Deutsche Postbank Group

Interim Report as of March 31, 2011

Postbank Group in figures

		Jan. 1 – March 31, 2011	Jan. 1 – March 31, 2010
Consolidated income statement			
Total income	€m	1,129	963
Administrative expenses	€m	–891	–692
Profit before tax	€m	142	131
Consolidated net profit	€m	105	96
Cost/income ratio	%	78.9	71.9
Return on equity			
before tax	%	9.9	9.7
after tax	%	7.4	7.2
Earnings per share[1]	€	0.48	0.44

		March 31, 2011	December 31, 2010
Consolidated balance sheet			
Total assets	€m	211,249	214,684
Customer deposits	€m	116,206	116,201
Customer loans	€m	107,797	109,303
Allowance for losses on loans and advances	€m	1,753	1,764
Equity	€m	5,720	5,627
Tier 1 ratio	%	8.7	8.1
Headcount (FTEs)	thousand	20.09	20.36
Long-term ratings			
Moody's		A1 / outlook negative	A1 / outlook negative
Standard & Poor's		A / outlook stable	A / outlook stable
Fitch		A+ / outlook stable	A+ / outlook stable
Information on Postbank shares		March 31, 2011	March 31, 2010
Share price at the balance sheet date	€	21.45	23.76
Share price (Jan. 1 – March 31)	high €	21.99	25.44
	low €	20.22	21.16
Market capitalization on March 31	€m	4,693	5,198
Number of shares	million	218.8	218.8

[1]Based on 218.8 million shares

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Interim Report as of March 31, 2011

Ladies and gentlemen,

Postbank continued its encouraging earnings trend of previous quarters in the first quarter of 2011, generating profit before tax of €142 million. Once more, its strong customer business provided significant momentum to this positive development. Core earnings components again rose significantly quarter-on-quarter, with net interest income being the key driver, as in 2010.

First quarter earnings in 2011 were even more satisfying in light of the fact that the recognition of staff-related provisions and the harmonization of the accounting treatment of partial early retirement programs negatively affected earnings in the total amount of €155 million. In contrast, the sale of our Indian subsidiary, already announced in the fourth quarter of 2010, resulted in a disposal gain before tax of €55 million. In total, these one-time effects had a negative impact of around €100 million, however. Our earnings figures after adjustment for these factors underscore Postbank's positive operating performance.

Encouragingly, negative effects from the Bank's risk positions continued to decline tangibly. For the first time since the start of the financial market crisis, we reported slightly positive effects overall in our structured credit portfolio in net trading income and net income from investment securities. In the process, we were able once again to significantly reduce our holdings of structured credits and investment securities. The allowance for losses on loans and advances also continued to decline, contributing to the positive profit trend.

We registered significant growth impulses in the customer business, in particular in private mortgage lending. The home savings business also performed well, with strong growth in the first quarter of 2011. The measures introduced and implemented as part of our Postbank4Future strategy program are already having a considerable impact here. They will help Postbank continue to expand its strong market position and thus also become a key pillar in the retail banking business of our majority shareholder, Deutsche Bank.

The good development in the customer business is especially evident in the results of the operating segments. With a record profit before tax of €319 million in the first quarter of 2011, the Retail Banking segment outperformed the corresponding prior-year level by nearly 50 %. Net interest income from the customer business and a further decline in the allowance for losses on loans and advances paired with sustained strict cost discipline were the key drivers of results here – and on the Group level. The positive trend seen in 2010 also continued in the Corporate Banking segment. We generated €104 million in business with this customer group in the first three months of the current fiscal year, up some 40 % on the comparable prior-year period. A significantly lower need for the allowance for losses on loans and advances in combination with a continued high level of income from the customer business worked in our favor here.

The good development of our operating business gives us reason to look to the future with confidence. Deutsche Bank's first quarter reporting reveals that Postbank is already providing important growth impulses for its majority shareholder's business with private, business and corporate customers. We are determined to continue strengthening Postbank's importance within the new company structure in the future for the benefit of all shareholders.

We therefore expect – in a reaffirmation of our assessment in the outlook section of our Annual Report 2010 – that Postbank will build on the good development experienced in 2010 in the current fiscal year and thus have lastingly returned to profitability.

We hope you will continue with us on our path into the future.

Bonn, May 11, 2011

Sincerely,

Stefan Jütte
Chairman of the Management Board

Developments in the first three months of 2011:
Mortgage lending builds momentum in the new year

Postbank got off to an excellent start in 2011 with nearly 12 % growth in new mortgage lending business as compared to the same quarter in the previous year. Our products in the home savings business also performed especially well. In addition, BHW Bausparkasse was declared the best building society in Germany in 2010 by the German broadcaster n-tv and the financial consulting firm FMH-Finanzberatung.

Continued growth in demand deposits

With 4.9 million private checking accounts, Postbank is the largest provider of checking accounts on the German market. Demand deposits in accounts held by private and business customers in the first quarter of 2011 continued the positive development of the last fiscal year: They rose €1 billion to €19.7 billion (+5.3 %) as compared to same quarter in the prior year. This increase is attributable among other things to the growing share of customers who use their Postbank checking account as their main banking connection.

In the past fiscal year we made the Postbank checking account even more attractive by adding new product features that benefit our customers. The reduction of the minimum limit for incoming payments from €1,250 to €1,000 per month for free checking has been providing important momentum for new business ever since. The discount on fuel introduced as part of our cooperation with Shell has also noticeably enhanced the appeal of our checking account.

Savings business still strong

Consolidating the book at a high level remains the primary goal in the savings business. Savings and call money volumes, not including homes savings deposits, totaled €55.8 billion as of March 31, 2011. The market share of approximately 6.4 % was on a par with the level at the end of 2010.

New savings business in the first three months of the current year reached a volume of €2.3 billion, following €3.0 billion in the same prior-year period. The focus remained on the "Postbank Aktiv-Sparen" product with an attractive base interest rate and an additional bonus as well as on "Postbank SparCard direct," which is oriented primarily on Internet users. Additional new business was generated in January and February by a campaign for "Postbank Aktiv-Sparen."

Installment loan book continues to grow

With a volume of €3.9 billion as of March 31, 2011, the installment loan book was unchanged as compared to the year-end figure for 2010. The market share in this product field remains stable at approximately 2.5 %.

At €322 million, cumulative new business volumes in the first quarter of 2011 were a little under 6 % below the prior-year level, but outperformed the market nevertheless.

Strong growth in home savings

In the home savings business that we operate under the BHW brand, total home savings written increased significantly as compared to the first quarter of 2010, rising approximately 15 % to €3.2 billion. New business growth was propelled in particular by the Postbank branches and business with cooperation partners as well as Postbank Finanzberatung AG, in which Postbank's mobile sales force is bundled. As compared to the relevant prior-year period, the Postbank branches increased their new home savings business by some 16 %, while the cooperation partners attained growth rates of some 50 %.

Home savings deposits grew approximately 1.8 % since the end of the year to reach €17.3 billion. Growth as compared to the first quarter of 2010 totaled 5.5 %. The market share of new total home savings written was 10.3 % in the first three months of the year, while the market share for the home savings deposits book totaled approximately 13.2 % as of February 2011.

High level of new business in mortgage lending

The volume of new business in private mortgage lending, including paid home-savings loans, totaled €1.9 billion in the first quarter of 2011, up some 12 % on the prior-year period. The Postbank brands BHW and DSL Bank also benefited from special forms of financing such as for photovoltaic loans.

The total mortgage loan portfolio reached a volume of €73.8 billion as of March 31, 2011, thus remaining mostly stable when compared with the close of 2010 (€74.0). In the same period the portfolio of self-generated mortgage lending rose by €0.1 billion to reach €67.3 billion, a figure that was €1.4 billion more than we had recorded on March 31, 2010. At 9.3 %, the market share was unchanged as compared to the first quarter of 2010.

Securities and pension business up significantly year-on-year

The securities business got off to an excellent start in the first quarter of 2011. In particular new business with certificates and bonds increased significantly as compared to the prior year. The volume of securities managed rose by 8.6 % in year-on-year comparison to €12.6 billion.

The pension business noticeably outperformed the prior-year level in the first three months of 2011, rising by 17 %. The very successful selling of the "DWS Riester-Rente" product played a key role here. We expect it to generate positive momentum for the remainder of the current year as well.

Corporate banking business remains stable

At €28.9 billion, the portfolio of loans in the Corporate Banking segment as of March 31, 2011, was below the corresponding prior-year level of €29.9 billion and €1.4 billion lower than on December 31, 2010. Loans to small and medium-sized German enterprises remained on a stable level compared with the prior year, whereas new loans were few and far between in the key customer business.

In commercial real estate finance, new business has been acquired only selectively in accordance with our conservative lending policies, and was supported primarily by the financing of existing housing stock for institutional investors, which is characterized by moderate debt financing rates. The overall portfolio in this product area decreased €0.2 billion as compared to the end of 2010 to reach €17.4 billion as of March 31, 2011.

The number of transactions processed in the Payment Transactions business division rose 1 % over the prior-year period to a total of 210 million.

The investment volumes of our corporate customers increased significantly to €23.4 billion, thus rising sharply by 4.9 % as compared to the close of 2010 and 12.0 % as compared to March 31, 2010.

Transaction Banking stable at prior-year level

In the first quarter of 2011, the Postbank subsidiary Betriebs-Center für Banken AG processed some 2.1 billion transactions for Postbank AG and four other clients. Transaction volumes thus remained stable, rising slightly above the level seen in the same quarter in the prior year.

Commerzbank will complete the reintegration of payment transaction processing for the former Dresdner Bank into its own operations in the second quarter of 2011.

Issuing of another *Jumbo Pfandbrief* successful

In early February 2011, Postbank successfully issued a ten-year *Jumbo Hypothekenpfandbrief* with a volume of €1 billion.

The business with *Pfandbriefe* enables Postbank to refinance long-term mortgage financing loans in an economical manner and with the same maturity period, and is a key pillar of the Postbank refinancing strategy, also given the new regulations pursuant to Basel III.

Our program to reduce capital market portfolios and exposure to the associated risks has been continued successfully and systematically. Holdings of investment securities as of March 31, 2011, thus amounted to just €55.5 billion, €3.5 billion under the close of 2010 and €14.9 billion less than at the end of the first quarter of 2010. The structured credit products (SCP) contained therein amounted to a merely notional volume of €3.1 billion as of March 31, 2011, after €5.7 billion at the end of the first quarter of 2010.

Interim Management Report

Business and Environment

Economic environment

At the beginning of 2011, the world's economy continued to expand. Although the lion's share of momentum was still being generated by emerging economies, most industrial countries also experienced further improvements to their economic situation. But this recovery continued to be characterized by unusually large differences in growth rates.

The upswing in the United States, where growth accelerated in the fourth quarter of 2010, continued in the first quarter of 2011. Momentum may have again been primarily generated by investments in machinery and equipment. Private consumption expanded further as well, even though the rate slowed from its pace at the end of 2010. It was bolstered by the measurable rise of employment and falling unemployment. Nonetheless, the jobless rate remained at an unusually high level. The real estate market continues to be an Achilles' heel of the U.S. economy. At the beginning of 2011, investments in commercial construction slowed, and no recovery trend was in sight for investments in residential construction.

In Asia's emerging countries, growth rates eased at the beginning of 2011, but remained high by global standards. In China, gross domestic product (GDP) evinced a dynamism similar to that seen in prior quarters, soaring 9.7 percent in the first three months of 2011 compared with the same period last year. Japan's economy has been hit hard by the devastating earthquake and tsunami. The country's economic output may thus have noticeably dropped in the first quarter.

In the euro zone, economic growth rates that were only moderate in the fourth quarter of 2010 may have picked up speed at the beginning of 2011. Industry in particular experienced a major boost. The construction industry is believed to have bounced back from the slump it experienced as a result of the hard winter at the end of 2010. For this reason, gross capital expenditures are thought to have risen considerably. On the other hand, private consumption may have increased only modestly once again as noticeably rising prices sapped consumer purchasing power. The German economy remained strong at the beginning of 2011. Incoming orders and industrial production climbed steeply. Construction investments increased at a high level after plunging at the end of 2010 as a result of the early onset of winter. For this reason, GDP may have risen sharply in the first quarter of 2011 in spite of the relative weakness in private consumption. The German job market continued to profit from the country's good economy. On a seasonally adjusted basis, the number of unemployed people fell by 128,000 during the first quarter. The strong expansion was also reflected in the ifo business climate index, which reached a new record high in February 2011.

Overall, the macroeconomic situation at the beginning of the year was somewhat better than we expected at the time of our last report.

The problems related to the sovereign bonds of euro zone members continued during the first quarter of 2011. But the extent of the problems varied widely from country to country. Markets drew increasing distinctions in terms of the financial-political starting point and the potential of individual euro zone members to consolidate their budgets and meet their commitments. The risk premiums on Greek bonds initially fell during the first quarter before rising again. The risk premiums on Irish bonds climbed substantially during the first quarter and ended the period at their prior peak. They fell sharply as markets reacted positively to the results of the stress tests for Irish banks, including the capital needs that were determined for the financial institutions. The risk premiums on Portuguese bonds climbed significantly and even sharply at the end of the quarter. The primary reason for this jump was the political fight in Portugal over the passage of another budget-cutting package. After this plan was rejected by the parliament, the government resigned and announced new elections. These developments dramatically increased the cost of obtaining financing from the capital markets and prompted Portugal's acting government to seek aid from the European rescue fund. The risk premiums on Spanish and Italian bonds plunged, but have ultimately remained well above the levels they reached before the European sovereign debt crisis began.

The rising inflation rate in the euro zone prompted the European Central Bank to change course. At the beginning of April, it raised its key interest rates from 1.0 % to 1.25 %. The unconventional steps it took to refinance the banking industry remained for the time being in place. It will fully provide the desired liquidity at a fixed interest rate in the weekly main refinancing businesses and for one-month tenders through July 2011 at minimum. In addition, it will continue its monthly operation of three-month tenders at least through the end of June 2011. In taking these steps, the ECB has signaled it will continue to satisfy banks' liquidity needs. In the United States, the key interest rate remained at a historic low of 0% to 0.25 %. In addition, the U.S. Federal Reserve indicated that it would press ahead with its purchasing program of U.S. Treasuries totaling $600 billion through mid-2011 as planned. The solid economic performance, rising inflation and the interest rate increase that the ECB clearly signaled in March caused money and capital market interest rates to climb sharply. At the end of the first quarter of 2011, the three-month Euribor had risen by 24 basis points to 1.24 %. The yields of 10-year German bunds increased by 39 basis points to 3.35 %. As a result, the yield curve became slightly steeper.

Sector situation

The important issues affecting the banking industry in the first quarter of 2011 were the debt crisis in the euro zone's so-called periphery countries and the second European bank stress test that is currently being conducted. During this test, the European Banking Authority (EBA) is applying tougher criteria than it did during the first round conducted in the spring of 2010. This time, Core Tier 1 capital is being applied in the scenarios instead of Tier 1 capital, the metric used during the first test. The banks undergoing the stress test must have Core Tier 1 capital of at least 5 %. This figure stands in contrast to the resolutions of the Basel Committee regarding the introduction of Basel III, which provides for a gradual introduction of higher capital requirements in order to give banks the opportunity to undertake the necessary adjustments. The results of the stress test are to be released in June.

The discussion about the creditworthiness of the euro zone's periphery countries continued in the first quarter of 2011. Despite the EU members' agreement on a permanent rescue mechanism and the expansion of the current support umbrella, the yield spreads between Portuguese, Irish and Greek bonds and German bunds widened broadly at times. The European Stability Mechanism (ESM) is to have a volume of €500 billion and replace the current rescue umbrella in mid-2013. Under certain conditions, the provision of support will be tied to a restructuring of outstanding debt that will also involve private creditors. The present rescue umbrella will be increased to an effective volume of €440 billion. At the same time, the Greek government is being granted more favorable conditions and a longer term for previously approved loans.

The German banking landscape continues to be characterized by the three pillar structure of private banks, savings banks and cooperative banks. No significant changes occurred within the pillars or across the pillars. In a reflection of this, the future role of WestLB and its subsidiary in the German banking market remains unclear.

In analyzing business developments at German banks, we considered, as we have done in previous quarters, the four banks listed in the Prime Standard of Deutsche Börse. We compared the banks' business results for 2010 with the corresponding prior-year figures. All of the banks generated surpluses both in operational terms and after taxes. A majority of them improved their return on equity after taxes. But only half of them managed to do this with their cost/income ratios as well. A comparison of individual items in the statement of comprehensive income confirmed this rather uneven development. Compared with last year, all banks were able to reduce their allowances for losses on loans and advances and – thanks to the increase in net interest income that the majority of banks experienced – reported a positive trend in net interest income following allowances for losses on loans and advances. On the other hand, only one bank was able to increase its net fee and commission income and only one bank could improve its administrative expenses.

During the first quarter of 2011, the DAX rose slightly by 1.8 %. The shares of two lending institutions listed in the German blue chip index outperformed the DAX. But the stocks of the two other banks not only underperformed the index, but also saw their prices fall during the period. On balance, the stocks of all four lending institutions continue to remain below the levels they experienced before the financial crisis began in mid-2007.

Significant events at Postbank during the first three months of 2011

February 1, 2011:
Hugo Bänziger became a member of Postbank's Supervisory Board.

February 8, 2011:
Postbank issued another *Jumbo Hypothekenpfandbrief* with a volume of €1 billion. The issue has a 10-year term and was 2.5 times oversubscribed.

February 9, 2011:
The Supervisory Board of Postbank appointed Hanns-Peter Storr to the Management Board, effective March 1, 2011. He holds the position of Chief Risk Officer (CRO).

March 25, 2011:
Postbank successfully completed the sale of its Indian mortgage lending subsidiary Deutsche Postbank Home Finance Ltd. (DPHFL) to Dewan Housing Finance Ltd., a transaction that the Company announced in December 2010. The acquisition price was 10.79 billion Indian rupees (about €170 million). The deconsolidation yielded income of €55 million.

Postbank's investment focus

In 2010, Postbank began to break down its investments into the areas of business development, legal requirements and life cycle.

Our "business development" investments are those we make as part of the Postbank4Future strategy program to further expand sales channels and customer service systems. In the Transaction Banking business division, we invested in the technical and operational integration of payment transaction processing for the new client HSH Nordbank.

The investments we made to implement legal requirements focused on the Consumer Credit Directive, further modifications related to the flat tax, and standardized consent to receive advertising.

Postbank also invested in the optimization of its processes and systems as part of the Bank's Postbank4Future strategy program.

Net Assets, Financial Position, and Results of Operations

Income statement

Postbank continued its encouraging earnings trend of previous quarters in the first quarter of 2011, generating profit before tax of €142 million. Once again, its strong customer business provided significant momentum. Total net interest income and net fee and commission income again rose significantly quarter-on-quarter, with net interest income being the key driver, as in 2010.

In addition, Q1 2011 earnings were affected by a number of positive and negative non-recurring factors, whereby expenses clearly predominated. Our earnings figures after adjustment for these factors underscore Postbank's positive operating performance. The sale of our Indian subsidiary resulted in a disposal gain before tax of €55 million. The recognition of staff-related provisions and the harmonization of the accounting treatment of partial early retirement programs in the total amount of €155 million had the opposite effect, resulting in a significant increase in staff costs in the first quarter of 2011. The negative effects from the Bank's risk positions declined tangibly. We reported positive overall measurement and disposal effects in our structured credit portfolio in net trading income and net income from investment securities for the first time since the start of the financial market crisis. In the process, we managed to further reduce our holdings of structured credits and investment securities substantially. The allowance for losses on loans and advances also continued to decline, contributing to the positive earnings trend.

Unless otherwise stated, the following comments on individual income items represent a comparison with the first quarter of 2010 or, in the case of balance sheet disclosures, with December 31, 2010.

Net interest income as of March 31, 2011 amounted to €726 million, €51 million or 7.6% higher than the strong, comparable prior-year figure and €62 million or 9.3% up on the fourth quarter of 2010. This encouraging development is due among other things to the continued strong customer business. In the savings business, we benefited from relatively stable volumes and the adjustment of the interest expense to market levels. In addition, the contribution made by the home savings business rose significantly year-on-year. However, the continued low level of interest rates represents a challenge for deposit-rich banks such as Postbank that could not be offset by the relatively steep yield curve. As a result, pressure on margins continued, particularly in the area of demand deposits.

In the first quarter of 2011, net trading income amounted to €–2 million, up €81 million year-on-year. This significant improvement was primarily due to the contribution to net trading income made by the remeasurement of embedded derivatives (including the elimination of currency risks) in the structured credit substitution business. This had a positive effect of €4 million in the first quarter of 2011, up €86 million compared with the previous year.

Net income from investment securities in the first quarter of 2011 benefited from the recognition of the proceeds of the sale of Deutsche Postbank Home Finance Ltd. in India (€55 million). In line with this, the item rose significantly to €82 million, after €28 million in the previous year. Net income from investment securities in the first quarter of 2011 contains the positive balance of impairment losses and disposal gains on our structured credit substitution business of €9 million. The corresponding figure for the prior-year period was €–16 million. Impairment losses/reversals on other fixed-income securities and on retail funds and investments still held in our portfolio amounted to €+1 million (previous year: €0 million). The disposal loss on other risk positions amounted to €–10 million (previous year: €0 million).

The aggregate contribution made by our risk portfolios to net trading income and net income from investment securities amounted to €+13 million, the first positive figure since the start of the financial market crisis. In the prior-year quarter, these items produced a negative effect of €–98 million. However, as we wrote in the outlook to our 2010 Annual Report, we expect that our investment securities portfolio may produce additional negative effects in the rest of the year.

Net fee and commission income as of March 31, 2011 amounted to €323 million, down on the figure for the prior-year period of €343 million as expected. Performance was more muted than the average for all quarters in 2010 (€329 million). The decline as against the first quarter of 2010 is mainly the result of the lower contribution made by fee and commission income from the traditional banking business, which profited in the previous year from a number of non-recurring factors. Income from the non-life insurance business was particularly affected. Net fee and commission income from the banking business is influenced among other things by the investment we made in our free checking account, where we reduced the minimum limit for incoming payments last year to further boost its attractiveness. We expect this to result in a tangible increase in the frequency with which this product is used.

Total income increased significantly by 17.2 % to €1,129 million.

The allowance for losses on loans and advances amounted to €95 million, down €45 million on the figure for the previous year and €17 million on that for the fourth quarter of 2010. This means that the annualized net additions ratio for the customer loan portfolio based on the first quarter of 2011 is 34 basis points. The trend in Postbank's allowance for losses on loans and advances was positively influenced by the large proportion of highly collateralized private mortgage loans, which require a comparatively low level of risk provisioning, and a year-on-year reduction in the cost of risk in the area of international commercial real estate finance.

Administrative expenses amounted to €891 million in the first quarter of 2011 (previous year: €692 million). Other administrative expenses rose by €29 million to €334 million, while staff costs increased significantly, climbing €168 million to €521 million. This development is due to two non-recurring factors with an aggregate volume of €155 million. Firstly, we recognized staff-related provisions of €52 million in the course of our efficiency initiatives. Secondly, we harmonized our accounting treatment of obligations under partial early retirement programs. Both effects will help reduce staff costs in subsequent periods. When interpreting the change in other administrative expenses, it should be borne in mind that this figure includes additional expenses relating to the acquisition of 277 additional retail outlets from Deutsche Post at the start of the third quarter of 2010. We expect this to result in additional annual expenses of €60 million to €70 million.

Net other income and expenses amounted to €–1 million, following €0 million in the first quarter of the previous year.

As a result, profit before tax amounted to €142 million, compared with €131 million in the equivalent prior-year period.

After adjustment for income taxes of €–37 million (previous year: €–34 million) and for non-controlling interests, consolidated net profit amounted to €105 million, following €96 million in the previous year.

Earnings per share were €0.48 (previous year: €0.44). The return on equity before tax amounted to 9.9 % compared with 9.7 % in the prior-year period, while the cost/income ratio was 78.9 % (71.9 % in the first quarter of 2010).

Segment Reporting

As announced in previous reports, Postbank has thoroughly revised its segment reporting with the aim of further increasing transparency, and has implemented the changes as of the first quarter of 2011. The main change is the clear allocation of the banking and trading books to the Financial Markets segment, coupled with the recognition of the corresponding net income there. In the course of this change, the previous Others segment was discontinued and a new segment, "Cost Centers/Consolidation", was introduced.

The changes are explained in detail in Note 1 of this interim report. The prior-year figures that follow have been adjusted accordingly.

Retail Banking

Profit before tax in the Retail Banking segment grew by a substantial 47.0 % to €319 million. This was due above all to a further clear rise in net interest income. At €639 million, this item was up €76 million on the figure for the equivalent prior-year period. The change was the result, among other things, of the continued strong customer business. For example, the savings business benefited from relatively stable volumes and adjustments to the interest expense in line with market levels. In addition, the contribution made by the home savings business increased substantially in comparison to the prior-year period.

Net trading income – which is generated exclusively by BHW Bausparkasse AG, part of this segment – amounted to €20 million, up €33 million year-on-year. This is mainly due to measurement effects under the fair value option, which we apply to interest rate risk hedges of mortgage loans.

Net fee and commission income declined by 7.3 % to €255 million. The main driver for this was the reduction in the minimum limit for incoming payments for our free checking account in 2010 – an additional investment made to boost its attractiveness. In addition, the surplus generated by the insurance business declined as against the prior-year quarter, which was dominated by non-recurring factors.

As a result, total income amounted to €914 million, following €825 million in the equivalent prior-year period.

Administrative expenses rose by only €8 million (1.5 %) to €535 million, despite the acquisition of 277 additional retail outlets at the beginning of the third quarter of 2010. This demonstrates Postbank's continuing strict cost discipline.

The allowance for losses on loans and advances put in a strong performance thanks to the continuing positive development of the economy as a whole and the comparatively high quality of the loans in our very granular and highly collateralized mortgage lending business, declining by €17 million or 21.8 % to €61 million.

Net other income and expenses amounted to €1 million, following €–3 million in the previous year.

As a result, the cost/income ratio for the segment improved substantially, from 63.9 % to 58.5 %. The return on equity before tax amounted to 80.8 % following 54.8 % in the previous year.

Corporate Banking

The Corporate Banking segment improved its profit before tax by €30 million or 40.5 % compared with the first three months of the previous year, to €104 million. This was due in particular to the clear decline in the allowance for losses on loans and advances.

At €146 million, net interest income for the segment declined by a moderate 3.3 % year-on-year. This decrease is due, among other things, to lower interest income from impaired assets (unwinding in accordance with IAS 39). We currently expect this effect to continue to decline. Net trading income and net income from investment securities broke even in the period under review. In the previous year, net income from investment securities amounted to €–6 million, whereas net trading income also broke even. Net fee and commission income increased by €4 million to €30 million.

As a result, total income rose to €176 million, following €171 million in the equivalent prior-year period.

Administrative expenses increased moderately by €3 million as against the previous year, to €39 million. The allowance for losses on loans and advances amounted to €34 million, down €27 million as against the prior-year figure. As in the fourth quarter of 2010, we are benefiting in this area from Germany's strong economic performance and from a tangible reduction in risk provisioning in international commercial real estate finance.

The return on equity before taxes for the segment rose to 112.4 %, following 104.8 % in the first quarter of 2010. The cost/income ratio was 22.2 %, up from 21.1 % in the first three months of 2010.

Transaction Banking

Profit before tax in the Transaction Banking segment increased by €5 million year-on-year to €19 million.

At €90 million, net fee and commission income matched the prior-year level. The positive earnings trend is largely due to the development of administrative expenses. These decreased by €4 million as against the equivalent prior-year quarter to €74 million.

The integration of HSH Nordbank, a client acquired at the beginning of 2009, is expected to gradually generate positive momentum for the earnings situation in the following years as well. At the same time, it is to be expected that the reintegration of payment transactions into Commerzbank that to date we have handled for Dresdner Bank will have a negative impact on net fee and commission income in 2011. In total, we expect net fee and commission income to decrease.

Net other income and expenses amounted to €3 million, following €2 million in the previous year.

As a result, the cost/income ratio in Transaction Banking improved from 86.7 % to 82.2 %.

Financial Markets

The loss before tax in the Financial Markets segment narrowed by €15 million year-on-year in the first quarter of 2011 to €–85 million. In this context, it should be borne in mind that under the new segment reporting system this segment reports the results of all Postbank's trading and banking books.

Net interest expense deteriorated by €22 million to €–60 million, largely because of a declining hedge result.

The improved result by the Bank's risk portfolios is reflected in the net trading loss for this segment, which narrowed from €–70 million in the first quarter of 2010 to €–22 million. Net income from investment securities declined by a slight €7 million overall to €27 million, mainly as a result of the reduction of risk positions.

The profit reported by the segment includes positive effects from our structured credit portfolio including associated currency hedging transactions of €13 million (previous year: €–98 million). €+4 million of this amount (previous year: €–82 million) is attributable to net trading income and €+9 million (previous year: €–16 million) to net income from investment securities.

Net fee and commission income declined by €5 million to €–4 million. Administrative expenses increased slightly by €1 million to €27 million.

As a result, the cost/income ratio for the segment amounted to –45.8 % as of March 31, 2011 (previous year: –35.6 %), while the return on equity before tax amounted to –9.1 % (2010: –11.5%).

Cost Centers/Consolidation

This newly created segment combines the items of the former Others segment remaining after the reallocation of the banking and trading books (i.e., primarily unallocated costs of the central functions) and the previous "Consolidation" segment.

The segment's loss before tax widened by €141 million to €–215 million. The decline in income is due primarily to the non-recurring effects in staff costs (€155 million) that were mentioned earlier, which are reported in this segment.

Net income from investment securities amounted to €55 million, following €0 million in the previous year. This figure represents the result of the sale of our Indian subsidiary.

Net fee and commission income amounted to €–48 million, following €–49 million in the previous year. This item is mainly used to consolidate payments for the provision of payment services for Postbank that are recognized in income for the Transaction Banking segment.

Net other income and expenses amounted to €–7 million, following €1 million in the equivalent prior-year period.

Total Assets

Total assets

Postbank's total assets amounted to €211.2 billion as of March 31, 2011, following €239.4 billion as of March 31, 2010 and €214.7 billion at the end of the last fiscal year.

On the assets side, the reduction in investment securities in line with Postbank's strategy continues to be matched by increases in loans and advances to other banks. There was a clear reduction in the positive fair values of the derivatives in the banking book compared with year-end 2010. A matching trend can be seen in the negative fair values under equity and liabilities. In addition, the issue of another *Jumbo Hypothekenpfandbrief* led to an expansion in debt securities in issue here.

Specifically, loans and advances to customers, which include securitized assets such as promissory note loans, declined slightly by €1.7 billion as against the 2010 year-end to €110.1 billion. This is mainly due to a slight reduction in the commercial real estate finance business.

Loans and advances to other banks amounted to €19.4 billion as of March 31, 2011, approximately €7.3 billion above the figure at the end of the previous year, primarily as the result of an increase in securities-backed transactions.

Holdings of investment securities were reduced by a further €3.5 billion as against year-end 2010 to €55.5 billion, in line with Postbank's strategy. In this context, we also reduced the notional volume of our structured credit portfolio from €3.7 billion as of December 31, 2010 to €3.1 billion as of March 31, 2011. This reduction in investment securities was mainly achieved by allowing positions to expire rather than reinvesting them, as well as by actively reducing them as market opportunities presented themselves. These steps have helped us once again to make good progress towards our goal of reducing the volume of our investment securities by up to 45 % (measured as against the figure for September 30, 2008) in the period up to 2013.

Trading assets decreased by €6.8 billion as against the year-end, to €17.3 billion. This development was due to a decline in the positive fair values of derivatives following the significant increase in interest rates in the first quarter of 2011. In contrast, the volume of our trading portfolios in securities remained largely unchanged at a very low level. In view of the de-risking strategy that has been adopted and the resulting decline in trading turnover, a decision was made in the first quarter of 2011 to close Deutsche Postbank AG's trading operations in Frankfurt and to bundle the remaining core functions at the head office in Bonn.

On the liabilities side, amounts due to customers reached €136.1 billion after €136.5 billion at the 2010 year-end. Trading liabilities declined tangibly in line with trading assets and amounted to €18.6 billion, down from €26.2 billion.

Debt securities in issue rose to €14.9 billion (December 31, 2010: €12.9 billion). At the beginning of February 2011, Postbank issued a further *Jumbo Hypothekenpfandbrief* with a volume of €1 billion and a 10-year term. Deposits from other banks also rose as against the 2010 year-end, climbing €3.6 billion to €26.0 billion.

Equity

Recognized capital rose to €5,720 million as of March 31, 2011, compared with €5,627 million at the end of 2010. The key factor contributing to this development was the consolidated net profit of €105 million.

We recorded a further clear increase in the Tier 1 capital ratio to 8.7%, following 8.1% at the 2010 year-end.

Overall, the action taken by Postbank during the course of the financial market crisis to strengthen its capital position and improve its risk profile has played an important role in stabilizing and increasing the Tier 1 capital ratio. In the current year, we will continue to revise and improve our models. In particular, we see additional potential for increasing our Tier 1 capital ratio in 2011 above the current level by a reduction of risk positions. Next year, the second phase of the introduction of advanced models scheduled under our project plan should have an additional positive effect.

Report on Post-Balance Sheet Date Events

There were no events subject to reporting requirements from March 31, 2011 until the adoption of the financial statements for the first quarter of 2011 by the Management Board on May 2, 2011.

Risk Report

Summary overview of risk exposure

Overall bank risk

Taking risks in order to generate earnings is a core function of the Postbank Group's business activities. Risks entered into are regularly identified, measured, monitored, and mitigated as part of the ICAAP (Internal Capital Adequacy Assessment Process), and are included in the overall management of the Bank in the context of the assessment of the Bank's risk-bearing capacity. Group limits for market, credit, and operational risks were consistently complied with in the first quarter of 2011. The Group's risk-bearing capacity was ensured at all times.

Postbank's risk profile changed only marginally as against the end of the previous year. Market risk rose slightly due to ongoing high volatility and an increase in long interest rate positions, despite the decline in investment securities in the first quarter of 2011. The allowance for losses on loans and advances declined while customer business structures remained almost unchanged.

No risks that could impair Postbank's development or even jeopardize its existence as a going concern were or are discernible among the risk types identified below.

Credit risk

In the first quarter of 2011, the allowance for losses on loans and advances was significantly below the figure for the previous year. We expect full-year levels to also be lower than those for last year due to the improvement in macroeconomic conditions. From a strategic perspective, portfolio management continues to take priority over the acquisition of new business in the non-retail business. Postbank is applying especially conservative standards for new commercial real estate finance business in particular, since the markets still entail risks.

The notional volume of the structured credit product portfolio (SCP portfolio) continued to decline in the first quarter of 2011, falling from €3.7 billion as at year-end 2010 to €3.1 billion at the end of the first quarter. This was primarily due to instruments being returned to the arranger.

We currently see no acute default risks with regard to the situation in Greece, Ireland, Portugal, Spain, and Italy, but are keeping a particularly close watch on developments. This applies above all to Greece, where spreads have widened considerably and it is not clear when the country's return to the capital markets, which was planned for 2012, will actually happen.

Market risk

The average value at risk for trading book and banking book holdings in Q1 2011 was slightly higher than in the previous quarter. The decrease in spread sensitivity caused by the successive reduction in investment securities was more than offset by the increase in interest rate sensitivity. In the course of the first quarter of 2011, total VaR for the Postbank Group's market risk positions continued to fluctuate significantly in a market environment that was dominated by the expectation that headline interest rates would rise. VaR at the end of the quarter was slightly above the figure for the previous quarter.

Liquidity risk

Postbank's liquidity situation remains sound due to its stable refinancing basis in the form of customer deposits and its extensive holdings of highly liquid securities.

Risk management projects

As part of the project to improve and increase the effectiveness of its risk management organization and processes, which was launched in response to the financial market crisis, Postbank focused on driving forward work in the first quarter of 2011, particularly in connection with its goal of obtaining approval to use the Advanced IRB Approach. In addition, work progressed on risk governance and on the risk-bearing capacity concept.

Due to Deutsche Bank's acquisition of a majority of Postbank's shares and Postbank's subsequent consolidation as part of the Deutsche Bank Group, banking supervisory regulations require the conditions for integrated risk management to be put in place. The road map for the coming months provides for the staggered integration of risk inputs with Deutsche Bank's internal and external reporting in line with legal requirements, the reconciliation of the rules and limit systems, and an analysis of potential methodological differences.

In the first quarter of 2011, Postbank launched a new liquidity risk management project designed to meet new/more specific regulatory requirements. The focus is on establishing/completing the required IT and process infrastructure as well as on future reporting of the new Basel III liquidity ratios.

The requirements laid down in the amended version of the MaRisk dated December 15, 2010 will be implemented by the end of 2011 as part of existing projects.

The following sections describe in detail the Postbank Group's risk position and risk management with regard to developments up to the end of the first quarter of 2011, and the measures taken by the Company.

Organization of risk management

The Postbank Group has a risk management organization that serves as the basis for risk- and earnings-oriented management of the Bank as a whole by identifying all key risks and risk drivers and measuring and evaluating these independently. 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 business.

Effective March 1, 2011, the Lending back office units previously allocated to another board department were assigned to the Chief Risk Office, which has now become an organizationally independent board department. Overall responsibility was transferred to the newly appointed Management Board member Hanns-Peter Storr (CRO). For a detailed description of our risk management organization, see the relevant section in the 2010 Annual Report. The organizational framework of risk management has not changed in principle as against the management report published in the 2010 Annual Report.

Moreover, the focuses of the Postbank Group's risk management system have not changed materially as against the description given in the 2010 Annual Report. The methods, systems, and processes described here and in the 2010 Annual Report are subject to continuous review and enhancement – in particular in view of the financial crisis – 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 when the maturity transformation process is completed due to 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 lower current value under the going concern principle (*Teilwert*), 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 undetermined capital and/or interest rate commitment periods (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. There have been no material changes in the risk assessment for the other risk types (investment risk, real estate risk, collective risk, and business risk) compared with the information presented in the 2010 Annual Report.

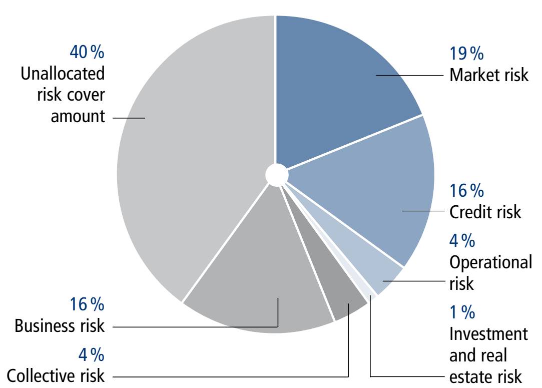
Risk capital and risk limitation

The Bank's risk-bearing capacity is assessed both from the perspective of investor protection and with respect to safeguarding a defined Tier 1 capital ratio in accordance with the going concern concept. The existing risk-bearing capacity concept is currently being revised in a dedicated project to reflect the lessons learned from the financial market crisis and increasingly specific regulatory requirements.

As part of this work, the risk aggregation methodology has been replaced by a more accurate, simulation-based procedure that conservatively determines the particulars of the risk distributions on the basis of Postbank-specific data. The diversification effect amounts to €1,449 million according to the logic used to date and €1,057 million according to the new method.

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 2011 (calculated as of March 31, 2011):

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



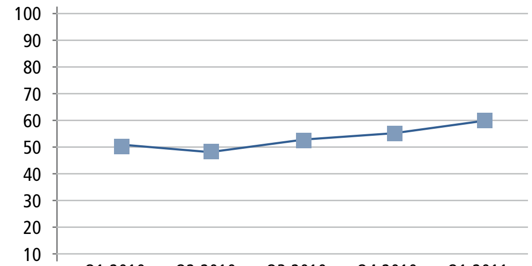
Risk capital is available for risk taking. Utilization is measured by establishing the value at risk, using a 99.93 % confidence level and a holding period of generally one year.

The absolute amount of "investor protection" risk cover and an allocation of the absolute amount of risk capital by risk type as of March 31, 2011 and the end of the previous year are given in Note 32 of this Interim Report.

Risk cover utilization, measured in terms of the allocated risk capital, amounted to 60 % as of the reporting date. This represents an increase of 4 percentage points compared with December 31, 2010. The rise in utilization as against the previous quarter is primarily attributable to the aforementioned new method used to calculate the diversification effect, which resulted in an increase in the allocated risk capital of €0.4 billion.

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

in %



Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
50 %	48 %	53 %	56 %	60 %

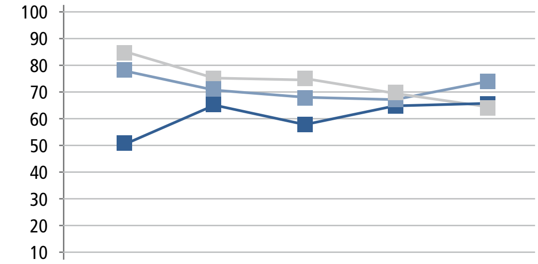
Relation of approved risk capital to risk cover amount

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 both at Group level and 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 using target vs. actual comparisons. Utilization of the limits assigned for operational risk is based on an internal quantification model.

Utilization of the market risk limit rose slightly to 66 % as of the reporting date of March 31, 2011 (December 31, 2010: 65 %). Credit risk limit utilization was 73 % (December 31, 2010: 67 %). Both figures are given 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 €382 million as of March 31, 2011. Utilization of the relevant limit amounted to 64% (December 31, 2010: 70 %). 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 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Market risk	51 %	66 %	59 %	65 %	66 %
Credit risk	79 %	72 %	68 %	67 %	73 %
Operational risk	84 %	77 %	77 %	70 %	64 %

As of March 31, 2011, the ratios of risk to the risk cover amount used to safeguard the defined Tier 1 capital ratio were 11 % (three-month horizon) and 32 % (twelve-month horizon), respectively. The available risk cover amount is currently considered sufficient for compliance with defined minimum Tier 1 capital requirements (green light).

Risk concentrations

Please refer to the relevant sections of the 2010 Annual Report for information on the identification, reporting, and monitoring of risk concentrations and with respect to the projects to improve loan portfolio management that focus on managing risk concentrations.

At present, risk concentrations are particularly perceptible at the confidence level of 99.93 % used with respect to "A" rated banks as well as in the structured credit portfolio (SCPs). Concentrations of liquidity, market, and other risks are identified and monitored using sensitivity analyses and stress tests, and are limited using volume or gap limits (in the area of interest rate risk and spread risk).

Regulatory requirements

Postbank has calculated its capital on the basis of Basel II since the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation) entered into force on January 1, 2007. 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 hence to reduce its risk-weighted assets and improve its capital ratio at the end of 2011. The projects launched by Postbank to improve its credit processes and methods are laying the strong foundations necessary for this. Ultimately, the supervisory authority must give its approval. The use test began on January 1, 2011. The supervisory audit is planned for the period as from the third quarter of 2011.

Postbank currently uses the supervisory Standardized Approach to calculate capital requirements for market risk. The market risk management systems and processes have been optimized as part of the project to introduce an internal market risk model. This lays the foundations for using the existing value-at-risk model – after review and approval by the supervisory authority – for regulatory purposes as well to calculate the partial capital charge for general interest rate risk in the trading book. At the end of February 2011, Postbank announced a revised trading strategy for the Postbank Group that is expected to result in a reduction in the trading book volume and hence in market risk. Consequently, the application for BaFin approval of the model is in abeyance at the moment. A decision can only be made as to whether to resume the approval process once the future trading strategy has been determined.

The Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Federal Financial Supervisory Authority) granted the Postbank Group approval to use the Advanced Measurement Approach (AMA) for calculating capital requirements for operational risk as of December 31, 2010.

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), Deutsche Bank AG, as the superordinate institution of the Deutsche Bank Group, published its Pillar III Disclosures in accordance with the SolvV/Basel II on its website. Postbank therefore no longer publishes separate Pillar III Disclosures.

The key points contained in the amended version of the MaRisk dated December 15, 2010 were identified in 2010. Outstanding measures will be implemented as part of current and new projects by the end of 2011.

Postbank has instituted all preparatory measures required to comply with the stricter capital adequacy requirements that will be introduced in stages starting in 2012 and the more differentiated coverage requirements for counterparty credit risk, to implement the instruments designed to reduce procyclicality, and to meet minimum liquidity standards. Moreover, Postbank is investigating additional measures to optimize the leverage ratio.

Postbank is also working on the implementation of the new requirements resulting from the additions to the Capital Requirements Directive (CRD III). It will actively participate in the forthcoming Quantitative Impact Study.

Market risk

Market risk management

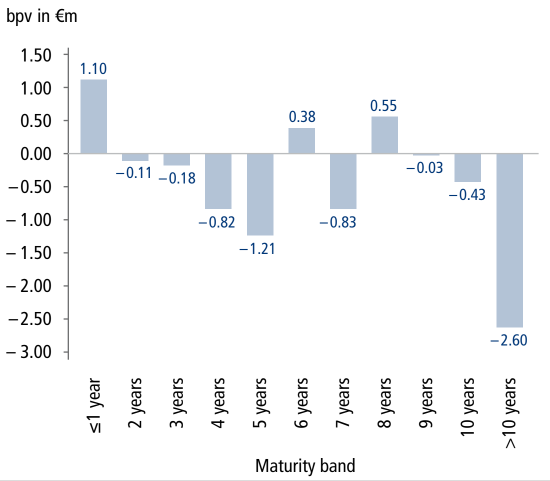
Postbank uses a combination of risk, earnings, and other inputs to manage its market risk. Changes in the value of market risk are derived from daily marking to market, independently of their measurement for financial reporting purposes. In the case of inactive market segments, a special process has 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. Other management inputs used are sensitivity indicators and maturity structures.

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.

Postbank started reducing its market risk exposure in 2008 in light of the financial market crisis, and this risk strategy was systematically maintained in the first quarter of 2011. Postbank is cutting its holdings of investment securities by up to 45 % as against the reference date (September 30, 2008) in the period up to 2013, primarily as a result of instruments maturing and sales. Key activities in the course of the first quarter of 2011 were the return of individual SCP positions and a reduction in the exposure to banks and government bonds. The risk from equity holdings remains negligible.

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. Interest rate risk analysis is an integral part of daily market risk measurement in the trading book and banking book. The following chart presents the Postbank Group's open interest rate positions as of March 31, 2011 in the form of a basis point value (bpv) graph. Positions with a negative value represent a long interest rate risk, in other words, a long position. In the same way, positive values indicate a short position. Overall, Postbank continued to have a long interest rate position as of March 31, 2011.

The Postbank Group's interest rate positions (bpv) as of March 31, 2011



The chart shows that the long positions as of the reporting date of March 31, 2011 are primarily concentrated in the medium-term (4 and 5 years) and long-term (>10 years) maturity ranges. In the first quarter of 2011, the long positions in the medium-term maturity range (4 and 5 years) were increased and a long position was taken in the 9- and 10-year maturity range, which was still short as of December 31, 2010. As a result, the total bpv as of March 31, 2011 widened from approximately €–2.6 million as of December 31, 2010 to approximately €–4.2 million. Interest sensitivity is primarily the result of euro and U.S. dollar exposures; interest sensitivities to other currencies are immaterial.

The conscious decision to take a long interest rate position in the first quarter of 2011 was taken in order to increase net interest income while complying strictly with the VaR and bpv limits.

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 performed for the whole Bank; in addition, intraday monitoring and monitoring of market risk subtypes are used 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 2011, fair value losses incurred in certain subportfolios led to limits being partially utilized. No limit exceedances were recorded.

In addition to the VaR limits, the Market Risk Committee has defined sensitivity limits for the trading book and banking book as well as for the relevant subportfolios; these limit the credit spread and interest sensitivities in the different books and maturities.

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 2010 Annual Report.

Stress testing

The scenario analyses performed in the first quarter of 2011 indicate 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 internal stress tests for market risk continue to be those in connection with interest rates and spreads. In contrast, sensitivities to changes in equity prices, currency rates, and volatilities are significantly less pronounced. The stress parameters used are reviewed regularly for appropriateness.

Risk indicators

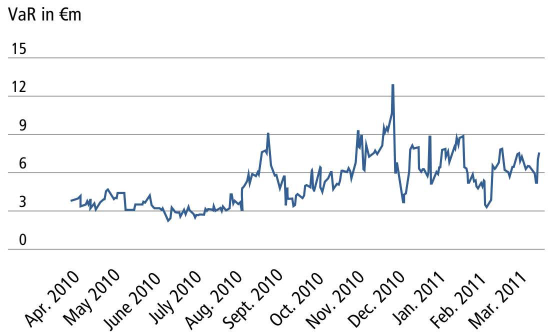
The following value at risk figures for the trading book were calculated for the Postbank Group for the first quarter of 2011 as well as for the previous quarter (confidence level of 99 %, holding period of 10 days):

Value at risk, trading book	Q1/2011 €m	Q4/2010 €m
VaR at end of quarter	7.5	6.2
Minimum VaR	3.4	3.8
Maximum VaR	8.9	12.8
Average VaR	6.4	6.6
Limit at end of quarter*	34.0	34.0

*After adjustment for losses reducing the unallocated risk cover amount

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, 2010 to March 31, 2011



In the first quarter of 2011, the pronounced market volatility in the trading book was used flexibly for positioning on the money and capital markets. VaR in the trading book increased overall in the first three months of the year compared with previous quarters, mainly as a result of the increase in the short-term interest rate exposure.

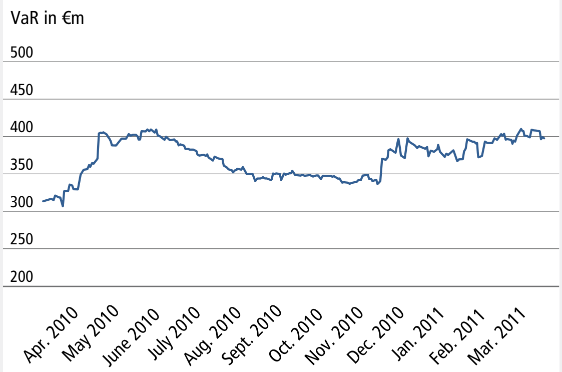
The value at risk for the banking book (confidence level 99 %, holding period 10 days), which accounts for by far the largest portion of market risk, amounted to €395.8 million as of March 31, 2011 (for comparative purposes: December 31, 2010: €384.6 million).

Value at risk, banking book	Q1/2011 €m	Q4/2010 €m
VaR at end of quarter	395.8	384.6
Minimum VaR	368.0	339.2
Maximum VaR	406.7	395.8
Average VaR	388.8	357.5
Limit at end of quarter*	562.0	482.0

*After adjustment for losses reducing the unallocated risk cover amount

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

Value at risk banking book for the period from April 1, 2010 to March 31, 2011



VaR in Postbank's banking book trended sideways in the first quarter of the year. The slight increase in the VaR level as against the previous quarters is due to the clear increase in our long interest rate position and ongoing high market volatility resulting from the crises in public finances in the EU.

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 2010 Annual Report.

Above and beyond 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. Moreover, the specific deductible described in more detail in the chapter entitled "Risk capital and risk limitation" is used to account for uncertainties in the model when risk-bearing capacity is determined.

In contrast to CVaR, 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 exposure, and the loss rate. It depends on the counterparty/transaction rating and on the transaction term. 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 2010 Annual Report.

The following table provides an overview of the key credit risk indicators for the various profit centers as of March 31, 2011 (calculated on February 28, 2011) as compared to the end of 2010. The volume for the Group loan portfolio reported in this table differs from the "maximum counterparty credit risk" shown lower down in the table of the same name with respect to two factors: Firstly, the date used for calculating CVaR is the last day of the preceding month and, secondly, carrying amounts, 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]	
	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Corporate Banking	27,937	28,605	79	123	175	272
Retail Banking	46,186	46,231	185	248	165	161
Financial Markets	106,347	119,362	201	312	1,577	1,448
Others (banks/local authorities)	4,588	3,840	2	4	80	98
BHW[2]	38,485	39,165	90	115	72	79
Total (incl. portfolio effect)	223,543	237,203	557	802	1,613	1,469

[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

The total amount declined by 5.8 % in the first three months of 2011, from €237.2 billion as at the end of 2010 to €223.5 billion. The expected loss fell by 30.4 % as against the year-end, whereas the unexpected loss rose by 9.8 %. The clear drop in the expected loss is mainly due to the methodological change to the master scale.

The decline in the total amount and in a smaller share of the expected losses is largely due to the continued reduction of investment securities including SCPs in the Financial Markets segment. The Financial Markets segment continues to account for a significant share of total unexpected risks due to the fact that a large proportion of the volume is still attributable to credit risk from banks, including risks from covered bonds.

As of March 31, 2011, the maximum exposure to credit risk was as follows (compared with December 31, 2010):

Maximum counterparty credit risk		
Risk-bearing financial instruments	Maximum counterparty credit risk exposure	
	March 31, 2011 €m	Dec. 31, 2010 €m
Trading assets	17,349	24,150
Held for trading	17,349	24,150
Hedging derivatives	608	664
Loans and advances to other banks	19,379	12,140
Loans and receivables	19,379	12,140
Securities repurchase agreements	12,044	3,630
Overnight money	3,527	4,294
Loans	3,057	3,453
Registered bonds	395	400
Term deposits	299	191
Other loans and advances	57	172
Loans and advances to customers	110,112	111,783
Loans and receivables	102,361	103,689
Private mortgage lending	62,534	62,365
Home-savings loans	3,680	3,713
Commercial loans	28,900	30,284
Public-sector receivables	2,534	2,433
Installment loans	3,905	3,880
Other loans and advances	808	1,014
Fair value option	7,751	8,094
Private mortgage lending	7,751	8,094
Investment securities	55,462	58,980
Loans and receivables	46,240	50,032
Available for sale	9,222	8,948
Bonds and other fixed-income securities	8,009	7,739
Shares	2	2
Investment fund shares	1,168	1,164
Investments in associates	20	19
Investments in unconsolidated subsidiaries	23	24
Subtotal	202,910	207,717
Contingent liabilities from guarantees	864	1,036
Other liabilities (irrevocable loan commitments)	21,099	21,563
Total	224,873	230,316

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, 2011.

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

Risk-bearing financial instruments	Retail customers		Banks/ insurers/ financial services		Countries		Commercial real estate finance		Services/ wholesale and retail		Industry		Other sectors		Total	
	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Trading assets	176	189	16,750	23,440	61	–	68	99	40	125	18	22	236	275	17,349	24,150
Held for trading	176	189	16,750	23,440	61	–	68	99	40	125	18	22	236	275	17,349	24,150
Hedging derivatives	–	–	606	664	–	–	–	–	–	–	2	–	–	–	608	664
Loans and advances to other banks	–	–	19,315	12,099	–	–	23	23	28	1	–	–	13	17	19,379	12,140
Loans and receivables	–	–	19,315	12,099	–	–	23	23	28	1	–	–	13	17	19,379	12,140
Securities repurchase agreements	–	–	12,044	3,630	–	–	–	–	–	–	–	–	–	–	12,044	3,630
Overnight money	–	–	3,499	4,292	–	–	–	–	28	1	–	–	0	1	3,527	4,294
Loans	–	–	3,021	3,414	–	–	23	23	–	–	–	–	13	16	3,057	3,453
Registered bonds	–	–	395	400	–	–	–	–	–	–	–	–	–	–	395	400
Term deposits	–	–	299	191	–	–	–	–	–	–	–	–	–	–	299	191
Other loans and advances	–	–	57	172	–	–	–	–	–	–	–	–	–	–	57	172
Loans and advances to customers	81,656	81,895	1,274	1,265	2,254	2,225	16,027	16,703	4,739	5,281	2,372	2,212	1,790	2,202	110,112	111,783
Loans and receivables	73,917	73,813	1,274	1,265	2,253	2,224	16,027	16,703	4,735	5,277	2,372	2,212	1,783	2,195	102,361	103,689
Private mortgage lending	61,884	61,753	6	2	7	4	463	465	103	65	11	2	60	74	62,534	62,365
Home-savings loans	3,665	3,697	–	–	6	7	–	–	3	3	–	–	6	6	3,680	3,713
Commercial loans	3,706	4,110	1,174	1,068	135	114	15,564	16,238	4,454	5,114	2,361	2,210	1,506	1,430	28,900	30,284
Public-sector receivables	–	–	66	61	2,105	2,099	–	–	174	94	–	–	189	179	2,534	2,433
Installment loans	3,904	3,393	–	2	–	–	–	–	1	1	–	–	0	484	3,905	3,880
Other loans and advances	758	860	28	132	–	–	–	–	–	–	–	–	22	22	808	1,014
Fair value option	7,739	8,082	–	–	1	1	–	–	4	4	–	–	7	7	7,751	8,094
Private mortgage lending	7,739	8,082	–	–	1	1	–		4	4	–	–	7	7	7,751	8,094
Investment securities	–	–	30,381	33,197	20,898	21,486	–	–	1,698	1,922	1,022	940	1,463	1,435	55,462	58,980
Loans and receivables	–	–	25,093	27,933	18,441	19,335	–	–	1,013	1,149	669	621	1,024	994	46,240	50,032
Available for sale	–	–	5,288	5,264	2,457	2,151	–	–	685	773	353	319	439	441	9,222	8,948
Bonds and other fixed-income securities	–	–	4,121	4,189	2,457	2,151	–	–	663	653	353	319	415	427	8,009	7,739
Shares	–	–	2	2	–	–	–	–	–	–	–	–	–	–	2	2
Investment fund shares	–	–	1,165	1,058	–	–	–	–	0	103	–	–	3	3	1,168	1,164
Investments in associates	–	–	–	–	–	–	–	–	1	17	–	–	18	2	20	19
Investments in unconsolidated subsidiaries	–	–	0	15	–	–	–	–	21	–	–	–	2	9	23	24
Subtotal	81,832	82,084	68,326	70,665	23,213	23,711	16,118	16,825	6,505	7,329	3,414	3,174	3,502	3,929	202,910	207,717
Contingent liabilities from guarantees	4	63	465	625	–	–	66	73	151	114	87	66	91	95	864	1,036
Other liabilities (irrevocable loan commitments)	16,421	16,213	217	96	68	67	810	1,419	2,249	2,239	997	1,028	337	501	21,099	21,563
Total	98,257	98,360	69,008	71,386	23,281	23,778	16,994	18,317	8,905	9,682	4,498	4,268	3,930	4,525	224,873	230,316

Overall, the sector distribution of the instruments subject to credit risk, measured in terms of volume, displays a balanced structure except for the concentrations with respect to banks mentioned above. 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 holdings of investment securities continue to be 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 Greece, Ireland, Portugal, and Spain are also included in this portfolio in the amount of approximately €2.6 billion, while the exposure to Italy is included in the amount of approximately €4.3 billion. However, it should be noted that both investment security focuses were deliberately and significantly reduced in comparison to the previous year. 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	
	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Trading assets	4,349	6,180	11,055	15,253	1,945	2,717	17,349	24,150
Held for trading	4,349	6,180	11,055	15,253	1,945	2,717	17,349	24,150
Hedging derivatives	95	136	404	376	109	152	608	664
Loans and advances to other banks	10,979	6,608	7,357	4,173	1,043	1,359	19,379	12,140
Loans and receivables	10,979	6,608	7,357	4,173	1,043	1,359	19,379	12,140
Securities repurchase agreements	7,629	3,339	4,415	180	0	111	12,044	3,630
Overnight money	1,009	1,250	1,718	2,100	800	944	3,527	4,294
Loans	1,786	1,430	1,028	1,719	243	304	3,057	3,453
Registered bonds	230	242	165	158	–	–	395	400
Term deposits	268	175	31	16	–	–	299	191
Other loans and advances	57	172	–	–	–	–	57	172
Loans and advances to customers	92,782	93,927	13,296	12,567	4,034	5,289	110,112	111,783
Loans and receivables	85,061	85,863	13,271	12,541	4,029	5,285	102,361	103,689
Private mortgage lending	58,213	58,071	4,271	3,319	50	975	62,534	62,365
Home-savings loans	3,649	3,682	27	27	4	4	3,680	3,713
Commercial loans	16,179	17,015	8,748	8,964	3,973	4,305	28,900	30,284
Public-sector receivables	2,336	2,225	198	208	–	–	2,534	2,433
Installment loans	3,892	3,868	11	11	2	1	3,905	3,880
Other loans and advances	792	1,002	16	12	–	–	808	1,014
Fair value option	7,721	8,064	25	26	5	4	7,751	8,094
Private mortgage lending	7,721	8,064	25	26	5	4	7,751	8,094
Investment securities	17,767	18,512	30,962	33,606	6,733	6,862	55,462	58,980
Loans and receivables	13,740	15,071	26,538	28,944	5,962	6,017	46,240	50,032
Available for sale	4,027	3,441	4,424	4,662	771	845	9,222	8,948
Bonds and other fixed-income securities	2,966	2,379	4,275	4,543	768	817	8,009	7,739
Shares	–	–	2	2	–	–	2	2
Investment fund shares	1,018	1,022	147	114	3	28	1,168	1,164
Investments in associates	20	18	0	1	–	–	20	19
Investments in unconsolidated subsidiaries	23	22	0	2	–	–	23	24
Subtotal	125,972	125,363	63,074	65,975	13,864	16,379	202,910	207,717
Contingent liabilities from guarantees	409	716	391	263	64	57	864	1,036
Other liabilities (irrevocable loan commitments)	20,355	20,752	545	546	199	265	21,099	21,563
Total	146,736	146,831	64,010	66,784	14,127	16,701	224,873	230,316

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.

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, 2011 reporting date (with the exception of "contingent liabilities" and "other liabilities").

In principle, Postbank uses the same rating for risk management as for capital requirements; this is normally the issuer rating rather than the rating given to a specific issue. Postbank has a large portfolio of *Pfandbriefe* and similarly collateralized issues that are relatively low-risk in nature. For this reason, the issue ratings are shown in the following table. The distribution of ratings in the Postbank Group's loan portfolio reflects the Group's conservative approach. The higher rating categories predominate: 93 % 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	
	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Trading assets	72	77	1,843	5,627	14,814	17,685	207	320	119	138	108	108	17,163	23,955
Held for trading	72	77	1,843	5,627	14,814	17,685	207	320	119	138	108	108	17,163	23,955
Hedging derivatives	0	20	39	180	565	461	2	3	2	–	–	–	608	664
Loans and advances to other banks	2,644	163	858	1,237	14,861	9,248	642	779	51	140	270	478	19,326	12,045
Loans and receivables	2,644	163	858	1,237	14,861	9,248	642	779	51	140	270	478	19,326	12,045
Securities repurchase agreements	2,628	–	424	33	8,894	3,533	0	64	–	–	98	–	12,044	3,630
Overnight money	0	49	312	946	2,992	3,034	40	44	–	–	147	144	3,491	4,217
Loans	9	17	91	135	2,406	2,272	492	605	17	140	25	266	3,040	3,435
Registered bonds	–	–	20	78	375	322	–	–	–	–	–	–	395	400
Term deposits	0	72	–	–	191	64	108	55	–	–	–	–	299	191
Other loans and advances	7	25	11	45	3	23	2	11	34	–	0	68	57	172
Loans and advances to customers	4,085	3,856	5,524	5,545	3,890	3,450	8,457	9,092	4,186	4,729	1,081	1,883	27,223	28,555
Loans and receivables	4,085	3,856	5,524	5,545	3,890	3,450	8,457	9,092	4,186	4,729	1,081	1,883	27,223	28,555
Commercial loans	3,931	3,668	3,721	3,786	3,814	3,377	8,403	9,048	4,176	4,726	643	1,512	24,688	26,117
Public-sector receivables	154	188	1,803	1,759	75	69	54	43	10	3	438	371	2,534	2,433
Other loans and advances	–	–	–	–	1	4	0	1	–	–	0	–	1	5
Investment securities	18,988	19,437	17,578	19,098	8,029	9,143	5,762	5,805	3,287	3,555	1,298	1,416	54,942	58,454
Loans and receivables	16,388	17,605	16,163	17,791	7,080	8,226	4,319	4,067	1,901	1,843	68	173	45,919	49,705
Available for sale	2,600	1,832	1,415	1,307	949	917	1,443	1,738	1,386	1,712	1,230	1,243	9,023	8,749
Bonds and other fixed-income securities	2,600	1,832	1,398	1,307	949	915	1,442	1,738	1,386	1,712	120	119	7,895	7,623
Shares	–	–	–	–	–	–	–	–	–	–	2	2	2	2
Investment fund shares	–	–	–	–	–	–	–	–	–	–	1,083	1,081	1,083	1,081
Investments in associates	–	–	–	–	–	–	1	–	–	–	2	19	19	19
Investments in unconsolidated subsidiaries	–	–	17	–	0	2	–	–	–	–	23	22	23	24
Total	25,789	23,553	25,842	31,687	42,159	39,987	15,070	15,999	7,645	8,562	2,757	3,885	119,262	123,673

Compared with the 2010 financial statements, the rating distribution is almost unchanged. The current rating distribution for loans and advances to other banks, corporates, and countries is within the target rating distribution 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, 2011 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 all new transactions are 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	
	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Trading assets	1	1	5	6	22	25	68	73	68	72	12	12	176	189
Held for trading	1	1	5	6	22	25	68	73	68	72	12	12	176	189
Loans and advances to customers	2,999	2,912	6,272	6,100	8,702	8,402	15,374	14,985	18,886	18,636	24,505	25,827	76,738	76,862
Loans and receivables	2,997	2,906	6,144	5,953	8,004	7,676	13,212	12,756	16,979	16,646	21,975	23,178	69,311	69,115
Private mortgage lending	2,962	2,870	5,856	5,675	7,153	6,838	11,550	11,146	14,539	14,262	17,770	18,817	59,830	59,608
Home-savings loans	32	33	241	240	616	608	776	755	333	316	1,366	1,438	3,364	3,390
Commercial loans	–	–	–	–	0	18	0	11	–	–	2,578	2,330	2,578	2,359
Installment loans	3	3	47	38	232	209	874	833	1,956	1,930	72	188	3,184	3,201
Other loans and advances	–	–	–	–	3	3	12	11	151	138	189	405	355	557
Fair value option	2	6	128	147	698	726	2,162	2,229	1,907	1,990	2,530	2,649	7,427	7,747
Private mortgage lending	2	6	128	147	698	726	2,162	2,229	1,907	1,990	2,530	2,649	7,427	7,747
Total	3,000	2,913	6,277	6,106	8,724	8,427	15,442	15,058	18,954	18,708	24,517	25,839	76,914	77,051

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, 2011.

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	
	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Trading assets	3	2	1	1	1	1	3	2	8	6	–	–
Held for trading	3	2	1	1	1	1	3	2	8	6	–	–
Loans and advances to customers	845	787	771	830	238	351	505	507	2,359	2,475	2,108	2,288
Loans and receivables	726	690	747	776	192	299	437	435	2,102	2,200	1,878	2,043
Private mortgage lending	617	587	733	676	133	140	248	219	1,731	1,622	1,583	1,182
Home-savings loans	44	31	10	20	24	28	56	50	134	129	144	117
Commercial loans	18	24	0	76	32	129	130	164	180	393	151	619
Installment loans	13	11	3	3	3	2	2	2	21	18	0	44
Other loans and advances	34	37	1	1	–	–	1	0	36	38	0	81
Fair value option	119	97	24	54	46	52	68	72	257	275	230	245
Private mortgage lending	119	97	24	54	46	52	68	72	257	275	230	245
Total	848	789	772	831	239	352	508	509	2,367	2,481	2,108	2,288

The carrying amount of financial assets that would have been past due or impaired, and the conditions of which have been renegotiated (renegotiated volume), amounted to €401.4 million (December 31, 2010: €463.3 million).

The following table shows all impaired financial assets as of March 31, 2011 and December 31, 2010, broken down into loans and advances to other banks for which specific valuation allowances have been recognized, loans and advances to customers, 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	
	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Trading assets	2	0	–	–	2	0	–	–
Held for trading	2	0	–	–	2	0	–	–
Loans and advances to other banks	53	95	35	36	18	59	–	–
Loans and receivables	53	95	35	36	18	59	–	–
Overnight money	36	77	35	36	1	41	–	–
Loans	17	18	–	–	17	18	–	–
Loans and advances to customers	3,792	3,891	1,597	1,576	2,195	2,315	2,146	2,057
Loans and receivables	3,725	3,819	1,596	1,575	2,129	2,244	2,086	1,993
Private mortgage lending	973	1,135	491	516	482	619	671	992
Home-savings loans	182	194	8	9	174	185	163	32
Commercial loans	1,454	1,415	552	535	902	880	1,252	965
Installment loans	700	661	224	204	476	457	0	4
Other loans and advances	416	414	321	311	95	103	–	–
Fair value option	67	72	1	1	66	71	60	64
Private mortgage lending	67	72	1	1	66	71	60	64
Investment securities	1,079	1,066	559	540	520	526	–	–
Loans and receivables	868	862	547	535	321	327	–	–
Available for sale	211	204	12	5	199	199	–	–
Bonds and other fixed-income securities	114	116	–	–	114	116	–	–
Investment fund shares	95	88	10	5	85	83	–	–
Total	4,926	5,052	2,191	2,152	2,735	2,900	2,146	2,057

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 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 rating agency (Standard & Poor's, Moody's, or Fitch Ratings). The portfolio is valued periodically using an internal valuation model that analyzes the individual portfolio components at underlying level.

As of March 31, 2011, the total volume of the portfolio amounted to €3.1 billion (December 31, 2010: €3.7 billion). The size of the portfolio declined as against the prior year-end, primarily due to instruments being returned to the arranger. SCP portfolios are very strictly monitored by Postbank and are subject to monthly impairment tests. Regular measurement of the portfolio using an internal model resulted in the recognition of total impairment losses of €4 million in the first three months of 2011, as well as remeasurement gains on embedded derivatives amounting to €12 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 €402 million, and the aggregate measurement losses recognized on embedded derivatives to €1,833 million. In addition, fair value changes amounting to €148 million were recognized in the revaluation reserve.

Postbank's securitization positions as of March 31, 2011 were as follows:

Securitization positions: volumes by rating category

Securitization positions	AAA		AA		A		BBB		< BBB		Total	
	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
CMBSs	15	19	64	73	63	79	45	46	10	29	197	246
RMBSs	195	240	130	120	87	94	48	41	49	51	509	546
Corporate CDOs	0	0	227	232	56	59	52	58	1,064	1,387	1,399	1,736
Non-corporate CDOs	0	0	15	17	7	7	100	106	487	547	609	677
Other ABSs	208	246	15	2	40	61	22	24	141	150	426	483
Total	418	505	451	444	253	300	267	275	1,751	2,164	3,140	3,688

The following table shows the securitization positions broken down by regional focus:

Securitization positions: volumes by regional focus

		CMBSs		RMBSs		Corporate CDOs		Non-corporate CDOs		Other ABSs[1]		Total	
		March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
in €m	Germany	66	81	132	133	–	–	–	–	23	28	221	242
	U.K.	82	88	96	98	2	5	–	–	80	87	260	278
	France	2	2	–	–	–	–	–	–	–	–	2	2
	Spain/Portugal	–	–	86	88	–	–	–	–	–	–	86	88
	Rest of Europe	47	75	155	183	444	447	75	75	19	19	740	799
	U.S.A.	–	–	38	41	377	405	302	361	269	293	986	1,100
	Others[2]	–	–	2	3	576	879	232	241	35	56	845	1,179
	Total	197	246	509	546	1,399	1,736	609	677	426	483	3,140	3,688
Relative distribution	Germany	33 %	33 %	26 %	24 %	–	–	–	–	5 %	6 %	7 %	7 %
	U.K.	42 %	35 %	19 %	18 %	0 %	0 %	–	–	19 %	18 %	8 %	8 %
	France	1 %	1 %	–	–	–	–	–	–	–	–	0 %	0 %
	Spain/Portugal	–	–	17 %	16 %	–	–	–	–	–	–	3 %	2 %
	Rest of Europe	24 %	31 %	30 %	34 %	32 %	26 %	12 %	11%	5 %	4 %	24 %	21 %
	U.S.A.	–	–	8 %	8 %	27 %	23 %	50 %	53 %	63 %	60 %	31 %	30 %
	Others[2]	–	–	0 %	0 %	41 %	51 %	38 %	36 %	8 %	12 %	27 %	32 %
	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, 2011, only a small number of securitization positions (total nominal amount: approximately €4 million) were hedged with monoliners (December 31, 2010: nominal amount of approximately €23 million). In addition, the CDO portfolio included a number of synthetic securitization structures with exposures to bond insurers.

The volume of Postbank's investor positions in commercial mortgage-backed securities (CMBSs) amounted to €197 million as of the reporting date (December 31, 2010: €246 million). These positions consist almost exclusively of European CMBSs with a regional focus on the United Kingdom and Germany.

Originator

In addition to being 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 had not conducted any securitization transactions relating to revolving counterparty credit risk.

PB Domicile 2006-1	€1,801 million	(Deutsche Postbank AG)
Provide Blue 2005-2	€1,861 million	(BHW Bausparkasse AG)
PB Domicilio 2007-1	€864 million	(BHW Bausparkasse AG)

In addition, Postbank 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 2010. The transaction is in deferred redemption and has a residual amount of approximately €34 million.

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 week. The results of the stress tests show that the Postbank Group's liquidity position is appropriate, despite what were at times very much tougher market conditions during the financial market crisis. This is due not least to the continuing stability of the customer deposit base and the Bank's extensive portfolio of highly liquid securities.

The following table shows the financial liabilities as of the March 31, 2011 and December 31, 2010 reporting dates, 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 held at call or that have a short maturity of usually three months but that are available to the Bank for a significantly longer period of time, statistically speaking.

Liabilities by remaining maturity

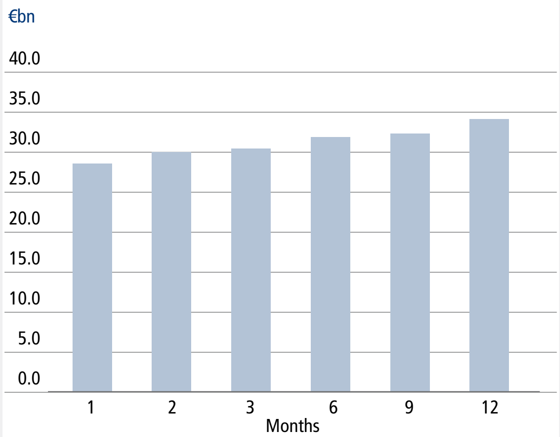
Liabilities	Payable on demand		≤ 3 months		> 3 months and ≤ 1 year		> 1 year and ≤ 5 years		> 5 years		Total	
	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Non-derivative liabilities	60,583	62,126	80,977	76,000	28,043	27,443	20,650	20,943	27,863	26,570	218,116	213,082
Deposits from other banks	578	1,172	14,135	9,569	2,968	3,202	5,703	5,823	4,498	4,457	27,882	24,223
Due to customers	38,042	38,355	61,128	62,133	22,077	20,949	6,096	6,238	16,653	16,833	143,996	144,508
Debt securities in issue	0	0	3,926	2,793	2,030	2,003	7,335	7,261	3,920	2,490	17,211	14,547
Subordinated debt	0	0	1,248	840	968	1,289	1,516	1,621	2,792	2,790	6,524	6,540
Other liabilities	0	0	540	665	0	0	0	0	0	0	540	665
Contingent liabilities and other obligations	21,963	22,599	0	0	0	0	0	0	0	0	21,963	22,599
Derivative liabilities	0	0	1,601	2,156	5,145	5,781	10,371	17,414	4,749	5,423	21,866	30,774
Hedging derivatives	0	0	48	120	208	198	647	850	699	770	1,602	1,938
Trading liabilities	0	0	1,553	2,036	4,937	5,583	9,724	16,564	4,050	4,653	20,264	28,836
Total	60,583	62,126	82,578	78,156	33,188	33,224	31,021	38,357	32,612	31,993	239,982	243,856

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, 2011 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 period, such as savings and checking account deposits, for the utilization probability of irrevocable loan commitments, and for 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 show that the Postbank Group has significant liquidity surpluses across all maturity bands, which serve as liquidity buffers for stress situations and hence underscore the Group's adequate cash position.

Liquidity status of the Postbank Group as of March 31, 2011



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.

The economic capital requirements for operational risk for the Bank as a whole and for the four individual business divisions are determined using the internal capital model. The capital model is based on a loss distribution approach (LDA) that initially uses internal and external loss events, supplemented by scenario data, in its calculations. A scorecard is used to assess the quality of operational risk management in the business divisions so as to enable qualitative modifications to be made to the capital amounts calculated for them using Monte Carlo simulations; this also represents a material incentive to improve operational risk management.

BaFin granted the Postbank Group approval to use the Advanced Measurement Approach (AMA) for calculating capital requirements for operational risk as of December 31, 2010.

Net operational risk losses in the first three months of 2011 amounted to approximately €16.6 million, a slight decrease as against the prior-year period (€18.4 million). Only a small proportion of these losses is due to individual major loss events; the majority stems from numerous cases of external fraud in Retail Banking. One focus here is on high-frequency losses such as credit card fraud, phishing, and transfer and credit fraud – incidents that cause only minor losses individually, but that occur in large numbers.

One of the main focuses in the fight against fraud is to communicate all material cases of fraud in a timely manner throughout the Bank via the FRAUD committee. Another focus is on raising the awareness of all employees involved in the relevant processes in order to ensure systematic and widespread early identification of cases of fraud. To complement this, a number of technical measures were initiated or have been largely implemented that are leading to a successive improvement in the situation.

The VaR limit for operational risk at overall bank level has been maintained at €600 million for 2011.

The following table shows the operational value at risk (OpVaR) after adjustment at the level of the Bank as a whole and of the individual divisions, for a confidence level of 99.93 %:

Business division	Operational value at risk (OpVaR)	
	March 31, 2011 €m	Dec. 31, 2010 €m
Retail Banking	191	198
Corporate Banking	56	56
Transaction Banking	50	73
Financial Markets	85	93
Postbank Group	382	420

Postbank's strategic focus on the retail and business customers segments can clearly be seen from the operational value at risk figures for the individual divisions. The Retail Banking business division has by far the highest capital requirements, at €191 million (December 31, 2010: €198 million).

Report on Expected Developments

At the beginning of 2011, the world's economy continued to expand. The International Monetary Fund (IMF) is projecting that the global economy will grow by 4.4 % this year and world trade will rise by 7.4 %. For 2012, the IMF is forecasting a slightly higher rise in global GDP and somewhat slower growth in world trade. Risks faced by the world's economy are being generated by the rising prices of raw materials and international crises. The need to consolidate government budgets in industrial countries also poses a major challenge and could dampen economic growth.

In the United States, the upswing had a rather broad base in the spring of 2011. The upward trend was seen in corporate investments, private consumption and in exports. The noticeable improvement in employment has created solid conditions for the economy to develop its own momentum. The expected weakness in construction, however, could act as an economic headwind. No widespread improvement is in sight here. For 2011, we nevertheless expect GDP to rise by 3.3 %.

In China, economic growth may hold at a high level in 2011. The IMF expects that growth, at 9.6 %, will be lower than last year as a result of efforts by the government and central bank to prevent the economy from overheating.

The Japanese economy will most likely continue to suffer extensively in the second quarter from the impact of the natural disasters. During the second half of the year, public sector investments related to the cleanup and rebuilding effort should rise substantially, triggering a positive economic turnaround. Even though it is difficult to estimate the disaster's overall impact, we expect GDP will fall by 0.5 % in 2011. For 2012, we expect to see a surge in economic growth, driven by the reconstruction of infrastructure, residential areas and production facilities.

The euro zone's economy may continue to recover in 2011. Momentum should be generated by corporate investments and exports. Private consumption, on the other hand, may grow only moderately, dampened by rising inflation rates and stubbornly high unemployment totals. Economic performance within the euro zone will most likely continue to differ greatly. In countries with high government deficits, the economic performance in 2011 may merely stagnate or even drop again, while other euro zone members can generate comparatively high growth rates. Overall, GDP growth will most likely be 2.0 % higher than the previous year's figure. For 2012, though, we expect the growth rate to slow slightly.

We believe the upswing being experienced by the German economy will rest on an extremely broad foundation. Exports and investments in machinery and equipment may rise steeply. Since investments in both private residential and commercial construction should revive, investments in construction are also expected to help fuel growth, despite the expiration of the government's infrastructure program. Furthermore, the rapid growth in employment should fuel private consumption. At 2.8 %, German GDP may grow much faster than that of the euro zone as a whole. Next year, though, GDP growth in Germany may slow. Joblessness should fall considerably again in 2011. On an average annual basis, we expect the unemployment rate will fall from last year's level of 7.7 % to 7.0 %.

We have thus raised our growth projections for Germany, the euro zone and the United States since we issued our last report. But the forecast for Japan has been revised significantly downward as a result of the foreseeable impact of the natural disaster.

Given the increasing inflationary risks, the ECB will most likely continue to raise its interest rates as the year of 2011 proceeds. We expect the main refinancing rate will be 1.75 % at the end of the year. But the ECB may keep its unconventional measures to refinance the banking industry in place indefinitely. In particular, we expect that the ECB will continue to support the full allotment of the main refinancing business beyond July. Money market rates in the euro zone may spike sharply as a result of the expected rise in interest rates. The three-month Euribor will likely be 2 % at the end of 2011. In making these statements, we have significantly increased our forecast for the ECB's benchmark interest rates and money market rates in the euro zone since our last report. We predict the U.S. Federal Reserve will boost interest rates for the first time in the fourth quarter of 2011 – to 0.5 %. Up to now, we had expected the Fed to take this step at the beginning of 2012. The expected rise in key interest rates would indeed be an indication of rising capital market interest rates, but the market may have already taken the impact of this shift in monetary policy into consideration to a certain degree. For this reason, we expect the yield of 10-year German bunds will rise only slightly to 3.5 % by year's end. As a result of the sharply rising short-term interest rates, the yield curve may become markedly flatter.

Overall, we foresee a higher yield level on the capital market for 2011 than we envisioned at the time of our last report.

Sector situation

Even after the end of the first quarter of 2011, many areas of the regulatory conditions applying to European financial institutions remain uncertain. On the EU level, no final decisions have been made about harmonizing deposit protection insurance, introducing a financial transaction or financial activities tax or creating an EU-wide banking levy.

The general economic conditions for the German banking industry are largely positive this year. Given the economy's good performance and the positive trends in the German job market, the creditworthiness of many borrowers may at least remain stable or continue to improve in 2011. For this reason, contributions to allowances for losses on loans and advances should be on the decline. On the other hand, the yield curve should flatten moderately during the year, making it difficult to achieve additional major increases in net interest income. The tough price-driven battle for private and, increasingly, corporate customers may cloud business prospects. Amid the challenging capital market environment, the contributions to earnings made by investment banking and proprietary trading may tend to stagnate over the mid-term at many German banks. The potential negative impact on earnings caused by the banking levy and other possible fees on the financial industry cannot be conclusively determined yet. As a result, we expect the majority of German banks at best to generate only moderate increases in earnings during 2011. The debt crisis of the EU periphery countries may produce further concerns this year, possibly causing a further negative impact on the trading books of some institutions, for example. Should the current situation lead to payment defaults or restructurings of government debt in the euro zone, such events would have a substantially negative impact on the financial sector.

Many lending institutions in Germany are indeed for sale or are undergoing a restructuring process – as a result of EU pressure. But a fundamental change in the three-pillar structure of the German banking landscape is not expected to occur.

Goals of Postbank

For 2011 and 2012, we expect the world economy will continue to recover. In Germany, the growth momentum should continue in 2011. We foresee a slowdown beginning no earlier than 2012. Business conditions in capital markets will likely remain fragile – as trends showed during the last quarters.

During the past fiscal year and in years to come – as was already described in the 2010 Annual Report – it can be expected that the acquisition of a majority interest and the anticipated closer relationship and integration of Postbank into the Deutsche Bank Group will have an impact on the Bank's future business performance and, as a result, on the mid- and long-term earnings situation of the Postbank Group and its business divisions. This could result in the possible assumption of Group-wide balance sheet and evaluation standards as well as measurement options and integration expenses. It can also be assumed that a potentially closer relationship of the companies could have an impact on the earnings situation in the operating business. Since it is not yet possible to provide a comprehensive evaluation of this impact given information available at the moment, the topic is not addressed in this outlook.

It must be borne in mind that estimations about Postbank's likely course of business in the current fiscal year and in 2012 are founded on a basis scenario of our economic expectations described in the 2010 Annual Report. Some possible effects of potentially severe setbacks and disruptions in international capital and real estate markets may also have to be taken into account. Furthermore, the continuing discussion about stricter regulations for the banking sector – such as deposit protection reform as well as a possible acceleration in the reduction of risk positions exceeding today's planning – could have a significant impact on Postbank's net assets, financial position, and results of operations.

The fiscal year 2010 earnings performance and the continuation of the positive trends in the first quarter of 2011 demonstrate that Postbank has a solid business model characterized by stable, sustainable income streams from its customer business as well as a good refinancing base. We remain firmly committed to the focus on private, corporate and business customers that we initiated in our strategy program Postbank4Future. The Bank will also continue to reduce its capital market related portfolios and risks.

On the basis of this, our expectations are unchanged from the assessment made in the Outlook section of the 2010 Annual Report: we expect Postbank will be able to continue the good performance of 2010 in 2011 and 2012 and, as a result, return to the profit zone on a long-term basis. During 2011 in particular, the positive trends in earnings contributions that we expect in the customer business will be hurt by negative trends in risk positions and a still elevated allowance for losses on loans and advances, meaning that the full operational strength of the Bank may be seen only gradually. Assessments of trends in the individual earnings lines that were presented in the 2010 Annual Report also apply in this prognosis. Given the development in operational administrative costs – i.e. costs before non-recurring effects – we assume that there will be a slight increase over the level in 2010, as was described in the Annual Report. With a view to the one-time effects already recognized in the first quarter, among other things, the overall cost base vis-à-vis 2010 will noticeably but temporarily increase, according to current estimates.

On the basis of our current understanding, we anticipate for the performance of the segments that the Retail Banking and Corporate Banking operating segments in particular should develop better than we originally expected for 2011, whereas the Financial Markets segment may perform worse.

We are determined to further expand the Postbank's strong position on the German market, and we are confident that we will move forward in our drive to generate profitable growth.

Interim Financial Statements

Consolidated Statement of Comprehensive Income for the Period January 1 to March 31, 2011

Consolidated Income Statement

	Note	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Interest income	(4)	1,708	1,798
Interest expense	(4)	–982	–1,123
Net interest income	(4)	726	675
Allowance for losses on loans and advances	(5)	–95	–140
Net interest income after allowance for losses on loans and advances		631	535
Fee and commission income	(6)	385	411
Fee and commission expense	(6)	–62	–68
Net fee and commission income	(6)	323	343
Net trading income	(7)	–2	–83
Net income from investment securities	(8)	82	28
Administrative expenses	(9)	–891	–692
Other income	(10)	22	29
Other expenses	(11)	–23	–29
Profit before tax		142	131
Income tax		–37	–34
Profit from ordinary activities after tax		105	97
Minority interest		0	–1
Consolidated net profit		105	96
Basic earnings per share (€)[1]		0.48	0.44
Diluted earnings per share (€)[1]		0.48	0.44

[1] There were an average of 218.8 million shares outstanding in both reporting periods.

Condensed Statement of Comprehensive Income

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Profit from ordinary activities after tax	105	97
Other comprehensive income after tax	– 12	86
Change in revaluation reserve	–19	115
thereof remeasurement gains/losses	–16	109
thereof disposals and impairment	–3	6
Change in currency translation reserve	1	8
Income tax relating to other comprehensive income	6	–37
Total comprehensive income for the period attributable to minority interest	0	–1
Total comprehensive income	93	182

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

Consolidated Income Statement: Quarterly Overview

	2011	2010			
	Q1 €m	Q4 €m	Q3 €m	Q2 €m	Q1 €m
Interest income	1,708	1,705	1,740	1,735	1,798
Interest expense	–982	–1,041	–1,019	–1,064	–1,123
Net interest income	726	664	721	671	675
Allowance for losses on loans and advances	–95	–112	–134	–175	–140
Net interest income after allowance for losses on loans and advances	631	552	587	496	535
Fee and commission income	385	409	385	381	411
Fee and commission expense	–62	–70	–67	–65	–68
Net fee and commission income	323	339	318	316	343
Net trading income	–2	–26	–92	–40	–83
Net income from investment securities	82	–55	0	26	28
Administrative expenses	–891	–788	–738	–716	–692
Other income	22	70	26	50	29
Other expenses	–23	–73	–30	–38	–29
Profit before tax	142	19	71	94	131
Income tax	–37	–99	–6	–37	–34
Profit/loss from ordinary activities after tax	105	–80	65	57	97
Minority interest	0	0	0	0	–1
Consolidated net profit/loss	105	–80	65	57	96

Condensed Statement of Comprehensive Income: Quarterly Overview

	2011	2010			
	Q1 €m	Q4 €m	Q3 €m	Q2 €m	Q1 €m
Profit/loss from ordinary activities after tax	105	–80	65	57	97
Other comprehensive income after tax	–12	–11	188	–25	86
Change in revaluation reserve	–19	–17	293	–51	115
thereof remeasurement gains/losses	–16	–53	286	–103	109
thereof disposals and impairment	–3	36	7	52	6
Change in currency translation reserve	1	5	–15	11	8
Income tax relating to other comprehensive income	6	1	–90	15	–37
Total comprehensive income for the period attributable to minority interest	0	0	0	0	–1
Total comprehensive income	93	–91	253	32	182

Consolidated Balance Sheet as of March 31, 2011

Assets	Note	March 31, 2011 €m	Dec. 31, 2010 €m
Cash reserve		5,519	3,248
Loans and advances to other banks	(12)	19,379	12,140
Loans and advances to customers	(13)	110,112	111,783
Allowance for losses on loans and advances	(15)	–1,753	–1,764
Trading assets	(16)	17,349	24,150
Hedging derivatives		608	664
Investment securities	(17)	55,462	58,980
Intangible assets	(18)	2,314	2,339
Property and equipment	(19)	817	826
Investment property		73	73
Current tax assets		316	321
Deferred tax assets		274	347
Other assets	(20)	779	695
Assets held for sale		–	882
Total assets		211,249	214,684

Equity and Liabilities	Note	March 31, 2011 €m	Dec. 31, 2010 €m
Deposits from other banks	(21)	25,984	22,419
Due to customers	(22)	136,139	136,476
Debt securities in issue	(23)	14,899	12,860
Trading liabilities	(24)	18,584	26,174
Hedging derivatives		1,112	1,451
Provisions	(25)	2,462	2,287
Current tax liabilities		90	77
Deferred tax liabilities		207	284
Other liabilities	(26)	540	665
Subordinated debt	(27)	5,512	5,577
Liabilities directly related to assets held for sale		–	787
Equity		5,720	5,627
a) Issued capital		547	547
b) Share premium		2,010	2,010
c) Retained earnings		3,054	2,928
d) Consolidated net profit		105	138
Minority interest		4	4
Total equity and liabilities		211,249	214,684

I Statement of Changes in Equity

	Issued capital €m	Share premium €m	Retained earnings €m	Currency translation reserve €m	Revaluation reserve €m	Consolidated net profit €m	Equity before minority interest €m	Minority interest €m	Total €m
Balance at Jan. 1, 2010	547	2,010	3,267	–151	–502	76	5,247	4	5,251
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
Dividend payment							–		–
Total comprehensive income April 1 – Dec. 31, 2010				1	151	42	194	–1	193
Treasury shares							–		–
Other changes							–	1	1
Balance at Dec. 31, 2010	547	2,010	3,343	–142	–273	138	5,623	4	5,627
Dividend payment							–		–
Changes in retained earnings			138			–138	0		0
Total comprehensive income Jan. 1 – March 31, 2011				1	–13	105	93		93
Treasury shares							–		–
Other changes							–		–
Balance at March 31, 2011	547	2,010	3,481	–141	–286	105	5,716	4	5,720

Condensed Cash Flow Statement

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Cash and cash equivalents at start of period	3,248	4,534
Net cash used in operating activities	−808	−2,633
Net cash from investing activities	3,126	2,434
Net cash from/used in financing activities	−47	27
Effects of exchange rate differences	0	0
Cash and cash equivalents at end of period	5,519	4,362

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[1]		Cost Centers/ Consolidation[1]		Group	
	Jan.1 – Mar. 31, 2011 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2011 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2011 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2011 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2011 €m	Jan.1 – Mar. 31, 2010 €m	Jan.1 – Mar. 31, 2011 €m	Jan.1 – Mar. 31, 2010 €m
Net interest income	639	563	146	151	–	–	−60	−38	1	−1	726	675
Net trading income	20	−13	–	–	–	–	−22	−70	–	–	−2	−83
Net income from investment securities	–	–	–	−6	–	–	27	34	55	–	82	28
Net fee and commission income	255	275	30	26	90	90	−4	1	−48	−49	323	343
Total income	914	825	176	171	90	90	−59	−73	8	−50	1,129	963
Administrative expenses	−535	−527	−39	−36	−74	−78	−27	−26	−216	−25	−891	−692
Allowance for losses on loans and advances	−61	−78	−34	−61	–	–	–	−1	–	–	−95	−140
Other income/expenses	1	−3	1	–	3	2	1	–	−7	1	−1	–
Profit/loss before tax	319	217	104	74	19	14	−85	−100	−215	−74	142	131
Revenues from external customers	908	818	175	170	43	42	−60	−73	63	6	1,129	963
Intersegmental revenues	6	7	1	1	47	48	1	0	−55	−56	0	0
Depreciation and amortization	−7	−4	0	0	−2	−2	0	0	−27	−28	−36	−34
Impairment losses	−7	−4	0	0	−2	−2	0	0	−27	−28	−36	−34
Reversal of impairment losses	0	0	0	0	0	0	0	0	0	0	0	0
Cost/income ratio (CIR)	58.5 %	63.9 %	22.2 %	21.1 %	82.2 %	86.7 %	−45.8 %	−35.6 %			78.9%	71.9 %
Return on equity before taxes (RoE)	80.8 %	54.8 %	112.4 %	104.8 %	–	–	−9.1 %	−11.5 %			9.9%	−9.7 %

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.

Segment reporting was modified as from 2011 as a result of changes in the organizational responsibilities at Group Management Board level. VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH is now allocated to the Transaction Banking segment (previously Retail Banking). Responsibility for banking and trading book results now lies with the Management Board member responsible for Financial Markets, and the results are reported by the Financial Markets segment. The results of the former Other segment have been transferred to the new Cost Centers/Consolidation segment together with the results of the former Consolidation segment. Additional adjustments were made in the context of the comprehensive changes to segment reporting, so that the figures reflect the organizational structure to a greater extent. The imputed return on equity was adjusted in line with the overnight rate. The Group's key earnings indicators remain unchanged; only the allocation to the segments has changed.

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.

The profit/loss before tax for this segment comprises the operating profit/loss of Deutsche Postbank AG's Retail Banking operations, the

[1] Prior-year figures adjusted

BHW subgroup (excluding BHW Bausparkasse AG's banking and trading book results), Postbank Filialvertrieb AG, Postbank Filial GmbH, and Postbank Direkt 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. The division's third business area is factoring and leasing.

The profit/loss before tax for this segment comprises the profit/loss of the corporate banking business of Deutsche Postbank AG, PB Firmenkunden AG, the corporate banking business of PB Capital Corp., Postbank Leasing GmbH, PB Factoring GmbH, the corporate banking business of the London branch, and the corporate banking business of 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. Its earnings comprise the earnings of the BCB subgroup and those of VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH.

The results of the Group's financial markets transactions (banking and trading books) and of fund administration and management for a number of Postbank's retail funds and for special funds have been assigned to the Financial Markets business division.

The profit/loss before tax for the segment comprises the banking and trading books of Deutsche Postbank AG, BHW Bausparkasse AG, PB Capital Corp., the London branch, and the profit/loss of the Deutsche Postbank International S.A. (not including the corporate banking business), Deutsche Postbank Vermögens-Management S.A., Luxembourg, and Deutsche Postbank Financial Services GmbH subsidiaries.

The Cost Centers/Consolidation segment comprises Group consolidations – less intrasegment consolidation adjustments – plus the profit/loss of the cost centers and their unallocated overhead costs. In addition, the profit/loss includes the profit/loss of the Postbank Systems AG, Postbank Immobilien und Baumanagement GmbH, and Postbank Support GmbH subsidiaries, which are allocated to the cost centers. The reconciliation to consolidated profit also falls within this segment.

In addition to the profit/loss in the income statement of the business units allocated to the business divisions, imputation procedures are applied to ensure correct allocation of the segment profit/loss. 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 prior-year figures were adjusted in the course of the changes made to the business unit accounting described above. The main changes in the figures for the first quarter of 2010 are described below.

Income in the Retail Banking segment declined by €4 million. This is due to the reassignment of the banking and trading books to the Financial Markets segment, the allocation of VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH to the Transaction Banking segment, the change in the way net fee and commission income is allocated between the cost centers and the Retail Banking segment, and the recognition of intrasegment consolidation adjustments. Administrative expenses declined by €13 million as a consequence of the reassignment of the banking and trading books, the allocation of VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH to the Transaction Banking segment, the recognition of intrasegment consolidation adjustments, and the modifications made to cost allocation with the aim of correctly reproducing the new Management Board responsibilities. Other income declined by €1 million due to the allocation of VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH to the Transaction Banking segment. As a result, profit before tax for the segment increased by a total of €8 million.

The effects in the Corporate Banking segment were mainly due to the reallocation of the banking and trading books to the Financial Markets segment. This led to an increase in income of €4 million. Administrative expenses declined by €3 million due to the reallocation of the banking and trading books and the modifications made to cost allocation with the aim of correctly reproducing the redefined Management Board responsibilities. The allowance for losses on loans and advances decreased by €5 million due to the reallocation of the banking and trading books. As a result, profit before tax for the segment rose by €12 million.

Profit before tax for the Transaction Banking segment grew by €1 million due to the reallocation of VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH (income: €3 million, administrative expenses: €3 million, other income: €1 million).

In the Financial Markets segment, income declined by €128 million as a result of reallocation of the banking and trading books to this segment. The €3 million increase in administrative expenses is also due to this as well as to the modifications to cost allocation made to correctly reproduce Management Board responsibilities. The allowance for losses on loans and advances increased by €5 million due to the allocation of the banking and trading books. Profit before tax for the segment fell by €136 million.

The new Cost Centers/Consolidation segment combines the remaining results of the previous Other and Consolidation segments. The income generated by the new segment rose by €125 million in comparison to the total income for the two previous segments. This was due to the allocation of Postbank's banking and trading books, which were previously allocated to the Other segment, to the Financial Markets segment, as well as to the recognition of additional consolidation adjustments and the modifications to the way net fee and commission income is allocated between the cost centers and the Retail Banking segment. Administrative expenses rose by €10 million due to the recognition of additional consolidation adjustments and the modifications made to cost allocation with the aim of correctly reproducing the Management Board responsibilities. Overall, profit before tax for the segment increased by €115 million.

The transfer of market risk and of the credit risk relating to the banking and trading books to the Financial Markets segment led to a change in the average equity reported under the IFRSs assigned to the segments: whereas it declined in the Retail Banking, Corporate Banking, and Cost Centers/Consolidation (previously Other and Consolidation) segments, it rose by €2,631 million in the Financial Markets segment.

The allocation of VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH – which was previously assigned to the Retail Banking segment – to the Transaction Banking segment resulted in a change of €1 million in both the depreciation/amortization and the impairment losses calculated for the comparative period of 2010. This was also the reason why intersegment income in the Transaction Banking segment declined by €3 million and increased by €6 million in the Retail Banking segment due to commission agreements between these segments.

Company level disclosures

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

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010[1] €m
Deposits and loans for Retail and Corporate Banking customers	768	744
Payment transaction services for Retail and Corporate Banking customers	93	102
Retail and Corporate Banking fee and commission income	145	143
Transaction Banking insourcing (net fee and commission income)	43	42
Others	80	– 68
Total	1,129	963

[1] Prior-year figures adjusted

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 includes the Group's net trading income and net income from investment securities, among other things, and hence reflects the significant effects of the financial markets crisis.

The reallocation of income from the banking and trading books to the Financial Markets segment, as opposed to the Corporate Banking segment as was previously the case, led to a reduction of €13 million in the prior-year figure for the Deposits and loans for Retail and Corporate Banking customers product. The allocation of VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH to the Transaction Banking segment increased the prior-year figure for the Transaction Banking insourcing product by €6 million. The Others item rose by €7 million as a result.

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

The Others region 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.

Germany comprises all domestic business units including all consolidation adjustments.

	Income		Profit before tax		Non-current assets	
	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m	Jan. 1 – March 31, 2011 €m	Jan. 1 – December 31, 2010 €m
Germany	1,022	865	64	82	3,196	3,228
Others	107	98	78	49	8	10
Europe	71	81	55	49	5	5
U.S.A.	30	10	19	−5	3	3
Asia	6	7	4	5	–	2
Total	1,129	963	142	131	3,204	3,238

Non-current assets comprise intangible assets, property and equipment, and investment property.

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 (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 2010 consolidated financial statements were applied in preparing the interim financial statements for the period ended March 31, 2011.

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.

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 period under review: IAS 24 (rev. 2009) "Related Party Disclosures" and "Annual Improvements Project 2010". The amendments to IAS 24 resulted in an increase in the number of related parties for Postbank (see Note 33). Apart from this, 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, 50 (December 31, 2010: 51) subsidiaries that are presented in the following overview are included in the consolidated financial statements as of March 31, 2011.

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	
Merkur I SICAV-FIS, Luxembourg, Luxembourg	100.0	
PB (USA) Holdings Inc., Wilmington, Delaware, U.S.A.	100.0	
PB Factoring GmbH, 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 Vermögens-Management S.A., Munsbach, Luxembourg		100.0
DPBI Immobilien KGaA, Munsbach, Luxembourg		100.0
Merkur II SICAV-FIS, Luxembourg, 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 Firmenkunden AG, Bonn		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
PMG Collins LLC, Tallahassee, Florida, U.S.A.		100.0
Postbank Filial GmbH, Bonn		100.0
Postbank Support GmbH, Cologne		100.0
Postbank Versicherungsvermittlung GmbH, Bonn		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	

Deutsche Postbank Home Finance Ltd. (India), a wholly owned subsidiary of BHW Holding AG, was sold in March 2011. The company was deconsolidated as of March 31, 2011. The sale of the company resulted in a gain of €55 million. At the date of disposal, the company's assets amounted to €840 million and its liabilities amounted to €747 million.

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.

There were no other changes in the basis of consolidation. Overall, the changes in the basis of consolidation have had no material impact on the net assets, financial position, and results of operations of the Group.

Statement of comprehensive income disclosures

(4) Net interest income

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Interest and current income		
Interest income from:		
Lending and money market transactions	1,321	1,315
Fixed-income and book-entry securities	375	468
Trading operations	10	4
Net gains/losses on hedges	−3	7
	1,703	1,794
Current income from:		
Equities and other non-fixed income securities	5	4
Investments in associates	–	–
	5	4
	1,708	1,798
Interest expense on:		
Deposits	683	722
Debt securities in issue	93	115
Subordinated debt	63	64
Swaps	141	215
Trading operations	2	7
	982	1,123
Total	726	675

€1,639 million (previous year: €1,697 million) of interest income relates to financial instruments classified as loans and receivables, €0 million (previous year: €1 million) to financial instruments classified as held to maturity, and €58 million (previous year: €85 million) to financial instruments classified as available for sale.

Interest income from lending and money market transactions includes €29 million (previous year: €34 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, 2011 €m	Jan. 1 – March 31, 2010 €m
Gains/losses on the fair value remeasurement of hedged items	−296	361
Gains/losses on the fair value remeasurement of hedging instruments	293	−354
Total	−3	7

(5) Allowance for losses on loans and advances

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Cost of additions to allowance for losses on loans and advances		
Specific valuation allowances	190	200
Portfolio-based valuation allowances	2	–
Cost of additions to provisions for credit risks	26	9
Direct loan write-offs	11	6
Income from the reversal of the allowance for losses on loans and advances		
Specific valuation allowances	90	63
Portfolio-based valuation allowances	31	2
Income from the reversal of provisions for credit risks	5	5
Recoveries on loans previously written off	8	5
Total	95	140

€74 million (previous year: €136 million) of the allowance for losses on loans and advances relates to the loans and receivables category. €21 million was added to the allowance for losses on loans and advances for guarantees, warranties, and irrevocable loan commitments (previous year: addition of €4 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, 2011 €m	Jan. 1 – March 31, 2010 €m
Additions		
Private mortgage lending	76	70
Home savings loans	1	1
Commercial loans	76	94
Installment credits	20	12
Other loans and advances	17	21
Portfolio-based valuation allowances	2	–
Total	192	198

€0 million (previous year: €2 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, 2011 €m	Jan. 1 – March 31, 2010 €m
Reversal		
Private mortgage lending	45	21
Home savings loans	1	1
Commercial loans	38	31
Installment credits	0	2
Other loans and advances	6	8
Portfolio-based valuation allowances	31	2
Total	121	65

(6) Net fee and commission income

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Checking account business	84	89
Securities business	26	33
Lending and guarantee business	30	25
Branch business	107	106
Other fee and commission income	76	90
Total	323	343

(7) Net trading income

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Net income from interest rate products	–6	17
Net gain/loss on derivatives carried in the trading portfolio and the banking book	10	–96
Net gain/loss from application of the fair value option	9	–6
Net income from equities	1	1
Foreign exchange gain/loss	–15	2
Net fee and commission income in the trading portfolio	–1	–1
Total	–2	–83

The net gain on derivatives in the trading portfolio and the banking book includes a loss on asset/liability management amounting to €10 million (previous year: gain of €11 million).

The net gain on derivatives also includes gains on the measurement of embedded derivatives from structured credit products of €12 million (previous year: losses of €82 million), and capital-guaranteed promissory note loans (CPPIs) of €5 million (previous year: losses of €7 million).

(8) Net income from investment securities

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Net income from loans-and-receivables investment securities	8	15
thereof: net income from sale	11	30
Gains on sale	29	108
Losses on sale	18	78
thereof: net impairment loss	–3	–15
Net income from available-for-sale investment securities	10	19
thereof: net income from sale	10	20
Gains on sale	14	38
Losses on sale	4	18
thereof: net impairment loss	0	–1
Net income from loans to other banks	1	–
thereof: net income from sale of loans and receivables	1	–
Net income from loans to customers	8	–
thereof: net income from sale of loans and receivables	8	–
Net income from investments in associates	55	–6
Total	82	28

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Net income from bonds and promissory note loans	30	45
Net income from equities and other non-fixed-income securities	0	5
Net income from investments in associates	55	–6
Impairment	–3	–16
Total	82	28

€4 million (previous year: €16 million) of the net impairment loss on investment securities relates to structured credit products, €1 million (previous year: €1 million) to other debt instruments, and €0 million (previous year: €–1 million) to retail funds and investments.

(9) Administrative expenses

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Staff costs	521	353
Other administrative expenses	334	305
Amortization of intangible assets	20	18
Depreciation and writedowns of property and equipment	16	16
Total	891	692

(10) Other income

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31,2010 €m
Income for property and equipment	7	6
Miscellaneous	15	23
Total	22	29

(11) Other expenses

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Other taxes	1	1
Expenses from property and equipment	1	–
Miscellaneous	21	28
Total	23	29

Balance sheet disclosures

(12) Loans and advances to other banks

	March 31, 2011 €m	Dec. 31, 2010 €m
Payable on demand	3,723	4,434
Other loans and advances	15,656	7,706
Total	19,379	12,140

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

€7,058 million (December 31, 2010: €4,148 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, 2011 €m	Dec. 31, 2010 €m
Securities repurchase agreements	12,044	3,630
Overnight money	3,527	4,294
Loans	3,057	3,453
Registered bonds	395	400
Term deposits	299	191
Other loans and advances	57	172
Total	19,379	12,140

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, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Financial collateral	11,923	3,587	59	111
Non-financial collateral	–	–	–	–
Total	11,923	3,587	59	111

(13) Loans and advances to customers

	March 31, 2011 €m	Dec. 31, 2010 €m
Private mortgage lending	70,285	70,459
Home savings loans	3,680	3,713
Commercial loans	28,900	30,284
Public sector	2,534	2,433
Installment credits	3,905	3,880
Other loans and advances	808	1,014
Total	110,112	111,783

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

	March 31, 2011 €m	Dec. 31, 2010 €m
Loans and receivables	102,361	103,689
Fair value option	7,751	8,094
Total	110,112	111,783

€85,235 million (December 31, 2010: €84,604 million) of loans and advances to customers is due after more than 12 months.

(14) Total credit extended

	March 31, 2011 €m	Dec. 31, 2010 €m
Loans and advances to other banks	19,379	12,140
Loans and advances to customers	110,112	111,783
Guarantees	864	1,036
Total	130,355	124,959

(15) Allowance for losses on loans and advances

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

	March 31, 2011 €m	Dec. 31, 2010 €m
Specific valuation allowances	1,631	1,612
Portfolio-based valuation allowances	122	152
Total allowances for losses on loans and advances	1,753	1,764
Provisions for credit risks	54	34
Total	1,807	1,798

€36 million (December 31, 2010: €36 million) of the allowance for losses on loans and advances relates to loans and advances to other banks and €1,717 million (December 31, 2010: €1,728 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	
	2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m
Balance at Jan. 1	1,612	1,491	152	150	1,764	1,641
Additions						
Allowance charged to the income statement	190	200	2	–	192	200
Disposals						
Utilization	44	29	–	–	44	29
Allowance reversed to the income statement	90	63	31	2	121	65
Unwinding	29	34	–	–	29	34
Currency translation differences	8	–8	1	–1	9	–9
Balance at March 31	1,631	1,573	122	149	1,753	1,722

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

	March 31, 2011 €m	Dec. 31, 2010 €m
Specific valuation allowances		
Private mortgage lending	491	517
Home savings loans	8	9
Commercial loans	552	535
Installment credits	224	204
Other loans and advances	321	311
Portfolio-based valuation allowances	121	152
Total	1,717	1,728

(16) Trading assets

	March 31, 2011 €m	Dec. 31, 2010 €m
Bonds and other fixed-income securities	493	728
Equities and other non-fixed-income securities	11	13
Building loans held for trading	176	188
Positive fair values of derivatives carried as trading assets	15,963	22,395
Positive fair values of banking book derivatives	514	562
Positive fair values from derivatives relating to hedged items accounted for under the fair value option	192	264
Total	17,349	24,150

€12,700 million (December 31, 2010: €18,854 million) of the trading assets item is due after more than 12 months.

(17) Investment securities

	March 31, 2011 €m	Dec. 31, 2010 €m
Bonds and other fixed-income securities		
Loans and receivables	46,240	50,032
Available for sale	8,009	7,739
	54,249	57,771
Equities (available for sale)	2	2
Investment fund shares (available for sale)	1,168	1,164
Investments in associates (available for sale)	20	19
Investments in unconsolidated subsidiaries (available for sale)	23	24
Total	55,462	58,980

Holdings of €47,704 million (December 31, 2010: €50,286 million) are due after more than 12 months.

Investment securities were furnished as collateral for the following liabilities:

	March 31, 2011 €m	Dec. 31, 2010 €m
Liabilities	9,010	11,009
Contingent liabilities	11	11
Total	9,021	11,020

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, 2011, the total amount of securities reclassified in accordance with IAS 39.50E had a fair value of €22.8 billion and a carrying amount of €24.2 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 €1,394 million (December 31, 2010: €1,533 million) in the period up to March 31, 2011.

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.

Impairments of €28 million (previous year €36 million) were charged for all reclassified securities in the period up to March 31, 2011; disposal losses on reclassified securities amounted to €3 million (previous year disposal gain of €15 million).

Interest amounting to €167 million (previous year: €209 million) accrued for the reclassified securities up to March 31, 2011.

(18) Intangible assets

	March 31, 2011 €m	Dec. 31, 2010 €m
Acquired goodwill	1,642	1,651
Acquired software, concessions, industrial rights	576	589
Internally generated intangible assets and software	71	77
Advance payments on intangible assets and in-process intangible assets	25	22
Total	2,314	2,339

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 €77 million (December 31, 2010: €78 million); those for beneficial contracts amounted to €44 million (December 31, 2010: €46 million).

(19) Property and equipment

	March 31, 2011 €m	Dec. 31, 2010 €m
Land and buildings	664	668
Operating and office equipment	151	156
Advance payments and assets under development	2	2
Total	817	826

(20) Other assets

	March 31, 2011 €m	Dec. 31, 2010 €m
Prepaid expenses	587	492
Trade receivables	81	83
Receivables from tax authorities	15	16
Advances to members of the mobile sales force	14	13
Miscellaneous	82	91
Total	779	695

Other assets amounting to €440 million (December 31, 2010: €461 million) have a maturity of more than 12 months.

(21) Deposits from other banks

	March 31, 2011 €m	Dec. 31, 2010 €m
Payable on demand	1,112	2,233
With an agreed maturity or withdrawal notice	24,872	20,186
Total	25,984	22,419

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

€10,576 million (December 31, 2010: €10,781 million) of deposits from other banks is due after more than 12 months.

(22) Due to customers

	March 31, 2011 €m	Dec. 31, 2010 €m
Savings deposits	49,790	50,365
Home savings deposits	17,507	17,173
Other amounts due		
Payable on demand	38,039	37,641
With an agreed maturity or withdrawal notice	30,803	31,297
	68,842	68,938
Total	136,139	136,476

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

€33,913 million (December 31, 2010: €33,924 million) of the amounts due to customers is due after more than 12 months.

(23) Debt securities in issue

	March 31, 2011 €m	Dec. 31, 2010 €m
Public-sector *Pfandbriefe*	1,839	1,829
Mortgage *Pfandbriefe*	5,640	4,887
Other debt instruments	7,420	6,144
Total	14,899	12,860

The Mortgage Pfandbriefe item includes the issue of a *Jumbo Hypothekenpfandbrief* in 2011 with a volume of €1.0 billion.

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

€9,495 million (December 31, 2010: €8,462 million) of debt securities in issue is due after more than 12 months.

(24) Trading liabilities

	March 31, 2011 €m	Dec. 31, 2010 €m
Negative fair values of trading derivatives	16,353	23,031
Negative fair values of banking book derivatives	1,475	2,075
Negative fair values from derivatives relating to hedged items accounted for under the fair value option	748	1,060
Delivery obligations under securities sold short	8	8
Total	18,584	26,174

€13,971 million (December 31, 2010: €20,735 million) of trading liabilities is due after more than 12 months.

(25) Provisions

	March 31, 2011 €m	Dec. 31, 2010 €m
Provisions for pensions and other employee benefits	1,133	1,126
Provisions for home savings business	839	842
Other provisions	490	319
Total	2,462	2,287

€1,904 million (December 31, 2010: €1,831 million) of recognized provisions is due after more than 12 months.

(26) Other liabilities

	March 31, 2011 €m	Dec. 31, 2010 €m
Trade payables	123	107
Liabilities from expenses for management bonuses	85	62
Liabilities from expenses for outstanding invoices	84	81
Liabilities from expenses for outstanding vacation entitlements and other compensated absences	52	41
Liabilities from expenses for commissions and premiums	39	47
Deferred income	38	39
Liabilities from other taxes	31	168
Miscellaneous liabilities	88	120
Total	540	665

€51 million (December 31, 2010: €49 million) of other liabilities is due after more than 12 months.

(27) Subordinated debt

	March 31, 2011 €m	Dec. 31, 2010 €m
Subordinated liabilities	2,512	2,545
Hybrid capital instruments	1,730	1,777
Profit participation certificates outstanding	1,245	1,230
Contributions by typical silent partners	25	25
Total	5,512	5,577

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

€4,927 million (December 31, 2010: €5,134 million) of subordinated debt is due after more than 12 months.

Other disclosures

(28) Contingencies and other obligations

	March 31, 2011 €m	Dec. 31, 2010 €m
Contingent liabilities		
on guarantees and warranties	864	1,036
Other obligations		
irrevocable loan commitments	9,061	9,469
of which: building loans provided	2,616	2,409
Miscellaneous obligations	12,038	12,094
Total	21,963	22.599

(29) 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:
Quoted prices in markets for identical assets or liabilities are available for portfolios classified as Level 1. In other words, quoted prices for an identical financial instrument are the only inputs used for Level 1 fair value measurement. Level 1 therefore comprises all highly liquid securities and exchange-traded derivatives.

Level 2:
The inputs used for fair value measurement of financial instruments in Level 2 are either prices quoted in active markets for similar instruments or valuation techniques whose inputs are only based on directly or indirectly observable market data. These include non-exchange-traded derivatives (e.g. swaps, caps, floors, CDSs) as well as bonds and promissory note loans that are valued using yield and spread curves, and volatilities.

Level 3:
Level 3 fair values are 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 the individual classes of financial instruments to the corresponding levels in the fair value hierarchy:

Assets measured at fair value	March 31, 2011				
		Fair value reported in:			
Classes	March 31, 2011 €m	Level 1 €m	Level 2 €m	Level 3 €m	December 31, 2010 €m
Financial assets at fair value through profit or loss (FVtPL)					
Trading assets	17,349	469	16,870	10	24,150
Hedging derivatives	608	0	608	0	664
Loans and advances to customers	7,751	0	7,751	0	8,094
Available-for-sale financial assets					
Investment securities	9,222	4,966	2,950	1,306	8,948
Loans and advances to other banks	0	0	0	0	0
Total	34,930	5,435	28,179	1,316	41,856

Liabilities measured at fair value	March 31, 2011				
		Fair value reported in:			
Classes	March 31, 2011 €m	Level 1 €m	Level 2 €m	Level 3 €m	December, 31, 2010 €m
Financial liabilities at fair value through profit or loss (FVtPL)					
Trading liabilities	18,584	8	18,199	377	26,174
Hedging derivatives	1,112	0	1,112	0	1,451
Total	19,696	8	19,311	377	27,625

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

	March 31, 2011		Dec. 31, 2010	
	Carrying amount €m	Full fair value €m	Carrying amount €m	Full fair value €m
Assets				
Cash reserve	5,519	5,519	3,248	3,248
Loans and advances to other banks (loans and receivables)	19,379	19,308	12,140	12,101
Loans and advances to customers (loans and receivables)	102,361	105,896	103,689	109,029
Allowance for losses on loans and advances	–1,753	–1,753	–1,764	–1,764
Investment securities (loans and receivables)	46,240	44,307	50,032	47,992
Investment securities (held to maturity)	0	0	0	0
	171,746	173,277	167,345	170,606
Liabilities				
Deposits from other banks (liabilities at amortized cost)	25,984	25,789	22,419	22,403
Due to customers (liabilities at amortized cost)	136,139	137,050	136,476	137,831
Debt securities in issue and subordinated debt	20,411	20,018	18,437	17,977
	182,534	182,857	177,332	178,211

(30) Derivatives

The Postbank Group uses derivatives to hedge positions as part of its asset/liability management policy. They 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, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Trading derivatives	764,093	809,846	16,669	23,221	18,576	26,166
Hedging derivatives	31,917	33,683	608	664	1,112	1,451
Total	796,010	843,529	17,277	23,885	19,688	27,617

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, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m	March 31, 2011 €m	Dec. 31, 2010 €m
Trading derivatives						
Foreign currency derivatives	25,846	17,652	307	261	206	229
Interest rate derivatives	735,381	788,651	16,290	22,871	17,963	25,275
Equity/index derivatives	184	256	1	5	11	11
Credit derivatives	2,682	3,287	71	84	396	651
Total holdings of trading derivatives	764,093	809,846	16,669	23,221	18,576	26,166
Hedging derivatives						
Fair value hedges	31,917	33,683	608	664	1,112	1,451
Total holdings of hedging derivatives	31,917	33,683	608	664	1,112	1,451
Total holdings of derivatives	796,010	843,529	17,277	23,885	19,688	27,617

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

(31) Risk-weighted assets and capital ratio

Postbank ensures the correct determination of liable capital and own funds at subgroup 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, 2011 €m	Dec. 31, 2010 €m
Credit and counterparty risk	55,213	58,100
Market risk positions	4,087	3,863
Operational risk	4,050	4,400
Total capital charge	63,350	66,363
Tier 1 capital	5,480	5,381
thereof: hybrid capital instruments	1,620	1,620
Tier 2 capital	1,994	2,124
thereof: profit participation certificates outstanding	1,149	1,149
thereof: subordinated liabilities	2,039	2,147
Tier 3 capital	0	0
Eligible own funds	7,474	7,505
Tier 1 ratio including market risk in %	8.7	8.1
Capital ratio in %	11.8	11.3

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. Postbank makes use of the transitional provision set out in section 64h (3) sentence 2 of the KWG, whereby half of the asset-side balancing item pursuant to section 10a (6) sentence 10 of the KWG may continue to be deducted from Tier 1 capital and half from Tier 2 capital instead of goodwill for equity investments acquired up to December 31, 2006.

(32) Risk capital

The following table shows the Postbank Group's authorized risk capital, broken down by risk types, before and after factoring in correlation effects together with the risk cover amount. The figures are given as of March 31, 2011 compared with December 31, 2010.

Risk capital by risk types		
	Allocated risk capital	
Capital and risk components	Mar. 31, 2011 €m	Dec. 31, 2010 €m
Market risk	2,456	2,456
Credit risk	2,200	2,200
Operational risk	600	600
Investment and real estate risk	100	100
Collective risk	500	500
Business risk	2,100	2,100
Total before diversification	7,956	7,956
Diversification effects	1,057	1,449
Total after diversification	6,899	6,507
Unallocated risk cover amount	4,554	5,014
Total risk cover amount	11,453	11,521

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

(33) Related party disclosures

The amended definition of related parties contained in IAS 24 rev. 2009 led to an increase in Deutsche Postbank AG's related parties in comparison to the information provided in the 2010 Annual Report, with the subsidiaries and joint ventures, and their subsidiaries, of Deutsche Post AG and the subsidiaries of the joint ventures and associates of Deutsche Bank AG now also being included. The existing material relationships with these companies are now disclosed under relationships with other related parties.

The amendments to IAS 24 (IAS 24 rev. 2009) must be applied retrospectively. The figures for the comparative periods were adjusted.

Related party receivables

	Mar. 31, 2011 €m	Dec. 31, 2010 €m
Loans and advances to other banks		
Deutsche Bank AG	575	641
Other related parties	4	0
	579	641
Loans and advances to customers		
Companies with a significant influence	74	75
Subsidiaries	5	6
Other related parties	61	109
	140	190

Loans and advances to other banks relating to Deutsche Bank AG 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, 2011 €m	Dec. 31, 2010 €m
Trading assets		
Deutsche Bank AG	2,329	3,359
	2,329	3,359
Hedging derivatives		
Deutsche Bank AG	54	85
	54	85
Investment securities		
Deutsche Bank AG	100	131
	100	131

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

	March 31, 2011 €m	Dec. 31, 2010 €m
Other assets		
Deutsche Bank AG	3	9
Companies with a significant influence	14	5
Subsidiaries	1	1
Other related parties	3	1
	21	16

Related party payables

	March 31, 2011 €m	Dec. 31, 2010 €m
Deposits from other banks		
Deutsche Bank AG	3,150	92
Other related parties	19	18
	3,169	110
Due to customers		
Companies with a significant influence	362	304
Subsidiaries	51	51
Other related parties	178	108
	591	463
Trading liabilities		
Deutsche Bank AG	2,488	3,857
	2,488	3,857
Hedging derivatives		
Deutsche Bank AG	25	32
	25	32
Other liabilities		
Deutsche Bank AG	2	1
Companies with a significant influence	53	43
Subsidiaries	2	2
Other related parties	7	2
	64	48
Subordinated debt		
Subsidiaries	56	56
	56	56

Amounts due to subsidiaries relate primarily to a term deposit by Postbank P.O.S. Transact GmbH at Deutsche Postbank International S.A.

The other liabilities due to companies with a significant influence relate in particular 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 reporting date, contingent liabilities from guarantees and warranty obligations to Deutsche Post AG amounted to €3 million (December 31, 2010: €3 million). There are contingent liabilities from warranty obligations to Deutsche Bank AG amounting to €43 million at the reporting date (December 31, 2010: €36 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

	Jan. 1 – March 31, 2011 €m	Jan. 1 – March 31, 2010 €m
Interest income		
Deutsche Bank AG	3	0
Companies with a significant influence	3	5
	6	5
Interest expense		
Deutsche Bank AG	9	0
Companies with a significant influence	1	7
Subsidiaries	0	1
	10	8
Fee and commission income		
Deutsche Bank AG	11	0
Companies with a significant influence	105	107
Subsidiaries	1	1
Other related parties	2	4
	119	112
Fee and commission expense		
Subsidiaries	2	2
	2	2
Net trading income		
Deutsche Bank AG	43	0
Companies with a significant influence	0	–121
	43	–121
Net income from investment securities		
Deutsche Bank AG	–4	0
	–4	0
Administrative expenses		
Deutsche Bank AG	2	0
Companies with a significant influence	79	50
Subsidiaries	3	5
Other related parties	40	37
	124	92
Other income		
Subsidiaries	1	0
Other related parties	6	4
	7	4
Other expenses		
Companies with a significant influence	5	0
	5	0

The fee and commission income from companies with a significant influence mainly relates to remuneration from Deutsche Post AG for the postal services provided in the Postbank 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.

(34) Members of executive bodies

Management Board

The members of the Management Board of Deutsche Postbank AG are:	
Stefan Jütte, Bonn (Chairman)	
Mario Daberkow, Bonn	
Marc Hess, Bonn	
Horst Küpker, Bad Honnef	
Michael Meyer, Bonn	
Hans-Peter Schmid, Baldham	
Ralf Stemmer, Königswinter	
Hanns-Peter Storr, Schwäbisch-Gmünd	since March 1, 2011

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

1. Shareholder representatives	
Rainer Neske, Member of the Management Board of Deutsche Bank AG, Bad Soden (Chairman since January 1, 2011)	
Hugo Bänziger, Member of the Management Board of Deutsche Bank AG, London	since February 1, 2011
Wilfried Boysen, businessman, Hamburg	
Edgar Ernst, management consultant, Bonn	
Tessen von Heydebreck, previously Member of the Management Board of Deutsche Bank AG and current Chairman of the Board of Deutsche Bank Foundation, Berlin	
Peter Hoch, Munich	
Ralf Krüger, management consultant, Kronberg	
Hans-Dieter Petram, consultant, 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, Dreieich	

2. Employee representatives
Frank Bsirske, Chairman of the ver.di Trade Union, Berlin (Deputy Chairman)
Wilfried Anhäuser, Member of Postbank Filialvertrieb AG's 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
Timo Heider, Chairman of the General Works Councils of BHW Bausparkasse AG and Postbank Finanzberatung AG, Hamelin
Elmar Kallfelz, Chairman of Deutsche Post AG's European Works Council, Wachtberg
Eric Stadler, Chairman of Betriebs-Center für Banken 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 material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Bonn, May 2, 2011

Deutsche Postbank Aktiengesellschaft
The Management Board

Stefan Jütte

Mario Daberkow Marc Hess

Horst Küpker Michael Meyer

Hans-Peter Schmid Ralf Stemmer

Hanns-Peter Storr

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, 2011, 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, May 3, 2011

PricewaterhouseCoopers
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Ralf Schmitz	Christoph Theobald
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Financial Calendar

Fiscal year 2011

May 11, 2011	Results as of March 31, 2011
May 24, 2011	Annual General Meeting, Frankfurt am Main
August 4, 2011	Results as of June 30, 2011
November 9, 2011	Results as of September 30, 2011

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

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