Deutsche Postbank Group

Interim Report as of March 31, 2010

2010

Postbank

Postbank Group in figures

		Jan. 1 – March 31, 2010	Jan. 1 – March 31, 2009[1]
Consolidated income statement			
Total income	€m	963	735
Administrative expenses	€m	–692	–684
Profit/loss before tax	€m	131	–71
Consolidated net profit	€m	96	98
Cost/income ratio	%	71.9	93.1
Return on equity			
before tax	%	9.7	–5.8
after tax	%	7.2	8.0
Earnings per share[2]	€	0.44	0.45

		March 31, 2010	Dec. 31, 2009
Consolidated balance sheet			
Total assets	€m	239,396	226,609
Customer deposits	€m	113,453	111,067
Customer loans	€m	108,435	108,971
Allowance for losses on loans and advances	€m	1,722	1,641
Equity	€m	5,433	5,251
Tier 1 ratio excluding market risk	%	7.8	7.6
Tier 1 ratio including market risk	%	7.3	6.6
Headcount (FTEs)	thousand	20.88	20.86
Long-term ratings			
Moody's		A1 / outlook negative	Aa3 / outlook rating under review
Standard & Poor's		A– / outlook positive	A– / outlook positive
Fitch		A+ / outlook stable	A+ / outlook stable
Information on Postbank shares		March 31, 2010	March 31, 2009
Share price at the balance sheet date	€	23.76	11.95
Share price (Jan. 1 – March 31)	high €	25.44	15.98
	low €	21.16	6.81
Market capitalization on March 31	€m	5,198	2,615
Number of shares	million	218.8	218.8

[1] Prior-year figures restated (see Note 4)
[2] Based on 218.8 million shares

Deutsche Postbank Group
Interim Report as of March 31, 2010

Ladies and gentlemen,

Postbank closed the first three months of 2010 with a profit before tax of €131 million. The Bank has thus returned to profitability. Our customer business, in particular net interest income, was one key factor in this satisfying development. A substantial decline in the allowance for losses on loans and advances and considerable easing of negative effects from the structured credit substitution business (SCP) as compared to the previous quarter also contributed to this improvement. The earnings situation in the final quarter of 2009 was still strongly influenced by an intensive review of the Bank's risk positions.

Despite continuing intense competition, customer business in the key product areas and business divisions was thoroughly successful in the first quarter of 2010. In Retail Banking, the volume of savings deposits increased once again, leading to gains in market share. In a difficult interest rate environment, profitability once again climbed significantly over the weaker results of the previous year, an achievement positively reflected in the gains in net interest income in this segment. In the credit business, we were able to maintain our portfolio of loans on par with the level seen in the fourth quarter of 2009 despite a noticeable increase in competition for new business.

We intend to continue fostering these positive trends in the customer business with a package of measures based on our "Postbank4Future" strategy program and thereby strengthen our position on the market as well. Good progress has been made towards these goals in the past several months. We have, for instance, substantially simplified our product range in key areas and completed the conceptual realignment of sales by concentrating the various sales channels on selected product areas. Another measure of strategic relevance to sales is the intensification of cooperation with at least 1,000 Deutsche Post partner retail outlets. We are planning to establish a support organization here in order to significantly boost sales of financial services.

By improving our products and services, we are creating an excellent basis to become an even more attractive banking partner for customers and to continue Postbank's success story in the coming years, even though the market environment is currently expected to remain fragile and thus quite challenging.

In the current fiscal year, we are also continuing the consistent implementation of the program initiated in 2008 to reduce our risk positions. Holdings of investment securities have already decreased nearly 3 % as against the close of 2009. Total reduction since the measure was initiated in the third quarter of 2008 thus amounts to some €11 billion. Another focal point of our strategic activities is the strengthening of our equity base. The Tier 1 ratio (excluding market risk positions) was 7.8 % as of March 31, 2010, following 7.6 % at year-end 2009. The introduction of a preprocessing designed to offset economically balanced interest rate positions in the first quarter of 2010 allowed market risk positions to be reduced significantly by more than €5 billion. Taking market risk positions into account, the Tier 1 ratio was 7.3 %, a marked increase over 6.6 % at the end of 2009.

In order to reach our target value of a Tier 1 ratio (excluding market risk positions) of 10 % in accordance with the currently valid definition by late 2012, we are pushing the introduction of additional, more sophisticated risk measurement models. Moreover, as it has repeatedly stressed, Postbank intends to utilize the profits generated in fiscal years 2010 to 2012 in full for reinforcing its equity base. Postbank also is continuously monitoring the discussion of planned amendments in the regulatory environment so as to be able to take any measures necessary at an early stage.

In terms of earnings performance for 2010 as a whole, we are confident that we will generate a profit both before and after tax – assuming of course that economic conditions remain unchanged. Both the satisfactory performance of the customer business as well as the easing of negative effects from the Bank's risk positions are expected to play an important role here. We stand by our estimate that the allowance for losses on loans and advances will remain above the level seen in years prior to the financial crisis, but will drop below the prior year's level, with a net additions ratio, in relation to our customer loan portfolio, of 50 to 60 basis points. Negative effects from the structured credit portfolio are also expected to decrease as compared to the previous year.

In light of the prolonged sense of uncertainty on the international capital and real estate markets, which recent events have once again fed, and Postbank's excellent operating performance in the first quarter with regard to income and costs, Postbank's current assessment is cautious. The Bank does not expect the remaining quarters of the current fiscal year to yield a similar level of results as the first quarter.

With a consistent focus on customer business and further reduction of capital market risks and portfolios we are striving – based on the current regulatory demands placed on our business model – to generate operating return on equity of approximately 13% in the mid- and long-term future.

We hope that you will continue to place your trust in Postbank and accompany us on our successful journey into the future.

Bonn, May 12, 2010

Sincerely,

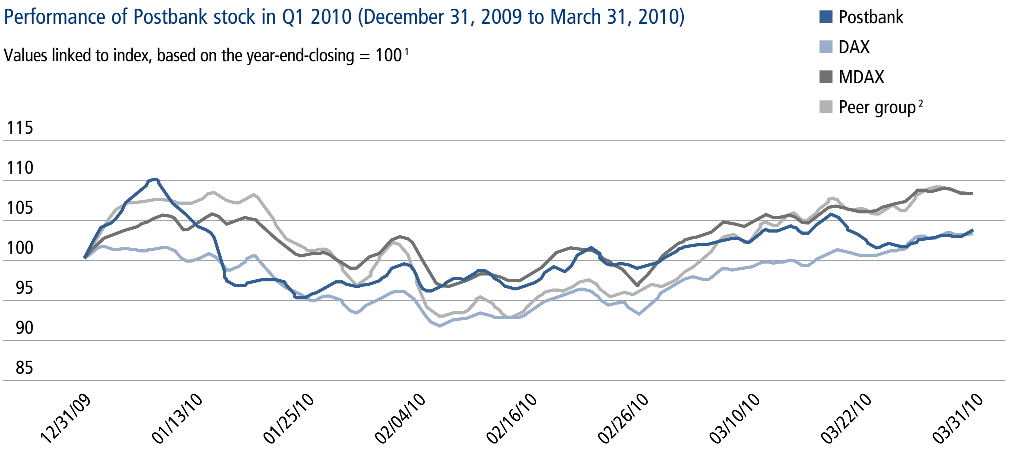
Stefan Jütte
Chairman of the Management Board

Shareholders and Stock:
Postbank stock continues to climb

Both the German and international stock markets got off to a good start in the new year. Stock indexes such as the EURO STOXX 50 and the DAX registered gains of approximately 2 % and 3 % in the first quarter. Stock market prices first dropped sharply in mid-January, negatively affected by the discussion regarding budgetary problems in Greece and other euro zone countries. In the wake of a generally good corporate reporting season, however, prices then began to rise again steadily starting in early February to reach the aforementioned gains. Stock indexes outside the euro zone that were less severely affected by these national budgetary problems performed even better.

Performance of Postbank stock in Q1 2010 (December 31, 2009 to March 31, 2010)

Values linked to index, based on the year-end-closing = 100[1]



Source: Bloomberg, Postbank

[1] Performance of Postbank stock and peer group excluding dividend

[2] Banco Espirito Santo, Banco Popolare, Banco Popular, Erste Bank, Royal Bank of Scotland, Svenska Handelsbanken, Swedbank, Unicredit

Banking sector stock rose even more sharply than the indexes as a whole. After strong losses in early February, banks with a high earnings share from investment banking in particular recovered exceptionally well. The rise in more speculative shares such as Royal Bank of Scotland (+51%) and Erste Bank (+19 %) in the first quarter also led to an average gain of 8.4 % in our peer group of European banks.

Postbank stock rose 3.8 % or €0.88 in the first three months, climbing to €23.76. Although unable to keep pace with the average price gain in its peer group, the Postbank share did prove significantly more stable than the peer group in relation to downtrends on the market as a whole.

Our stock data		Q1 2010	Q1 2009[1]
Closing price	€	23.76	11.95
High	€	25.44	15.98
Low	€	21.16	6.81
Q1 earnings per share	€	0.44	0.45
Number of shares	million	218.8	218.8
Market capitalization as of March 31	€m	5,198	2,615
Beta factor (relative to the DAX)		0.84	1.44
Equity including revaluation reserve	€m	5,433	5,251
Return on equity after taxes	%	7.2	8.0
Cost/income ratio	%	71.9	93.1

[1]Prior-year figures restated.

Successful issue of fourth mortgage bond

On March 24, 2010, Postbank issued its fourth *Jumbo Hypothekenpfandbrief* with a volume of €1.0 billion. The bond has a ten-year term with a nominal interest rate of 3.375 % and a yield of 3.475 % at reoffer price (18 basis points over mid-swap). Like the first three mortgage bonds placed by Postbank, this latest *Jumbo Hypothekenpfandbrief* also received the top rating of AAA from the agencies Fitch Ratings, Moody's and Standard & Poor's. Issuance of mortgage bonds is an attractive refinancing tool for Postbank. The renewed strong demand reflects the high level of trust that investors have in Postbank and the *Pfandbrief* as an attractive and value-retaining investment product.

Additional information, current news and presentations on Postbank as well as various service offers are available online at www.postbank.com/IR.

Developments in Q1 2010:
Further growth in the deposit business

Postbank continued on its growth course in the savings business in the first quarter of 2010. Overall deposit volumes in the retail business increased by €560 million as against the end of the 2009 and by €7.2 billion as against the first quarter of 2009 to reach €92.6 billion. The securities business also rose sharply as compared to the same prior-year quarter.

Strategy program already yielding noticeable benefits for customers

In keeping with its straightforward goal of "Making things simple," Postbank has bundled a series of activities for further improving the market position in the customer business into the "Postbank4Future" strategy program initiated at the end of 2009. The majority of the envisaged measures were already implemented in the first quarter of 2010. As a result, our customers are now benefiting in particular from a clearly streamlined range of offers and products that are easier to understand. In addition, we are further expanding the network of nationwide cash withdrawal points for our customers. Above and beyond our cooperative agreements with Shell and OBI, we are currently installing an additional 200 automated teller machines across Germany.

Moreover, Postbank plans to support at least 1,000 Deutsche Post retail outlets as premium partners and enhance its financial service offer there. More than 300 premium partners have qualified for the program since the model was introduced in early 2010, and we expect to generate positive momentum for new business in this sales channel.

Checking accounts made even more attractive

In the first quarter of 2010, we made substantial changes to the product features of our checking account. We intend in the current fiscal year to return this product field to its former strong standing by means of an offer featuring attractive terms and services. The monthly minimum deposit required to maintain a checking account free, for example, has been reduced from €1,250 to €1,000, and our customers can enjoy the benefit of a discount on fuel at all participating Shell stations.

At 4.9 million, the number of private checking accounts held at Postbank remained nearly unchanged as against the end of 2009. Postbank is thus still the largest provider on the German market. Development in demand deposits held in accounts owned by retail and business customers was encouraging, climbing nearly €2 billion over the same prior-year quarter to hit €18.7 billion and thus remaining on par with the same high level reached at the end of 2009.

Savings business continues to grow

Clear growth was registered in the focal products "Postbank Aktiv-Sparen" and "Postbank SparCard direct" in the first quarter of 2010 as well, supported by a marketing campaign that ran from early January to mid-February. At €3.0 billion, gross new business exceeded our expectations. In the retail banking business, savings deposits not including home savings deposits once again rose, up €220 million as against the end of 2009 to €57.4 billion. This was a gain of €4.7 billion over the same prior-year quarter. We expect the inflow of new deposits for the rest of 2010 to wane as compared to the strong previous year and the book volume to move more or less laterally as well.

Considerable increases in new home savings business

In the home savings business we registered a surge of more than 12 % to €2.8 billion in total home savings written in the first quarter compared with the same period last year. Especially encouraging was the development of sales of home loan and savings contracts in the cooperation partner business and in our branches. New business in the branches rose nearly 50 % compared with the first quarter of 2009, attributable among other things to the introduction of a standard home savings plan with simple product features. The main sales channel for the home savings product, the mobile sales force of Postbank Finanzberatung, also registered growth in new business of 8 % as against the same prior-year quarter. The intensified focus on the area of demand called "Meine vier Wände" (where I live), implemented as part of the "Postbank4Future" strategy program, is already having an impact here.

Our customers' home savings deposits climbed to €16.4 billion in the first quarter of 2010, up nearly €300 million over the end of 2009 and €500 million as compared to the end of March 2009 (December 31, 2009: €16.1 billion).

Light increase in portfolio of mortgage loans

The volume of new mortgage lending, including paid home savings loans, in the first quarter of 2010, at around €1.7 billion, was approximately 19 % below the corresponding prior-year figure. This development was expected and is the result of changes in management in new mortgage lending business that features a less aggressive definition of terms than the competition and a focus on business suitable for cover funds.

In the new business under the BHW brand, in which we focus primarily on low-volume loans, the 9 % decline to €0.95 billion was more moderate than the drop seen in the large-volume mortgage loans in which the DSL brand specializes. At approximately €0.8 billion, these were some 27% below the level seen in the first three months of 2009.

Postbank's self-generated portfolio of mortgage loans rose €2.3 billion year-on-year by the end of March 2010. Compared to the end of 2009, it was up €150 million to €65.9 billion.

Installment loan book continues to grow

Due to the overall economic situation and our selective loan granting criteria, new business in the installment loan product area was down nearly 9 % year-on-year in the first quarter, with volumes at approximately €340 million. As expected, there was a substantial drop in the demand for car loans following the expiration of the cash-for-clunkers program. The Postbank cooperation business launched in late 2008 developed especially well, however, rising €33 million over the first quarter of the prior year. The installment loan book rose nearly €400 million or 12 % to €3.7 billion as against the first quarter of 2009, up €60 million on the year-end book 2009. In contrast, the market climbed just 5.4 % over the same prior-year quarter.

Securities business doubles as against the weak prior-year quarter

As compared to the muted securities business in the first quarter of 2009 that was still clearly affected by the financial market crisis, there was a strong increase in new business at the start of 2010. Gross cash inflows in the first three months reached a volume of €524 million as compared to €278 million in the same prior-year period, thus nearly doubling. Driven by rising prices on the capital markets, the value of the securities and funds held in the securities accounts increased by 30 % to €11.6 billion following €8.9 billion in the first quarter of 2009 (December 31, 2009: €11.1 billion).

The positive developments in the securities business were mirrored in the insurance business as well. The first quarter of 2010 was up 9 % on the first quarter of 2009 across all sales channels. Altogether, the valuation amount of converted new business totaled €306 million as compared to €282 million in the same period last year. Worthy of special mention here are the "Postbank Riester-Rente" (classic investment) and "Postbank Sofort Rente" (one-time investment) products, which enjoyed substantial increases as compared to the prior year.

Additional Retail Banking information

New business		Q1 2010	Q1 2009	2009
New checking accounts	thousand	106	117	454
New savings deposits (gross)	€bn	3.0	5.3	17.1
New mortgage lending business	€bn	1.7	2.1	8.3
New private lending	€bn	0.34	0.38	1.45
Total home savings-written	€bn	2.8	2.5	10.8
New securities business	€bn	0.5	0.3	2.0

Book		Q1 2010	Q1 2009	2009
Checking accounts	million	4.92	4.97	4.94
Savings deposits	€bn	57.4	52.7	57.2
Home savings deposits	€bn	16.4	15.9	16.1
Private mortgage lending book including portfolio acquisitions	€bn	73.7	73.0	73.8
Personal loans	€bn	3.7	3.3	3.6
Volume of securities accounts	€bn	11.6	8.9	11.1

Corporate Banking still well on track

Despite the difficult underlying conditions, Postbank made good progress in the credit business in the first three months of 2010. In a reflection of these gains, the SME loans contained in the total of €29.9 billion (prior year: €25.3 billion) in corporate loans rose by €1.1 billion year-on-year even while dropping by €400 million as against the end of 2009 to €6.6 billion. In commercial real estate finance, we continued to take on only highly selective new exposures. The total volume rose slightly from €18.0 billion at the end of 2009 to €18.3 billion as of March 31, 2010. As the figures show, Postbank has proven itself to be a reliable lending partner even in today's challenging market environment.

The payment transactions segment also performed well. The number of transactions handled in the first quarter, 208 million, was up 4 % over the same quarter in the previous year.

The investment volume of our corporate customers rose 10.0 % in the first quarter of 2010 compared with the end of 2009 and 22.2 % as against March 31, 2009, to reach €20.9 billion. We also offer our corporate customers comprehensive consulting services for interest rate and currency management.

Transaction Banking on a par with the previous year

In the first quarter, the Postbank subsidiary BCB AG handled approximately 2 billion transactions for Postbank AG and its four other clients. The transaction volume thus remains on a par with levels seen in the previous two years.

Commerzbank has announced it will once again be performing initial payment transaction tasks for the client Dresdner Bank starting in the second quarter of 2010. Corresponding preparations for migration are currently underway. The transfer of payment transactions from the Dresdner Bank to Commerzbank will be completed in the second quarter of 2011.

Payment transaction processing on behalf of the new client HSH Nordbank began as planned on February 1, 2010. HSH Nordbank's entire domestic and international payment transaction operation will be transferred to BCB's IT platform by the end of the year.

Number of employees declines slightly according to plan

In keeping with planning, the number of employees was below the prior year's figure at 20,882 as of March 31, 2010. Additional plans foresee a slight reduction to around 20,570 employees by the end of this year.

Employees

	March 31, 2010	March 31, 2009
Number of employees (full-time equivalents)	20,882	21,146
Part-time employees	5,491	5,467
Percentage of female FTEs	58 %	58 %
Percentage of male FTEs	42 %	42 %
Percentage of civil servants	33 %	34 %

Interim Management Report

Business Environment

Economic environment
The global economy continued its recovery at the beginning of 2010. Growth momentum continued to be particularly strong in emerging economies. On the other hand, the performance of industrial countries was very mixed. While the economic improvement rapidly progressed in some countries, others did nothing more than stagnate.

The United States experienced a strong burst of growth in the fourth quarter of 2009, and its economic recovery appeared to continue at the beginning of 2010. Private consumption rose further, and company investments probably increased again as well. Employment also recorded its first moderate gains for the first time in many months. Unemployment nevertheless remained at an extremely high level, and the utilization rate of macroeconomic capacities stayed at a relatively low level. The pace of growth in Asia's emerging countries appeared to further accelerate. In China, GDP increased by 11.9 % in the first quarter of 2010 compared with the same period last year. The Japanese economy, thanks to its export sector, continued to profit from the recovery of the global economy. Japan's GDP probably expanded further at the beginning of 2010 as a result of rising exports.

The euro zone, whose economic output stagnated in the fourth quarter of 2009, most likely generated only very weak GDP growth at the beginning of 2010. As a result of further increases in unemployment, consumers were very reluctant to spend money. Gross capital expenditures may have fallen once again as well. While investment activities were hindered in some countries as a result of continuing structural problems, the cold winter had a particularly negative impact in other countries. Particularly in Germany, economic growth at the beginning of the year was hit hard by the unusually harsh weather conditions. Due to substantially lower construction investments, GDP probably rose slightly at best in the first quarter. Nonetheless, the economy continued to show signs of recovery. Incoming industrial orders in Germany climbed strongly, and the number of unemployed continued to fall on a seasonally adjusted basis. The continuing recovery was also reflected in the ifo business-climate index, which reached its highest level since mid-2008.

In general terms, macroeconomic conditions in Germany and the entire euro zone in the period that followed the New Year were somewhat less favorable than we expected at the time of our last report.

As a result of the continuing low level of inflation and a – from a macroeconomic point of view – continuing low utilization of capacities, the European Central Bank left its key interest rate at a record low of 1 % in the first quarter of 2010. The central bankers also provided details regarding the expiration of the unconventional steps they have taken. According to that information, the long-range refinancing activities undertaken to prop up the banking sector during the financial crisis will gradually be discontinued during the course of the year. In the United States, key interest rates remained at their historic low of 0 % to 0.25 % in the first quarter. Running counter to our expectations, long-term market yields in the euro zone slipped slightly, flattening the yield curve somewhat. In historical terms, however, it remained very steep during the first quarter.

Driven by the huge amount of deficit spending initiated by governments in the wake of the economic and financial crisis, government bonds were subject to extreme disruptions during the first quarter. In one reflection of this trend, risk premiums for Greek government bonds set one record high after another after the government deficit reached a historic peak last year and the provision of financial support to Greece by euro-zone members and the International Monetary Fund (IMF) became more and more likely. The bonds issued by other peripheral states of the euro zone with high deficits were also eyed critically by the market.

Sector situation
Since the financial market crisis erupted in mid-2007, the total of writedowns, impairments and losses from distressed assets at financial institutions has reached nearly $1.8 trillion. During the same period, these institutions have raised about $1.5 trillion in fresh capital, some of which was provided by government-backed relief funds, to strengthen their equity base. Total global writedowns are continuously falling, and some banks, including ones in Germany, have again written back previous impairment losses on asset positions. Despite these somewhat positive developments, the global financial market crisis now nearly three years old still cannot be declared as over. It will certainly take some time before financial institutions have fully shaken off the effects of the crisis. In Germany, there was little significant news related to the global financial market crisis in the first quarter of 2010. The nationalized Hypo Real Estate filed an application with the Financial Market Stabilization Agency to set up a bad bank with a volume of up to €210 billion. The IKB returned unneeded guarantees of more than €2 billion to the Financial Market Stabilization Fund SoFFin. Up to March 31, 2010, SoFFin had provided a total of €172.5 billion in government support. Of this amount, €144.4 billion was given in the form of guarantees and €28 billion as equity. In the United States, a wave of bankruptcies among financial institutions continues to sweep through the industry. In 2009, 140 bank insolvencies were registered. Through mid-April 2010, the figure had grown by 50, predominantly small regional lenders.

In analyzing business developments of German banks, we considered, as we have done in past reports, the four banks listed in Deutsche Börse's Prime Standard. The following information is based on this review. A year-on-year comparison of these banks' results for 2009 showed some improvements in business performance in each case. One bank returned to the black on an operating basis. Two returned to the black in terms of profit after tax. Overall, half of the lending institutions tracked by us reported positive operating earnings and only one reported a net loss for the year. With one exception, all banks lowered their cost-income ratios, and half of them improved their return on equity. But all banks increased their allowances for losses on loans and advances, and only one bank could increase its net interest income following allowances for losses on loans and advances year-on-year. Net fee and commission income fell at nearly all institutions. In terms of their share price performance, all four banks got off to a good start in 2010. In the first quarter, their shares outperformed the DAX. In terms of their unweighted average, they posted gains of 12.3 %. Here, too, they outperformed the DAX, which gained 3.3 % during the same period. But the stock prices of all four banks remain well below the levels they reached before the crisis began in mid-2007.

Germany's banking structure continues to be characterized by the three-pillar structure of private banks, savings banks and cooperative banks. During the first quarter of 2010, no consolidation steps between the individual pillars were observed. In 2009, consolidations mostly occurred within the three pillars. Through mergers with associated institutions, cooperative banks reduced their numbers by 40 year-on-year and savings banks their numbers by seven. At the moment, SEB of Sweden is conducting sales negotiations with several parties in regard to its German branch network.

Significant events at Postbank in the first quarter of 2010

On February 25, 2010, Postbank published its annual results for 2009, a year that concluded with a consolidated net profit of €76 million.

On March 24, 2010, Postbank issued its fourth mortgage *Pfandbrief* with a volume of €1 billion.

Postbank's investment focus

One focal point of investments in 2010 is on the expansion and modernization of the bank's sales channels and customer-service systems as part of the "Postbank4Future" strategy program. Investments related to the service life of software and systems being used are also planned. These investments will include the new banking-service platform SAP and the switch to SAP ERP 6.0. Further investments involve the implementation of such legal and regulatory requirements as the consumer-loan regulations, the flat tax, SEPA, the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Modernization Act) and Basel II.

Net Assets, Financial Position, and Results of Operations

Income statement

In the first quarter of 2010, Postbank generated profit before tax of €131 million, following a loss of €71 million in the prior-year period and a loss of €269 million in the fourth quarter of 2009. The positive quarterly result is due to the encouraging development of the operating income components – net interest income and net fee and commission income – as well as to sustained strict cost discipline, which is reflected in administrative expenses that are essentially unchanged year-on-year. However, the clear decline in negative effects from the Bank's risk positions also made a positive contribution to this earnings performance in particular.

Postbank again achieved growth and gained market share in its customer business in the first quarter of 2010. In the traditional savings business, i. e., not including home savings deposits, the volume was expanded further despite very strong growth in 2009. At the end of the first quarter of 2010, customer savings at the Bank amounted to approximately €57.4 billion. At approximately €108.4 billion, the customer lending business in the first quarter of 2010 was mostly stable, remaining at the same level it had reached at the end of last year. Clear signs of recovery can be identified in the securities business in particular following the pronounced lack of customer appetite seen especially at the beginning of last year.

These developments in Postbank's customer business can also be seen in its operating earnings lines: Net interest income in particular was up against both the prior-year quarter and the fourth quarter of 2009 due to good volume growth and the ongoing adjustment of interest expenses in line with low interest rates, as well as the continued positive effects of the steeper yield curve. Net fee and commission income was up considerably against the weak first quarter of the previous year. Total negative effects from net trading income and net income from investment securities declined as expected, with the result that these segments also made a significant contribution to the overall improvement in earnings performance in comparison to the previous year. This already takes into consideration conservative assumptions of the effects of the default of the U.S. Ambac insurance group. The allowance for losses on loans and advances rose in comparison to the first quarter of 2009 due to the economic situation, but was down considerably on the fourth quarter of 2009. Compared with the rest of the sector in Europe, Postbank's allowance for losses on loans and advances remains extremely modest due to the large proportion of highly collateralized German private mortgage loans in the credit portfolio.

Unless otherwise stated, the following comments on individual income items represent a comparison with the restated figures for the first quarter of 2009 (see also Note 4) or, in the case of balance sheet disclosures, December 31, 2009.

In the first quarter of 2010, net interest income amounted to €675 million, up €38 million on what was also a strong performance in the prior-year quarter. The tangible drop in interest rates as against the previous year led to a decline in both interest income and interest expense; however, the effect on interest income was more moderate due among other things to the strong volume performance compared with the previous year.

The current low interest rates pose a general challenge to deposit-rich banks in terms of how to manage net interest income from savings and demand deposits. In our traditional savings business, we were able to improve margins again in the past 12 months by continually adjusting the interest expense in line with market levels. In combination with the considerable increase in volume, this led to a tangible boost in the performance of net interest income in the first quarter of 2010. However, the pressure on demand deposit margins has not eased. The yield curve, which is substantially steeper than in the previous year, is continuing to make a positive contribution to the development of net interest income, for example resulting from the natural maturity structure of our customer business with its relatively short-term deposits and long-term loans.

We expect that the above-mentioned developments will continue to have a positive effect on the development of net interest income over the rest of 2010, albeit at a somewhat more moderate level.

Net trading income amounted to €-83 million as of March 31, 2010, following €-107 million in the prior-year period. The Bank's underlying net trading income profited from gains on our swap positions used for hedging and for managing the banking book as part of asset/liability management. Total income from this amounted to €11 million in the first quarter (previous year: €40 million). Losses on the measurement of embedded derivatives contained in the structured credit substitution business recognized in net trading income totaled €82 million (prior-year quarter: losses of €186 million). Of this amount, €74 million is due to the default of U.S. insurance group Ambac. This issuer is included in a large number of structured credit products. Based on conservative estimates, writedowns were recognized for both Ambac Assurance, which has already defaulted, and for the corresponding Ambac Financial Group positions.

Net income from investment securities amounted to €28 million as of March 31, 2010, following €-104 million in the prior-year period. The improvement is due both to the reduced impact of the financial market crisis and to gains on the sale of fixed-income securities holdings, which are again possible to a limited extent due to the improved conditions on the international financial markets and interest rate developments. The results for the first quarter contain impairment losses amounting to €16 million on our structured credit substitution business (previous year: €35 million). In the aggregate, no impairment losses were charged on other fixed-income securities and on retail funds and investments still held in our portfolio (previous year: impairment loss of €58 million).

All in all, the adverse impact from the financial crisis in the first quarter of 2010 amounted to only €98 million despite one-time effects from the default by Ambac, after €279 million in the prior-year quarter. This means that the expected decline in negative effects from these items since the beginning of 2009 continued.

Net fee and commission income in the first quarter of 2010 amounted to €343 million, up 11.0 % on the weak previous year's level. The main reason for this tangible improvement is the rise in net fee and commission income in our banking business. This had fallen significantly in the previous year due to our customers taking a particularly cautious approach to purchase in the fund and insurance business as a result of the crisis. Since mid-2009, the recovery of the capital markets has helped revive sales in these product categories.

Structural decreases in income from the sale of postal services and from the sale of new services at our branches, as well as from transaction banking continued to negatively impact net fee and commission income, and could also lead to a slight decline in net fee and commission income over the remainder of the year.

Total income rose substantially and amounted to €963 million in the first quarter of 2010, after €735 million in the prior-year period.

The allowance for losses on loans and advances in the lending business as of March 31, 2010 was €140 million. This was up €32 million on the figure for the prior-year period but significantly below the figure for the fourth quarter of 2009 (€308 million). The comparatively high level in the previous quarter was the result, among other things, of a review of risk positions, particularly in the subportfolios of commercial real estate finance in the U.S.A. and the United Kingdom, that the Bank performed in light of the persistently difficult environment. As expected, the additions to the allowance for losses on loans and advances for this area of commercial loans decreased substantially in the first quarter of 2010 compared with the previous quarter. The rise in the allowance for losses on loans and advances compared with the first quarter of 2009 is a consequence of the slowdown of the macroeconomic situation that occurred at that time in connection with the ongoing difficulties on the international real estate markets. Postbank took account of this development with increased additions to the allowance for losses on loans and advances.

Overall, the net additions ratio in the customer loan business (the ratio of the allowance for losses on loans and advances to the average total lending volume) thus amounts to approximately 50 basis points on an annualized basis, in line with our forecasts.

Administrative expenses in the first quarter of 2010 were €692 million compared with €684 million in the previous year. This encouragingly stable trend at the beginning of the year is partially due to seasonal factors but, among other things, also to active management of the other administrative expenses item, which decreased by €3 million to €305 million. Staff costs only rose slightly by €10 million year-on-year to €353 million. To counter the ongoing pressure on our earnings position, we will continue driving forward our cost management activities in the coming periods as part of our Postbank4Future strategic program. However, as in the previous year, a slight rise in other administrative expenses is expected in the course of 2010 compared with the first quarter.

Net other income and expenses amounted to €0 million, following €–14 million in the first quarter of the previous year.

Profit before tax amounted to €131 million in the first quarter of 2010, after a loss of €71 million in the prior-year period.

After adjustment for income taxes of €-34 million (previous year: €170 million) and minority interest, consolidated net profit amounted to €96 million after €98 million in the previous year.

Earnings per share were €0.44 (previous year: €0.45). The return on equity before tax amounted to 9.7% as compared to –5.8% in the previous year. The cost/income ratio amounted to 71.9 % (93.1% in Q1 2009).

Segment Reporting

The following comments relate to the restated figures for 2009 (see also Notes 1 and 4).

Retail Banking

The Retail Banking segment improved its profit before tax in the first three months of 2010 by €92 million to €209 million. This was mainly due to a significant rise in net interest income and net fee and commission income together with a decline in administrative costs.

The segment's net interest income profited from the savings volume – which rose considerably compared with the prior-year quarter – and the continuous adjustment of deposit rates to market levels. These developments led to a rise of €37 million as against the first three months of 2009, to €571 million.

Net trading income – which is generated exclusively by BHW Bausparkasse AG, part of this segment – rose by €22 million year-on-year to €–15 million. This is mainly due to an improvement in earnings resulting from the application of the fair value option used to hedge our mortgage loan portfolio.

Net fee and commission income rose by €14 million or 5.4 % in the first quarter of 2010 to €274 million. This mainly reflects the significant rise in funds and securities sales as against the weak prior-year quarter.

Consequently, the segment's total income rose by €68 million to €829 million as of March 31, 2010.

Administrative expenses improved by €22 million to €540 million as a result of sustained strict cost discipline. The allowance for losses on loans and advances fell by €2 million year-on-year to €78 million. Here we continue to profit from the comparatively high quality of loans in our extremely granular and highly collateralized private mortgage lending business. The slightly lower allowance for losses on loans and advances in the retail banking business is also due to the stable labor market trend in Germany.

Net other income and expenses remained unchanged at €–2 million.

The cost/income ratio improved year-on-year from 73.9 % to 65.1 %. The return on equity before tax amounted to 38.3 % in the first quarter of the current year, up significantly on the prior-year figure of 20.8 %.

Corporate Banking

Profit before tax in the Corporate Banking segment also rose by a significant €71 million as against the first quarter of 2009 to €62 million. In addition to the positive trend in operating income, this was mainly due to the steadily declining impact of the structured credit product holdings partially allocated to this segment.

The segment's net interest income rose tangibly by 41.7 % to €170 million due to the increase in the business volume and continuing strong margins.

Total net trading income and net income from investment securities improved by €54 million to €–26 million owing to a decline in the negative effects of the financial market crisis. Taken individually, net income from investment securities amounted to €–7 million compared with €–15 million in the prior year, and net trading income was €–19 million compared with €–65 million in the first quarter of 2009. The negative effects resulting from our structured credit portfolio contained in the two items fell from €72 million in the first quarter of 2009 to €28 million. Impairments on other fixed-income securities in the Corporate Banking segment amounted to €+2 million in the first quarter of 2010 (previous year: €–13 million).

In contrast, net fee and commission income in the first quarter of 2010 fell by €4 million to €23 million. The segment's total income therefore amounted to €167 million following €67 million in the prior-year period.

The allowance for losses on loans and advances in the lending business amounted to €66 million in the first quarter of 2010 following €30 million in the prior-year period. In the fourth quarter of 2009, the allowance for losses on loans and advances had been €183 million due to a review of the risk positions, especially in the subportfolios in the United States and the United Kingdom. The Bank's allowance for losses on loans and advances in the first quarter reflects the ongoing tight situation in the international real estate markets. This development is in line with its expectations. Administrative expenses fell by €7 million to €39 million in the same period.

The developments in the Corporate Banking segment described above resulted in a return on equity before tax of 46.4 % after –6.8 %. The cost/income ratio improved to 23.4 %, up from 68.7 % in the first quarter of 2009.

Transaction Banking

Profit before tax in Transaction Banking increased by €3 million to €13 million. While administrative expenses were reduced by €4 million to €75 million and net other income and expenses rose to €1 million, net fee and commission income fell by €1 million to €87 million as a result of a slight year-on-year reduction in transaction volumes and the structural decline in paper-based payment transfers. As a consequence, the cost/income ratio improved slightly from 88.8 % in the first quarter of the previous year to 86.2 %.

Financial Markets

Profit before tax in the Financial Markets segment fell by €56 million year-on-year in the first quarter of 2010 to €36 million.

Net interest income fell by €27 million to €29 million. A declining contribution by the 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 interest rates on the money market, this company generated a high level of net interest income in the first quarter of 2009 that then returned to normal as of the second quarter of 2009.

Net trading income fell by €35 million to €14 million. The exceptionally strong result recorded here in the previous year was attributed to extremely large foreign exchange gains from hedging transactions.

In contrast, net income from investment securities improved by €4 million to €1 million thanks to the less severe negative effects of the financial market crisis, while net fee and commission income remained unchanged at €11 million.

The profit reported by the segment includes positive effects from our structured credit portfolio of €1 million (previous year: loss of €10 million): of this figure, €1 million (previous year: €–7 million) relates to net trading income and €0 million (previous year: €–3 million) relates to net income from investment securities.

As of March 31, 2010, the segment's cost/income ratio amounted to 41.8 % (previous year: 20.4 %) with administrative expenses remaining unchanged at €23 million. The return on equity before tax fell in line with this from 53.5 % to 17.2 %.

Others

The loss in the Others segment as of March 31, 2010 narrowed by €92 million to €189 million following €281 million in the prior-year period. This segment contains items not directly attributable to the other business segments, unallocated central function costs, and the result of Postbank's own-account transactions.

At €–96 million, the segment's net interest income was down €22 million on the prior-year level. The net interest expense is due among other things to disposals of banking book and trading book assets, contributions from asset/liability management, the transfer pricing system in place up to and including 2004, and the acquisition of the BHW Group and Postbank Filialvertrieb AG in 2006.

Net trading income for the segment fell to €–63 million after €–55 million in the prior-year quarter. This is mainly due to decreasing gains from asset/liability management of €11 million (previous year: €40 million) which were realized using derivative financial instruments. In contrast, less severe losses on the measurement of embedded derivatives contained in structured credit products of €62 million (previous year: €108 million) had a positive effect.

The segment's net income from investment securities rose by €125 million year-on-year to €35 million. The impairment losses on structured credit products of €9 million included in this item fell by €22 million in comparison to the prior-year period. In addition, impairment losses of €2 million (previous year: €45 million) were realized on other debt instruments and retail funds. 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 €27 million to €7 million. As a result, total income rose by €122 million to €–117 million.

Administrative expenses as of March 31, 2010 rose to €210 million following €176 million at the same time last year. The increase in staff costs as well as higher project costs in the cost centers, among other things, led to the higher expenses. Nevertheless we anticipate a partial reduction here over the course of the year.

Moreover, the Others segment's administrative expenses include corporate function costs of €69 million (previous year: €58 million) that cannot be directly attributed to the operating segments. In addition, they comprise IT and other service expenses of €99 million (previous year: €102 million), some of which are allocated to the operating segments and credited to other income in the Others segment. Net other income and expenses rose to €138 million, following €134 million in the previous year.

Consolidation

This segment, which was introduced in the first quarter 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 amounted to €–59 million in the first quarter of 2010 as compared to €–57 million in the previous year.

Additionally, consolidation adjustments made within administrative expenses amounted to €195 million (previous year: €202 million). This is primarily attributable to the cost allocation of IT and Transaction Banking services provided within the Group. Net income and expenses primarily eliminates income from internally invoiced IT services which is included as other income in the item of the same name in the Others segment.

Total Assets

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

Major changes as against the end of the previous year on the assets side were the result of the increases in loans and advances to other banks as well as the rise in the positive fair values of derivatives held for trading. This was primarily due to the decline in interest rates compared with the year-end and therefore does not represent a sustainable rise. In contrast, we systematically continued to reduce our investment securities in line with our strategy. The liabilities side mirrors the trend, with the negative fair values of the derivatives increasing. Amounts due to customers continued to rise due to the increase in the savings business in particular. Debt securities in issue also rose following the successful issue of a mortgage *Pfandbrief* in March 2010.

With respect to the individual items, loans and advances to customers, which also include securitized assets such as promissory note loans, increased only slightly by €0.2 billion as against the end of 2009 to €111.3 billion. At the same time, we continued to reduce our portfolios of low-margin public-sector receivables by €0.2 billion to €1.4 billion.

Loans and advances to other banks increased by approximately €8.5 billion as compared to December 31, 2009, to €23.0 billion. This increase is due to short-term loans to other banks, most of which were collateralized using securities.

We continued reducing our investment securities as part of our Postbank4Future strategy program. As a result, holdings amounted to €70.4 billion as of March 31, 2010, down €2.0 billion as against December 31, 2009. We have reduced holdings by a good 13 % or almost €11 billion year-on-year, mainly by allowing items to expire without reinvestment.

Trading assets rose by €6.1 billion to €26.6 billion in the first quarter of 2010. This is due in particular to a sharp rise in the positive fair values of trading book derivatives, which rose thanks to the significant lower interest rates in the first quarter of the year as against the end of 2009. Trading liabilities presented a similar trend.

On the liabilities side, inflows of traditional savings deposits continued, contributing €1.7 billion to growth in amounts due to customers. Overall, this balance sheet item increased by €2.3 billion to €134.2 billion. We expanded the savings volume reported here including home savings deposits by 2.9 % or €1.9 billion compared with the end of 2009, to €67.3 billion.

The Bank's solid refinancing situation resulting from its strong deposit business was rounded off by the issue of a ten-year *Jumbo Hypothekenpfandbrief* with a volume of €1 billion. As a result, debt securities in issue increased to €19.1 billion (€16.7 billion as of December 31, 2009).

Deposits from other banks amounted to €41.3 billion as of March 31, 2010 following €39.3 billion at the end of the previous year. This item mainly comprises liabilities from repo transactions with central banks.

In addition, trading liabilities increased by almost the same amount as trading assets, rising by €6.2 billion to €28.6 billion.

Equity

Recognized capital amounted to €5,433 million as of March 31, 2010, compared with €5,251 million at the end of 2009. This increase was due to both the consolidated net profit of €96 million and a €78 million improvement in the revaluation reserve included in equity to €–424 million.

The Tier 1 ratio (excluding market risk positions) was 7.8 % as of March 31, 2010, following 7.6 % at year-end 2009 and 7.2 % as of March 31, 2009. Taking into account market risk positions, the Tier 1 ratio was 7.3 %, following 6.6 % as of December 31, 2009. The rise in the Tier 1 ratio including the market risk positions is mainly due to a preprocessing designed to offset economically balanced 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 a key role in increasing and stabilizing the Tier 1 capital ratio.

The Bank is planning to introduce even more sophisticated risk measurement models to further strengthen its capitalization level. Moreover, Postbank intends to utilize the profits generated in fiscal years 2010 to 2012 in full for reinforcing its equity base. Postbank also is continuously monitoring the discussion of planned amendments in the regulatory environment so as to be able to take any measures necessary at an early stage.

Report on Post-Balance Sheet Date Events

There were no events subject to reporting requirements from March 31, 2010 until the adoption of the financial statements for the first quarter of 2010 by the Management Board on April 28, 2010.

Risk Report

Summary overview of risk exposure

Credit risk

The first quarter of 2010 saw a substantial drop in the allowance for losses on loans and advances. This decline, which was in line with the 2010 schedule, was due to the portfolio review carried out in the previous quarter, among other things. There were no material structural shifts in the portfolio. Postbank expects rating downgrades in corporate finance over the course of the year since the current valuation does not include its customers' results for 2009. The Bank anticipated this trend as far as possible both in the aforementioned portfolio review at the end of 2009 and in its continued projections for the allowance for losses on loans and advances in the coming years. Postbank is forecasting additional negative effects in relation to credit risk in 2010, however at a lower level than those in fiscal year 2009. From a strategic perspective, portfolio management has priority over the acquisition of new business. In particular, Postbank is applying especially conservative standards for new commercial real estate finance business in markets still characterized by risks.

The performance of our structured credit products portfolio (SCP portfolio) was dominated by the events at the monoliner Ambac, for which Postbank took a charge of approximately €74 million based on a cautious valuation.

We are currently seeing no acute default risks with regard to developments in the situation in Greece, Ireland, Portugal, Spain, and Italy but are monitoring developments particularly closely.

Market risk

The average value at risk for Postbank's portfolios in the trading book and the banking book declined significantly in the first quarter of 2010 reflecting both the downward trend in volatilities and the successive reduction in investment securities. However, the portfolios of European periphery bonds are subject to higher market fluctuations given the current dramatic increase in volatility. These fluctuations could lead to corresponding present value losses. In addition, the market liquidity of these securities has declined sharply recently. This means that the tradability of these portfolios is significantly limited at present.

Liquidity risk

Postbank's liquidity continues to be solid as a result of its relatively stable refinancing base consisting of customer deposits.

One focus of project work in 2010 is on enhancing credit processes – flanked by investment in a substantially improved IT environment. Work on the (sub)projects has begun now that the process of defining and prioritizing the goals has been completed.

No risks that could impair the Postbank Group's development or even jeopardize its continued existence as a going concern have been identified among the risk types described below.

The following sections describe in detail the Deutsche Postbank Group's risk position and risk management with regard to developments in the first quarter of 2010, and the respective measures taken by the Company.

Organization of risk management

The Postbank Group has established a risk management organization as the basis for overall bank management from a risk and earnings perspective. The risk management system aims to accept normal banking risk within a defined framework strictly reflecting the Bank's risk-bearing capacity, so as to leverage the resulting opportunities for generating returns.

For a detailed description of our risk management organization, see the relevant section in the 2009 Annual Report.

The organizational framework of risk management has not changed in principle as against the management report published in the 2009 Annual Report. The Bank Risk Committee established in the past year to manage Group-wide risk topics (in particular risk-bearing capacity, risk appetite, overall limit allocation and overall risk strategy) successfully began its work.

In addition, the focuses of the Postbank Group's risk management system mentioned in the Annual Report continue to apply. The methods, systems, and processes described here and in the 2009 Annual Report – in particular in view of the financial crisis – are subject to continuous review and enhancement in order to adequately reflect market, business, and regulatory requirements.

Risk types

The Postbank Group distinguishes between the following risk types:

- **Market risk**
  Potential financial losses triggered by changes in market prices (e.g., equity and commodity prices, foreign exchange rates) or changes in parameters that determine market prices (e.g., interest rates, spreads, and volatility).

- **Credit risk**
  Potential losses that may be caused by a deterioration in the creditworthiness of, or default by, a counterparty (e.g., as a result of insolvency).

- **Liquidity risk**
  Illiquidity risk is the risk of being unable to meet current or future payment obligations in the full amount due or as they fall due.

  Liquidity maturity transformation (LMT) risk is the risk of increased refinancing costs as a result of closing gaps caused by changes in the Bank's refinancing curve.

- **Operational risk**
  The likelihood of losses that could be incurred as a result of inadequate or failed internal processes and systems, people, or external events. This also includes legal risk.

- **Investment risk**
  Potential losses due to fluctuations in the fair value of equity investments, to the extent that these are not already included in other types of risk.

- Real estate risk
  The risk of loss of rental income, writedowns to the going concern value, and losses on sales relating to properties owned by the Postbank Group.

- Collective risk
  Potential adverse effect of a divergence in the behavior of home savings customers from expectations. Collective risk arises in connection with the specific business risks relating to the home savings business of BHW Bausparkasse AG.

- Business risk
  Risk of a decline in earnings due to unexpected changes in business volumes and/or margins and corresponding costs. This concept also includes model risk, which arises from modeling customer products with non-deterministic capital and/or interest rate commitments (primarily savings and checking account products), as well as strategic and reputational risk.

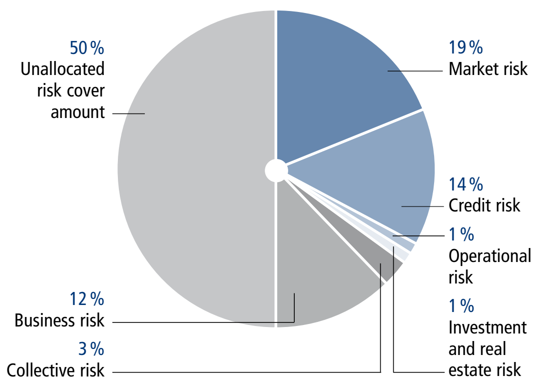
This risk report discusses in detail the market, credit, operational, and liquidity risks that are manageable in operational business. The deductions for the other types of risk (investment risk, real estate risk, collective risk, and business risk) were adjusted during the quarter – especially due to the introduction of a scenario-based model for quantifying collective risk. The model developed in 2009 replaces the previous lump-sum risk buffer used for collective risk. Over and above this, there have been no significant changes in risk estimation compared with the situation presented in the 2009 Annual Report.

Risk capital and risk limitation

The Bank's risk-bearing capacity is assessed from the perspective of investor protection and also aims to ensure a defined Tier 1 ratio in accordance with the going concern concept.

The percentage allocation of the Postbank Group's "investor protection" risk cover amount by risk type after factoring in correlation effects is as follows for the first quarter of 2010 (calculated as of March 31, 2010):

Breakdown of the Postbank Group's risk cover amount by risk types (approved risk capital)

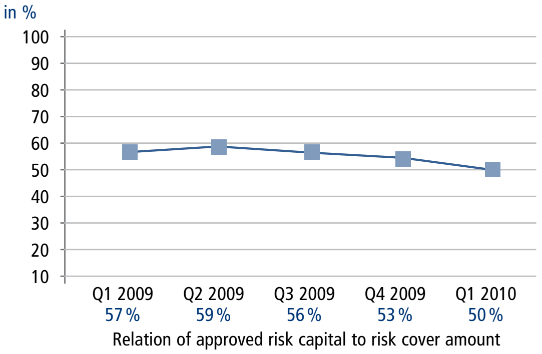


Risk capital is available for risk taking. Utilization is measured by establishing the value at risk, using a 99.93 % confidence level and a holding period of generally one year.

The absolute amount of "investor protection" risk cover and an allocation of the absolute amount of risk capital by risk type at March 31, 2010 and the previous year are given in Note 33 of this Interim Report.

Risk cover utilization measured in terms of the allocated risk capital amounted to 50 % as of the reporting date. This represents a slight decline of three percentage points compared with December 31, 2009. The following graphic depicts the development of approved risk cover capital compared to the total risk cover amount.

Development of the relation of approved risk capital to risk cover amount

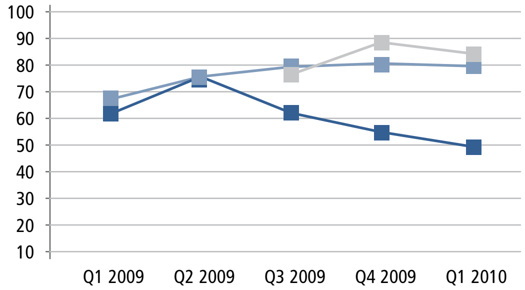


Operational limits are established for the market and credit risks backed by risk capital and directly manageable in the day-to-day business. Market risk is managed by allocating limits for the relevant portfolios. For loans to banks, corporates, and countries (central and regional governments and local authorities), credit risk is primarily managed by allocating limits at portfolio level and through definition of a target portfolio. The volume of retail business is controlled through target vs. actual comparisons. The utilization of the limits allocated for operational risk is based on the internal quantification model developed in 2009.

51 % of the market risk limit was utilized as of the reporting date of March 31, 2010, thus marking a further downward trend (December 31, 2009: 56 %). Credit risk limit utilization was 79 % (December 31, 2009: 80 %) after adjustment for losses reducing the unallocated risk cover amount. The VaR (confidence level: 99.93 %) for operational risk at the level of the Bank as a whole, which was calculated on the basis of the internal quantification model, amounted to €503 million as of March 31, 2010. Utilization of the relevant limit amounted to 84 %. The risk-bearing capacity of the Postbank Group was therefore assured at all times. The following graphic depicts limit utilization for operationally managed risks over time:

Development of the limit utilization for operationally managed risk types

in %



	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Market risk	64 %	75 %	63 %	56 %	51 %
Credit risk	68 %	75 %	79 %	80 %	79 %
Operational risk			77 %	87 %	84 %

As of March 31, 2010, the risk/risk cover ratios to safeguard the defined Tier 1 ratio were 19 % (three-month horizon) and 46 % (twelve-month horizon). The available risk cover amount is currently deemed to be sufficient for assuring the defined minimum Tier 1 ratio (green light).

Risk concentrations

For information on the projects designed to improve loan portfolio management that focus on managing risk concentrations, please see the relevant sections of the 2009 Annual Report.

Current risk concentrations at a confidence level of 99.93 % are particularly perceptible with respect to "A" rated banks as well as in the structured credit portfolio (SCPs).

Regulatory requirements

Since the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation) entered into force on January 1, 2007, Postbank has calculated its capital on the basis of Basel II. In connection with the use of the IRB approaches, since January 1, 2008 the Bank has exceeded the relevant regulatory threshold – i. e., the coverage ratio calculated pursuant to section 67 of the SolvV for the portfolios calculated on the basis of internal ratings clearly exceeded 80 % of the exposure amounts and risk-weighted exposure amounts to be complied with. Postbank is currently in the process of implementing the changeover to the Advanced IRB Approach for calculating the capital backing for counterparty credit risk using internal estimates of expected loss rates. The Bank plans to reach the entry threshold and therefore to reduce the capital requirement in 2011. The projects launched by Postbank to improve credit processes are laying the sound foundations necessary for this.

Postbank currently uses the regulatory standardized approach to calculate capital requirements for market risk. As part of its program to introduce advanced risk models, Postbank is also preparing to deploy the internal market risk model used to measure and manage market risk in order to determine the capital requirements for market risk in accordance with the SolvV.

To date, Postbank has used the standardized approach for calculating capital requirements for operational risk. At the end of March 2010, Postbank submitted an application for approval to the BaFin and Deutsche Bundesbank to implement an Advanced Measurement Approach (AMA) so that it can also use its internal capital model for calculating regulatory capital requirements once approval has been granted.

With regard to the disclosure requirements pursuant to sections 319 to 337 of the SolvV in conjunction with section 26a of the *Kreditwesengesetz* (KWG – German Banking Act), Postbank published its Pillar III Disclosures in accordance with the SolvV/Basel II on its website on April 27, 2010.

In respect of the additions to the Capital Requirements Directive (CRD) adopted by the European Parliament and the European Commission in 2009 and the related published draft amendments to the KWG, SolvV, and the *Groß- und Millionenkreditverordnung* (GroMiKV – German Large Exposures Regulation), Postbank is currently implementing the new capital adequacy and large exposure requirements. In addition, Postbank was involved in the consultation process for the consultation papers published by the Basel Committee that aim to strengthen regulatory requirements for capital and liquidity levels. As part of the current quantitative impact study, Postbank completed the relevant QIS forms and submitted them to the Bundesbank.

Market risk

Market risk management
Postbank makes use of a combination of risk, earnings, and other inputs to manage its market risk. Changes in the value of market risk are derived from daily marking to market, independently of their measurement for financial accounting purposes. In the case of inactive market segments, a special process has been instituted to regularly review whether the market data available still permits adequate valuations to be made. As a result, specific portfolios are marked to model. The management of market risk exposures from an earnings perspective focuses both on specific periods and on the present value. All market risk is measured using value at risk. Risks from potential changes in spreads have been taken into account in risk measurement. Sensitivity indicators and maturity structures are other management indicators used.

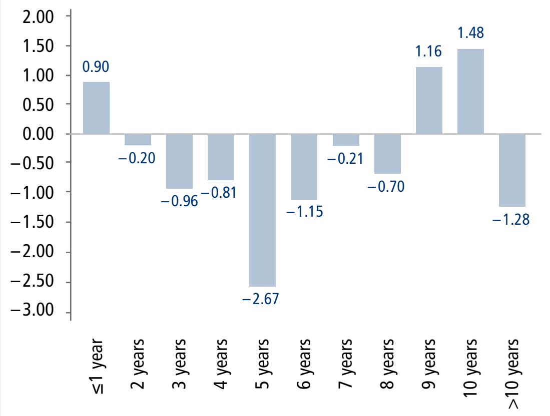
In addition, market risk exposures are subjected to regular scenario analyses and stress tests, which analyze the impact of unusual market movements both on the present values and on the income statement and balance sheet items.

In light of the financial market crisis, Postbank started reducing its market risk exposure in 2008; this risk strategy was systematically maintained in the first quarter of 2010. While the equity holdings continue to be negligible, the Bank maintained the focus on the assets side that it adopted in the course of 2009 in the interest rates area. To reduce the exposure to extreme capital market volatility, Postbank continues with its plans to cut its holdings of investment securities, primarily as a result of instruments maturing, by up to 45 % by 2013 (as compared with the September 30, 2008 reporting date).

Interest rate risk – a significant component of market risk – is the term used to denote the changes in the fair value of interest-sensitive financial instruments resulting from a change in market rates of interest. The following chart presents the Postbank Group's open interest rate positions as of March 31, 2010 in the form of a basis point value (bpv) graph. Positions with a negative value represent an asset-side interest rate risk, which means that there is a surplus of assets. In the same way, positive values indicate a surplus of liabilities. Postbank's overall interest rate position as of March 31, 2010 remains clearly aligned with its assets.

The Postbank Group's interest rate positions (bpv) as of March 31, 2010

bpv in €m



The chart shows that the surplus of assets as of March 31, 2010 is primarily concentrated in the medium and long-term (>10 years) maturity ranges. The surplus of liabilities in the 9- and 10-year band can be attributed essentially to the long-term positions in BHW Bausparkasse AG's home savings collective as determined by data derived from collective simulations. Interest sensitivity is mainly the result of euro exposures and, to a significantly smaller extent, of U.S. dollar exposures; interest sensitivities to other currencies are immaterial.

In particular, the risk sensitivity of the AfS positions was again managed extremely closely in order to limit the additional potential impact on the revaluation reserve and hence on the capital ratios. Interest rate risk analysis is an integral part of daily market risk measurement and, as a result, also forms part of the VaR analyses for market risk (trading book and banking book).

Monitoring market risk
In the Postbank Group, market risk is monitored using a system of risk limits based on the value at risk methodology. The aggregate limits are allocated to the individual operating units as sublimits. End-of-day risk measurement and monitoring are used for the whole Bank; additional intraday monitoring is carried out for the trading portfolios. The aggregate limit is set by the Group Management Board and allocated by the Market Risk Committee to the individual operating units in the form of sublimits. These are dynamic outcome-based limits; any losses incurred reduce the limit, while gains replenish it, at a maximum, to the originally defined level. In the first quarter of 2010, declines in fair values particularly from adverse changes in spreads in individual subportfolios led to limits being utilized. No limit exceedances were recorded.

For a detailed description of the methods used to compute VaR, see the section entitled "Monitoring and managing market risk" in the Risk Report of the 2009 Annual Report.

Stress testing

The scenario analyses performed in the first quarter of 2010 indicated that the Postbank Group's risk-bearing capacity would have been assured even if the market situation had deteriorated further. The greatest risks that emerge from the regularly performed stress tests continue to be those in connection with interest rates and spreads. In contrast, sensitivities to changes in equities, currencies and volatilities are significantly less severe. The stress parameters used are reviewed regularly for appropriateness.

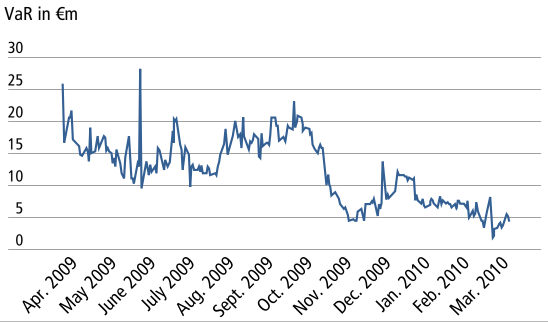
Risk indicators

The following value at risk figures for the trading book were calculated for the Postbank Group in the first quarter of 2010 as well as in the previous quarter (confidence level of 99 %, holding period of 10 days):

Value at risk, trading book	Q1/2010 €m	Q4/2009 €m
VaR at end of quarter	4.5	10.3
Minimum VaR	2.4	4.4
Maximum VaR	10.1	19.4
Average VaR	6.3	9.9

The following chart illustrates the development of value at risk for the trading book over a one-year period:

Value at risk trading book for the period from April 1, 2009 to March 31, 2010



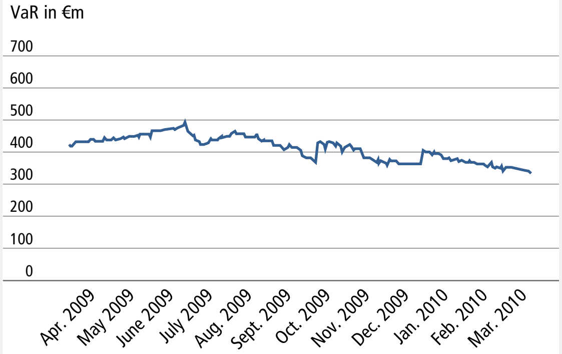
In the first quarter of 2010, the pronounced volatility in the trading book was used flexibly in positioning on the interest rate and equities markets. The VaR in the trading book declined overall in the past six months and, while fluctuating, was significantly lower in the first three months of 2010 than in 2009.

The value at risk for the banking book (confidence level 99 %, holding period 10 days), which accounts for by far the largest portion of market risk, amounted to €339.4 million as of March 31, 2010 (for comparative purposes: €365.7 million as of December 31, 2009).

Value at risk, banking book	Q1/2010 €m	Q4/2009 €m
VaR at end of quarter	339.4	365.7
Minimum VaR	339.4	362.5
Maximum VaR	410.2	440.0
Average VaR	370.2	396.9

The calculation incorporates all market risk-bearing positions in the banking book.

Value at risk banking book for the period from April 1, 2009 to March 31, 2010



As in the prior year, VaR in Postbank's banking book is continuing to trend downwards following the clear rise experienced as a result of the crisis. The effect on risk measurement of the sharp increase in the volatility of the risk inputs used due to the financial market crisis is gradually diminishing in view of the one-year observation values applied. As a result, the VaR figures are falling to lower levels. The decrease in VaR also reflects the reduction in the Bank's investment securities portfolio.

Credit risk

The Postbank Group defines credit risk (or counterparty credit risk) as risks arising from potential loss that may be caused by changes in the creditworthiness of, or a default by, a counterparty (e.g., as a result of insolvency).

Managing and monitoring credit risk

Monitoring of credit risk at the level of the individual borrower/individual commitment is discussed in detail in the section of the Risk Report entitled "Risk management and control" in the 2009 Annual Report.

In addition to monitoring individual risks, the Postbank Group calculates the credit value at risk (CVaR) for all Group exposures subject to credit risk. The credit value at risk is the potential negative change in the present value of the total loan portfolio resulting from actual or potential credit risk losses that will not be exceeded within one year for a 99.93 % probability. Under Postbank's Group-wide risk-bearing capacity concept, CVaR, as a measure of the unexpected loss from credit risk, must be backed by risk capital.

In contrast, the expected loss indicated in the "Credit risk" table is the expected amount of losses from credit risk in the Group portfolio, expressed in terms of the default amount expected within a one-year period. This is calculated approximately as the product of the default probability, the total size of the exposure, and the loss rate. It depends on the rating and the term of the counterparty or transaction. The expected loss does not contribute to the Bank's overall risk, but is factored into margin calculations via the standard risk costs.

For a detailed description of the methods used to compute CVaR, see the section entitled "Managing credit risk at portfolio level" in the Risk Report of the 2009 Annual Report.

The following table provides an overview of the key credit risk indicators for the various profit centers as of March 31, 2010 (calculated as of February 28, 2010) as compared to the end of 2009. The volume for the Group loan portfolio reported in this table differs from the "maximum counterparty credit risk" shown lower down in respect of two factors: Firstly, the date used for calculating CVaR is the last day of the preceding month and, secondly, carrying amounts or fair values, or credit equivalent amounts, are used to fully quantify the credit risk when calculating CVaR, depending on the item.

Credit risk	Volume		Expected loss		CVaR[1]	
	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Corporate Banking	29,246	28,422	103	127	212	228
Retail Banking	46,450	46,162	286	278	187	186
Financial Markets	127,156	141,800	465	440	1,701	1,755
Others (banks/local authorities)	4,292	4,530	5	3	123	101
BHW[2]	40,323	39,417	125	104	79	68
Total (incl. portfolio effect)	247,467	260,331	984	952	1,730	1,765

[1] Confidence level 99.93 %; due to diversification effects, the CVaR in the Group loan portfolio is lower than the sum of the individual CVaRs for the business divisions
[2] The portfolio of trust activities of BHW Bausparkasse AG is shown under Retail Banking, while previously this item was also shown under BHW

The overall portfolio fell by 4.9 % in the first quarter of 2010 from €260.3 billion at the end of 2009 to €247.5 billion. There were only minor changes in expected and unexpected losses. The marginal increase in expected losses is due to rating downgrades in the Financial Markets segment. "A" rated banks continue to account for the majority of the unexpected risks in this segment.

As of March 31, 2010, the maximum exposure to credit risk was as follows (compared with December 31, 2009):

Maximum counterparty credit risk

Risk-bearing financial instruments	Maximum counterparty credit risk exposure	
	March 31, 2010 €m	Dec. 31, 2009 €m
Trading assets	26,615	20,471
Held for trading	26,615	20,471
Hedging derivatives	579	520
Held for trading	579	520
Loans and advances to other banks	22,990	14,467
Loans and receivables	22,990	14,467
Loans and advances to customers	111,254	111,043
Loans and receivables	102,640	102,408
Fair value option	8,614	8,635
Investment securities	70,407	72,359
Loans and receivables	56,339	59,401
Held to maturity	26	73
Available for sale	14,042	12,885
Subtotal	231,845	218,860
Contingent liabilities from guarantees	1,095	1,105
Other liabilities (irrevocable loan commitments)	21,791	21,964
Total	254,731	241,929

In contrast to the "Credit risk" table, the "Maximum counterparty credit risk" table breaks down the maximum exposure to credit risk in accordance with IFRS 7.36 (a) into categories of risk-bearing financial instruments. This figure is reported as a gross amount, since risk-bearing financial instruments are recognized and measured without accounting for credit risk mitigation techniques, recognized transactions are recorded at their carrying amounts, and the maximum counterparty credit risk exposures resulting from the utilization of irrevocable loan commitments or other off-balance sheet items correspond to all externally approved lines. This representation contains no information on ratings or collateral, in contrast to the economic risk quantification contained in the "Credit risk" table. In addition, reporting date variances exist between the two tables as of March 31, 2010.

Sector structure of the loan portfolio

The following table illustrates the risk concentrations by sector and borrower group, broken down into exposure classes.

Risk concentration by sector and borrower group

	Retail customers		Banks/ insurers/ financial services		Countries		Commercial real estate finance		Services/ wholesale and retail		Industry		Other sectors		Total	
	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Trading assets	212	212	25,465	19,666	376	105	94	95	126	103	15	14	327	276	26,615	20,471
Held for trading	212	212	25,465	19,666	376	105	94	95	126	103	15	14	327	276	26,615	20,471
Hedging derivatives	–	–	579	520	–	–	–	–	–	–	–	–	–	–	579	520
Held for trading	–	–	579	520	–	–	–	–	–	–	–	–	–	–	579	520
Loans and advances to other banks	1	–	22,673	14,332	149	103	31	32	63	0	–	–	73	0	22,990	14,467
Loans and Receivables	1	–	22,673	14,332	149	103	31	32	63	0	–	–	73	0	22,990	14,467
Loans and advances to customers	79,577	79,915	1,642	2,144	2,330	2,467	17,288	16,661	4,749	5,054	2,503	2,577	3,165	2,225	111,254	111,043
Loans and receivables	70,974	71,292	1,642	2,144	2,329	2,465	17,288	16,661	4,749	5,054	2,503	2,577	3,155	2,215	102,640	102,408
Fair value option	8,603	8,623	–	–	1	2	–	–	–	–	–	–	10	10	8,614	8,635
Investment securities	–	–	41,681	43,850	24,623	25,012	–	–	2,171	1,784	1,118	960	814	753	70,407	72,359
Loans and receivables	–	–	34,794	37,651	18,962	19,118	–	–	1,175	1,264	755	742	653	626	56,339	59,401
Held to maturity	–	–	26	73	–	–	–	–	–	–	–	–	–	–	26	73
Available for sale	–	–	6,861	6,126	5,661	5,894	–	–	996	520	363	218	161	127	14,042	12,885
Subtotal	79,790	80,127	92,040	80,512	27,478	27,687	17,413	16,788	7,109	6,941	3,636	3,551	4,379	3,254	231,845	218,860
Contingent liabilities	31	32	715	713	–	–	64	74	133	125	87	89	65	72	1,095	1,105
Other liabilities	16,577	16,729	395	447	84	111	1,238	1,287	1,867	1,872	1,215	1,226	415	292	21,791	21,964
Total	96,398	96,888	93,150	81,672	27,562	27,798	18,715	18,149	9,109	8,938	4,938	4,866	4,859	3,618	254,731	241,929

Overall, the sector distribution of the credit-risk bearing instruments, measured in terms of volume, has a balanced structure and continues to present a stable picture. The Group's loan portfolio consists mainly of loans to retail customers with a focus on domestic private mortgage lending. It also includes loan exposures in the Corporate Banking division, predominantly in the German business customers segment, and in domestic and international commercial real estate finance. The broadly diversified holdings of investment securities are dominated by a portfolio of mainly German and European government bonds as well as bonds issued by banks (including covered bonds and *Pfandbriefe*), insurers, and other financial service providers. The exposures to the countries of Greece, Ireland, Portugal, and Spain are also included in this portfolio in the amount of approximately €3.6 billion, while the exposure to the country of Italy is included in the amount of approximately €4.6 billion. A target portfolio has been defined as part of the credit risk strategy that has been optimized in terms of diversification and that serves to manage investments in the non-retail area.

Regional distribution of the loan portfolio

Risk concentration by geographic region

Risk-bearing financial instruments	Germany		Western Europe		Other regions		Total	
	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Trading assets	6,781	5,507	13,063	9,766	6,771	5,198	26,615	20,471
Held for trading	6,781	5,507	13,063	9,766	6,771	5,198	26,615	20,471
Hedging derivatives	140	132	276	259	163	129	579	520
Held for trading	140	132	276	259	163	129	579	520
Loans and advances to other banks	14,033	6,842	7,928	6,572	1,029	1,053	22,990	14,467
Loans and receivables	14,033	6,842	7,928	6,572	1,029	1,053	22,990	14,467
Loans and advances to customers	92,994	93,194	13,306	13,412	4,954	4,437	111,254	111,043
Loans and receivables	84,413	84,597	13,278	13,383	4,949	4,428	102,640	102,408
Fair value option	8,581	8,597	28	29	5	9	8,614	8,635
Investment securities	24,089	26,561	38,126	37,915	8,192	7,883	70,407	72,359
Loans and receivables	17,780	19,595	31,736	33,206	6,823	6,600	56,339	59,401
Held to maturity	26	73	–	–	–	–	26	73
Available for sale	6,283	6,893	6,390	4,709	1,369	1,283	14,042	12,885
Subtotal	138,037	132,236	72,699	67,924	21,109	18,700	231,845	218,860
Contingent liabilities	829	831	216	216	50	58	1,095	1,105
Other liabilities	20,399	20,541	981	976	411	447	21,791	21,964
Total	159,265	153,608	73,896	69,116	21,570	19,205	254,731	241,929

The regional distribution of the credit volume again reveals a concentration on the domestic German market in line with Postbank's strategy, as well as selected exposures in Western Europe and in North America, some of which were entered into by our foreign subsidiaries and branches. These exposures relate primarily to commercial real estate finance with a total volume of €7.2 billion. Of this figure, some €3.6 billion is attributable to exposures in the United States and €3.6 billion to exposures in the United Kingdom.

Credit structure of the loan portfolio

The following table shows the credit quality of the risk-bearing financial instruments for Postbank's non-retail business that were neither past due nor for which impairment losses had been recognized as of the March 31, 2010 reporting date (with the exception of "contingent liabilities" and "other liabilities").

Postbank, in principle, uses the same rating for risk management as for capital requirements, which is normally an issuer's rating instead of the rating of a specific issue. Postbank is in possession of a large portfolio of *Pfandbriefe* and similarly collateralized issues which are relatively low risk in nature. It is for this reason that issue ratings are shown in the following table. The distribution of ratings in the Group loan portfolio is a reflection of the Postbank Group's conservative approach. The higher rating categories predominate: 94 % of the rated portfolio is classified as investment grade (rated BBB or better).

Credit quality of financial instruments in the non-retail business that are neither past due nor impaired

Risk-bearing financial instruments	AAA		AA		A		BBB		< BBB		Not rated		Total	
	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Trading assets	226	213	5,269	1,454	20,241	17,782	428	253	136	146	103	411	26,403	20,259
Held for trading	226	213	5,269	1,454	20,241	17,782	428	253	136	146	103	411	26,403	20,259
Hedging derivatives	–	–	126	15	450	475	–	–	–	–	3	30	579	520
Held for trading	–	–	126	15	450	475	–	–	–	–	3	30	579	520
Loans and advances to other banks	2,471	546	1,127	424	11,124	9,869	7,607	3,124	197	128	351	229	22,877	14,320
Loans and receivables	2,471	546	1,127	424	11,124	9,869	7,607	3,124	197	128	351	229	22,877	14,320
Loans and advances to customers	3,859	4,020	5,332	5,509	4,636	4,872	7,024	7,781	4,264	4,648	3,141	3,049	28,256	29,879
Loans and receivables	3,859	4,020	5,332	5,509	4,636	4,872	7,024	7,781	4,263	4,646	3,131	3,039	28,245	29,867
Fair value option	–	–	–	–	–	–	–	–	1	2	10	10	11	12
Investment securities	24,659	27,633	20,726	19,914	14,158	16,459	5,296	3,033	4,031	3,627	964	1,183	69,834	71,849
Loans and receivables	19,826	21,300	18,640	18,752	12,116	14,619	3,325	2,239	1,601	1,389	337	669	55,845	58,968
Held to maturity	26	–	–	–	–	32	–	41	–	–	–	–	26	73
Available for sale	4,807	6,333	2,086	1,162	2,042	1,808	1,971	753	2,430	2,238	627	514	13,963	12,808
Total	31,215	32,412	32,580	27,316	50,609	49,457	20,355	14,191	8,628	8,549	4,562	4,902	147,949	136,827

Compared with year-end 2009, the table shows an increase in the AA and A rating categories as a result of the measurement of derivatives, forward and money market transactions. The current rating distribution for loans and advances to other banks, corporates, and countries is within the target rating distribution category as specified in the credit risk strategy, and thus within the required range.

Similarly, the following table illustrates the credit quality of the risk-bearing financial instruments for Postbank's retail business that were neither past due nor for which impairment losses had been recognized as of the March 31, 2010 reporting date (with the exception of "contingent liabilities" and "other liabilities"). The credit quality of Postbank's retail business is good. Legacy retail business portfolios (mainly mortgage loans extended before August 2004) and purchased loans and advances are reported using pool ratings. In other words, homogeneous risk pools are established by segment and measured individually according to the relevant Basel II parameters. The proportion of portfolios covered by these pool ratings is declining gradually since each new transaction is rated on an individual basis.

Credit quality of financial instruments in the retail business that are neither past due nor impaired

Risk-bearing financial instruments	AAA		AA		A		BBB		< BBB		Basel II Pool rating/ not rated		Total	
	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Trading assets	1	1	9	9	33	33	82	82	76	77	11	10	212	212
Held for trading	1	1	9	9	33	33	82	82	76	77	11	10	212	212
Loans and advances to customers	2,925	2,851	5,960	5,714	7,826	7,384	13,738	13,048	18,662	18,580	27,701	27,460	76,812	75,037
Loans and receivables	2,916	2,842	5,791	5,545	7,052	6,621	11,461	10,801	16,680	16,592	24,722	24,398	68,622	66,799
Fair value option	9	9	169	169	774	763	2,277	2,247	1,982	1,988	2,979	3,062	8,190	8,238
Total	2,926	2,852	5,969	5,723	7,859	7,417	13,820	13,130	18,738	18,657	27,712	27,470	77,024	75,249

Loans past due but not impaired

The following table shows those risk-bearing financial instruments that were past due but not impaired as of March 31, 2010:

Time bands for financial instruments past due but not impaired

Risk-bearing financial instruments and collateral	Financial instruments past due but not impaired: Past due ≤ 3 months		Past due > 3 months, ≤ 6 months		Past due > 6 months ≤ 1 year		Past due > 1 year		Total		Fair value of the collateral for financial instruments past due but not impaired	
	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Loans and advances to other banks	–	11	10	–	–	–	–	–	10	11	–	–
Loans and receivables	–	11	10	–	–	–	–	–	10	11	–	–
Loans and advances to customers	1,153	941	166	223	329	389	347	385	1,995	1,938	1,844	1,688
Loans and receivables	999	816	125	168	263	312	278	313	1,665	1,609	1,554	1,480
Fair value option	154	125	41	55	66	77	69	72	330	329	290	208
Total	1,153	952	176	223	329	389	347	385	2,005	1,949	1,844	1,688

The carrying amount of financial assets that would have been past due or impaired, and the conditions of which have been renegotiated (renegotiated volume), is €881.5 million (December 31, 2009: €972.2 million).

The following table shows all impaired financial assets as of March 31, 2010 and December 31, 2009, broken down into loans and advances to other banks as well as loans and advances to customers for which specific valuation allowances have been recognized and investment securities for which impairment losses have been recognized. The carrying amount after recognition of impairment losses is shown in the table as the difference between the carrying amount before impairment and the amount of the impairment loss.

Impaired financial instruments

Impaired risk-bearing financial instruments and collateral	Carrying amount before impairment		Amount of impairment loss		Carrying amount after impairment		Fair value of collateral for impaired instruments	
	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Loans and advances to other banks	103	136	66	64	37	72	–	–
Loans and receivables	103	136	66	64	37	72	–	–
Loans and advances to customers	4,191	4,189	1,656	1,577	2,535	2,612	1,888	2,307
Loans and receivables	4,108	4,133	1,655	1,575	2,453	2,558	1,816	2,255
Fair value option	83	56	1	2	82	54	72	52
Investment securities	1,046	1,006	473	496	573	510	–	–
Loans and receivables	939	918	445	485	494	433	–	–
Available for sale	107	88	28	11	79	77	–	–
Total	5,340	5,331	2,195	2,137	3,145	3,194	1,888	2,307

In the first quarter of 2010, the Bank conducted an intensive risk-oriented review of all relevant exposures in order to determine the existence of any impairment triggers and carried out the necessary impairment tests, taking into account all information to hand at that date. The impairment tests of each exposure particularly included the effect of the persisting economic crisis on the probability of repayment and any likely recoveries. The increase in the difference between the carrying amount after impairment and the fair value of collaterals as compared with December 31, 2009 is due to structural shifts and to the addition of consumer loan volumes that have previously not been taken into consideration.

Securitization positions

Securitizing financial assets (asset securitization) makes it possible to transfer the underlying credit risk to third parties. Usually, entire exposure pools consisting of two or more subclasses of risk (tranches) entailing varying degrees of risk are transferred.

Postbank acts as both investor and originator in asset securitization transactions.

Investor

In the course of credit substitution transactions, Postbank has invested in structured credit products (SCPs), among other things. Specifically, these relate to asset-backed securities (ABSs), collateralized debt obligations (CDOs), collateralized loan obligations (CLOs), residential mortgage-backed securities (RMBSs), and commercial mortgage-backed securities (CMBSs). Investor positions in the banking book are classified and measured as one of the two IFRS categories “loans and receivables” or “available for sale”, depending on the intention and structure of the investment. Securitization positions are generally rated by at least one recognized external credit assessment institution (Standard & Poor’s, Moody’s, or Fitch Ratings). Securitization positions normally have a rating of BBB- or higher as of their purchase date. There is no internal rating model for these positions. The portfolio is valued periodically using an internal valuation model that analyzes the individual portfolio components at underlying level.

As of March 31, 2010, the total volume of the portfolio amounted to €5.7 billion (December 31, 2009: €5.8 billion). The reduction in the size of the portfolio as against the December 31, 2009 level is primarily due to redemptions and the derecognition of positions written off in full. Increases in the portfolio to include individual asset or rating categories are exclusively attributable to the exchange rate trend for the U.S. dollar. SCP portfolios are very strictly monitored by Postbank and are subject to monthly impairment tests. Regular measurement of the portfolio using an in-house model resulted in the recognition of total impairment losses of €16 million in the first quarter of 2010, as well as measurement losses on embedded derivatives amounting to €82 million. This brings the aggregate impairment losses recognized in income for affected portfolios since the beginning of the financial market crisis in mid-2007 to €381 million, and the aggregate measurement losses recognized on embedded derivatives to €1,605 million. In addition, fair value changes amounting to €343 million were recognized in the revaluation reserve.

Postbank's securitization positions as of March 31, 2010 were as follows:

Securitization positions: volumes by rating category

Securitization positions	AAA		AA		A		BBB		< BBB		Total	
	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
CMBSs	33	47	76	84	103	104	31	19	27	27	270	281
RMBSs	286	310	156	159	115	138	39	39	56	42	652	687
Corporate CDOs	253	317	189	151	135	154	86	111	1,878	1,886	2,541	2,619
Non-corporate CDOs	0	0	54	95	63	74	133	111	1,433	1,351	1,683	1,630
Other ABSs	301	319	60	74	38	20	29	28	151	149	579	590
Total	873	993	535	562	454	490	318	308	3,545	3,455	5,725	5,809
thereof: in the trading book	17	17	9	9	–	–	–	–	11	10	37	36

The regional focuses for the securitization positions are as follows:

Securitization positions: volumes by regional focus

		CMBSs		RMBSs		Corporate CDOs		Non-corporate CDOs		Other ABSs[1]		Total	
		Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
in €m	Germany	82	83	146	150	–	–	–	–	49	55	277	288
	U.K.	95	96	112	126	33	31	–	–	85	85	325	338
	France	2	2	17	17	–	–	–	–	–	–	19	19
	Spain/Portugal	–	–	96	99	–	–	–	–	–	–	96	99
	Rest of Europe	86	94	232	247	449	450	229	229	23	24	1,019	1,045
	U.S.A.	5	5	46	44	522	491	1,021	969	318	304	1,912	1,814
	Others[2]	–	–	4	5	1,536	1,646	433	432	104	123	2,077	2,206
	Total	270	281	653	687	2,540	2,619	1,683	1,630	579	590	5,725	5,809
Relative distribution	Germany	30 %	30 %	22 %	22 %	–	–	–	–	8 %	9 %	5 %	5 %
	U.K.	35 %	34 %	17 %	18 %	1 %	1 %	–	–	15 %	14 %	6 %	6 %
	France	1 %	1 %	3 %	2 %	–	–	–	–	–	–	0 %	0 %
	Spain/Portugal	–	–	15 %	14 %	–	–	–	–	–	–	2 %	2 %
	Rest of Europe	32 %	34 %	35 %	36 %	18 %	17 %	13 %	14 %	4 %	4 %	18 %	18 %
	U.S.A.	2 %	2 %	7 %	6 %	21 %	19 %	61 %	59 %	55 %	51 %	33 %	31 %
	Others[2]	–	–	1 %	1 %	60 %	63 %	26 %	26 %	18 %	21 %	36 %	38 %
	Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

[1]Mainly Consumer ABSs und Commercial ABSs
[2]Or without a specific focus

As of the reporting date of March 31, 2010, only a small number of securitization positions (total nominal value: approximately €26 million) were hedged with monoliners (December 31, 2009: €28 million). In addition, the CDO portfolio includes a number of synthetic securitization structures with exposures to bond insurers.

On March 26, 2010, the International Swaps and Derivatives Association, Inc. (ISDA) declared a bankruptcy credit event on the bond insurer Ambac Assurance Corp. The resulting implied default by Ambac within synthetic securitization structures led to the recognition of measurement losses on embedded derivatives of €74 million.

The volume of Postbank's investor positions in fungible commercial real estate loans (CMBSs) amounted to €270 million as of the reporting date (December 31, 2009: €281 million). These positions consist almost exclusively of European CMBSs with a regional focus on the United Kingdom and Germany.

Originator

In addition to acting as an investor, Postbank also acts as an originator. The following synthetic securitization transactions involving the securitization of residential mortgage loans relating to Germany and Italy not only reduced regulatory capital requirements but also diversified risk. As of the reporting date, Postbank did not conduct securitization transactions relating to revolving counterparty credit risk.

PB Domicile 2006-1	€1,949 million	(Deutsche Postbank AG)
Provide Blue 2005-2	€2,073 million	(BHW Bausparkasse AG)
PB Domicilio 2007-1	€1,029 million	(BHW Bausparkasse AG)

Postbank also structured the PB Consumer 2008-1 and PB Consumer 2009-1 originator securitization transactions as traditional securitization transactions, and the Provide Domicile 2009-1 originator securitization as a synthetic securitization; no significant transfer of risks has taken place so far. The Provide Blue 2005-1 originator securitization transaction was terminated in January.

Liquidity risk

Liquidity risk management activities focus above all on ensuring solvency at all times, even in stress situations. To ensure this, the Bank's liquidity positions are subject to a series of stress tests at least once a month. The results of the stress tests show that the Postbank Group's liquidity position remains solid, despite the at times substantially tougher market conditions engendered by the financial market crisis. This is due not least to the further increase in customer deposits and the Bank's extensive portfolio of ECB-eligible securities.

The following table shows the financial liabilities as of March 31, 2010 and December 31, 2009, broken down into residual maturity bands. The undiscounted contractual cash flows from on- and off-balance sheet liabilities have been assigned to the respective categories. In conformity with these requirements, the contractual cash flows of the financial liabilities are presented in accordance with the worst-case scenario, meaning that if the financial liabilities involve options or termination rights that could affect their maturity date, the most unfavorable case from a liquidity perspective is assumed. This is particularly relevant for demand deposits and savings deposits that are subject to call or have a short maturity of usually three months but that are available for the Bank for a significantly longer period of time, statistically speaking.

Liabilities by remaining maturity

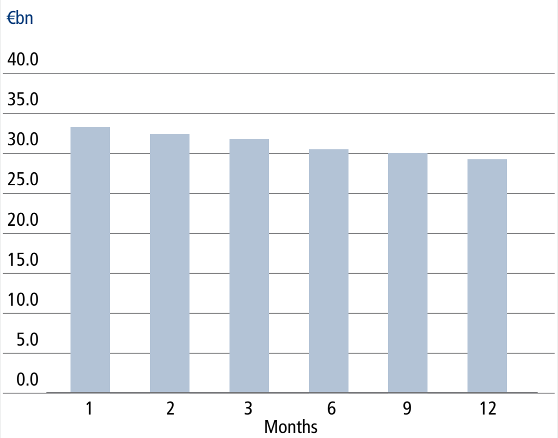
Liabilities	Payable on demand		≤ 3 months		> 3 months and ≤ 1 year		> 1 year and ≤ 5 years		> 5 years		Total	
	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Non-derivative liabilities	57,257	55,753	90,772	85,856	33,259	36,866	24,252	24,851	28,563	28,079	234,103	231,405
Deposits from other banks	1,078	312	22,941	19,995	7,344	12,338	6,183	4,913	4,558	5,271	42,104	42,829
Due to customers	33,293	33,474	61,390	60,046	20,160	19,496	8,775	10,589	17,668	16,196	141,286	139,802
Securitized liabilities	0	0	5,724	5,108	4,326	3,437	7,079	7,231	3,386	3,499	20,515	19,275
Subordinated debt	0	0	193	54	1,429	1,585	2,215	2,093	2,951	3,091	6,788	6,823
Other liabilities	0	2	524	653	0	9	0	24	0	22	524	711
Contingent liabilities and other obligations	22,886	21,965	0	0	0	0	0	0	0	0	22,886	21,965
Derivative liabilities	0	0	2,167	2,642	7,558	7,024	17,862	13,610	4,114	2,432	31,701	25,707
Hedging derivatives	0	0	22	216	119	516	916	1,557	1,213	681	2,270	2,969
Trading liabilities	0	0	2,145	2,426	7,439	6,507	16,946	12,053	2,901	1,752	29,431	22,738
Total	57,257	55,753	92,939	88,498	40,817	43,889	42,114	38,460	32,677	30,512	265,804	257,112

In contrast to the presentation of the contractual cash flows of the financial liabilities, the following overview of the liquidity status of the Postbank Group as of March 31, 2010 presents the expected cash inflows/outflows and the liquidity sources available for the coming twelve months on a cumulative basis in accordance with the principles of internal liquidity management.

The expected values for cash outflows from liabilities with no fixed capital commitment, such as savings and checking account deposits, the probability of utilization of irrevocable loan commitments, and the quality of the fungible assets available for ensuring liquidity are based in part on observed historical data and in part on estimates that are validated regularly.

These data and estimates show that the Postbank Group has significant liquidity surpluses across all maturity bands, which underscores its solid cash position.

Liquidity status of the Postbank Group as of March 31, 2010



Operational risk

Postbank defines operational risk in accordance with section 269 of the SolvV as the risk of loss resulting from inadequate or failed internal processes and systems, people, or external events. This definition also covers legal risk, but not reputational or strategic risk.

To date, Postbank has used the standardized approach for calculating capital requirements for operational risk. At the end of March 2010, Postbank submitted an application for approval to the BaFin and Deutsche Bundesbank to implement an Advanced Measurement Approach (AMA) so that it can also use its internal capital model for calculating regulatory capital requirements once approval has been granted. The planned activities relating to the AMA implementation project were thus completed on time in the first quarter of 2010.

The economic capital requirements for operational risk both for the Bank as a whole and for the four business divisions individually have been determined using the internal capital model since July 2009. A scorecard is used to assess the quality of operational risk management in the business divisions so as to enable qualitative modifications to the capital amounts calculated for the business divisions; this also represents a material incentive to improve operational risk management.

In the first quarter of 2010, the loss from operational risk amounted to €18.4 million (previous quarter: €11.9 million). The main loss driver for Postbank was external fraud. One of the main ongoing focuses in the fight against fraud is to communicate all material cases of fraud in a timely manner throughout the Bank. Another focus is on raising the awareness of the employees involved in the relevant processes in order to ensure systematic and widespread early identification of cases of fraud.

The VaR limit for operational risk at overall bank level was raised from €560 million to €600 million in the first quarter of 2010 due to the development of losses.

Report on Expected Developments

Following disruptions related to the extreme weather that occurred at the beginning of the year, the world economy ultimately continued its recovery at an unexpectedly strong pace. The IMF raised its forecast for global growth in 2010 to +4.2 %. It is also projecting 7 % growth in world trade. The recovery is still being fueled in large part by extraordinarily expansive monetary policies and far-reaching government economic recovery programs. This harbors the risk that the economic momentum could slow as the year progresses.

In the United States, the conditions for a continued economic recovery have improved further. Companies are more willing to make investments, and unemployment appears to have peaked. This development fuels expectations that the moderate upswing in private consumption will continue, even if the momentum will be slowed further by the high level of household debt. On balance, we are expecting solid GDP growth in the United States of 2.8 %. The Japanese economy may profit from the global economic recovery this year. Exports will probably climb at unusually steep rates, creating strong growth momentum in the process from foreign trade. We expect GDP to grow 2 % as a result. In China, we expect economic growth to rapidly accelerate in 2010. It could nearly match the record levels produced in recent years (IMF forecast: 10.0 %).

The euro zone, too, should recover in 2010. We expect this recovery to be driven mostly by exports and the inventory cycle. But as a result of the ongoing structural problems in the construction industry faced by some euro-zone members, we foresee gross capital expenditures receding further. Private consumption, on the other hand, may rise only slightly as high unemployment and weak wage growth dampen consumers' desire to spend money. For this reason, we project modest growth of 1.4 % in the euro zone.

Thanks to its export focus, we think Germany's economy should receive a strong boost from the global recovery. Exports should grow considerably, and investments in machinery and equipment should rise moderately from their low level. The government-funded infrastructure investment program may also generate its complete impact this year. On the other hand, no momentum is expected to be produced by private consumption. The expiration of Germany's cash-for-clunkers program and the strong decline in new car sales that is expected as a result could even trigger a drop in private consumption. But at +1.9 %, Germany's GDP may grow more strongly than the euro zone's rate, according to our analysis. Supported by an extension of benefits paid to citizens who have been placed on shortened workweeks as well as by the economic recovery, Germany's labor market may stabilize further as the year progresses, although the unemployment rate may marginally rise again, from 8.1 % in the previous year to 8.2 % in 2010.

Since we issued our last report, we have raised our GDP forecasts for the United States and Japan. For Germany and the rest of the euro zone, we are expecting somewhat weaker growth this year.

We think the unconventional steps taken by central banks will largely be phased out this year on schedule. As a result, money-market interest rates in the euro zone may rise slightly by the end of 2010. But we do not believe that the European Central Bank will raise its key interest rate this year. On the other hand, we do expect the rate in the United States to be raised by 25 basis points in the fourth quarter of 2010. The continued economic recovery, higher inflationary pressure and the coming increase in key interest rates from central banks are likely to produce higher yields in the major currency regions as the year progresses. We expect German 10-year government bond yields to move in the direction of a 3.6 % increase by the end of the year. Because we expect short-term interest rates to rise in a similar manner, we do not anticipate any considerable change in the yield curve by year's end.

Given our current estimates, we believe that the rise in interest rates may be somewhat more moderate than we expected at the time that our last report was issued.

Sector situation

On the international level, governments have yet to reach an agreement on details related to financial market regulations. Depending on their design, tougher requirements on the quality and amount of bank equity or the introduction of a leverage ratio could have a major impact on the entire banking industry and the real economy.

Despite the economic recovery, business conditions for German banks are only mildly positive in 2010. The yield curve may indeed maintain its steepness as the year progresses and create opportunities for higher net interest income. But competition, particularly in Germany's retail customer segment, remains tough. In Corporate Banking, margin pressure generated particularly by international competitors is looming once again. Furthermore, additions to allowances for losses on loans and advances may only be moderately lowered at best by most banks initially as they monitor the risk of further loan defaults among retail and institutional customers. In consideration of these factors, a moderate improvement in net interest income can be expected in the best case only at a portion of banks. Given the difficult capital-market conditions, proprietary trading and investment banking may not contribute significantly to earnings at most German banks. Although some banks, including ones in Germany, have written back impairment losses on asset positions, there is still a risk of further writedowns of toxic securities. For this reason, we expect most German banks to generate only modestly higher operating results this year. The banks' long-term earnings may remain below pre-crisis levels in future years. The pending regulatory changes could significantly slow the industry's recovery process in future years as well. A flattening of the yield curve could limit the previously mentioned opportunity to produce additional net interest income. A sudden withdrawal of the massive amounts of liquidity provided by the central banks would produce a response on money and capital markets, and substantially increase the danger of a blow to the spreads of banks, governments and companies. There is also a danger that the financial market crisis could end in a debt crisis and/or high inflation rates in some countries. In this area, the Greek debt crisis poses extensive risks for the banking industry. According to the German Bundesbank, German banks had provided more than €31 billion in loans and advances to the Greek government by the end of 2009. If a restructuring of the debt were to result in a partial loan loss for the banks, the banking sector's income and equity would be hurt accordingly.

At the moment, though, we do not expect any significant losses or disruptions to occur.

No further consolidation efforts can be seen in the German banking landscape. The three-pillar structure should remain in place. In a similar fashion to developments in 2009, we expect that mergers will occur within the individual pillars this year, a development that may result in a continued reduction in the number of Volksbanks and Raiffeisen banks as well as savings banks.

Goals of Postbank

For 2010 and 2011, we are still expecting to see a slight global economic recovery. Capital-market conditions will likely remain fragile. Given the probable above-average number of business bankruptcies and persistently difficult conditions on international real estate markets, the banking industry can be expected once again to have a higher need for increases in allowances for losses on loans and advances. The following information about the expected direction of Postbank is based on the outlook that we provided in the Annual Report 2009 and on a basic scenario reflecting our economic expectations contained in this report. It does not include effects resulting from the potential serious setbacks and turbulence in international capital and real estate markets described in the sector outlook section of this report.

Postbank is well-positioned to face current challenges thanks to the continued positive trend in operating results, the stable and sustainable revenue streams in its customer business and a solid refinancing base. We will continue to energetically pursue our effort to concentrate the business model on our work with retail, business and corporate customers. In this effort, the “Postbank4Future” strategy program will generate valuable momentum for improving market positioning, particularly in Retail Banking. In future periods, the Bank will also continue to systematically apply its approach to reduce its capital market investments and exposure to the associated risks.

On the basis of expected trends in the customer business and the external economic environment, we expect to generate modest growth in the core operating earnings components of net interest income and net fee and commission income in 2010 and 2011 despite continuously low interest rates and slowly rising transaction volumes in the securities and fund business. The strongest momentum will be generated by net interest income, while net fee and commission income will fall slightly in 2010 and then may move sideways as a result of structurally driven declines in revenue produced by the postal business in our branches as well as external transaction banking.

As part of our strategy program, we will substantially increase cost management once again, focusing, in particular, on non-personnel and personnel cost centers. Overall administrative costs should be lowered by about 5 % by 2012 compared with 2008, as announced in the strategy program. But we believe the good level of administrative costs achieved in the first quarter of 2010 will rise slightly in future quarters.

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 world economic situation and the number of business bankruptcies. Should macroeconomic trends not deviate noticeably from our expectations, the overall negative impact on net trading income and net income from investment securities in 2010 and onwards should be less than it was in the previous year. This trend, however, could be upset by several factors, including defaults and downgrades of individual issuers with broad impact, even in an otherwise intact market situation.

We expect the allowance for losses on loans and advances to continue to exceed pre-crisis levels, particularly as a result of prolonged difficult business conditions in international real estate markets. In the area of commercial real estate, we expect measurable – albeit lower – negative effects in 2010 than in 2009 on the basis of macroeconomic expectations. From today’s perspective, these negative effects should subside further in 2011.

In summary, we expect that extraordinary negative effects in the current fiscal year and the following year may gradually decline from the levels experienced in the two previous years. This trend played a major role in the positive results achieved in the first quarter of 2010. As a result of the previously mentioned uncertainties that continue to linger in international capital and real estate markets as well as an operating performance that was very positive in the first quarter with regard to income and costs, Postbank’s current assessment is nonetheless cautious. The Bank does not expect the remaining quarters of the current fiscal year to yield a similar level of results as the first quarter. Provided no additional strong turbulence develops in international capital markets, we should be able to generate positive results based on solid revenue streams from the customer business and systematic cost management in fiscal year 2010.

Over the mid and long term, Postbank continues to strive for an operating return on equity after tax of about 13 %.

Interim Financial Statements

Consolidated Statement of Comprehensive Income for the Period January 1 to March 31, 2010
Consolidated Income Statement

	Note	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009[1] €m
Interest income	(5)	1,798	2,209
Interest expense	(5)	–1,123	–1,572
Net interest income	(5)	675	637
Allowance for losses on loans and advances	(6)	–140	–108
Net interest income after allowance for losses on loans and advances		535	529
Fee and commission income	(7)	411	386
Fee and commission expense	(7)	–68	–77
Net fee and commission income	(7)	343	309
Net trading income	(8)	–83	–107
Net income from investment securities	(9)	28	–104
Administrative expenses	(10)	–692	–684
Other income	(11)	29	28
Other expenses	(12)	–29	–42
Profit/loss before tax		131	–71
Income tax		–34	170
Profit from ordinary activities after tax		97	99
Minority interest		–1	–1
Consolidated net profit		96	98
Basic earnings per share (€)[2]		0.44	0.45
Diluted earnings per share (€)[2]		0.44	0.45

Condensed Statement of Comprehensive Income

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009[1] €m
Profit from ordinary activities after tax	97	99
Other comprehensive income after tax	86	–131
Change in revaluation reserve	115	–195
thereof remeasurement gains/losses	109	–237
thereof disposals and impairment	6	42
Change in currency translation reserve	8	8
Income tax relating to other comprehensive income	–37	56
Total comprehensive income for the period attributable to minority interest	–1	–1
Total comprehensive income	182	–33

Income tax recognized directly in comprehensive income is attributable exclusively to the revaluation reserve.

[1] Prior-year figures restated (see Note 4)
[2] There were an average of 218.8 million shares outstanding in both reporting periods.

Consolidated Income Statement: Quarterly Overview

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

Condensed Statement of Comprehensive Income: Quarterly Overview

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

[1] Q1 to Q3 2009 restated (see Note 4)

Consolidated Balance Sheet as of March 31, 2010

Assets	Note	March 31, 2010 €m	Dec. 31, 2009 €m
Cash reserve		4,362	4,534
Loans and advances to other banks	(13)	22,990	14,467
Loans and advances to customers	(14)	111,254	111,043
Allowance for losses on loans and advances	(16)	–1,722	–1,641
Trading assets	(17)	26,615	20,471
Hedging derivatives		579	520
Investment securities	(18)	70,407	72,359
Intangible assets	(19)	2,359	2,368
Property and equipment	(20)	827	838
Investment property		73	73
Current tax assets		300	280
Deferred tax assets		543	552
Other assets	(21)	809	745
Total assets		239,396	226,609

Equity and Liabilities	Note	March 31, 2010 €m	Dec. 31, 2009 €m
Deposits from other banks	(22)	41,304	39,318
Due to customers	(23)	134,243	131,988
Debt securities in issue	(24)	19,081	16,722
Trading liabilities	(25)	28,605	22,434
Hedging derivatives		1,939	2,051
Provisions	(26)	2,186	2,148
Current tax liabilities		159	174
Deferred tax liabilities		329	305
Other liabilities	(27)	524	711
Subordinated debt	(28)	5,593	5,507
Equity		5,433	5,251
a) Issued capital		547	547
b) Share premium		2,010	2,010
c) Retained earnings		2,776	2,614
d) Consolidated net profit		96	76
Minority interest		4	4
Total equity and liabilities		239,396	226,609

Statement of Changes in Equity

	Issued capital €m	Share premium €m	Retained earnings €m	Currency translation reserve €m	Revaluation reserve €m	Consoli-dated net profit/loss €m	Equity before minority interest €m	Minority interest €m	Total €m
Balance at Jan. 1, 2009	547	2,010	4,153	–151	–724	–886	4,949	3	4,952
Changes in retained earnings			–886			886	0		0
Total comprehensive income Jan. 1 – March 31, 2009				8	– 139	84	– 47	1	– 46
IAS restatement						14	14		14
Treasury shares							–		–
Other changes							–	–1	–1
Balance at March 31, 2009	547	2,010	3,267	–143	–863	98	4,916	3	4,919
Dividend payment							–		–
Total comprehensive income April 1 – Dec. 31, 2009				–9	361	–71	281		281
IAS restatement				1		49	50		50
Treasury shares							–		–
Other changes							–	1	1
Balance at Dec. 31, 2009	547	2,010	3,267	–151	–502	76	5,247	4	5,251
Dividend payment							–		–
Changes in retained earnings			76			–76	0		0
Total comprehensive income Jan. 1 – March 31, 2010				8	78	96	182	1	183
Treasury shares							–		–
Other changes							–	–1	–1
Balance at March 31, 2010	547	2,010	3,343	–143	–424	96	5,429	4	5,433

Condensed Cash Flow Statement

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m
Cash and cash equivalents at start of period	4,534	3,417
Net cash used in operating activities	−2,633	−3,927
Net cash from investing activities	2,434	2,071
Net cash from/used in financing activities	27	−129
Effects of exchange rate differences	–	−1
Cash and cash equivalents at end of period	4,362	1,431

Reported cash and cash equivalents correspond to the cash reserve.

Notes to the Interim Financial Statements

(1) Segment reporting

Segment reporting by business division

	Retail Banking[1]		Corporate Banking[1]		Transaction Banking[1]		Financial Markets		Others[1]		Consolidation[1]		Group[1]	
	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2009 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2009 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2009 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2009 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2009 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2009 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2009 €m
Net interest income	571	534	170	120	–	1	29	56	–96	–74	1	–	675	637
Net trading income	–15	–37	–19	–65	–	–	14	49	–63	–55	–	1	–83	–107
Net income from investment securities	–1	4	–7	–15	–	–	1	–3	35	–90	–	–	28	–104
Net fee and commission income	274	260	23	27	87	88	11	11	7	–20	–59	–57	343	309
Total income	829	761	167	67	87	89	55	113	–117	–239	–58	–56	963	735
Administrative expenses	–540	–562	–39	–46	–75	–79	–23	–23	–210	–176	195	202	–692	–684
Allowance for losses on loans and advances	–78	–80	–66	–30	–	–	4	2	–	–	–	–	–140	–108
Other income/expenses	–2	–2	–	–	1	–	0	–	138	134	–137	–146	0	–14
Profit/loss before tax	209	117	62	–9	13	10	36	92	–189	–281	0	0	131	–71
Revenues from external customers	828	757	166	66	36	38	55	113	–117	–237				
Intersegmental revenues	1	4	1	1	51	51	0	0	0	–2				
Depreciation and amortization	–5	–5	0	0	–1	–1	0	0	–28	–28				
Impairment losses	–5	–5	0	0	–1	–1	0	0	–28	–28				
Reversal of impairment losses	0	0	0	0	0	0	0	0	0	0				
Cost/income ratio (CIR)	65.1%	73.9%	23.4%	68.7%	86.2%	88.8%	41.8%	20.4%	–	–			71.9%	93.1%
Return on equity before taxes (RoE)	38.3%	20.8%	46.4%	–6.8%	–	–	17.2%	53.5%	–42.7%	–75.0%			9.7%	–5.8%
	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Segment assets	90,545	89,882	34,510	34,679	409	399	37,650	30,710	105,043	101,506	–28,761	–30,567	239,396	226,609
Segment liabilities	120,766	119,754	31,937	29,684	409	399	33,465	28,379	81,580	78,960	–28,761	–30,567	239,396	226,609

The Postbank Group manages its activities on the basis of a management information system whose core component is management accounting by business division. The business divisions correspond to the Group's organizational structure.

In the Retail Banking business division, Postbank offers private and business customers a broad spectrum of banking and financial services. The product range encompasses checking and savings products, credit and debit cards, mortgage lending, installment credits, the home savings business, securities and securities accounts, and investment funds. Income from brokerage activities is also reported in this segment.

[1] Prior-year figures restated

The result of this segment comprises the operating results of Deutsche Postbank AG's Retail Banking, the BHW subgroup, Postbank Filialvertrieb AG, and VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH. In addition, the result of purchase price allocation from the acquisition of BHW has been allocated to the Retail Banking segment.

Postbank's Corporate Banking business division provides payment transaction services. Commercial finance, especially regarding real estate, constitutes the second important pillar of the corporate banking business in national and international terms.

Factoring, leasing, and logistics finance also belong to this business division.

The result of this segment comprises the corporate banking business at Deutsche Postbank AG, PB Firmenkunden AG, PB Capital Corp., Postbank Leasing GmbH, PB Factoring GmbH, the London branch, and Deutsche Postbank International S.A.

The Transaction Banking business division offers organizational and technical settlement and processing services for the Group as well as for other banks in the area of domestic and cross-border payment transaction services.

Proprietary trading activities and Deutsche Postbank International S.A.'s activities conducted from Luxembourg (excluding corporate banking) as well as fund management in general and for a number of Postbank's retail funds and special funds (Deutsche Postbank Privat Investment Kapitalanlagegesellschaft GmbH (PPI) and Deutsche Postbank Financial Services GmbH) are allocated to the Financial Markets business division.

The Consolidation segment comprises Group consolidation less intra-segment consolidation adjustments.

The Others segment contains items not attributable to the businesses, unallocated overhead costs, and the result of Postbank's own-account transactions. The net interest expense is due among other things to disposals of banking and trading book assets, asset/liability management, the transfer pricing system in place up to and including 2004, and the acquisition of the BHW Group and Filialvertrieb. The following table contains other key earnings components for this segment.

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009[1] €m
Net trading income	−63	−55
of which:		
Net loss on embedded derivatives from structured credit products	−62	−108
Net gain/loss on capital-guaranteed promissory note loans (CPPI structures)	−7	13
Asset/liability management	11	40
Other items	−5	–
Net income from investment securities	35	−90
of which:		
Net loss on structured credit products	−9	−31
Other debt instruments	−1	−21
Writedowns of retail funds	−1	−24
Other items	46	−14
Administrative expenses	−210	−176
of which:		
Cost of central services	−69	−58
IT and other services	−99	−102
Other items	−42	−16
Other income/expenses	138	134
of which:		
IT and other services	102	105
Other items	36	29

[1] Prior-year figures restated

In addition to the results in the income statement of the business units allocated to the business divisions, imputation procedures are applied to ensure correct allocation of the segment results. In accordance with IFRS 8.23, we report net interest income (net interest revenue) instead of interest income and interest expense. The allocation of net interest income from customer products to the segments uses the market rate method, under which the customer interest rate is compared with imputed money and capital market rates for matching terms. The administrative expenses of the Deutsche Postbank AG units included in the segment results are primarily based on the results of cost center accounting. Income taxes are not calculated at segment level.

Reversals of impairment losses and impairment losses relate to intangible assets and property and equipment. Both amortization/depreciation and impairments are taken into account.

Equity is allocated to the segments according to their risk capital requirements. Risk capital requirements are derived from Postbank's risk cover amount and define the extent of the permitted exposures to market risk, credit risk, operational risk, business risk, investment and real estate risk, and collective risk. The average IFRS equity is allocated to the segments according to their respective responsibility for the risk capital positions within the individual risk types.

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

The allocation of assets and liabilities to the segments is based on the segments' operating activities. The balance sheet items of the subsidiaries as well as the assets and liabilities relating to customer products are allocated to the business divisions by product/customer category. The imputed measurement rates used in the market rate method do not result in any additional imputed asset positions. As a result, the volumes of assets and liabilities recognized in the segments do not match. The Others segment comprises assets and liabilities from subsidiaries which have not been allocated to the operating segments and from Deutsche Postbank AG, e.g., from own-account transactions. Since the liabilities are also reconciled to the amounts reported in the consolidated financial statements, the liabilities of the Others segment also comprise those equity components that are not allocated to the legal entities of the other segments.

The changes resulting from the shift in timing of the adjustment to the allowance for losses on loans and advances impact the net interest income and allowance for losses on loans and advances income statement items of the Corporate Banking segment (see Note 4). The changes in the allocation of fee and commission income from other income to net fee and commission income has an effect in the Transaction Banking segment (see Note 4). Within segment reporting the contributions made to the deposit protection fund have been allocated to the Retail Banking or Corporate Banking segments instead of the Others segment since the first quarter of 2010. This reduced administrative expenses allocated to the Others segment by €9 million in the first quarter of 2009, while the administrative expenses in the Retail Banking segment increased by €8 million and in the Corporate Banking segment by €1 million respectively. In addition, the presentation of the transactions relating to the fair value option in the Others segment and in the Consolidation column were changed in accordance with the principle of substance over form. For the first quarter of 2009 net interest income in the Others segment increased by €6 million and net trading income was reduced by the same amount. In the Consolidation column net interest income was reduced by €6 million, while net trading income increased by €6 million. The prior-year figures were adjusted.

In 2009, including the retrospective adjustment of the allowance for losses on loans and advances, the above-mentioned adjustments to segment reporting resulted in the following changes to profit before tax: Retail Banking: down €8 million, Corporate Banking: up €19 million, Others: up €9 million.

Company level disclosures

The following table contains information about income per product or service:

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009[1] €m
Deposits and loans for Retail and Corporate Banking customers	757	625
Payment transaction services for Retail and Corporate Banking customers	102	103
Retail and Corporate Banking fee and commission income	143	131
Transaction Banking insourcing (net fee and commission income)	36	38
Others	–75	–162
Total	963	735

The total comprises the Postbank Group's net interest income, net fee and commission income, net trading income, and net income from investment securities. Net interest income and net fee and commission income of the subsidiaries attributable to the Corporate Banking segment are reported under the Deposits and loans for Retail and Corporate Banking customers item. The Others item also includes the Group's net trading income and net income from investment securities, and as a result also the significant effects from the financial markets crisis.

The results of the geographical regions are calculated using the profit and loss as reported in the income statement of the legal entities and branches attributable to the regions.

The Others segment contains the entities from the Europe, U.S.A. (PB Capital), and Asia (Postbank Home Finance) regions. The London branch, the Luxembourg entities Deutsche Postbank International S.A. and Deutsche Postbank Vermögensmanagement S.A., and the branches of BHW in Italy, Luxembourg, and Belgium form part of the Europe region. The prior-year figures were adjusted in particular to account for the shift in timing of the allowance for losses on loans and advances.

Germany comprises all domestic business units including all consolidation adjustments.

The regions' assets and liabilities are reconciled in full to total assets and total equity and liabilities. The prior-year figures have been adjusted accordingly.

	Assets		Liabilities		Income[1]		Profit before tax[1]	
	March 31, 2010 €m	Dec. 31, 2009 €m	March 31, 2010 €m	Dec. 31, 2009 €m	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m
Germany	201,640	189,399	201,640	189,399	865	689	82	–81
Others	37,756	37,210	37,756	37,210	98	46	49	10
Europe	28,905	29,077	28,905	29,077	81	95	49	79
U.S.A.	8,087	7,483	8,087	7,483	10	–54	–5	–72
Asia	764	650	764	650	7	5	5	3
Total	239,396	226,609	239,396	226,609	963	735	131	–71

[1] Prior-year figures restated

Noncurrent assets comprise intangible assets, property and equipment, and investment property.

	Noncurrent assets	
	March 31, 2010 €m	Dec. 31, 2009 €m
Germany	3,249	3,269
Others	10	10
Europe	5	6
U.S.A.	3	3
Asia	2	1
Total	3,259	3,279

Basis of preparation

(2) Basis of accounting

The interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements of German commercial law under section 315a (1) of the *Handelsgesetzbuch* (HGB – German Commercial Code), insofar as these were applicable at the balance sheet date. In particular, the interim financial statements comply with the IAS 34 requirements for interim financial reports. In accordance with section 37y no. 3 of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) in conjunction with section 37x no. 3 of the WpHG, Postbank prepares a quarterly financial report, which also comprises an interim management report, including an interim risk report (see management report), in addition to the condensed financial statements presented here. Unless otherwise stated below, the same accounting policies used in preparing the 2009 consolidated financial statements were applied in preparing the interim financial statements for the period ended March 31, 2010.

All assumptions, estimates, and assessments required for recognition and measurement in accordance with the IFRSs are in conformity with the respective standards, are regularly reassessed, and are based on past experience as well as other factors, including expectations as to future events that appear reasonable under the given circumstances. The assumptions and estimates refer primarily to the fair value measurement of certain financial instruments, including the assessment of whether an active or inactive market exists, the recognition and measurement of provisions, and the ability to realize future tax benefits. When determining the intention to hold financial instruments, business strategy and current market conditions are also taken into account.

Where significant estimates were required, the assumptions made are explained in detail in the following Notes to the corresponding item. In individual cases, the actual values may differ from the assumptions and estimates made.

Postbank observed an increase in transaction volumes on the primary and secondary markets for European government bonds, *Pfandbriefe*, bank and corporate bonds in the second half of 2009. As a result, it determined that an active market existed when valuing the relevant holdings. For this reason, the fair values for these securities holdings have not been determined using a valuation model since the second half of 2009, but rather on the basis of observable market parameters.

At present, no verifiable indicative prices are available for selected financial instruments (structured credit products – SCPs) such as CDOs, consumer ABSs, commercial ABSs, CMBSs, and RMBSs. Internal valuation techniques are therefore used to determine the fair value of these financial instruments. The model used by Postbank is a simulation model that calculates portfolio loss distribution on the basis of the individual securitization structures. The cash flows resulting from such products are forecasted taking into account the relevant risks from the securitized portfolios and the structure of the securitizations, and are discounted using discount rates for equivalent maturities and risks. The valuation technique makes maximum use of market inputs in accordance with IAS 39.48A. In individual cases, the actual values may differ from the assumptions and estimates made.

Derivatives used for asset/liability management are entered into primarily as microhedges (fair value hedges). If there are no effective microhedges, the changes in value of the derivatives used for asset/liability management are reported in net trading income in accordance with IFRSs, regardless of whether risk management was successful or not from an economic perspective. New swaps taking the form of microhedges (microswaps) are entered into and existing hedges are unwound and settled as part of active management of the fixed-rate position in the overall bank balance sheet (asset/liability management). The review of the fixed-rate position and the decision to enter into or unwind and settle microhedges are based on economic factors. The unwinding of microswaps is accounted for in the balance sheet and in net profit or loss for the period in the same way as for ineffective hedges. Effectiveness tests – and hence measurement in profit or loss – are performed at the end of the month.

The following standards were required to be applied for the first time in the reporting period: IFRS 3 (rev. 2008) "Business Combinations," IAS 27 (amended 2008) "Consolidated and Separate Financial Statements," IAS 39 (amended 2008) "Eligible Hedged Items Amendment to IAS 39 Financial Instruments: Recognition and Measurement", and the "Annual Improvements Project 2009." These amendments and revisions had no significant effects on Postbank's financial reporting.

(3) Basis of consolidation

In addition to the parent company Deutsche Postbank AG, 49 (December 31, 2009: 49) subsidiaries that are presented in the following overview are included in the consolidated financial statements as of March 31, 2010.

Consolidated companies

Name and domicile	Equity interest direct (%)	Equity interest indirect (%)
Betriebs-Center für Banken AG, Frankfurt am Main	100.0	
BHW Holding AG, Berlin/Hamelin	100.0	
Deutsche Postbank Financial Services GmbH, Frankfurt am Main	100.0	
Deutsche Postbank Funding LLC I, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding LLC II, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding LLC III, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding LLC IV, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust I, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust II, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust III, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust IV, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank International S.A., Munsbach, Luxembourg	100.0	
DSL Holding AG i.A., Bonn	100.0	
DSL Portfolio GmbH & Co. KG, Bonn	100.0	
DSL Portfolio Verwaltungs GmbH, Bonn	100.0	
PB (USA) Holdings Inc., Wilmington, Delaware, U.S.A.	100.0	
PB Factoring GmbH, Bonn	100.0	
PB Firmenkunden AG, Bonn	100.0	
PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt am Main	100.0	
Postbank Beteiligungen GmbH, Bonn	100.0	
Postbank Direkt GmbH, Bonn	100.0	
Postbank Filialvertrieb AG, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	
Postbank Leasing GmbH, Bonn	100.0	
Postbank Systems AG, Bonn	100.0	
Betriebs-Center für Banken Processing GmbH, Frankfurt am Main		100.0
BHW Bausparkasse AG, Hamelin		100.0
BHW Gesellschaft für Vorsorge mbH, Hamelin		100.0
BHW Gesellschaft für Wohnungswirtschaft mbH & Co. Immobilienverwaltungs KG, Hamelin		100.0
BHW Gesellschaft für Wohnungswirtschaft mbH, Hamelin		100.0
BHW Immobilien GmbH, Hamelin		100.0
Deutsche Postbank Finance Center Objekt GmbH, Munsbach, Luxembourg		100.0
Deutsche Postbank Home Finance Ltd., Gurgaon, India		100.0
Deutsche Postbank Vermögens-Management S.A., Munsbach, Luxembourg		100.0
Miami MEI LLC, Dover, Delaware, U.S.A.		100.0
PB Capital Corp., Wilmington, Delaware, U.S.A.		100.0
PBC Carnegie LLC, Wilmington, Delaware, U.S.A.		100.0
PB Finance (Delaware), Inc., Wilmington, Delaware, U.S.A.		100.0
PB Hollywood I Hollywood Station LLC, Dover, Delaware, U.S.A.		100.0
PB Hollywood II Lofts LLC, Dover, Delaware, U.S.A.		100.0
Postbank Support GmbH, Cologne		100.0
Postbank Versicherungsvermittlung GmbH, Bonn		100.0
2650 Virginia Avenue NW LLC, Dover, Delaware, U.S.A.		100.0
401 Mass Avenue Holdings LLC, Dover, Delaware, U.S.A.		100.0
Postbank Finanzberatung AG, Hamelin	23.3	76.7
PB (USA) Realty Corp., New York, U.S.A.		94.7
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, Bonn		90.0
VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn	75.0	
DPBI Immobilien KGaA, Munsbach, Luxembourg		10.0

In accordance with Interpretation SIC-12 issued by the International Financial Reporting Interpretations Committee (IFRIC), which requires the consolidation of special purpose entities under certain conditions, two special purpose entities formed to securitize installment loans and one special purpose entity established to securitize residential construction loans were consolidated.

In the first quarter of 2010 there were no changes in the basis of consolidation.

(4) Restatement of prior-year and prior-quarter figures

An allowance for losses on loans and advances of €90 million was recognized in the first nine months of 2009. This allowance should already have been recognized in the 2008 consolidated financial statements. The adjustment to the allowance for losses on loans and advances merely involves a shift in its timing, so the result remained unchanged when viewed across both reporting periods.

The retrospective adjustment of prior-quarter figures resulted in a €16 million reduction in the addition to the allowance for losses on loans and advances in the first quarter of 2009. The adjustment also resulted in interest income of €4 million (unwinding effect) and a €6 million reduction in income from deferred taxes. Overall, first quarter 2009 profit increased by €14 million net.

Starting in the first quarter of 2010, fee and commission income at Betriebs-Center für Banken Processing GmbH is no longer reported in other income, but in net fee and commission income. For the first quarter of 2009, this increases net fee and commission income by €1 million and reduces other income by the same amount. This adjustment does not affect total comprehensive income in the first quarter of 2009.

Earnings per share, segment reporting and the statement of changes in equity were adjusted accordingly.

[1] Prior-year figures restated (see Note 4)

Statement of comprehensive income disclosures

(5) Net interest income

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009[1] €m
Interest and current income		
Interest income from:		
Lending and money market transactions	1,315	1,429
Fixed-income and book-entry securities	468	763
Trading operations	4	5
Net gains on hedges	7	12
	1,794	2,209
Current income from:		
Equities and other non-fixed income securities	4	–
Investments in associates	–	–
	4	–
	1,798	2,209
Interest expense on:		
Deposits	722	1,239
Debt securities in issue	115	163
Subordinated debt	64	70
Swaps	215	97
Trading operations	7	3
	1,123	1,572
Total	675	637

€1,697 million (previous year: €2,056 million) of interest income relates to financial instruments classified as loans and receivables, €1 million (previous year: €1 million) to financial instruments classified as held to maturity, and €85 million (previous year: €135 million) to financial instruments classified as available for sale.

Interest income from lending and money market transactions includes €34 million (previous year: €12 million) of interest income accrued on impaired assets (unwinding in accordance with IAS 39).

Net gains/losses on hedges are composed of the following items:

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m
Gains on the fair value remeasurement of hedged items	361	636
Losses on the fair value remeasurement of hedging instruments	–354	–624
Total	7	12

(6) Allowance for losses on loans and advances

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009[1] €m
Cost of additions to allowance for losses on loans and advances		
Specific valuation allowances	200	123
Portfolio-based valuation allowances	–	23
Cost of additions to provisions for credit risks	9	5
Direct loan write-offs	6	9
Income from the reversal of the allowance for losses on loans and advances		
Specific valuation allowances	63	39
Portfolio-based valuation allowances	2	1
Income from the reversal of provisions for credit risks	5	8
Recoveries on loans previously written off	5	4
Total	140	108

€136 million (previous year: €111 million) of the allowance for losses on loans and advances relates to the loans and receivables category. €4 million was added to the allowance for losses on loans and advances for guarantees, warranties, and irrevocable loan commitments (previous year: reversal of €3 million).

The cost of additions to and the income from reversals of the allowance for losses on loans and advances to customers can be broken down by product group as follows:

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009[1] €m
Additions		
Private mortgage lending	70	61
Home savings loans	1	1
Commercial loans	94	15
Public sector	–	–
Installment credits	12	18
Other loans and advances	21	27
Portfolio-based valuation allowances	–	23
Total	198	145

[1] Prior-year figures restated (see Note 4)

€2 million (previous year: €1 million) of the cost of additions to the allowance for losses on loans and advances relates to loans and advances to other banks.

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m
Reversal		
Private mortgage lending	21	25
Home savings loans	1	1
Commercial loans	31	4
Public sector	–	–
Installment credits	2	1
Other loans and advances	8	8
Portfolio-based valuation allowances	2	1
Total	65	40

(7) Net fee and commission income

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009[1] €m
Giro business	89	79
Securities business	33	28
Lending and guarantee business	25	28
Branch business	106	109
Other fee and commission income	90	65
Total	343	309

(8) Net trading income

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m
Net income from interest rate products	17	16
Net loss on derivatives carried in the trading portfolio and the banking book	–96	–152
Net loss from application of the fair value option	–6	–30
Net income from equities	1	–
Foreign exchange gain	2	61
Net fee and commission income in the trading portfolio	–1	–2
Total	–83	–107

The net loss on derivatives in the trading portfolio and the banking book includes income from asset/liability management amounting to €11 million (previous year: €40 million).

The net loss on derivatives also includes losses on the measurement of embedded derivatives from structured credit products of €82 million (previous year: losses of €186 million), and on capital-guaranteed promissory note loans (CPPIs) of €7 million (previous year: gains of €13 million).

(9) Net income from investment securities

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m
Net income from loans-and-receivables investment securities	15	–72
thereof: net income from sale	30	–9
Gains on sale	108	7
Losses on sale	78	16
thereof: net impairment loss	–15	–63
Net income from available-for-sale investment securities	19	–42
thereof: net income from sale	20	–12
Gains on sale	38	23
Losses on sale	18	35
thereof: net impairment loss	–1	–30
Net income from loans to other banks	–	–2
thereof: net income from sale of loans and receivables	–	–2
Net income from loans to customers	–	12
thereof: net income from sale of loans and receivables	–	12
Net income from investments in associates	–6	–
Total	28	–104

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m
Net income from bonds and promissory note loans	45	–11
Net income from equities and other non-fixed-income securities	5	–
Net income from investments in associates	–6	–
Impairment	–16	–93
Total	28	–104

€16 million (previous year: €35 million) of the net impairment loss on investment securities relates to writedowns of structured credit products, €0 million (previous year: €58 million) to writedowns of other debt instruments, retail funds and investments.

(10) Administrative expenses

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m
Staff costs	353	343
Other administrative expenses	305	308
Amortization of intangible assets	18	18
Depreciation and writedowns of property and equipment	16	15
Total	692	684

(11) Other income

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009[1] €m
Income for property and equipment	6	7
Miscellaneous	23	21
Total	29	28

[1] Prior-year figures restated (see Note 4)

(12) Other expenses

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m
Other taxes	1	2
Expenses for property and equipment	–	1
Miscellaneous	28	39
Total	29	42

Balance sheet disclosures

(13) Loans and advances to other banks

	March 31, 2010 €m	Dec. 31, 2009 €m
Payable on demand	5,732	4,139
Other loans and advances	17,258	10,328
Total	22,990	14,467

Loans and advances to other banks consist solely of financial instruments classified as loans and receivables.

€8,506 million (December 31, 2009: €4,081 million) of loans and advances to other banks is due after more than 12 months.

The loans and advances to other banks can be broken down by product group as follows:

	March 31, 2010 €m	Dec. 31, 2009 €m
Securities repurchase agreements	11,952	5,054
Overnight money	5,041	4,176
Loans	3,906	4,564
Registered bonds	418	417
Term deposits	725	152
Other loans and advances	948	104
Total	22,990	14,467

Collateral received that can be unconditionally liquidated or can be unconditionally sold:

	Fair value of collateral that can be unconditionally liquidated or can be unconditionally sold		Fair value of collateral that was sold or repledged and is subject to an obligation to return	
	March 31, 2010 €m	Dec. 31, 2009 €m	March 31, 2010 €m	Dec. 31, 2009 €m
Financial collateral	12,392	6,137	1,377	1,507
Non-financial collateral	–	–	–	–
Total	12,392	6,137	1,377	1,507

(14) Loans and advances to customers

	March 31, 2010 €m	Dec. 31, 2009 €m
Private mortgage lending	70,107	70,217
Home savings loans	3,733	3,766
Commercial loans	29,899	30,383
Public sector	1,437	1,589
Installment credits	3,683	3,620
Other loans and advances	2,395	1,468
Total	111,254	111,043

Loans and advances to customers are classified as follows in accordance with the measurement categories as defined in IAS 39:

	March 31, 2010 €m	Dec. 31, 2009 €m
Loans and receivables	102,576	102,408
Held to maturity	64	–
Fair value option	8,614	8,635
Total	111,254	111,043

€85,008 million (December 31, 2009: €84,064 million) of loans and advances to customers is due after more than 12 months.

(15) Total credit extended

	March 31, 2010 €m	Dec. 31, 2009 €m
Loans and advances to other banks	22,990	14,467
Loans and advances to customers	111,254	111,043
Guarantees	1,095	1,105
Total	135,339	126,615

(16) Allowance for losses on loans and advances

The allowance for losses on loans and advances is composed of the following items:

	March 31, 2010 €m	Dec. 31, 2009 €m
Specific valuation allowances	1,573	1,491
Portfolio-based valuation allowances	149	150
Total allowances for losses on loans and advances	1,722	1,641
Provisions for credit risks	40	42
Total	1,762	1,683

€66 million of the allowance for losses on loans and advances relates to loans and advances to other banks and €1,656 million to loans and advances to customers classified as loans and receivables.

Collective specific valuation allowances are also reported under the specific valuation allowances.

The allowance for losses on loans and advances carried under assets changed as follows:

	Specific valuation allowances		Portfolio-based valuation allowances		Total[1]	
	2010 €m	2009 €m	2010 €m	2009 €m	2010 €m	2009 €m
Balance at Jan. 1	1,491	1,209	150	114	1,641	1,323
Reclassification	–	–2	–	2	–	0
Additions						
Allowance charged to the income statement	200	123	–	23	200	146
Disposals						
Utilization	29	34	–	–	29	34
Allowance reversed to the income statement	63	39	2	1	65	40
Unwinding	34	12	–	–	34	12
Currency translation differences	–8	–4	–1	–	–9	–4
Balance at March 31	1,573	1,249	149	138	1,722	1,387

The allowance for losses on loans and advances to customers can be broken down by product group as follows:

	March 31, 2010 €m	Dec. 31, 2009 €m
Specific valuation allowances		
Private mortgage lending	445	429
Home savings loans	9	10
Commercial loans	521	412
Public sector	–	–
Installment credits	176	167
Other loans and advances	356	409
Portfolio-based valuation allowances	149	150
Total	1,656	1,577

(17) Trading assets

	March 31, 2010 €m	Dec. 31, 2009 €m
Bonds and other fixed-income securities	1,170	672
Equities and other non-fixed-income securities	14	300
Building loans held for trading	212	212
Positive fair values of derivatives carried as trading assets	24,033	18,640
Positive fair values of banking book derivatives	894	450
Positive fair values from derivatives relating to hedged items accounted for under the fair value option	292	197
Total	26,615	20,471

€20,472 million (December 31, 2009: €15,114 million) of trading assets is due after more than 12 months.

[1] Prior-year figures restated (see Note 4)

(18) Investment securities

	March 31, 2010 €m	Dec. 31, 2009 €m
Bonds and other fixed-income securities		
Loans and receivables	56,339	59,401
Held to maturity	26	73
Available for sale	13,484	12,350
	69,849	71,824
Equities (available for sale)	8	4
Investment fund shares (available for sale)	454	460
Investments in associates (available for sale)	36	19
Investments in unconsolidated subsidiaries (available for sale)	60	52
Total	70,407	72,359

Investment securities amounting to €60,836 million (December 31, 2009: €64,985 million) are due after more than 12 months.

Investment securities were furnished as collateral for the following liabilities:

	March 31, 2010 €m	Dec. 31, 2009 €m
Liabilities	22,622	24,063
Contingent liabilities	23	23
Total	22,645	24,086

In fiscal years 2008 and 2009, Postbank reclassified securities out of the available-for-sale category to the loans and receivables category due to a change in its intention to hold the securities. The fair value of the securities at the respective reclassification date was reported as the new carrying amount.

As of March 31, 2010, the total amount of securities reclassified in accordance with IAS 39.50E had a fair value of €27.7 billion and a carrying amount of €28.9 billion.

Prior to the above-mentioned reclassification dates, the changes in fair value recognized in the revaluation reserve for the securities that were reclassified amounted to €–468 million before tax. Had Postbank not changed its intention to hold the securities, the loss recognized in the revaluation reserve would have increased by a further €819 million (December 31, 2009: €973 million) in the period up to March 31, 2010.

Given a nominal weighting of the reclassified securities, the effective interest rate calculated on the basis of their restated cost as of the date of the reclassifications was 4.4 % (range of effective interest rates: 1.8 % to 34.5 %). The estimated cash flows that Postbank expects as of the date of the reclassifications amount to €45.4 billion. €36 million of impairments (previous year: €20 million) were charged for all reclassified securities by March 31, 2010, as were disposal gains of €15 million on reclassified securities.

Interest amounting to €209 million (previous year: €333 million) accrued for the reclassified securities by March 31, 2010.

(19) Intangible assets

	March 31, 2010 €m	Dec. 31, 2009 €m
Acquired goodwill	1,651	1,651
Acquired software, concessions, industrial rights	612	622
Internally generated intangible assets and software	63	68
Advance payments on intangible assets and in-process intangible assets	33	27
Total	2,359	2,368

The acquired software, concessions, industrial rights item includes the capitalized BHW brand in the amount of €319 million. The capitalized amounts for customer relationships amounted to €81 million (December 31, 2009: €81 million); those for beneficial contracts amounted to €51 million (December 31, 2009: €53 million).

(20) Property and equipment

	March 31, 2010 €m	Dec. 31, 2009 €m
Land and buildings	682	686
Operating and office equipment	136	142
Advance payments and assets under development	9	10
Total	827	838

(21) Other assets

	March 31, 2010 €m	Dec. 31, 2009 €m
Prepaid expenses	567	478
Trade receivables	99	107
Receivables from tax authorities	14	14
Advances to members of the mobile sales force	14	13
Miscellaneous	115	133
Total	809	745

Other assets amounting to €445 million (December 31, 2009: €471 million) have a maturity of more than 12 months.

(22) Deposits from other banks

	March 31, 2010 €m	Dec. 31, 2009 €m
Payable on demand	1,806	1,757
With an agreed maturity or withdrawal notice	39,498	37,561
Total	41,304	39,318

Deposits from other banks only include financial instruments classified as liabilities at amortized cost.

€11,163 million (December 31, 2009: €11,164 million) of deposits from other banks is due after more than 12 months.

(23) Due to customers

	March 31, 2010 €m	Dec. 31, 2009 €m
Savings deposits	50,711	49,053
Home savings deposits	16,599	16,341
Other amounts due		
Payable on demand	34,298	33,569
With an agreed maturity or withdrawal notice	32,635	33,025
	66,933	66,594
Total	134,243	131,988

Amounts due to customers only include financial instruments classified as liabilities at amortized cost.

€35,076 million (December 31, 2009: €33,907 million) of amounts due to customers is due after more than 12 months.

(24) Debt securities in issue

	March 31, 2010 €m	Dec. 31, 2009 €m
Public-sector *Pfandbriefe*	1,822	1,735
Mortgage *Pfandbriefe*	5,182	4,237
Other debt instruments	12,077	10,750
Total	19,081	16,722

The mortgage *Pfandbriefe* item includes the issue of a *Jumbo Hypothekenpfandbrief* with a volume of €1.0 billion.

Debt securities in issue only include financial instruments classified as liabilities at amortized cost.

€8,909 million (December 31, 2009: €8,067 million) of debt securities in issue is due after more than 12 months.

(25) Trading liabilities

	March 31, 2010 €m	Dec. 31, 2009 €m
Negative fair values of trading derivatives	24,788	19,229
Negative fair values of banking book derivatives	2,613	2,223
Negative fair values from derivatives relating to hedged items accounted for under the fair value option	1,173	982
Delivery obligations under securities sold short	31	–
Total	28,605	22,434

€22,544 million (December 31, 2009: €16,553 million) of trading liabilities is due after more than 12 months.

(26) Provisions

	March 31, 2010 €m	Dec. 31, 2009 €m
Provisions for pensions and other employee benefits	1,111	1,104
Provisions for home savings business	786	758
Other provisions	289	286
Total	2,186	2,148

€1,769 million (December 31, 2009: €1,762 million) of recognized provisions is due after more than 12 months.

(27) Other liabilities

	March 31, 2010 €m	Dec. 31, 2009 €m
Trade payables	101	118
Liabilities from expenses for management bonuses	86	68
Liabilities from expenses for outstanding invoices	58	55
Liabilities from expenses for outstanding vacation entitlements and other compensated absences	53	43
Liabilities from expenses for commissions and premiums	48	50
Deferred income	48	54
Liabilities from other taxes	45	231
Miscellaneous liabilities	85	92
Total	524	711

€52 million (December 31, 2009: €49 million) of other liabilities is due after more than 12 months.

(28) Subordinated debt

	March 31, 2010 €m	Dec. 31, 2009 €m
Subordinated liabilities	2,597	2,589
Hybrid capital instruments	1,743	1,681
Profit participation certificates outstanding	1,240	1,224
Contributions by typical silent partners	13	13
Total	5,593	5,507

Subordinated debt only includes financial instruments classified as liabilities at amortized cost.

€5,332 million (previous year: €5,241 million) of subordinated debt is due after more than 12 months.

Other disclosures

(29) Contingencies and other obligations

	March 31, 2010 €m	Dec. 31, 2009 €m
Contingent liabilities		
on guarantees and warranties	1,095	1,105
Other obligations		
irrevocable loan commitments	9,720	9,857
of which: building loans provided	2,808	2,641
miscellaneous obligations	12,071	12,107
Total	22,886	23,069

(30) Fair values of financial instruments

Fair value hierarchy

While financial instruments are measured in accordance with IAS 39, Postbank uses the three-level fair value hierarchy in accordance with IFRS 7 for financial instruments measured at fair value.

Level 1:
This comprises listed securities and exchange-traded derivatives as well as all spot currency transactions.

Level 2:
This category includes financial instruments whose fair value is measured solely using observable market inputs. These include non-exchange-traded derivatives (e.g. swaps, caps, floors, CDSs) as well as bonds and promissory note loans that are valued using observable yield and spread curves and volatilities.

Level 3:
This comprises financial instruments whose fair value is measured using valuation techniques whose key inputs are not observable in the market. Such valuation techniques are particularly used to measure structured credit products.

The following table shows the allocation of financial instruments to the corresponding levels in the fair value hierarchy:

Assets measured at fair value	March 31, 2010				
		Fair value reported in:			
Classes	March 31, 2010 €m	Level 1 €m	Level 2 €m	Level 3 €m	December 31, 2009 €m
Financial assets at fair value through profit or loss (FVtPL)					
Trading assets	26,615	681	25,927	7	20,471
Hedging derivatives	579	0	579	0	520
Loans and advances to customers	8,614	0	8,614	0	8,635
Available-for-sale financial assets					
Investment securities	14,042	6,274	4,506	3,262	12,885
Loans and advances to other banks	0	0	0	0	0
Total	49,850	6,955	39,626	3,269	42,511

Liabilities measured at fair value	March 31, 2010				
	Fair value reported in:				
Classes	March 31, 2010 €m	Level 1 €m	Level 2 €m	Level 3 €m	December, 31, 2009 €m
Financial liabilities at fair value through profit or loss (FVtPL)					
Trading liabilities	28,605	31	27,227	1,347	22,434
Hedging derivatives	1,939	0	1,939	0	2,051
Total	30,544	31	29,166	1,347	24,485

Fair value of financial instruments carried at amortized cost or hedge fair value

	March 31, 2010		Dec. 13, 2009	
	Carrying amount €m	Full fair value €m	Carrying amount €m	Full fair value €m
Assets				
Cash reserve	4,362	4,362	4,534	4,534
Loans and advances to other banks (loans and receivables)	22,990	22,804	14,467	14,360
Loans and advances to customers (loans and receivables)	102,640	108,566	102,408	107,406
Allowance for losses on loans and advances	–1,722	–1,722	–1,641	–1,641
Investment securities (loans and receivables)	56,339	55,219	59,401	58,116
Investment securities (held to maturity)	26	26	73	73
	184,635	189,255	179,242	182,848
Liabilities				
Deposits from other banks (liabilities at amortized cost)	41,304	41,282	39,318	39,198
Due to customers (liabilities at amortized cost)	134,243	135,524	131,988	132,817
Debt securities in issue and subordinated debt	24,674	24,334	22,229	21,545
	200,221	201,140	193,535	193,560

(31) Derivatives

The Postbank Group uses derivatives to hedge positions as part of its asset/liability management policy. Derivatives are also entered into for trading purposes.

The notional amounts represent the gross volume of all sales and purchases. The notional amount is a reference value for determining reciprocally agreed settlement payments; it does not represent recognizable receivables or liabilities.

The fair values of the individual contracts were calculated using recognized valuation models and do not reflect any netting agreements.

Holdings of derivatives are composed of the following items:

	Notional amounts		Positive fair values		Negative fair values	
	March 31, 2010 €m	Dec. 31, 2009 €m	March 31, 2010 €m	Dec. 31, 2009 €m	March 31, 2010 €m	Dec. 31, 2009 €m
Trading derivatives	804,123	802,735	25,219	19,287	28,574	22,434
Hedging derivatives	35,307	39,331	579	520	1,939	2,051
Total	839,430	842,066	25,798	19,807	30,513	24,485

The following table presents the open conditional and unconditional forward transactions of the Postbank Group at the balance sheet date.

			Fair Value			
	Notional amounts		Positive fair values		Negative fair values	
	March 31, 2010 €m	Dec. 31, 2009 €m	March 31, 2010 €m	Dec. 31, 2009 €m	March 31, 2010 €m	Dec. 31, 2009 €m
Trading derivatives						
Foreign currency derivatives	21,066	27,770	197	201	293	320
Interest rate derivatives	777,457	769,072	24,910	18,949	26,884	20,741
Equity/index derivatives	359	334	4	8	20	19
Credit derivatives	5,241	5,559	108	129	1,377	1,354
Total holdings of trading derivatives	804,123	802,735	25,219	19,287	28,574	22,434
Hedging derivatives						
Fair value hedges	35,307	39,331	579	520	1,939	2,051
Total holdings of hedging derivatives	35,307	39,331	579	520	1,939	2,051
Total holdings of derivatives	839,430	842,066	25,798	19,807	30,513	24,485

Risks relating to the financial instruments are presented in the Risk Report.

(32) Risk-weighted assets and capital ratio

Postbank ensures the correct determination of liable capital and own funds at Group level. Its regulatory own funds in accordance with the *Kreditwesengesetz* (KWG – German Banking Act) and the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation) were as follows:

	March 31, 2010 €m	Dec. 31, 2009 €m
Credit and counterparty risk	58,050	57,738
Market risk positions	4,425	9,725
Operational risk	6,438	6,538
Total capital charge	68,913	74,001
Tier 1 capital	5,032	4,906
thereof: hybrid capital instruments	1,613	1,613
Tier 2 capital	1,847	1,866
thereof: profit participation certificates outstanding	1,115	1,115
thereof: subordinated liabilities	2,209	2,233
Tier 3 capital	0	0
Eligible own funds	6,879	6,772
Tier 1 ratio excluding market risk in %	7.8	7.6
Tier 1 ratio including market risk in %	7.3	6.6
Capital ratio in %	10.0	9.2

Postbank's regulatory risk-bearing capacity is ensured by its compliance with the regulatory minimum capital requirements. These are determined as ratios of available capital and risk positions entered into. The key components of Postbank's Tier 1 capital are the share capital, recognized reserves, and hybrid capital instruments. Tier 2 capital is composed of profit participation certificates outstanding and long-term subordinated liabilities after the deductions prescribed by law.

(33) Risk capital

The following table shows the allocation of the Postbank Group's risk cover amount, broken down by risk types on the basis of the authorized risk capital, before and after factoring in correlation effects and the unallocated risk cover amount, as of March 31, 2010 compared with December 31, 2009:

Risk capital by risk types		
	Allocated risk capital	
Capital and risk components	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Market risk	2,781	2,781
Credit risk	2,200	2,200
Operational risk	600	560
Investment and real estate risk	100	126
Collective risk	500	1,000
Business risk	2,100	1,893
Total before diversification	8,281	8,560
Diversification effects	1,469	1,456
Total after diversification	6,812	7,104
Unallocated risk cover amount	6,918	6,340
Total risk cover amount	13,730	13,444

Other disclosures relating to capital management can be found in the Risk Report section of the Group Management Report.

(34) Related party disclosures

Related party receivables

	Mar. 31, 2010 €m	Dec. 31, 2009 €m
Loans and advances to other banks		
Companies with a significant influence	678	609
	678	609
Loans and advances to customers		
Companies with a significant influence	77	78
Subsidiaries	14	10
	91	88

Loans and advances to other banks with a significant influence relate in full to loans and advances to Deutsche Bank AG and primarily comprise receivables from money market transactions.

Loans and advances to companies with a significant influence over Deutsche Postbank AG relate primarily to loans and overdrafts extended to Deutsche Post AG.

Loans and advances to subsidiaries primarily relate to Deutsche Postbank AG's receivables from CREDA Objektanlage- und -verwaltungsgesellschaft mbH and from RALOS Verwaltungs GmbH & Co. Vermietungs-KG.

	March 31, 2010 €m	Dec. 31, 2009 €m
Trading assets		
Companies with a significant influence	3,325	2,555
	3,325	2,555
Hedging derivatives		
Companies with a significant influence	29	25
	29	25

Transactions involving trading assets and hedging derivatives relate solely to Deutsche Bank AG.

	March 31, 2010 €m	Dec. 31, 2009 €m
Investment securities		
Companies with a significant influence	181	181
	181	181

The investment securities relate to bonds issued by Deutsche Bank AG.

	March 31, 2010 €m	Dec. 31, 2009 €m
Other assets		
Companies with a significant influence	5	9
Subsidiaries	1	1
	6	10

The other assets attributable to companies with a significant influence relate in full to Deutsche Post AG.

Related party payables

	March 31, 2010 €m	Dec. 31, 2009 €m
Deposits from other banks		
Companies with a significant influence	143	2
	143	2
Due to customers		
Companies with a significant influence	54	11
Subsidiaries	68	67
	122	78
Trading liabilities		
Companies with a significant influence	3,880	3,040
	3,880	3,040
Hedging derivatives		
Companies with a significant influence	24	31
	24	31
Other liabilities		
Companies with a significant influence	23	53
Subsidiaries	3	3
	26	56
Subordinated debt		
Subsidiaries	113	100
	113	100

The deposits from other banks, trading liabilities, and hedging derivatives due to companies with a significant influence relate in full to Deutsche Bank AG.

The amounts due to companies with a significant influence relate in full to Deutsche Post AG.

Amounts due to subsidiaries relate primarily to a term deposit by Postbank P.O.S. Transact GmbH at Deutsche Postbank International S.A. and the provision of services between Deutsche Postbank International S.A. and BHW Invest S.A.R.L.

The other liabilities due to companies with a significant influence relate in full to Deutsche Post AG; in particular these relate to the retail outlet business as stipulated in the cooperation agreement.

The subordinated debt item contains subordinated liabilities of BHW Bausparkasse AG and Deutsche Postbank AG to BHW Euro Finance B.V. in the form of subordinated promissory note loans.

As of the end of the reporting period, contingent liabilities from guarantees and warranty obligations to Deutsche Post AG amounted to €3 million (December 31, 2009: €3 million). There are no contingent liabilities from other obligations, i.e., from irrevocable loan commitments or similar obligations to subsidiaries and associates.

Income and expenses from related parties

The transactions with Deutsche Post AG as the parent and relationships with its subsidiaries as other related parties are presented up to February 28, 2009.

The income and expenses relating to Deutsche Bank AG and Deutsche Post AG incurred after February 28, 2009 are reported as attributable to companies with a significant influence over Deutsche Postbank AG.

	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2009 €m
Interest income		
Deutsche Post AG	–	3
Companies with a significant influence	5	4
	5	7
Interest expense		
Deutsche Post AG	–	1
Companies with a significant influence	7	2
Subsidiaries	1	2
	8	5
Fee and commission income		
Deutsche Post AG	–	76
Companies with a significant influence	10	4
Subsidiaries	1	–
	11	80
Fee and commission expense		
Subsidiaries	2	2
	2	2
Net trading income		
Companies with a significant influence	–121	–
	–121	–
Administrative expenses		
Deutsche Post AG	–	54
Companies with a significant influence	50	18
Subsidiaries	5	5
Other related parties	–	26
	55	103
Other income		
Deutsche Post AG	–	2
Other related parties	–	3
	–	5

€4 million of the interest income from companies with a significant influence relates to Deutsche Bank AG and €1 million to Deutsche Post AG.

The interest expense to companies with a significant influence relates entirely to Deutsche Bank AG.

The fee and commission income from companies with a significant influence in the amount of €10 million mainly relates to income from Deutsche Post AG for the postal services provided in Deutsche Postbank AG's branches.

The net trading income relates in full to Deutsche Bank AG.

The administrative expenses attributable to companies with a significant influence relate in particular to payments to Deutsche Post AG for the financial services provided in its retail outlets and for postage expenses.

(35) Members of executive bodies

Management Board

The members of the Management Board of Deutsche Postbank AG are:
Stefan Jütte, Bonn (Chairman since July 1, 2009)
Mario Daberkow, Bonn
Marc Hess, Bonn
Horst Küpker, Bad Honnef
Michael Meyer, Bonn
Hans-Peter Schmid, Baldham
Ralf Stemmer, Königswinter

The members of the Supervisory Board of Deutsche Postbank AG are:

1. Shareholder representatives
Frank Appel, Chairman of the Board of Management of Deutsche Post AG, Königswinter (Chairman)
Wilfried Boysen, businessman, Hamburg
Henry B. Cordes, *Ministerialdirektor*, Federal Ministry of Finance, Berlin
Edgar Ernst, management consultant, Bonn
Tessen von Heydebreck, previously Member of the Board of Management of Deutsche Bank AG and current Chairman of the Board of Deutsche Bank Foundation, Berlin
Peter Hoch, Privatier, Munich
Ralf Krüger, management consultant, Kronberg
Hans-Dieter Petram, Inning
Lawrence A. Rosen, Member of the Board of Management of Deutsche Post AG, Bonn
Werner Steinmüller, Member of the Group Executive Committee, Head of Global Transaction Banking, Deutsche Bank AG, Frankfurt am Main

2. Employee representatives
Michael Sommer, Chairman of the German Trade Union Federation, Berlin (Deputy Chairman)
Wilfried Anhäuser, Chairman of Postbank Filialvertrieb AG's General Works Council, Kerpen
Marietta Auer, Head of Department, Deutsche Postbank AG, Head Office, Unterhaching
Rolf Bauermeister, Head of National Postal Services Group, at ver.di Trade Union (national administration), Berlin
Annette Harms, Deputy Chair of Deutsche Postbank AG's Works Council, Hamburg
Elmar Kallfelz, Chairman of Deutsche Post AG's European Works Council and member of Deutsche Post AG's General Works Council, Wachtberg
Torsten Schulte, Head of Customer Service Center of Postbank Direkt GmbH, Hessisch Oldendorf
Eric Stadler, Chairman of Deutsche Postbank AG's Works Council, Markt Schwaben
Gerd Tausendfreund, trade union secretary of the ver.di Trade Union, Nidderau
Renate Treis, Deputy Chair of Deutsche Postbank AG's General Works Council, Brühl

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Bonn, April 28, 2010
Deutsche Postbank Aktiengesellschaft

The Management Board

Stefan Jütte

Mario Daberkow   Marc Hess

Horst Küpker   Michael Meyer

Hans-Peter Schmid   Ralf Stemmer

Review Report

To Deutsche Postbank AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, statement of comprehensive income, condensed statement of cash flows, statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Postbank AG, Bonn for the period from January 1 to March 31, 2010, which are part of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 3 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, April 29, 2010

PricewaterhouseCoopers
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Burkhard Eckes	Christoph Theobald
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Financial Calendar

Fiscal year 2010

- May 12, 2010 — Interim Report for the first quarter of 2010, analyst conference call
- August 4, 2010 — Interim Report for the first half-year of 2010, analyst conference call
- November 11, 2010 — Interim Report for the third quarter of 2010, analyst conference call

No responsibility is taken for the correctness of this information – the right is reserved to make changes at short notice.

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Design and layout

EGGERT GROUP, Düsseldorf

Coordination/editing

Postbank
Investor Relations

Translation

Deutsche Post Corporate Language
Services et al.

This Interim Report contains forward-looking statements that relate to macroeconomic developments (in particular the development of money and capital market rates), the business and the net assets, financial position and results of operations of the Postbank Group. Forward-looking statements by definition do not depict the past and are in some instances indicated by words such as “believe”, “anticipate”, “predict”, “plan”, “estimate”, “aim”, “expect”, “assume” and similar expressions. Forward-looking statements are based on the Company’s current plans, estimates, projections, and forecasts and are therefore subject to risks and uncertainties that could cause actual development or the actual results or performance to differ materially from the development, results or performance expressly or implicitly assumed in these forward-looking statements.

Readers of this Interim Report are expressly cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Interim Report. Deutsche Postbank AG does not intend and does not undertake any obligation to revise these forward-looking statements.

The English version of the Interim Report constitutes a translation of the original German version. Only the German version is legally binding.