as to be able to take any measures necessary at an early stage.

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Goals of Postbank

For 2010 and 2011, we continue to expect a modest recovery of the world economy. But the performance of the German economy is expected to be better than we previously thought. Conditions in the capital markets will most likely remain fragile. Given the possibility of an above-average number of company bankruptcies outside Germany and the continuing difficult conditions on the real estate markets, we still expect to see an increased need for allowances for losses on loans and advances throughout the banking sector. The following expectations for the possible direction of Postbank's business for the rest of this year and 2011 are based on the outlook we issued in our Annual Report 2009 and draw on a base scenario according to the economic projections we made in this report. The possible effects of potentially severe setbacks and disruptions in international capital and real estate markets presented above in the sector outlook section should also be considered.

Postbank has a solid business model, with a continuing good development in its operating earnings, its stable and sustainable revenue streams from its customer business as well as its good refinancing base. The concentration of the business model on retail, business and corporate customers that has been initiated will be systematically continued. In this effort, the "Postbank4Future" strategy program has generated valuable momentum toward improving the market position, particularly in Retail Banking. The Bank will maintain its strategy of lowering capital market risks and portfolios in the coming years.

Given the expected trends in the Bank's customer business and the external environment, we foresee a slight rise in the core operating earnings components of net interest income and net fee and commission income during the current fiscal year and 2011. Here, significant growth momentum will be generated by net interest income – just like in the first half of 2010 – while the net fee and commission income may experience a moderate decline and then move laterally as a result of structure-driven declines in revenues generated by the postal business in our branches and from external transaction banking for the entire year of 2010.

We will once again apply strict cost management, which we intend to further intensify as part of our strategy program "Postbank4Future". As announced in the strategy program, we will strive to reduce overall administrative costs by about 5 % by 2012 compared with 2008. It should be noted, however, that the acquisition of 277 retail outlets of Deutsche Post will result in a structural increase of administrative costs of about €60 million to €70 million annually. The aforementioned goal must be adjusted for these costs. In addition to this effect, we expect that the very good level of administrative costs achieved in the first half of 2010 will rise slightly in the remaining months of the year. The future direction of these costs will depend on the ongoing debate over the introduction of a banking levy, which could measurably increase the bank's administrative costs.

As noted in previous reports, trends in net trading income and net income from investment securities will be influenced to a large extent by developments in the money and capital markets as well as – based on the negative effects recorded in our structured loan portfolio – by the economic situation and by the number of business insolvencies. Should macroeconomic trends not deviate noticeably from expectations, the overall negative impact on net trading income and net income from investment securities should be less in 2010 and beyond than in the previous year. Even during an otherwise intact market situation, this trend could be upset by several factors, including defaults and downgrades of individual issuers with broad impact.

For the allowance for losses on loans and advances in the lending business, we foresee a level that continues to exceed that of pre-crisis years, particularly as a result of prolonged difficult business conditions in international real estate markets. In the area of commercial real estate lending, we expect measurable – albeit lower – negative effects in 2010 than in 2009 as a result of our macroeconomic projections. From today's perspective, the allowance for losses on loans and advances should remain at the same level in 2011.

On the basis of the previous expectations about the direction of individual earnings lines, we believe that the negative impact from the bank's risk positions may gradually fall in the current fiscal year and 2011 compared with the two previous years. The decrease has already contributed significantly to the satisfying earnings performance seen in the first half of 2010. Given the continued uncertainty on the international capital and real estate markets, the very good operating performance in terms of income in the first half of the year and the rise in administrative costs expected during the second half of the year, our current assessment is cautious. We do not assume that this level of results from the first half of the year can be maintained in the remaining quarters of this fiscal year. Unless additional disruptions on international capital markets occur, we should be able to achieve positive results for fiscal year 2010 due to the solid revenue streams from the customer business and systematic cost management.

At the moment, it is generally difficult for banks to make long-range forecasts about a sustainable return on equity as a result of the current uncertainties and the ongoing discussion about the future regulation of the banking market – including the introduction of a banking levy, deposit-protection reform and toughening capital requirements. In response to this situation, Postbank has decided not to announce a specific, sustainable mid-term return target until economic conditions have been clarified. We are determined to further expand the Bank's strong market position and we are confident that we will continue on a course of profitable growth even in a changed regulatory environment.

Please refer to our interim report as of June 30, 2010 and the presentations slides for further information, available on the investor relations website on www.postbank.com/ir.

Your Investor Relations Team

Postbank Group in figures

			01.01.-30.06. 2010	01.01.-30.06. 2009 [1]
Consolidated income statement				
	Total income	€m	1,936	1,527
	Administrative expenses	€m	-1,408	-1,403
	Profit before tax	€m	225	-100
	Consolidated net profit	€m	153	113
Cost Income Ratio		%	72.7	91.9
Return on equity				
	before tax	%	8.3	-4.1
	after tax	%	5.6	4.6
Earnings per share[2]		€	0.70	0.52
			30/06/2010	**31/12/2009**
Consolidated balance sheet				
	Total assets	€m	241,675	226,609
	Customer deposits	€m	113,892	111,067
	Customer loans	€m	109,014	108,971
	Allowance for losses on loans and advances	€m	1,810	1,641
	Equity	€m	5,465	5,251
Tier 1 ratio excluding market risk		%	7.9	7.6
Tier 1 ratio including market risk		%	7.3	6.6
Headcount (full time equivalent)		Tsd	20.75	20.86
Long-term ratings				
	Moody's		A1	Aa3
		Outlook	negative	Rating under Review
	Standard & Poor's		A-	A-
		Outlook	positive	positive
	Fitch		A+	A+
		Outlook	stable	stable
			30/06/2010	**30/06/2009**
Information on Postbank shares				
	Share price at the balance sheet date	€	23.90	18.11
	Share price (Jan 01 to June 30)	high €	27.73	19.42
		low €	21.16	6.81
	Market capitalization on the balance sheet date	€ m	5,229	3,962
	Number of shares	million	218.8	218.8

1 Prior year figures adjusted
2 based on 218.8 million shares

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Consolidated income statement

	01.01.-30.06. 2010	01.01.-30.06. 2009 [1]
	€m	€m
Interest income	3,533	4,218
Interest expense	-2,187	-3,012
Net interest income	1,346	1,206
Allowance for losses on loans and advances	-315	-228
Net interest income after allowance for losses on loans and advances	1,031	978
Fee and commission income	792	791
Fee and commission expense	-133	-142
Net fee and commission income	659	649
Net trading income	-123	-210
Net income from investment securities	54	-118
Administrative expenses	-1,408	-1,403
Other income	79	63
Other expenses	-67	-59
Profit before tax	225	-100
Income tax expense	-71	214
Profit from ordinary activities after tax	154	114
Minority interest	-1	-1
Net profit for the period	**153**	**113**

			01.01.-30.06. 2010	01.01.-30.06. 2009 [1]
			€m	€m
Profit from ordinary activities after tax			154	114
Other comprehensive income after tax			61	-94
	Change in revaluation reserve		64	-146
		thereof remeasurement gains/losses	6	-203
		tereof disposals and impairment	58	57
	Change in currency translation reserve		19	1
	Income tax relating to other comprehensive income		-22	51
Total comprehensive income for the period attributable to minority interest			-1	-1
Total comprehensive income			**214**	**19**

1 Prior year figures adjusted

Earnings per share increased from €0.52 in H1 2009 to €0.70 in H1 2010 based on 218.8 million shares.

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Consolidated income statement quarterly overview

	2010		2009[1]			
	Q2	Q1	Q4	Q3	Q2	Q1
	€m	€m	€m	€m	€m	€m
Interest income	1,735	1,798	1,868	1,901	2,009	2,209
Interest expense	-1,064	-1,123	-1,247	-1,323	-1,440	-1,572
Net interest income	671	675	621	578	569	637
Allowance for losses on loans and advances	-175	-140	-308	-142	-120	-108
Net interest income after allowance for losses on loans and advances	496	535	313	436	449	529
Fee and commission income	381	411	418	414	405	386
Fee and commission expense	-65	-68	-73	-70	-65	-77
Net fee and commission income	316	343	345	344	340	309
Net trading income	-40	-83	-149	-139	-103	-107
Net income from investment securities	26	28	-45	15	-14	-104
Administrative expenses	-716	-692	-765	-696	-719	-684
Other income	50	29	81	34	35	28
Other expenses	-38	-29	-49	-23	-17	-42
Profit before tax	94	131	-269	-29	-29	-71
Income tax expense	-37	-34	170	91	44	170
Profit from ordinary activities after tax	57	97	-99	62	15	99
Minority interest	0	-1	0	0	0	-1
Net profit for the period	**57**	**96**	**-99**	**62**	**15**	**98**

	2010		2009[1]			
	Q2	Q1	Q4	Q3	Q2	Q1
	€m	€m	€m	€m	€m	€m
Profit/loss form ordinary activities after tax	57	97	-99	62	15	99
Other comprehensive income after tax	-25	86	75	241	37	-131
change in revaluation reserve	-51	115	108	343	49	-195
thereof remeasurement gains/losses	-103	109	-35	344	34	-237
tereof disposals and impairment	52	6	143	-1	15	42
Change in currency translation reserve	11	8	5	-6	-7	8
Income tax relating to other comprehensive income	15	-37	-38	-96	-5	56
Total comprehensive income for the period attributable to minority interest	0	-1	0	0	0	-1
Total comprehensive income	**32**	**182**	**-24**	**303**	**52**	**-33**

1 Prior year figures adjusted

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Segment reporting

	Retail Banking [1]		Corporate Banking [1]		Transaction Banking [1]		Financial Markets		Others [1]		Consolidation [1]		Group [1]	
	01.01.-30.06. 2010	01.01.-30.06. 2009	01.01.-30.06. 2010	01.01.-30.06. 2009	01.01.-30.06. 2010	01.01.-30.06. 2009	01.01.-30.06. 2010	01.01.-30.06. 2009	01.01.-30.06. 2010	01.01.-30.06. 2009	01.01.-30.06. 2010	01.01.-30.06. 2009	01.01.-30.06. 2010	01.01.-30.06. 2009
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Net interest income	1,160	1,053	345	257	-	1	46	82	-207	-187	2	-	1,346	1,206
Net trading income	-29	-34	-4	-83	-	-	44	46	-133	-140	-1	1	-123	-210
Net income from investment securities	-4	1	-5	-16	-	-	-5	-13	68	-90	-	-	54	-118
Net fee and commission income	536	538	50	57	172	173	18	18	-	-29	-117	-108	659	649
Total income	**1,663**	**1,558**	**386**	**215**	**172**	**174**	**103**	**133**	**-272**	**-446**	**-116**	**-107**	**1,936**	**1,527**
Administrative expenses	-1,092	-1,115	-86	-97	-151	-158	-44	-45	-426	-385	391	397	-1,408	-1,403
Allowance for losses on loans and advances	-168	-160	-152	-69	-	-	5	1	-	-	-	-	-315	-228
Other income/expense	-	5	8	2	6	3	-	1	273	283	-275	-290	12	4
Profit before tax	**403**	**288**	**156**	**51**	**27**	**19**	**64**	**90**	**-425**	**-548**	**0**	**0**	**225**	**-100**
Revenues from external customers	1,661	1,550	384	214	72	76	102	132	-272	-440				
Intersegmental revenues	2	8	2	1	100	98	1	1	0	-6				
Depreciation and amortization	-9	-10	-1	-1	-3	-2	-1	-1	-54	-55				
Impairment losses	-9	-10	-1	-1	-3	-2	-1	-1	-54	-55				
Reversal of impairment losses	0	0	0	0	0	0	0	0	0	0				
Cost/income ratio (CIR)	**65.7%**	**71.6%**	**22.3%**	**45.1%**	**87.8%**	**90.8%**	**42.7%**	**33.8%**	**-**	**-**			**72.7%**	**91.9%**
Return on equity before taxes (RoE)	**35.7%**	**25.9%**	**56.3%**	**19.5%**	**-**	**-**	**15.6%**	**26.0%**	**-47.6%**	**-73.1%**			**8.3%**	**-4.1%**

	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Segment assets	90,218	89,882	35,489	34,679	425	399	44,170	30,710	101,180	101,506	-29,807	-30,567	241,675	226,609
Segment liabilities	119,886	119,754	33,133	29,684	425	399	41,898	28,379	76,140	78,960	-29,807	-30,567	241,675	226,609

1 Prior year figures adjusted

Since the settlement of payment transactions is not banking business in the traditional sense, we do not report return on equity in our Transaction Banking business segment.

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Balance sheet

Assets	30/06/2010	31/12/2009
	€m	€m
Cash reserve	4,893	4,534
Loans and advances to other banks	24,943	14,467
Loans and advances to customers	112,181	111,043
Allowance for losses on loans and advances	-1,810	-1,641
Trading assets	32,784	20,471
Hedging derivatives	695	520
Investment securities	62,907	72,359
Intangible assets	2,352	2,368
Property and equipment	816	838
Property held as financial investment	73	73
Income tax assets	422	280
Deferred tax assets	586	552
Other assets	833	745
Total assets	**241,675**	**226,609**

Liabilities	30/06/2010	31/12/2009
	€m	€m
Deposits from other banks	39,144	39,318
Due to customers	134,711	131,988
Securitized liabilities	16,218	16,722
Trading liabilities	35,476	22,434
Hedging derivatives	1,869	2,051
Provisions	2,229	2,148
Income tax liabilities	120	174
Deferred tax liabilities	350	305
Other liabilities	486	711
Subordinated debt	5,607	5,507
Shareholders' equity	5,465	5,251
a) Issued capital	547	547
b) Share premium	2,010	2,010
c) Retained earnings	2,751	2,614
d) Consolidated net profit	153	76
Minority interest	4	4
Total liabilities and shareholders' equity	**241,675**	**226,609**

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