Deutsche Postbank Group
Interim Report as of June 30, 2008

2/08

Postbank

Postbank Group in figures

		Jan. 1 – June 30, 2008	Jan. 1 – June 30, 2007
Consolidated income statement			
Balance sheet-related revenues	€m	1,167	1,375
Total income	€m	1,876	2,071
Administrative expenses	€m	–1,382	–1,422
Profit before tax	€m	337	456
Consolidated net profit	€m	235	295
Total cost/income ratio	%	73.7	68.7
Cost/income ratio in traditional banking business	%	71.8	66.6
Return on equity			
before tax	%	13.9	17.5
after tax	%	9.7	11.3
Earnings per share	€	1.43	1.80

		June 30, 2008	Dec. 31, 2007
Consolidated balance sheet			
Total assets	€m	228,591	202,991
Customer deposits	€m	91,952	89,703
Customer loans	€m	94,901	89,622
Allowance for losses on loans and advances	€m	1,222	1,154
Equity	€m	4,268	5,311
Tier 1 ratio in accordance with Basel II (excluding CAP)	%	6.3	6.9
Headcount (FTEs)	thousand	21.50	21.47
Long-term ratings			
Moody's		Aa2	Aa2
	Outlook	stable	stable
Standard & Poor's		A–	A–
	Outlook	stable	stable
Fitch		A	A
	Outlook	stable	stable
Information on Postbank shares		June 30, 2008	June 30, 2007
Share price at the balance sheet date	€	55.76	65.07
Share price (Jan. 1 – June 30)	high €	67.10	74.72
	low €	46.64	60.65
Market capitalization on June 30	€m	9,145	10,671
Number of shares	million	164.0	164.0

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Ladies and Gentlemen,

In the first half of 2008, Postbank further strengthened its leading position in the German retail banking market as a result of a concerted effort. Consistently strong new business in our core products, accompanied once again by an increase in market share, reflects this. And we achieved these results in an environment that remains fiercely competitive, especially in traditional bank products such as savings deposits.

In addition, we systematically fostered the implementation of our "Next Step" strategic program, setting the course for the successful future development of Postbank across all integrated sales channels. Our extended service promise to our customers is clearly positioned on the market. We are presenting our new German brand identity with the core message "Unterm Strich zähl ich" (I am the bottom line), underscoring Postbank's consistent focus on customers and our drive to create added value for our shareholders through profitable growth.

The financial performance of our Bank's operating business has also been positive, once again illustrating the stability of our business model. Despite the flat yield curve and volatile capital markets, we were able to generate encouraging earnings growth in customer business. We have retained firm control of administrative expenses, and we are deriving great benefit from integration synergies and unwaveringly strict cost discipline. The allowance for losses on loans and advances developed even better than expected in light of robust macroeconomic conditions in Germany. Adjusted for negative effects from capital market performance, our results clearly surpassed the prior year's figures.

In the Interim Report for the first quarter, we noted that the high volatility on the capital markets can be expected to continue throughout 2008, with a corresponding impact on Postbank's figures. At the same time, we forecasted that the negative effects would once again be well contained as a result of the strong overall quality of our structured credit portfolio. Developments in the second quarter confirmed these assumptions, enabling us to generate a solid result with a profit before tax of €337 million in the first half of the year.

In late June, our majority shareholder Deutsche Post announced that it has now entered a more intensive phase of the exploratory process to evaluate options for an optimal competitive position to secure a successful future for Postbank. Against this backdrop, the Supervisory Board of Deutsche Post has accepted my request to temporarily step down from my position on the Board of Management of Deutsche Post pursuant to the principles of good corporate governance. My position as Chairman of Postbank's Management Board will naturally remain unaffected by this decision.

The Management Board of Postbank actively supports this open-ended process in order to secure a compelling solution for the successful future strategic development of the Bank in the interest of its shareholders, employees and its customers. We operate the leading retail platform on the market and intend to play a key role in the emerging consolidation process. Our unique business model, our strong customer base and our continually increasing efficiency and profitability over the past several years have given us confidence. We will carve out our future path from a position of strength.

Let us now look to the future together. Independent of strategic considerations regarding the future of our Bank, we will continue to focus fully on our customer business in the second half of the year. We intend to become even more appealing to customers and investors by offering an attractive range of superior services. Our operating business is on track. Therefore, we are confident that Postbank will continue to perform well in the future.

Bonn, July 30, 2008

Sincerely,

Wolfgang Klein
Chairman of the Management Board

Shareholders and Stock:
Ongoing difficult market environment for bank stocks

Stock markets continued to be affected in the first half of 2008 by the international financial market crisis. Many international banks are once again reporting the need for significant valuation allowances in U.S. real estate loans and structured loan portfolios. As a result, the European Euro Stoxx® bank index lagged around 9 percentage points behind the market as a whole. In addition, rising inflation led to a significant increase in capital market rates. After the European Central Bank hinted at a forthcoming hike in the key interest rate, middle-term maturities registered the sharpest interest rate rise within a single quarter since the early 1990s, reaching multi-year highs. The German stock index (DAX) dropped more than 20 % in value due to these developments as well as the strong euro and the uncertain outlook in terms of worldwide growth.

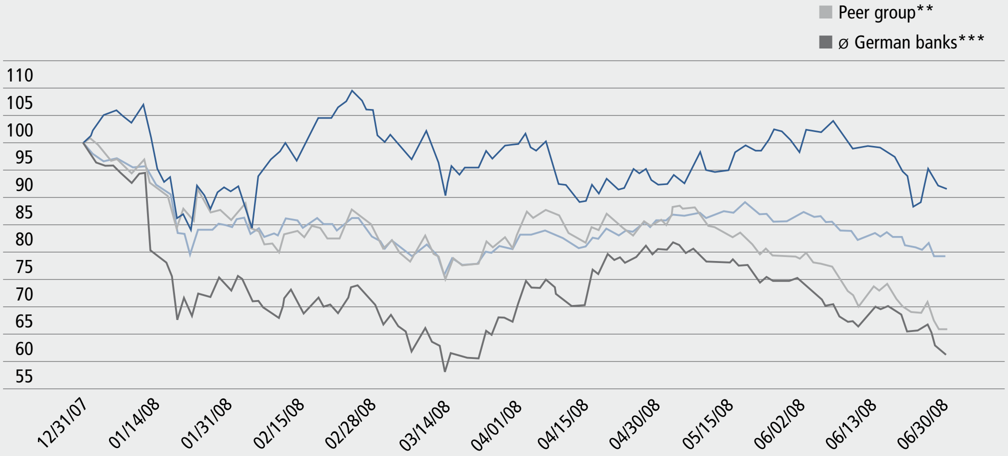
Although Postbank stock was not completely immune to the negative trend, it was able to clearly outperform the DAX, declining 8.2 % (including dividends –6.2 %) since the start of the year. By comparison, the stock prices for our peer group of nine European retail banks fell an average of 33 % in the same period. British and Spanish banks were especially hard hit by the turbulence on the respective real estate markets. In addition, the inverted yield curve put pressure in particular on those financial institutions such as Postbank with a strong customer deposit base.

Since our IPO, Postbank stock has also clearly outperformed both the German bank index (CDAX banks) as well as its peer group, rising 77 % in value over an increase of just 10 % among CDAX banks and a drop of 31 % in the peer group.

The first quarter results – published on May 8, 2008, the day of the Annual General Meeting – widely confirmed analysts' expectations and even exceeded them in terms of costs, allowance for losses on loans and advances and profit before tax. Overall, analysts and investors reacted positively to the reported figures, describing them as "robust". Most analysts maintained their positive recommendations on Postbank, and Postbank stock climbed 2.7 % on the publication day. Solid operating performance and lasting M&A speculations stabilized the development of our share.

Performance of Postbank stock versus the Dax® and peer group (Dec. 31, 2007 – June 30, 2008)

Values linked to index, based on the year-end-closing = 100*



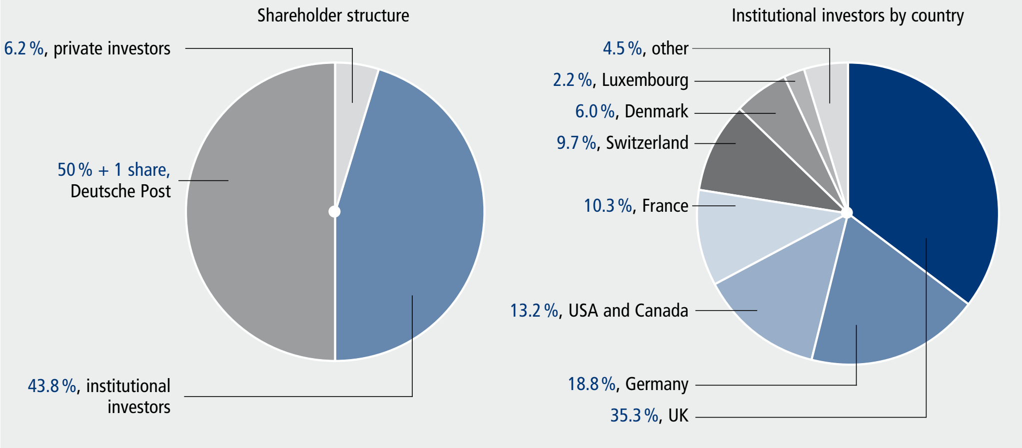
Source: Bloomberg, Postbank

* Performance of Postbank stock, peer group and stocks of German banks excluding dividend

** Banco Popular, Banco Popolare, Swedbank, Svenska Handelsbanken, Alliance & Leicester, Banco Espirito Santo, Erste Bank, Unicredito, Royal Bank of Scotland

*** Commerzbank, Deutsche Bank, Hypo Real Estate

Shareholder structure of Deutsche Postbank AG as of June 30, 2008



The voting results at the Annual General Meeting are proof of shareholders' broad approval of our business strategy: 99.98 % of the shareholders present voted in favor of the proposed dividend of €1.25 per share, and all other items on the agenda passed by a large majority.

Among private investors, interest in Postbank rose considerably, a development that is reflected in the current analysis of our shareholder structure. For the first time in over two years the percentage of private shareholders was again over 6 %. The fact that we attended a greater number of shareholders' forums probably also played a role. At events held by German shareholder protection associations, we have been engaging in a comprehensive dialog with private investors. Overall, our shareholder structure is spread broadly across Europe, with British and German investors continuing to represent the majority of our institutional investors.

Our stock data		H1/2008	H1/2007
Closing price	€	55.76	65.07
High	€	67.10	74.72
Low	€	46.64	60.65
H1 earnings per share	€	1.43	1.80
Number of shares	million	164.0	164.0
Market capitalization at the end of quarter	€m	9,145	10,671
Beta factor (relative to the DAX)		1.12	0.88
Equity at the end of quarter	€m	4,268	5,311
Return on equity before taxes	%	13.9	17.5
Total cost/income ratio	%	73.7	68.7
Cost/income ratio in traditional banking business	%	71.8	66.6

More information, current Investor Relations news and presentations on Postbank as well as a facility for ordering publications are available on our Investor Relations pages on the Internet at https://ir.postbank.com.

Developments in H1/2008:
Solid customer business in a challenging market environment

Postbank successfully launched its new core customer concept in the first six months of 2008. Despite the ongoing difficult market environment – particularly in new checking account, installment loan and home savings business –, branch and mobile sales were able to boost their sales performance once again in the second quarter compared with the first quarter of 2008. As expected, the securities business suffered from the financial market crisis. The continuing decline in the number of building permits had a strong effect on mortgage lending.

New core customer concept being put into action with full commitment

At the heart of "Next Step" – the forward-looking strategic program unveiled by Postbank in late 2007 – lies the new core customer concept for the retail banking business. By establishing a fixed customer-adviser relationship for our approximately 4.7 million current core customers (4.6 million at the end of 2007), we intend to significantly enhance the quality and intensity of our consulting services for this important customer group. In the first half of the year, we assigned our core customers to sales channels. The goal is to more strongly focus advising capacities in order to increase the share of customers using three or more Postbank products from currently just under 40 % to 47 % by 2010, while at the same time boosting the number of core customers to 5.2 million. These expansion efforts are being supported by a variety of individual promotional activities as well as by Postbank's new German advertising campaign "Unterm Strich zähl ich" (I am the bottom line) launched on July 1.

We are convinced that "Next Step" will make a key contribution to further underpinning Postbank's solid position in the retail banking industry through consistent improvement of processes and services for our 14.2 million customers. Key performance indicators (KPIs) are one of the methods we use to measure the progress made by our strategic program; we present the development of these indicators in the following report on our customer business in the first half of 2008.

Impressive success in branch sales

In 2007, we opened a number of redesigned pilot branches as part of the "Filiale im Wandel" (Changing Branches) project. Studies show that the new concept has been well received by our customers and that both awareness and use of our banking services have clearly increased. We are therefore planning to convert some 70 additional branches to the new design in the second half of 2008.

We intend to both further increase the quality of service and consulting as well as boost productivity by implementing ongoing training measures in branch-based sales. The success already achieved here is evident, among other things, in the rate of customers and potential customers approached in the branches about our range of financial services: Currently at more than 42%, our goal is to keep this figure growing. Our products were extremely successful in the first half of the year, in particular in our personal loan and home savings business, where sales figures clearly improved year-on-year by 42 % and 62 %, respectively.

Adviser productivity in the branches in the first half of 2008 was once again on a high level with a corresponding KPI of 117 % (base year 2006 = 100 %).

Increasing product distribution in mobile sales

We implemented additional measures in mobile sales to sustainably boost sales performance and thus reach the ambitious goals set by our strategic program. Care for customers assigned to mobile sales as part of our new core customer concept was handed over to our advisers. In addition, financial managers and executives completed an intensive training process to further enhance the quality of their consulting and leadership skills. These efforts are intended to significantly increase the share of advisers successfully selling three or more product categories (KPI), a rate that was an encouraging 38 % in late June 2008 and represented an improvement of 11 percentage points compared with the base year 2006.

Mobile product sales also gained strong momentum in the first half of the year. As of June 30, 2008, we recorded an 11 % increase in productivity among financial managers compared with the base year 2006, despite the fact that it had been well below the base year in the first quarter of 2008. Especially noteworthy are home savings and checking accounts, where we were able to improve our sales performance significantly year-on-year.

At present, there are around 4,112 mobile advisers including home savings and financing specialists in the branches. This figure is slightly above the level for the previous year, despite the current difficult market environment. Based on experience, we anticipate a further increase in the number of advisers in the second half of the year.

Checking account sales increase despite ongoing fierce competition

The competition for acquisition of new private checking account customers remained steady in the second quarter of 2008. Here the tendency is toward more free services such as credit card cash withdrawals at no extra charge and granting of initial credit. The positive trend at Postbank in the first half of 2008 was therefore all the more encouraging: With some 252,000 checking accounts, sales rose year-on-year by 14.5 %. Branch business remains the most important sales channel, generating over 70 % of new business. Giro business once again registered strong growth, in particular in mobile sales, outdistancing the prior year's figure by 19 % in the first half of 2008 with 25,000 new checking accounts. Business with cooperation partners such as Tchibo is also growing steadily in importance.

The use of overdraft facilities linked to checking accounts rose again to reach €1.0 billion, an increase of 8.1 % over late 2007.

In total, Postbank managed 4.9 million private checking accounts on June 30, 2008 (up 4.3 % year-on-year), representing a market share of 6.7 %.

Significant growth in savings volume

Devised in late 2007, our strategy of acquiring new savings deposits with the help of attractive products is yielding initial success. Despite the declining market for savings deposits (– 3.4 % in the first five months of 2008), Posbank was able to further expand its market share to 8.9 % in the first half of 2008. The overall savings volume, including mortgage savings, climbed 3.3 % to €62.7 billion since the end of 2007. Contributing to this development was an additional "Extra-Spargeld" campaign, which is a part of our new strategy. From mid-March to the end of June 2008, we offered our customers inviting initial incentives for new savings deposits through our "Quartal-Sparen" (Quarterly Savings) product, attracting approximately €3.3 billion in new savings deposits. Other campaigns and the introduction of innovative product lines are also planned for the second half of 2008. Savings business growth was strong at the branches – our main sales channel – in the second quarter, increasing by 65 % over the first quarter to €1.75 billion.

Restrained securities business in difficult markets

As expected, the funds and securities business performed moderately as a result of continuing adverse conditions in the capital market environment. Gross cash inflows from securities in the first six months totaled €1,290 million, down 5.4 % from the prior year. This can be attributed primarily to the weak stock market. Sales of the Postbank products "Postbank Vermögensmanagement Plus" (an umbrella fund concept with three different investment strategies) and "Postbank Dynamik Best Garant" (a guarantee fund that had a sales volume of €101 million on its issue date in April 2008) performed well. The "Postbank Klima-Garant", a fund that has been offered for subscription since June, has also generated great interest; this will not be reflected in sales results until the third quarter, however.

The flat tax (Abgeltungssteuer) on investments scheduled to go into effect in 2009 will likely lead to an increase in the sale of fund products in the second half of 2008. We will take advantage of this opportunity, and we have already begun to do so by preparing relevant information for our sales channels as well as our customers and holding informative events.

The volume in securities accounts held by our customers declined from €11.5 billion at the end of 2007 to €10.7 billion as of June 30, 2008, likewise mainly attributable to falling share prices.

In the first half of the year, new life insurance business, including third-party products sold by investment advisers, increased year-on-year by €81 million to €738 million.

Additional market share gained in mortgage lending

The mortgage lending business environment in Germany remained difficult. According to Bundesbank statistics, after five months residential construction loans for private households (including extensions) in Germany dropped 8.5 % below the already low figure for the previous year, primarily as a result of the increased value-added tax. The trend in new residential construction projects played a key role here, with the number of building permits down 26.3 % compared with the prior year.

Postbank's new mortgage lending business, which we offer in cooperation partner business under the DSL brand and in end customer business under the BHW brand, declined 12 % as a whole in the first half of 2008, falling to €5.0 billion from €5.8 billion in the previous year. This includes payments of home savings loans, which became increasingly attractive as a result of significantly higher interest rates and rose by 30 % in the second quarter and more than 20 % in the entire first half of the year.

Mortgage lending business under the BHW brand, which we acquire primarily through mobile sales, rose to €987 million, up 31.1 % on the first quarter of 2008, thanks to an increase in small loans used mainly for renovations. Taking paid home savings loans into account, in the first half of 2008 it was down approximately 13 % year-on-year. We were able to partially offset this with the sale of loans for modernization.

In the second quarter of 2008, third-party sales generated by the DSL brand acquired new business worth €1.3 billion, 5.5 % more than in the second quarter of 2007, bringing the total for the first half of the year to €2.7 billion or 11.5 % below the prior year's figure.

We purchased a portfolio amounting to approximately €670 million in the second quarter. In addition, we acquired a portfolio of private mortgage loans from Aareal Bank AG in May 2008 with a total volume of approximately €1.47 billion. This sum will not be on the balance sheet until the third quarter.

As of the end of June 2008, our books showed a private mortgage lending total of €70.2 billion, an increase of €2.2 billion or 3.2 % compared with the end of 2007. Our market share in this business division is thus 8.9 %, 0.3 percentage points more than on December 31, 2007.

Growth in new home savings

Home savings business developed extremely well in the first half of 2008. This could be seen, among other things, in the fact that nearly every month the volume of new business was above the level of the corresponding month in the previous year. We expect this performance to remain stable for the rest of the year, due in particular to the government-supported pensions program ("Wohn-Riester") adopted by the German Bundesrat (upper house) on July 4, 2008, and implemented retroactively to the beginning of the year.

Principals of home loans and savings contracts applied for totaled €5.9 billion in the first half of 2008, up 5.4 % year-on-year. Home savings deposits remained nearly unchanged at €16.5 billion as of June 30, 2008 (€16.6 billion at the end of last year), representing a market share of 13.4 % compared with 13.7 % at the end of the first quarter.

The positive trend also continued among paid home savings loans, which reached €629 million, up 21.4 % on the prior year's figure.

Great success in new installment loans

The steadily increasing demand in third-party sales generated by the DSL brand and branch sales performance contributed to the excellent performance in the installment loan business this year. Sales rose by approximately 72 % to €821 million in the first half of the year, bolstered among other things by the car loan introduced in March 2008, which has since made a growing contribution to performance. We were therefore able to significantly expand our market share despite the sharp downturn in the market (–31.3 % in the first five months). The installment loan book increased by 35 % to €2.7 billion in the same period.

New credit card products reach new target groups

The new VISA Card PLATINUM, VISA Card GOLD and VISA Card Prepaid credit cards introduced in mid-March 2008 are enjoying strong demand thanks to their excellent price-performance ratio and are helping us to reach new customer groups. Postbank sold 40,020 credit cards in the second quarter of 2008, 10.2 % more than in the previous year. A total of 79,420 credit cards were sold in the first half of the year, an increase of 1.3 % over the prior year's figure. As of June 30, 2008, 1.0 million Postbank credit cards were in circulation.

Additional Retail Banking information

New business		2007	2006	H1/2008	H1/2007
New customers	thousand	1,000	962	394	447
New checking accounts	thousand	587	469	252	220
New private mortgage lending business incl. portfolio acquisitions	€bn	12.4	14.0	5.7	8.4
New private mortgage lending business excl. portfolio acquisitions	€bn	9.8	10.8	5.0	5.8
New private lending business*	€bn	1,132	1,064	821	478
Total new home savings – written	€bn	11.2	11.6	5.9	5.6
New securities business	€bn	3.1	2.6	1.290	1.370
Book		**2007**	**2006**	**H1/2008**	**H1/2007**
Customers	million	14.5	14.6	14.2	14.6
Checking accounts	million	4.9	4.7	4.9	4.7
Savings deposits	€bn	43.9	42.1	46.2	43.3
Home savings deposits	€bn	16.6	16.7	16.5	16.7
Private mortgage lending book incl. portfolio acquisitions	€bn	68.0	62.3	70.2	66.7
Private loan book*	€bn	2.3	1.9	2.7	2.0
Volume of securities accounts	€bn	11.5	10.5	10.7	11.4

*excluding BHW Bank

Business customer segment to be significantly expanded

With several hundred thousand business customers, Deutsche Postbank AG is already one of the most important banks for freelancers, self-employed individuals and small companies in Germany. Activities for support of this customer group will be significantly expanded in the next several years within the scope of our "Next Step" strategic program in order to further strengthen our market position. Special focus is being placed on improved support of particularly active customers as well as customers with additional business potential. The results of extensive preliminary studies have revealed that more intensive support can significantly boost both customer loyalty and earnings generated per customer.

Postbank's position as core bank for middle market systematically strengthened

As part of our "Next Step" strategic program, we intend to become one of the five core banks for 3,000 of our approximately 30,000 corporate customers in the medium term. One of our efforts to reach this goal includes strengthening our customer support capacities and thereby sustainably boosting productivity. A clear rise in the KPI for productivity in Corporate Banking reflects the success of these efforts, which was 118 % as of June 30, 2008, (base year 2005 = 100 %) and well above the prior year's figure of 105 %.

In the first half of the year, Postbank successfully continued charting a course for growth as a core bank for small and mid-sized businesses in the domestic Corporate Banking business, both in the financing and investment sectors. The volume of SME loans (KPI) climbed year-on-year by €0.4 billion to €4.0 billion on June 30, 2008. Our total lending volume in Corporate Banking amounted to €20.8 billion at the reporting date. Our product range encompasses factoring, leasing, overdraft facilities, investment loans and money market loans as well as development loans from the KfW Bankengruppe. New business in commercial real estate finance rose significantly in the first six months. We fostered these developments while strictly maintaining our conservative risk policy.

The investment volume of our corporate customers climbed to approximately €12.7 billion from €12.0 billion at the end of 2007. In addition to attractive investment opportunities, we also offer our corporate customers comprehensive consulting services to help them optimize their balance sheet structures.

Organizational bundling and technical advances in Transaction Banking

The second quarter was marked by preparations to outsource Postbank's payment transactions to BCB AG, which took place as scheduled on July 1, 2008. In addition, two multiclient-enabled processing platforms were successfully introduced – Payment Solution for domestic payment transactions and VIPayment Solution for international transactions. Transaction Banking at Postbank is thus optimally organized and technically well equipped for taking further strategic steps. We handled nearly 3.9 billion transactions in the first six months of 2008, approximately 5 % more than in H1/2007.

In our Credit Services, we significantly enhanced productivity and quality by further expanding industrial and standardized processing.

Interim Management Report

I Business Environment

Significant events at Postbank in the first half of 2008

On January 9, 2008, Postbank launched its first jumbo mortgage *Pfandbrief* with a volume of €1.5 billion. Despite the difficult market environment, the issue was a resounding success. The mortgage bond was placed with a wide group of investors in Germany and abroad at very attractive conditions for Postbank. Another jumbo mortgage *Pfandbrief* with a volume of €1 billion was issued equally successfully in May 2008. The issue of *Pfandbriefe* puts our refinancing structure on an even broader base. As a firmly entrenched player in the covered bond market, Postbank intends to make regular use of the ensuing opportunities in the future.

The squeeze-out of the minority shareholders of BHW Holding was entered in the commercial register on February 12, 2008, upon which all shares of minority shareholders became the property of Postbank. They received a cash payment of €15.11 per no-par value share. Some former minority shareholders have instituted proceedings at the Berlin Regional Court with the aim of reviewing the appropriateness of the cash settlement.

On February 19, 2008, Klaus Zumwinkel resigned his position as Chairman of the Supervisory Board of Postbank. He played a decisive part in making Postbank the leading retail bank in Germany. During his time in office as Chairman of the Supervisory Board, he and the Management Board of Postbank made decisive contributions to setting a course that will lead the Bank to further sustainable growth in the future. Frank Appel was appointed by the court as a member of Postbank's Supervisory Board on February 19, 2008 and elected Chairman of the Supervisory Board at a meeting of the Supervisory Board on March 3, 2008.

The Annual General Meeting of Deutsche Postbank AG was held in Cologne on May 8, 2008. All agenda items were approved by the shareholders and passed with a majority of over 92 % in each case. The dividend of €1.25 per share – unchanged as against the previous year – was distributed on the following day, May 9, 2008.

Horst Küpker was appointed a member of the Management Board with responsibility for the Financial Markets division effective July 1, 2008. He replaces Loukas Rizos, who left Postbank of his own volition and by mutual agreement as of June 30, 2008.

Macroeconomic environment

The global economy continued on its moderate growth course in the first half of 2008. Economic developments varied considerably from region to region, however. The United States continued to feel the effects of the subprime crisis. The prolonged turmoil on the financial markets and skyrocketing oil prices also slowed the pace of growth. Retail spending and corporate investment increased only very slightly. Real GDP rose by just 0.2 % in the first quarter. Economic expansion is likely to have remained relatively muted in the second quarter as well. By contrast, the upturn in Asia continued at an almost uninterrupted pace. In Japan, economic growth actually accelerated year-on-year in the first quarter to 1.0 %, with exports continuing to provide strong impetus. The euro zone economy sprang a positive surprise at the start of the year with GDP growth of 0.7 % in the first quarter. Growth in Germany was particularly dynamic at 1.5 %. Investments in construction experienced a robust increase prompted by weather conditions, while capital expenditure also rose appreciably. Consumer spending, on the other hand, remained sluggish owing to reduced purchasing power – the consequence of hefty price increases. In the second quarter, however, the economy started to show increasing signs of slackening, both throughout the euro zone and in Germany. Incoming orders and industrial production decreased. Corporate sentiment clouded visibly. In spite of this, the ifo Business Climate Index remained comparatively high. This indicates that the mood in German industry remains upbeat even though GDP is likely to have fallen in the second quarter from its high level at the beginning of the year. On the whole, developments in the macroeconomic environment in the first half of the year have largely met the expectations we outlined in our last report. Overall, the first quarter turned out slightly better than forecast, but this was overshadowed by a faster economic slowdown than expected in the second quarter.

In an environment characterized by ongoing economic risk and an increasing risk of inflation, the Federal Reserve cut its key interest rate in the second quarter by 0.25 percentage points to 2 %. The European Central Bank (ECB) raised its rate by 0.25 percentage points to 4.25 % in early July as a consequence of rising inflation. This was at odds with our expectations of a somewhat greater easing of monetary policy in the United States and constant key rates for the euro zone. Fast-growing fears of inflation in the euro zone during the second quarter led to a crash on the interest rate markets accompanied by a massive increase in long-term capital market yields. While we had generally anticipated higher yields for the rest of the year, we did not expect such severe market movement in the second quarter, which saw the highest increase in interest rates since the beginning of the 1990s.

Sector situation

The financial crisis unleashed in mid-2007 by the subprime crash in the United States is still around one year later in spite of some easing here and there. It is continuing to impact events on the global capital markets in general and the financial situation of many banks in particular. Financial institutions worldwide have now taken write-downs of over $400 billion as a result of the crisis. Banks have already raised over $300 billion in fresh capital during the same period to strengthen their equity base. Mid-March 2008 marked the peak of the financial crisis to date, when a major U.S. investment bank nearly collapsed before being rescued in a joint plan by the U.S. Fed and another major U.S. bank.

Several German banks in the private, public, and cooperative sectors have since posted substantial write-downs as well, some in the billions of euros. Although the positive performance in the first half of 2007 minimized the effects on the results for 2007 as a whole, business performance in the first quarter of 2008 reflected very clear negative effects in some cases. All six private banks (excluding IKB) listed on Deutsche Börse's Prime Standard witnessed a drop in both pre-tax profit and profit after tax for this period. The average return on equity after taxes fell from 18.9 % in the first quarter of 2008 to just 2.8 %. Even excluding the two loss-making banks, a decline of almost 11 percentage points was recorded. All institutions registered a slump in proprietary trading, with two-thirds of them suffering losses in this area. Most of the banks also generated lower net fee and commission income than in the same quarter of 2007. In spite of the inverted yield curve, most banks succeeded in lifting their net interest income slightly. On the whole, however, operating income fell substantially. Although the banks took steps to counteract this development – mostly managing to cut their administrative expenses – their cost/income ratios deteriorated considerably compared with the first quarter of 2008, rising by an average of 32.6 percentage points to 84.2 %. There are no figures available on the performance of banks in the public and cooperative sectors for the first quarter of 2008. In contrast to private banks, both of these groups had already recorded a year-on-year decline in profitability in 2007.

Net Assets, Financial Position, and Results of Operations

Income statement

Competition in the German private customer business remained fierce in Q2/2008. Developments on the capital markets were also dominated by ongoing turbulence. Postbank's customer business performed relatively well in this environment. We succeeded in expanding our new business in key product categories and increasing our market share. The measures forming part of our "Next Step" strategic action program, implementation of which is being driven forward in all business divisions, are showing initial success.

Against this background, Postbank recorded a positive trend in its H1 operating profit, while the negative effects of capital market developments continued to have a comparatively moderate impact on its income statement. Compared with the previous year, Postbank increased its core operating income figures – net interest income and net fee and commission income. The impact of the market turbulence led to a decline in net trading income and in net income from investment securities. Administrative expenses fell substantially as a result of efficiency gains and strict cost control. Despite the encouraging growth in the Bank's total credit extended, the allowance for losses on loans and advances was well below the prior-year level due to the continuing strong economic environment in Germany.

Unless otherwise stated, the following comments represent a comparison with the first six months of 2007.

In the first half of 2008, profit before tax fell by 26.1 % year-on-year to €337 million due to the effects of capital market developments. The return on equity before taxes therefore decreased from 17.5 % as of June 30, 2007 to 13.9 % as of June 30, 2008. The cost/income ratio for the Bank as a whole rose to 73.7 %, compared with 68.7 % in the first half of the previous year, and reached 71.8 % (previous year: 66.6 %) in our traditional banking business, i.e. excluding Transaction Banking, during the same period. After adjustment for the financial effects of the market disruptions, Postbank recorded year-on-year improvements in its profit before tax, return on equity, and cost/income ratio in the first six months.

Despite the increasing impact of the inverted yield curve, net interest income increased by 7.4 % year-on-year in the first six months of 2008 to €1,179 million. Interest income rose overall as a result of the Bank's positive volume performance. At the same time, we benefited from the higher short-term market yields in the form of interest income from microswap positions that we use to manage our investment securities and for asset/liability management. In contrast, current income decreased due to the significant reduction in holdings of equities and other non-fixed-income securities. In line with expectations, our new savings account strategy is also reflected in the higher interest expense, in particular from liabilities. As in the whole of 2007, we continued to offer our customers attractive conditions by continually increasing the average interest earned in the first half of 2008, thus strengthening our lead in the currently contested savings business. However, volume performance fell somewhat short of our expectations due to very strong competition for customer deposits. Thanks to Postbank's strong customer deposit base and our successful *Pfandbrief* issues, the sharp increase in market interest rates triggered by the financial market crisis resulted in only a moderate increase in our interest expenses during refinancing.

Compared with the first six months of 2007, both net income from investment securities and net trading income fell as a result of the impact of capital market developments. Net income from investment securities decreased by €187 million to €–79 million. The crash-like rise in interest rates in the second quarter and the stock market slump limited our opportunities to generate positive earnings contributions. After adjustment for impairment losses on structured credit products (€–72 million) and to a lesser extent equities and investment fund shares (€–10 million), net income from investment securities was negative in the second quarter at €–80 million. Overall, in the first half of the year this item includes impairment losses – based on a cautious measurement policy – of €120 million on our structured credit portfolios impacted by the market disruptions. This volume of impairment losses, which continues to be comparatively moderate, again underlines the healthy structure of our investments.

Overall, net trading income fell from €169 million in the previous year to €67 million in H1/2008 due to effects from the measurement of embedded derivatives from the structured credit substitute business amounting to €197 million, which are not related to Postbank's underlying net trading income. Net trading income increased after adjustment for these effects. Charges relating to embedded derivatives amounted to €71 million in the second quarter. In contrast, our macro swap positions, which are also used for hedging purposes and for managing our banking book as part of asset/liability management, benefited from the sharp rise in interest rates.

Net fee and commission income amounted to €709 million in the first six months, up 1.9 % on the first half of 2007 (€696 million). On a standalone basis, the second quarter even recorded a year-on-year increase of 3.2 %. As expected, given our greater focus on financial services, the increase in net fee and commission income in our banking business was offset by a continued decline in income from the sale of postal services and new services at our branches and from Transaction Banking.

Total income in the first six months fell by 9.4 % year-on-year to €1,876 million. Balance sheet-related revenues, comprising net interest income, net trading income, and net income from investment securities, decreased by 15.1 % to €1,167 million. These developments are almost exclusively attributable to the effects of the capital market turbulence. After adjustment for these effects, the two income items would have increased appreciably as against the first six months of 2007.

At €161 million in H1/2008, allowances for losses on loans and advances fell by €15 million or 8.5% as against the same period of 2007. However, total credit extended to customers rose sharply by 11.3 % in the same period. This underlines our conservative risk profile and our continued prudent lending policy, as well as the robust macroeconomic development in Germany.

Administrative expenses developed very encouragingly. Total costs fell significantly by €40 million or 2.8 % in the first six months to €1,382 million. Administrative expenses in the second quarter included provisions of around €10 million for a strategic project. Postbank again proved that it can continuously increase volumes in its customer business while maintaining strict cost discipline. We are profiting from the effects of the efficiency initiatives that we have implemented over the past years, the realization of the full synergy potential from the integration of BHW coupled with the simultaneous discontinuation of the integration expenses, and a pronounced cost culture.

Net other income and expenses amounted to €4 million, following €–17 million in the previous year.

Given a tax rate of just under 30.0 %, consolidated net profit amounted to €235 million, down 20.3 % year-on-year (€295 million). This corresponds to earnings per share of €1.43, after €1.80 in H1/2007.

Segment reporting

Retail Banking

Profit before tax in the Retail Banking segment increased in the first half of 2008 by a substantial 15.9 % year-on-year to €518 million. This improvement was primarily attributable to the strong performance by net fee and commission income, reduced allowances for losses on loans and advances, and lower administrative expenses.

As expected, net interest income declined by 2.2 % to €1,164 million as a result of Postbank's new volume-based savings account strategy. We are expecting this strategy to have a positive impact in the middle of 2009, by which time the effects of the newly generated volumes will have more than offset the initial negative impact of the margin reduction. Net interest income in the second quarter benefited from the positive contribution by accrued interest on provisions in the home savings business due to the sharp increase in market interest rates. The segment's net trading income – generated exclusively by BHW Bausparkasse, which is part of the Retail Banking segment – rose to €25 million from €2 million in the previous year, due in particular to the positive contributions from earnings components that normally cancel each other out. Balance sheet-related revenues decreased by 1.7 % to €1,189 million.

With respect to net fee and commission income, the increase in income from the sale of financial services – for instance the significant improvement in net fee and commission income from the insurance business – more than compensated for the expected €22 million decrease in income from the sale of postal services and third-party services. As a result, net fee and commission income rose by a total of €36 million, or 7.5 %, to €517 million. Total income increased slightly by 0.9 % to €1,706 million.

Administrative expenses performed encouragingly, declining by 2.2 % from H1/2007 to €1,070 million. This figure shows the positive effects of the now completed integration of BHW and the branches.

Allowances for losses on loans and advances declined by €12 million to €133 million in view of the continuing solid macroeconomic environment in Germany.

The cost/income ratio improved from 64.7 % to 62.7 %, while the return on equity before taxes rose to 43.4 % (30.7 % in the previous year).

Corporate Banking

The Corporate Banking business recorded profit before tax of €73 million in the first six months of 2008, down from €92 million in the same period of 2007. Adjusted for the effects of the financial market crisis, profit before tax for this segment would have exceeded the previous year's figure by a wide margin. The operating profit trend therefore remains positive. Net interest income, for example, climbed 28.6 % to €180 million. By contrast, net trading income and net income from investment securities experienced a substantial drop of €71 million year-on-year to €–63 million (cumulative) for the above-mentioned reasons due to the impact from the financial market crisis.

Administrative expenses improved by €5 million to €83 million. The cost/income ratio was 49.1 % after 44.2 % in the first half of 2007, and the return on equity before taxes fell to 36.2 % from 50.6 % in the prior year.

Transaction Banking

Profit in the Transaction Banking segment grew by €4 million to €22 million. Net fee and commission income fell by €4 million to €175 million due to the continuing increase in the proportion of paperless transactions, while administrative expenses were reduced by €1 million to €162 million. The segment's other income climbed by €7 million to €7 million. The overall cost/income ratio thus increased slightly from 90.1 % to 91.5 %.

Financial Markets

The Financial Markets segment benefited from the increase in market volatility in the first six months of 2008, which was reflected in an increase in net income of €24 million to €108 million. Net trading income improved from €34 million to €67 million, and net interest income was up €21 million to €67 million. Net income from investment securities fell by €17 million to €–15 million due to write-downs on portfolios affected by the financial market crisis, among other things. Total income thus increased by 26.9 % to €151 million. Administrative expenses grew by €3 million to €44 million. The cost/income ratio improved markedly from 34.5 % to 29.1 %. The return on equity before taxes rose from 29.4 % to 32.0 %.

Others

The loss recorded by the Others segment increased from €185 million in the first half of 2007 to €384 million in the first six months of 2008. This development can be attributed primarily to the effects of the financial market crisis described above. Net trading income amounted to €–2 million (down €130 million from 2007), while net income from investment securities amounted to €–24 million, down €109 million year-on-year. Net interest income, on the other hand, increased by €46 million to €–234 million. Balance sheet-related revenues decreased by €193 million in total to €–260 million.

Administrative expenses, however, improved by €13 million to €–23 million, while net other income and expenses declined from €–11 million to €–18 million.

Total Assets

Total assets rose from €203.0 billion at the end of 2007 to €228.6 billion as of June 30, 2008. On the asset side, this was mainly due to the significant increase in loans and advances to customers as well as higher investment securities and trading assets. On the liabilities side, a rise in deposits from other banks and an increase in amounts due to customers were recorded in particular; securitized liabilities and trading assets were also higher. At the same time, the scheduled reduction of relatively expensive securitized legacy liabilities continued. Now that Postbank has reduced its historical deposit surplus, it has a balanced, diversified balance sheet.

Loans and advances to customers increased by an encouraging €7.9 billion as against the end of 2007 to €100.0 billion. Once again, this growth was driven by the Corporate Banking business on the one hand and private mortgage loans and consumer finance on the other. We continued to reduce our legacy portfolios of low-margin public-sector receivables in the first six months of 2008 by €0.6 billion to €3.0 billion.

Loans and advances to other banks were approximately €4.2 billion lower than at year-end 2007 (€24.6 billion). Given the turbulence on the capital markets, we had invested part of our investment securities in ECB-eligible securities in the first three months after refinancing on the interbank market in particular, selectively adding to our portfolio of German government bonds and, among other things, prime-rated *Pfandbriefe* (mortgage bonds) due to their function as a "safe haven." In view of the ongoing market disruptions, we continued to hedge our liquidity position, which had improved as a result of these measures, in the second quarter as well, using extensive volumes of first-class, highly liquid holdings. All in all, investment securities increased by €16.4 billion in the first six months of 2008 to €85.0 billion.

Trading assets also increased in the first half of the year. They amounted to €17.5 billion as of June 30, 2008, up some €7.5 billion from year-end 2007. This increase is mainly attributable to the development in interest rate swaps in the trading portfolio, whose value increased as a result of the interest rate hikes in the second quarter.

On the liabilities side, amounts due to customers rose by €2.2 billion to €112.9 billion. We expanded deposits from other banks by €15.9 billion to €77.1 billion in connection with the above-mentioned increase in our holdings of highly liquid, low-risk investment securities as a precautionary measure to additionally strengthen our liquidity position, especially via repo and open market transactions.

Securitized liabilities also increased, rising €4.6 billion to €14.1 billion; this reflects, among other things, our two successful *Pfandbrief* issues with a total volume of €2.5 billion. Trading liabilities increased by €4.3 billion to €9.8 billion. Interest rate swaps in the trading portfolio reported on the liabilities side rose in the same amount as the increase in trading assets on the asset side of the balance sheet.

At €4.3 billion, equity as of June 30, 2008 was down €1.0 billion from the 2007 year-end closing figure of €5.3 billion. In this context, the revaluation reserve fell from €–523 million at the end of 2007 to €–1,566 million as of June 30, 2008.

In the course of the financial market crisis that has lasted – despite isolated signs of easing since the end of the first quarter – and that has spilled over into numerous asset classes, the widening of spreads and therefore the temporary decrease in the present values of financial investments continued on a large scale. As a result of speculative excesses, this even affected – as in the first three months of the year – some prime-rated European government bonds. In the second quarter, however, fluctuations in the value of our investment portfolio resulting from the crash-like increase in medium- and long-term yields were the main reason for the decline in the revaluation reserve. In line with this, we had expanded our bpv – meaning our interest rate risk – as of year-end 2007 to benefit from the expected appreciation of bonds due to the falling interest rates as the capital market crisis intensified. These effects materialized in the first quarter of 2008. Since that time, we have continually reduced our bpv, but still suffered present value losses in the active portfolio due to erratic developments on the interest rate market in the second quarter. However, due to the excellent quality of our highly liquid portfolios – which principally comprise government bonds, *Pfandbriefe*, and prime-rated bank bonds – we are forecasting significant pull-to-par effects and therefore a continuous improvement in the revaluation reserve in the coming years.

The securities in Postbank's portfolio of structured credit products also experienced changes in present value. In this context, however, the negative fluctuations in value in the first three months eased slightly in the second quarter, as expected. This demonstrates the good overall credit quality of our portfolio.

The pronounced negative trend on the equity markets led to reductions in the value of our equities portfolios as well.

However, the increases in the present value of our liability items, such as demand deposits and savings deposits, do not have a positive effect on the revaluation reserve due to IFRS measurement requirements.

The Tier 1 ratio in accordance with Basel II was 6.3 % as of June 30, 2008, following 6.9 % at year-end 2007. It is important to remember, however, that when calculating the Tier 1 ratio, Postbank – in contrast to many other banks – deducts its revaluation reserve from the Tier 1 capital, which increases the volatility of the ratio. Although we have been successively reducing our interest rate sensitivity since the end of 2007 to make the revaluation reserve less susceptible to fluctuation, the sharp increase in returns in June generated a further negative effect. On the whole, however, the decline in the revaluation reserve this year will be chiefly attributable to fluctuations in the present value of government bonds and other securities with excellent credit ratings. However, our structured credit portfolio displayed initial effects of easing in the second quarter.

Even if the market environment in the second half of the year does not improve on the level at the end of June 2008, the Tier 1 ratio will increase further on the back of pull-to-par effects and retention of profits providing the revaluation reserve does not continue to decline in line with the market. The increase in the ratio will continue in the coming year and is set to accelerate substantially in 2010, also due to the introduction of improved models for measuring risk.

In 2007, Postbank ensured compliance with the transitional provision under section 339(3)-(5) of the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation) by recognizing an additional RWA capital charge (cap provision). This transitional provision has no further effects on the capital ratios as it is designed to set a minimum capital requirement, and therefore no additional RWA capital charge needs to be recognized.

Risk Report

Organization of risk management

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

For a detailed description of our risk management organization, see the relevant section in the 2007 Annual Report.

The organizational framework of risk management has not changed in principle since the last management report.

No significant modifications to the Postbank Group's risk management system are planned for fiscal year 2008. However, the methods, systems, and processes discussed here and in the 2007 Annual Report are subject to continuous review and enhancement in order to meet market, business and regulatory requirements.

Risk types

The Postbank Group distinguishes between the following risk types:

- Market risk
  Potential losses from financial transactions that may be triggered by changes in interest rates, spreads, volatility, commodity prices, foreign exchange rates, and equity prices.

- Credit risk
  Potential losses that may be caused by changes in the credit worthiness of, or default by, a counterparty (for example as a result of insolvency).

- Liquidity risk
  Illiquidity risk – 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 describes the risk of a loss occurring due to a change in our own refinancing curve (spread risk) resulting from an imbalance in the liquidity maturity structure within a given period for a certain confidence level.

- Operational risk
  The risk of loss resulting from inadequate or failed internal processes and systems, people, or external events. This also includes legal risk.

- Investment risk
  Investment risk comprises 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
  Real estate risk relates to the real estate holdings of the Deutsche Postbank Group and comprises the risk of loss of rental income, writedowns to the going concern value, and losses on sales.

- Collective risk
  A specific business risk resulting from the home savings business of BHW Bausparkasse AG, comprising the negative impact of (non interest-related) deviations in the actual behavior of home savings customers from their forecast behavior.

- Business risk
  The 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 unknown capital and interest rate sensitivity (primarily savings and checking account products), as well as strategic and reputational risk.

This risk report discusses in detail the market, credit, and liquidity risks that are directly manageable in the day-to-day business. Compared with the situation presented in the 2007 Annual Report, there have been no significant changes in the estimation of the other types of risk (operational risk, investment and real estate risk, collective risk, and business risk).

Risk capital and risk limiting

The Bank's risk-bearing capacity is assessed from the perspective of investor protection and serves as the foundation for the system used to limit material risks.

The following table shows the allocation of the Postbank Group's risk cover amount, broken down by risk types on the basis of the authorized risk capital, before and after factoring in correlation effects and the unallocated risk cover amount, as of June 30, 2008 compared with December 31, 2007.

Risk capital by risk types

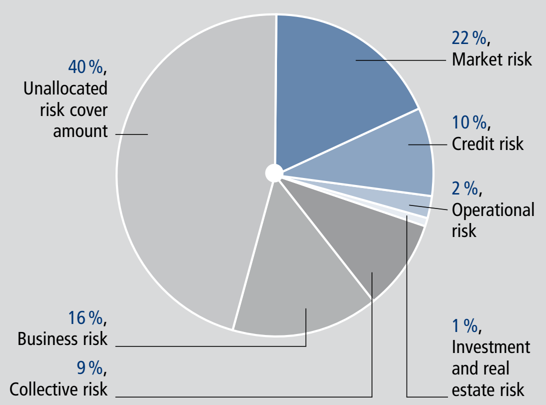
Capital and risk components	Allocated risk capital	
	June 30, 2008 €m	Dec. 31, 2007 €m
Market risk	2,266	2,044
Credit risk	1,191	1,191
Operational risk	635	635
Investment and real estate risk	126	126
Collective risk	1,000	1,000
Business risk	1,893	1,893
Total before diversification	7,111	6,889
Diversification effects	1,293	1,276
Total after diversification	5,818	5,613
Unallocated risk cover amount	3,748	4,678
Total risk cover amount	9,566	10,291

Because of the full integration of spread risk into the ongoing calculation of market risk the risk capital made available for market risk was increased by €222 million at the beginning of 2008, as already indicated in Postbank Group's Interim Management Report as of March 31, 2008.

The uncertainty unleashed on the financial markets by the U.S. mortgage crisis also continued in the second quarter of 2008. Following a temporary slowdown, the credit spreads recently widened considerably. In addition, the inflation risk increasing worldwide led to a distinct rise in interest rates and also to a significantly weaker stock market in conjunction with the increasing clouding of economic perspectives. The associated decline in fair values led in turn to a corresponding decline in risk cover components dependent on the capital market. As a result, and because of the dividend distribution executed in May, the utilization of the risk cover amount rose by around 6.7 percentage points compared with December 31, 2007; the share of the total risk capital accounted for by market risk also increased slightly as a result. Postbank's risk-bearing capacity was assured at all times, even within the scope of the capital market crisis.

The percentage allocation of the Postbank Group's risk cover amount by risk type after factoring in correlation effects is as follows for the second quarter of 2008 (calculated as of June 30, 2008):

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



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

Market risk for both the core business and for own-account transactions is managed by allocating limits for the relevant portfolios. For loans to banks, companies, and sovereigns (central and regional governments and local authorities), credit risk is managed by investing in a target portfolio that has been optimized to reflect risk and earnings aspects, in addition to risk limitation at portfolio level.

Risks are only assumed within limits that are in line with the Bank's risk-bearing capacity in order to generate yields, taking risk/return aspects into account. This aims to ensure that risks that could jeopardize the Bank's existence are avoided. As of June 30, 2008, risk capital utilization was 48 % for market risk and 58 % for credit risk.

Regulatory requirements: Solvency Regulation

In addition to the portfolios of Deutsche Postbank AG calculated using the IRB approach in 2007, since January 1, 2008 Postbank has reported capital adequacy on the basis of internal ratings for OTC derivative instruments, for a large proportion of the portfolios of PB Factoring GmbH; BHW Bausparkasse AG, Hamelin; Deutsche Postbank International S.A., Luxembourg; the London branch; PB Capital, Wilmington, Delaware, USA; and PB Realty, New York, New York, USA. Postbank has used the standardized approach to credit risk since January 1, 2008 for the remainder of the portfolios not calculated in accordance with the IRB approach (mainly overdrafts and the collection activities in the retail banking business, the portfolios of the other subsidiaries in the Postbank Group, the business of discontinued operations, and claims against the Federal Republic of Germany, German regional governments, local authorities, and development banks and agencies not engaged in competitive activities).

Market risk

Market risk management

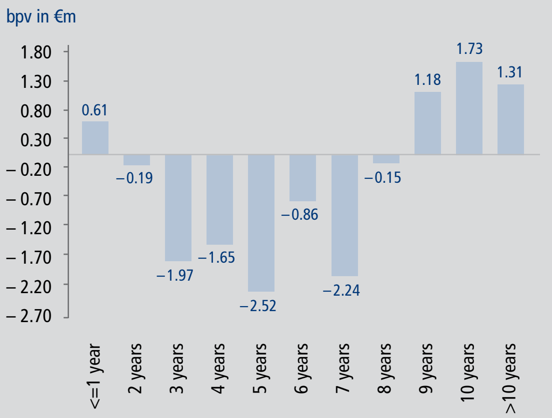
Postbank makes use of a combination of risk, earnings, and other parameters to manage its market risk. Changes in the value of market risk are derived from daily marking to market, independently of their measurement for financial accounting purposes. The management of market risk positions from an earnings perspective focuses both on specific periods and on the present value. All market risk is measured on a value at risk basis. Sensitivity indicators and gap structures are included as further management parameters.
In addition, market risk positions are subjected to regular scenario analyses and stress tests, which analyze the impact of unusual market movements on present values and on the income statement and balance sheet items.

In this context, the changes in fair value caused by possible changes in spreads are also analyzed regularly for the relevant portfolios. The lessons learned from market developments within the scope of the financial market crisis were directly factored into the spread scenarios analyzed and the analysis of the risk-bearing capacity derived from this.

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 risks arise where there are differences in the amounts and interest rates of the interest-sensitive assets and liabilities for individual maturity buckets. In addition to standardized approaches for quantifying interest rate risk, Postbank also employs internally developed statistical models. Deposit transactions bearing variable rates of interest and the home savings collective are of particular significance to Postbank in this context. Special modeling rules and deposit base definitions are used as the basis for a modern risk management concept.

The following chart presents the Postbank Group's open interest rate positions as of June 30, 2008 in the form of a basis point value (bpv) graph. Positions with a negative value represent an asset-side interest rate risk, which means that there is a surplus of assets. In the same way, positive values indicate a surplus of liabilities.

The Postbank Group's interest rate positions (bpv) as of June 30, 2008



The chart shows that the surplus of assets as of June 30, 2008 is primarily concentrated in the medium maturity range.

Monitoring market risk

In the Postbank Group, market risk is monitored using a system of risk limits based on the value at risk methodology. Operational management in the Postbank Group's banking book is based on a confidence level of 99 % and a holding period of 10 days. By contrast, operational management for the trading book assumes a holding period of one day, together with the same confidence level of 99 %. The risk limits derived when the risk-bearing capacity is calculated are scaled accordingly. The aggregate limits are set by the Group Management Board and allocated by the Market Risk Committee to the individual operating units as 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. Risk measurement and monitoring are end-of-day for the whole bank; additional intra-day monitoring is carried out for the trading portfolios.

For a detailed description of the methods used to compute VaR, see the section entitled "Monitoring and managing market price risk" in the Risk Report in the 2007 Annual Report.

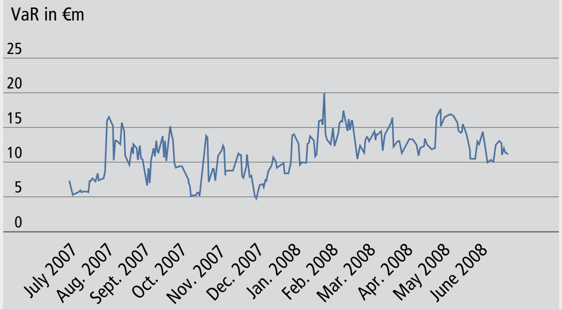
Risk indicators

The following values at risk were calculated for the Postbank Group's trading portfolios for the second quarter of fiscal year 2008 and the previous quarter:

Value at risk, trading portfolio	Q2/2008 €m	Q1/2008 €m
VaR at end of quarter	10.7	12.5
Minimum VaR	9.5	9.3
Maximum VaR	17.1	19.6
Average VaR	12.6	13.1

The following chart illustrates the development of value at risk for Postbank's trading portfolio over the last 12 months:

Value at risk (trading portfolio) for the period July 1, 2007 to June 30, 2008



In Q2/2008, the substantial market volatility was exploited flexibly to take short-term positions on the stock market in particular. VaR in the second quarter, which saw substantial fluctuations, remained at the same level as Q1/2008 due to the in some cases considerable increase in risk parameters as a result of ongoing high market volatility.

The VaR trading limit defined for market risk was not exceeded during the reporting period.

The value at risk for the banking book (99 %, 10 days) amounted to €256.4 million as of June 30, 2008 (€208.5 million as of December 31, 2007). The calculation incorporates all risk-bearing positions in the banking book.

Credit risk

Credit risk is the risk of potential loss that may be caused by changes in the creditworthiness of, or a default by, a counterparty.

Monitoring and managing 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 risk control" in the 2007 Annual Report.

In addition to monitoring individual risks, Postbank 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 losses based on credit risk that will not be exceeded within a one-year horizon with a 99.93 % probability. In contrast, the expected loss indicated in the Portfolio Structure table is the expected value of losses arising from credit risks of the Postbank portfolio over a one-year horizon. Under Postbank's Group-wide risk-bearing capacity concept, CVaR, as a measure of the unexpected loss from credit risk, must be backed by risk capital.

In contrast, the expected loss of a loan portfolio is the average default amount expected within a one-year period; this is calculated as the product of the default probability, the size of exposure, and the loss rate. 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 in the 2007 Annual Report.

The most important parameters for describing the credit risks for the various profit centers as of June 30, 2008 (calculated on May 31, 2008) as compared to the end of 2007 are shown in the following table. The volume for the Group loan portfolio reported in this table deviates from the "maximum counterparty risk" shown further below due 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 values are used to fully quantify the credit risk when calculating CVaR, depending on the item.

Credit risk	Volume		Expected loss		Credit VaR*	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Corporate Banking	22,995	18,670	63	55	187	181
Retail Banking	43,265	42,380	174	173	161	133
Financial Markets	159,335	112,494	125	109	662	606
Others (banks/local authorities)	7,265	7,828	4	4	110	121
BHW	42,018	41,965	56	73	55	57
Total (incl. portfolio effect)	274,877	223,337	423	414	688	661

* 99.93 % confidence level

Compared with the 2007 year-end, a significant increase in Group loans in the Financial Markets division and an increase in loans to private and corporate customers can be observed. The nominally sharp increase in the overall loan portfolio from €223 billion to €275 billion is accompanied by a moderate 2.1% increase in the expected loss and a 4.1% increase in the unexpected loss. This relation underscores the high credit quality of the portfolio growth.

As of June 30, 2008, the maximum exposure to credit risk was as follows (compared with December 31, 2007):

Maximum counterparty risk

Risk-bearing financial instruments	Maximum counterparty risk exposure	
	June 30, 2008 €m	Dec. 31, 2007 €m
Trading assets	17,468	9,936
Held for trading	17,468	9,936
Hedging derivatives	1,048	421
Held for trading	1,048	421
Loans and advances to other banks	20,374	24,581
Loans and receivables	20,374	24,581
Available for sale	0	0
Forderungen an Kunden	99,981	92,725
Loans and receivables	92,056	85,159
Designated at fair value	7,524	7,110
Held to maturity	401	456
Available for sale	0	0
Investment securities	84,976	68,606
Loans and receivables	24,837	26,600
Designated at fair value	0	0
Held to maturity	658	730
Available for sale	59,481	41,276
Subtotal	223,846	196,269
Contingent liabilities from guarantees	1,201	1,428
Other liabilities (irrevocable loan commitments)	22,731	23,480
Total	247,778	221,177

In contrast to the Credit Risk table, the Maximum Counterparty 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 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 as would be the case in economic risk quantification. In addition, the variances between the two tables as of the reporting date of June 30, 2008 are higher due in particular to repos.

Sector structure of the loan portfolio

The sector distribution of the credit-risk bearing instruments, measured in terms of volume, has a balanced structure and continues to present a stable picture. The following table illustrates the concentration of risk by sector and borrower group, broken down by risk category:

Risk concentration by sectors and borrower groups

Risk-bearing financial instruments	Retail customers		Banks/ insurers/ financial services		Sovereigns		Services/wholesale and retail		Industry		Other sectors		Total	
	June 30, 2008 €m	Dec, 31, 2007 €m	June 30, 2008 €m	Dec, 31, 2007 €m	June 30, 2008 €m	Dec, 31, 2007 €m	June 30, 2008 €m	Dec, 31, 2007 €m	June 30, 2008 €m	Dec, 31, 2007 €m	June 30, 2008 €m	Dec, 31, 2007 €m	June 30, 2008 €m	Dec, 31, 2007 €m
Trading assets	202	209	16,008	9,267	794	14	154	148	131	165	179	133	17,468	9,936
Held for trading	202	209	16,008	9,267	794	14	154	148	131	165	179	133	17,468	9,936
Hedging derivates	0	0	1,011	385	26	26	7	5	0	0	4	5	1,048	421
Held for trading	0	0	1,011	385	26	26	7	5	0	0	4	5	1,048	421
Loans and advances to other banks	0	0	20,374	24,581	0	0	0	0	0	0	0	0	20,374	24,581
Loans and receivables	0	0	20,374	24,581	0	0	0	0	0	0	0	0	20,374	24,581
Available for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances to customers	72,255	68,230	8,132	7,723	4,439	4,643	4,880	3,938	3,533	2,705	6,742	5,486	99,981	92,725
Loans and receivables	64,731	61,120	8,126	7,716	4,259	4,427	4,819	3,873	3,388	2,546	6,733	5,477	92,056	85,159
Designated at fair value	7,524	7,110	0	0	0	0	0	0	0	0	0	0	7,524	7,110
Held to maturity	0	0	6	7	180	216	61	65	145	159	9	9	401	456
Available for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment securities	0	0	45,384	46,402	32,602	15,085	887	740	4,331	4,050	1,771	2,329	84,975	68,606
Loans and receivables	0	0	21,055	22,276	2,068	2,014	206	119	1,297	1,258	210	933	24,836	26,600
Designated at fair value	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Held to maturity	0	0	638	709	21	21	0	0	0	0	0	0	659	730
Available for sale	0	0	23,691	23,417	30,513	13,050	681	621	3,034	2,792	1,561	1,396	59,480	41,276
Subtotal	72,457	68,439	90,909	88,358	37,861	19,768	5,928	4,831	7,995	6,920	8,696	7,953	223,846	196,269
Contingent liabilities	284	252	628	891	24	22	170	172	21	16	74	75	1,201	1,428
Other liabilities	19,413	19,113	552	34	33	35	703	971	689	667	1,341	2,660	22,731	23,480
Total	92,154	87,804	92,089	89,283	37,918	19,825	6,801	5,974	8,705	7,603	10,111	10,688	247,778	221,177

The Group’s loan portfolio consists mainly of loans to retail customers with a focus on private mortgage lending, as well as loans and advances to banks, insurers, and financial services in the Financial Markets division. A target portfolio has been defined as part of the credit risk strategy that has been optimized in terms of diversification and serves to manage investments in the non-retail area.

Regional distribution of the loan portfolio

Risk concentration by geographical region

Risk-bearing financial instruments	Germany		Western Europe		Other regions		Total	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Trading assets	9,127	5,125	6,794	3,738	1,547	1,073	17,468	9,936
Held for trading	9,127	5,125	6,794	3,738	1,547	1,073	17,468	9,936
Hedging derivatives	74	67	909	275	65	79	1,048	421
Held for trading	74	67	909	275	65	79	1,048	421
Loans and advances to other banks	9,786	13,937	9,993	8,348	595	2,296	20,374	24,581
Loans and receivables	9,786	13,937	9,993	8,348	595	2,296	20,374	24,581
Available for sale	0	0	0	0	0	0	0	0
Loans and advances to customers	85,786	80,724	10,905	9,219	3,290	2,782	99,981	92,725
Loans and receivables	77,861	73,158	10,905	9,219	3,290	2,782	92,056	85,159
Designated at fair value	7,524	7,110	0	0	0	0	7,524	7,110
Held to maturity	401	456	0	0	0	0	401	456
Available for sale	0	0	0	0	0	0	0	0
Investment securities	30,585	23,878	45,568	36,438	8,822	8,290	84,975	68,606
Loans and receivables	13,410	14,971	8,178	8,618	3,248	3,011	24,836	26,600
Designated at fair value	0	0	0	0	0	0	0	0
Held to maturity	649	666	10	16	0	48	659	730
Available for sale	16,526	8,241	37,380	27,804	5,574	5,231	59,480	41,276
Subtotal	135,358	123,731	74,169	58,018	14,319	14,520	223,846	196,269
Contingent liabilities	1,047	1,130	88	235	66	63	1,201	1,428
Other liabilities	21,010	21,989	806	345	915	1,146	22,731	23,480
Total	157,415	146,850	75,063	58,598	15,300	15,729	247,778	221,177

The regional distribution of the credit volume indicates a concentration on the domestic German market in line with Postbank's strategy, as well as selected exposures in Western Europe and North America, some of which were entered into by our foreign subsidiaries and branches.

Credit structure of the loan portfolio

The distribution of rating categories in the Group loan portfolio demonstrates the conservative orientation of the Postbank Group. 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 June 30, 2008 reporting date (with the exception of "contingent liabilities" and "other amounts due"). The higher rating categories predominate: 94 % of the rated portfolio is classified as investment grade.

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	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Trading assets	5,273	2,446	9,393	5,038	1,773	1,622	225	180	161	206	441	235	17,266	9,727
Held for trading	5,273	2,446	9,393	5,038	1,773	1,622	225	180	161	206	441	235	17,266	9,727
Hedging derivatives	61	39	901	331	30	32	37	10	4	4	15	5	1,048	421
Held for trading	61	39	901	331	30	32	37	10	4	4	15	5	1,048	421
Loans and advances to other banks	525	936	7,888	7,985	10,360	13,753	853	387	158	38	590	1,482	20,374	24,581
Loans and receivables	525	936	7,888	7,985	10,360	13,753	853	387	158	38	590	1,482	20,374	24,581
Available for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and advances to customers	823	820	2,715	3,042	5,317	3,648	9,737	7,868	6,057	5,904	518	83	25,167	21,365
Loans and receivables	745	730	2,615	2,927	5,227	3,563	9,686	7,787	5,975	5,819	518	83	24,766	20,909
Designated at fair value	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Held to maturity	78	90	100	115	90	85	51	81	82	85	0	0	401	456
Available for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment securities	38,979	25,358	27,088	20,879	12,352	15,640	2,367	1,743	1,680	1,485	1,831	2,682	84,297	67,787
Loans and receivables	11,262	11,850	6,779	7,040	4,757	5,342	921	628	826	645	32	955	24,577	26,460
Designated at fair value	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Held to maturity	629	590	0	92	30	48	0	0	0	0	0	0	659	730
Available for sale	27,088	12,918	20,309	13,747	7,565	10,250	1,446	1,115	854	840	1,799	1,727	59,061	40,597
Total	45,661	29,599	47,985	37,275	29,832	34,695	13,219	10,188	8,060	7,637	3,395	4,487	148,152	123,881

Investments in government bonds with excellent credit ratings have led to a shift in the loan portfolio towards better ratings classes compared with the 2007 year-end. The current rating distribution for loans and advances to banks, companies, and sovereigns is in excess of the target rating distribution in line with the credit risk strategy.

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 June 30, 2008 reporting date (with the exception of "contingent liabilities" and "other amounts due").

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	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 Mio €	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Trading assets	0	0	3	4	23	20	67	69	106	110	3	6	202	209
of which: held for trading	0	0	3	4	23	20	67	69	106	110	3	6	202	209
Loans and advances to customers	2,690	2,189	5,700	4,853	6,634	5,660	11,562	9,871	14,093	12,597	31,576	33,060	72,255	68,230
of which: loans and receivables	2,688	2,187	5,654	4,812	6,353	5,423	10,351	8,869	11,924	10,818	27,761	29,011	64,731	61,120
of which: designated at fair value	2	2	46	41	281	237	1,211	1,002	2,169	1,779	3,815	4,049	7,524	7,110
Total	2,690	2,189	5,703	4,857	6,657	5,680	11,629	9,940	14,199	12,707	31,579	33,066	72,457	68,439

Postbank's retail business shows an extremely favorable credit structure. 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 pool ratings are established by segment and are measured individually according to the relevant Basel II parameters. The relative and absolute proportion of portfolios covered by these pool ratings is declining gradually since each new transaction in the retail segment is rated on an individual basis. Basel II-compliant pool estimate procedures for default probabilities and the expected loss rates were developed for homogeneous subportfolios of the vast majority of these unrated loans.

Loans past due and impaired

The following table shows those risk-bearing financial instruments that were past due in an amount of at least €100 but not impaired as of June 30, 2008:

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	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Loans and advances to customers	467	940	155	174	60	89	68	50	750	1,253	775	1,290
of which: loans and receivables	467	940	155	174	60	89	68	50	750	1,253	775	1,290
Total	467	940	155	174	60	89	68	50	750	1,253	775	1,290

By contrast, the following table shows all impaired financial assets as of the June 30, 2008 and December 31, 2007 reporting dates, broken down into loans and advances to customers for which specific valuation allowances have been recognized and investment securities for which impairment losses have been recognized. The carrying amount after recognition of impairment losses is shown in the table as the difference between the carrying amount before impairment losses and the amount of the impairment loss.

Impaired financial instruments

Impaired risk-bearing financial instruments and collateral	Carrying amount before impairment		Amount of impairment		Carrying amount after impairment		Fair value of collateral for impaired instruments	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Loans and advances to customers	1,809	1,877	1,115	1,154	694	723	981	922
of which: loans and receivables	1,809	1,877	1,115	1,154	694	723	981	922
Investment securities	678	819	260	130	418	689	0	0
of which: loans and receivables	259	140	188	67	71	73	–	–
of which: available for sale	419	679	72	63	347	616	–	–
Total	2,487	2,696	1,375	1,284	1,112	1,412	981	922

Securitization

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 substitute transactions, Postbank has invested in structured credit products, 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). The portfolio had a total volume of €5.7 billion as of June 30, 2008.

We have been closely monitoring the turmoil on the capital markets arising from the developments on the U.S. real estate market with regard to potential defaults in our structured credit portfolio. We have continued to systematically analyze our holdings and test them for impairment. Based on a cautious assessment of the portfolio, impairment losses totaling €120 million were recognized in the first half of 2008. Since the crisis emerged in mid-2007, we have therefore recognized impairment losses in the income statement on the holdings affected by the crisis amounting to €232 million.

Originator:

In addition to acting as an investor in credit substitute transactions, Postbank is also on the market as an originator. The following synthetic securitization transactions involving the securitization of mortgage loans not only reduced regulatory capital requirements but also diversified risk:

PB Domicile 2006-1	€2,267 million	(Deutsche Postbank AG)
Provide Blue 2005-1	€1,129 million	(BHW Bausparkasse AG)
Provide Blue 2005-2	€2,681 million	(BHW Bausparkasse AG)
PB Domicilio 2007-1	€1,261 million	(BHW Bausparkasse AG)

In the current fiscal year, Postbank also structured the PB Consumer 2008-1 originator securitization as a traditional securitization; no significant transfer of risks had taken place as of the reporting date.

Liquidity risk

Despite the tougher market conditions due to the financial market crisis, the liquidity position of the Postbank Group remains solid – thanks in particular to its deposit business – and no shortfalls have been identified during the observation period of one year.

The following table shows the financial liabilities as of June 30, 2008 and December 31, 2007, 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. The information presented in this table fulfills the accounting requirements to be met by the Postbank Group in accordance with IFRS 7 with regard to reporting liquidity risk. 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.

Liabilities by remaining maturity

Liabilities	Due daily		≤ 3 months		> 3 months and ≤ 1 year		> 1 year and ≤ 5 years		> 5 years		Total	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Deposits from other banks	2,558	2,668	57,831	44,849	5,917	3,916	4,666	4,307	3,756	4,558	74,729	60,298
Due to customers	24,907	25,684	48,181	47,273	23,254	22,056	2,476	3,008	960	1,103	99,778	99,124
Securitized liabilities	0	0	464	2,042	4,244	1,445	9,783	8,374	4,278	3,931	18,769	15,792
Trading liabilities	47	0	1,306	487	579	953	4,453	1,935	2,036	2,446	8,421	5,822
Hedging derivatives	17	0	95	81	86	106	610	619	1,113	1,417	1,922	2,222
Subordinated debt*	0	0	38	27	422	89	1,414	689	4,009	5,610	5,884	6,415
Other liabilities	20	0	233	186	7	326	19	66	18	25	296	602
Irrevocable loan commitments	22,672	23,480	0	0	0	0	59	0	0	0	22,731	23,480
Total	50,222	51,832	108,149	94,945	34,509	28,891	23,480	18,998	16,169	19,091	232,530	213,756

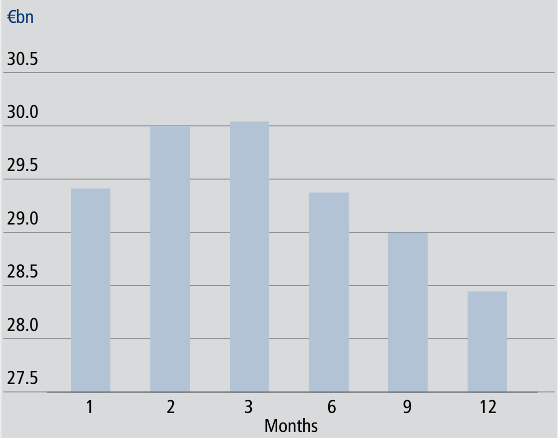
*Values adjusted as of Dec. 31, 2007

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 June 30, 2008 presents the expected cash inflows/outflows and the available liquidity sources on a cumulative basis in accordance with the principles of internal liquidity management within a one-year horizon.

The expected values for cash outflows from liabilities with no fixed capital commitment, such as savings and checking accounts, the probability of utilization of irrevocable loan commitments, and the quality of the available fungible assets for ensuring liquidity are based in part on observed historical data and in part on assumptions that are subjected to regular validation.

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

Liquidity status of the Postbank Group as of June 30, 2008



Presentation of the risk position: Disclosures on types of risk with no material change, material new risks, and risks that could jeopardize the Group's continued existence

Besides the market, credit, and liquidity risks that are described in detail in this risk report and managed operationally, there are other risks (operational risk, real estate and investment risk, collective risk, and business risk) for the remaining months of fiscal year 2008 whose assessment has not changed significantly since the end of 2007. According to our current assessment, these risks will not change significantly over the remaining months of fiscal year 2008.

The Bank will continue to place its strategic focus on its core business areas. The consistent implementation of this strategy will result in new earnings opportunities for the Postbank Group from the customer groups it considers relevant.

At present, no negative developments are known to the Bank that could lead to a shift in strategy in the remaining months of fiscal year 2008.

No risks that could impair the Postbank Group's development or even jeopardize its continued existence have been identified among the above-mentioned risk types.

Report on Expected Developments

Macroeconomic environment

Uncertainty about the outlook for worldwide growth remains unusually high mid-2008. The capital market crisis is more serious and long-lasting than expected. Moreover, the further huge increase in the price of oil is putting an additional severe damper on the global economy. Nevertheless, global growth is expected to continue for the rest of the year, albeit at a muted pace. As of the middle of the year, the U.S. economy has yet to overcome its period of weakness; in spite of the tax relief for private households and the monetary policy initiatives, only a slight recovery is expected in the second half of 2008. We have revised our 2008 forecast for U.S. GDP downwards from +2.2 % to +1.7 %.

The euro zone economy has peaked. This is mainly due to the strong euro and high oil prices, which are impacting exports and consumer spending. Only moderate growth is expected to be achieved in the second half of the year. We have reduced our 2008 GDP forecast for the euro zone from +2.0 % to +1.6 %. However, we now expect the German economy to grow by +2.3 % as a result of the good start to the year and are therefore revising upwards our projection of +2.1 % published in the last report. Nevertheless, the pace of growth looks set to slow perceptibly during the second half of the year. The positive impetus from exports should continue as it is clear that the German economy has so far handled the strong euro better than other euro zone countries. However the economic risks have palpably increased in Germany recently due to the ongoing financial crisis and the recent spike in oil prices. With crude oil at more than 100 US dollars per barrel, we estimate that GDP growth in 2009 will be just 1.4 % in the euro zone and 1.6 % in Germany. In 2010, the growth rate is likely to climb again to around 2 %. The risk that inflation will accelerate further or remain at a high level for a long period of time has also intensified. We estimate that the inflation rate will be 2.5 % in 2009 and 2010, still clearly above the stability target set by the ECB.

The ECB and the Fed are both confronted with economic and inflation risks. Stagflation, meaning high inflation and very low growth rates, cannot be ruled out, at least for the coming quarters. In this environment, we expect both central banks to keep their key interest rates steady at 4.25 % and 2 % respectively during the rest of the year. We have therefore raised our interest rate forecasts by 0.25 percentage points in each case compared with the last report. In the United States, capital market rates should pick up slightly as the economy gains moderate momentum. We anticipate a slight decline in long-term interest rates in the euro zone if the economy slows. Consequently, the yield curve in the euro zone will probably remain inverted for longer than we had thought up to now.

Competition

Two factors will act as a considerable brake on the growth of German banks in 2008: firstly, the global financial crisis, and secondly the inverted yield curve, the effects of which will be felt most keenly in the medium term by financial institutions with high deposit volumes. An additional negative factor is the ongoing strong competition for deposits that limit banks' opportunities for refinancing at attractive rates. In this environment, few German banks are likely to succeed in maintaining or exceeding their prior-year earnings levels. The majority will probably fall short of their strong earnings figures for 2007.

The German banking landscape continues to feature a three-pillar structure consisting of private banks, savings banks, and cooperative banks. Talks on mergers and acquisitions are confined to individual pillars. The two cooperative central institutions have resumed their exploratory talks on a possible merger that were discontinued in late 2006. Driven by the fallout from the financial crisis, such ideas were also expressed by the owners of the Landesbanks. However, the next mergers and acquisitions are expected to be between private banks. It is in this segment that the most progress has been made in the deliberations and talks – which in some cases also involve foreign banks. Mid-July saw the announcement of the acquisition of Citibank, the German subsidiary of the U.S. bank Citigroup, by the French cooperative bank Crédit Mutuel.

Outlook: Postbank

We aim to make further progress in Postbank's value-oriented development during the remainder of 2008 by continuing to implement our "Next Step" strategic program. We particularly want to sustainably expand our selling power in the German market by systematically gearing all of our value creation structures to the customer. To this end, we defined appropriate key performance indicators at the close of 2007 that were described in detail in our last Annual Report.

In Retail Banking, we will focus continuously on anchoring our core customer concept. Most of the relevant customers were assigned to the sales channels in the first half of 2008. We want to substantially increase the number of core customers as well as their use of our products in the coming years, and to raise productivity in our sales channels in the process. In our core Retail Banking products, we are pursuing the goal of increasing our market share by achieving above-average growth.

In the Corporate Banking business, we intend to become a core bank for our most important 3,000 customers and to position ourselves in this segment too as specialists in liquidity and financial management. This process will be accompanied by the steady yet prudent expansion of our portfolio in the area of lending to SMEs and commercial real estate finance. It is expected to substantially boost the earnings contribution made by the Corporate Banking business.

In Transaction Banking, we are reviewing, among other things, our opportunities for leveraging the growth potential offered by the European market for payment transactions. We want to expand our highly efficient loan processing structures to incorporate multiclient facilities and thus create additional sources of income. The contribution of Transaction Banking to Postbank's profit before tax is expected to increase to €50 million by 2010.

For the current year, we still assume that – due among other things to ongoing tough competition in the German retail market, the inverted yield curve, and the initial effects of the new savings account strategy – operational earnings will only increase moderately in comparison with 2007 after adjustment for the negative effects of the capital markets. However, administrative expenses should decline tangibly. We expect allowances for losses on loans and advances to develop encouragingly in view of the robust domestic economy despite the planned increase in the lending volume.

At our Capital Markets Day in December 2007, we had already replaced our initial estimate for the current year with a target range for our operating profit before taxes (disregarding positive and negative extraordinary effects) of € 1.1 to € 1.2 billion. Despite the partly inverted yield curve and the high volatility of the capital markets, we consider ourselves heading in the right direction given the positive development in our operating business.

We are making good progress with the implementation of our strategic program and the improvement of profitability in our customer business. Based on that, we are optimistic with respect to the further development of Postbank, albeit achieving our financial goals for 2010 remains subject to uncertainties resulting from the continued capital markets crisis, such as the intense competition for customer deposits, the inverted yield curve as well as general economic and inflation risks that are beyond the Bank's control.

Contents

Consolidated Income Statement for the period January 1 to June 30, 2008

	Note	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Interest income	(4)	4,827	4,068
Interest expense	(4)	–3,648	–2,970
Net interest income	(4)	1,179	1,098
Allowance for losses on loans and advances	(5)	–161	–176
Net interest income after allowance for losses on loans and advances		1,018	922
Fee and commission income	(6)	837	815
Fee and commission expense	(6)	–128	–119
Net fee and commission income	(6)	709	696
Net trading income	(7)	67	169
Net income from investment securities	(8)	–79	108
Administrative expenses	(9)	–1,382	–1,422
Other income	(10)	86	53
Other expenses	(11)	–82	–70
Profit before tax		337	456
Income tax		–101	–160
Profit from ordinary activities after tax		236	296
Minority interest		–1	–1
Consolidated net profit		235	295

Earnings per share

Earnings per share are calculated by dividing the consolidated net profit by the weighted average number of shares outstanding during the reporting period. The average number of shares outstanding in both reporting periods was 164,000,000.

Earnings per share were as follows:

	Jan. 1 – June 30, 2008	Jan. 1 – June 30, 2007
Basic earnings per share (€)	1.43	1.80
Diluted earnings per share (€)	1.43	1.80

Consolidated Income Statement: Quarterly Overview

	2008		2007			
	Q2 €m	Q1 €m	Q4 €m	Q3 €m	Q2 €m	Q1 €m
Interest income	2,510	2,317	2,215	2,101	2,081	1,987
Interest expense	−1,888	−1,760	−1,613	−1,561	−1,526	−1,444
Net interest income	622	557	602	540	555	543
Allowance for losses on loans and advances	−86	−75	−70	−92	−86	−90
Net interest income after allowance for losses on loans and advances	536	482	532	448	469	453
Fee and commission income	418	419	436	424	396	419
Fee and commission expense	−68	−60	−60	−67	−57	−62
Net fee and commission income	350	359	376	357	339	357
Net trading income	58	9	26	95	108	61
Net income from investment securities	−80	1	2	184	38	70
Administrative expenses	−698	−684	−728	−706	−707	−715
Other income	44	42	71	36	29	24
Other expenses	−39	−43	−81	−64	−42	−28
Profit before tax	171	166	198	350	234	222
Income tax	−52	−49	−29	56	−83	−77
Profit from ordinary activities after tax	119	117	169	406	151	145
Minority interest	0	−1	0	0	0	−1
Consolidated net profit	119	116	169	406	151	144

Consolidated Balance Sheet as of June 30, 2008

Assets	Note	June 30, 2008 €m	Dec. 31, 2007 €m
Cash reserve		1,016	3,352
Loans and advances to other banks	(12)	20,374	24,581
Loans and advances to customers	(13)	99,981	92,130
Allowance for losses on loans and advances	(15)	–1,222	–1,154
Trading assets	(16)	17,468	9,936
Hedging derivatives		1,048	421
Investment securities	(17)	84,975	68,606
Intangible assets	(18)	2,419	2,425
Property and equipment	(19)	909	927
Investment property		73	73
Current tax assets		177	117
Deferred tax assets		739	483
Other assets	(20)	634	529
Assets held for sale		–	565
Total assets		228,591	202,991

Equity and Liabilities	Note	June 30, 2008 €m	Dec. 31, 2007 €m
Deposits from other banks	(21)	77,058	61,146
Due to customers	(22)	112,887	110,696
Securitized liabilities	(23)	14,136	9,558
Trading liabilities	(24)	9,847	5,594
Hedging derivatives		870	873
Provisions	(25)	2,105	2,107
Current tax liabilities		184	122
Deferred tax liabilities		1,055	1,102
Other liabilities	(26)	452	835
Subordinated debt	(27)	5,729	5,603
Liabilities directly related to assets held for sale		–	44
Equity		4,268	5,311
a) Issued capital		410	410
b) Share premium		1,160	1,160
c) Retained earnings		2,461	2,869
d) Consolidated net profit		235	870
Minority interest		2	2
Total equity and liabilities		228,591	202,991

Statement of Changes in Equity

	Issued capital €m	Share premium €m	Retained earnings €m	Currency translation reserve €m	Revaluation reserve €m	Consoli-dated net profit €m	Equity before minority interest €m	Minority interest €m	Total €m
Balance at Jan. 1, 2007	410	1,160	3,051	–117	6	695	5,205	2	5,207
Dividend payment						–205	–205		–205
Appropriation to retained earnings			490			–490	0		0
Currency translation differences				–7			–7		–7
Changes in unrealized gains and losses, net of deferred taxes					–170		–170		–170
Consolidated net profit Jan. 1 – June 30, 2007						295	295	1	296
Treasury shares							–		–
Other changes							0	–1	–1
Balance at June 30, 2007	410	1,160	3,541	–124	–164	295	5,118	2	5,120
For info.: Total of items between Jan. 1 and June 30, 2007 that change equity in acc. with IAS 1.96 c				–7	–170	295	118	1	119
Dividend payment							–		–
Appropriation to retained earnings							–		–
Currency translation differences				–25			–25		–25
Changes in unrealized gains and losses, net of deferred taxes					–359		–359		–359
Consolidated net profit July 1 – Dec. 31, 2007						575	575		575
Treasury shares							–		–
Other changes							–		–
Balance at Dec. 31, 2007	410	1,160	3,541	–149	–523	870	5,309	2	5,311
For info.: Total of items between July 1 and Dec. 31, 2007 that change equity in acc. with IAS 1.96 c				–25	–359	575	191	0	191
Dividend payment						–205	–205		–205
Appropriation to retained earnings			665			–665	0		0
Currency translation differences				–30			–30		–30
Changes in unrealized gains and losses, net of deferred taxes					–1,043		–1,043		–1,043
Consolidated net profit Jan. 1 – June 30, 2008						235	235	1	236
Treasury shares							0		0
Other changes							0	–1	–1
Balance at June 30, 2008	410	1,160	4,206	–179	–1,566	235	4,266	2	4,268
For info.: Total of items between Jan. 1 and June 30, 2008 that change equity in acc. with IAS 1.96 c				–30	–1,043	235	–838	1	–837

Condensed Cash Flow Statement

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Cash and cash equivalents at start of period	3,352	1,015
Net cash from/used in operating activities	15,641	–1,363
Net cash from/used in investing activities	–17,873	1,943
Net cash from/used in financing activities	–105	352
Effects of exchange rate differences	1	48
Cash and cash equivalents of group of assets and liabilities held for sale	–	– 22
Cash and cash equivalents at end of period	1,016	1,973

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		Corporate Banking		Transaction Banking		Financial Markets		Others		Group	
	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Net interest income	1,164	1,190	180	140	2	2	67	46	–234	–280	1,179	1,098
Net trading income	25	2	–23	5	–	–	67	34	–2	128	67	169
Net income from investment securities	–	18	–40	3	–	–	–15	2	–24	85	–79	108
Balance sheet-related revenues	1,189	1,210	117	148	2	2	119	82	–260	–67	1,167	1,375
Net fee and commission income	517	481	52	51	175	179	32	37	–67	–52	709	696
Total income	1,706	1,691	169	199	177	181	151	119	–327	–119	1,876	2,071
Administrative expenses	–1,070	–1,094	–83	–88	–162	–163	–44	–41	–23	–36	–1,382	–1,422
Allowance for losses on loans and advances	–133	–145	–14	–18	–	–	2	6	–16	–19	–161	–176
Other income/expense	15	–5	1	–1	7	–	–1	–	–18	–11	4	–17
Profit before tax	518	447	73	92	22	18	108	84	–384	–185	337	456
Cost/income ratio (CIR)	62.7%	64.7%	49.1%	44.2%	91.5%	90.1%	29.1%	34.5%	–	–	73.7%	68.7%
Return on equity before taxes (RoE)	43.4%	30.7%	36.2%	50.6%	–	–	32.0%	29.4%	–55.3%	–28.5%	13.9%	17.5%
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Segment assets	81,550	79,107	24,367	21,032	82	93	32,053	22,521	84,746	72,500	222,798	195,253
Segment liabilities	97,989	94,563	19,710	18,469	3	1	19,158	12,569	77,068	61,392	213,928	186,994

The Transaction Banking segment includes 56 % intersegment income (June 30, 2007: 55 %).

Segment reporting by geographical region

	Assets		Liabilities		Income		Profit before tax	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Germany	187,295	163,155	180,104	156,683	1,818	1,939	311	359
Others	35,503	32,098	33,824	30,311	58	132	26	97
Europe	29,014	25,974	27,714	24,665	68	76	48	62
USA	5,995	5,655	5,660	5,225	–17	52	–27	34
Asia	494	469	450	421	7	4	5	1
Total	222,798	195,253	213,928	186,994	1,876	2,071	337	456

Segments are allocated by the domicile of the branch or Group company.

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 37w of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) in conjunction with section 37y no. 2 of the WpHG, Postbank prepares a half-yearly 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 outlined separately below, the same accounting policies used in preparing the 2007 consolidated financial statements were applied in preparing the interim report as of June 30, 2008.

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 estimation of the fair value of certain financial instruments, the recognition and measurement of provisions, and the ability to realize future tax benefits.

In light of developments on the capital markets, uncertainty remains as to how to measure the fair value of certain structured financial instruments (structured credit products – SCPs) in particular. Compared with the previous year, enhanced valuation techniques are used to measure the fair value of selected securitized instruments (CDOs, consumer ABSs, commercial ABSs, CMBSs, RMBSs) in the case of non-verifiable indicative prices. In this context, Postbank uses a simulation model that is based on portfolio loss distribution, taking into account the respective securitization structure. The cash flows resulting from such products are forecasted taking into account the respective 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 microhedging instruments (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 during 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 for the period in the same way as for ineffective hedges. Starting from July 1, 2008, effectiveness tests – and hence measurement in profit or loss – will be performed on a monthly rather than a quarterly basis as a result of further process optimization measures.

As a result of a change in an estimate when measuring the impairment of retail fund units classified as available for sale, the non-permanent impairment losses were presented as a reduction in the revaluation reserve of €53 million since the beginning of 2008.

Postbank AG has reviewed the useful lives of its purchased and internally developed capitalized software. The analysis indicated that two software products will be usable for a longer period because of their competitive market performance. This change in estimated useful lives increases profit before tax by around €10 million in the first half of 2008. The expected effect on full-year 2008 amounts to an increase of approximately €19 million before tax.

(3) Basis of consolidation

In addition to the parent company Deutsche Postbank AG, 42 (December 31, 2007: 43) subsidiaries that are presented in the following overview are included in the consolidated financial statements as of June 30, 2008.

Consolidated companies

Name and domicile	Equity interest direct (%)	Equity interest indirect (%)
BHW Holding AG, Berlin/Hamelin	100.0	
BHW Bausparkasse AG, Hamelin		100.0
BHW Bank AG, Hamelin	100.0	
BHW Gesellschaft für Wohnungswirtschaft mbH, Hamelin		100.0
BHW Gesellschaft für Wohnungswirtschaft mbH & Co. Immobilienverwaltungs KG, Hamelin		100.0
BHW Gesellschaft für Vorsorge mbH, Hamelin		100.0
BHW Immobilien GmbH, Hamelin		100.0
BHW Home Finance Limited, New Dehli, India		100.0
Postbank Finanzberatung AG, Hamelin	23.3	76.7
Postbank Versicherungsvermittlung GmbH, Bonn		100.0
Postbank Filialvertrieb AG, Bonn	100.0	
Deutsche Postbank International S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Vermögens-Management S.A., Munsbach, Luxembourg		100.0
Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, Bonn		90.0
Postbank Systems AG, Bonn	100.0	
Postbank Support GmbH, Cologne		100.0
Postbank Beteiligungen GmbH, Bonn	100.0	
VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn	75.0	
DSL Holding AG i.A., Bonn	100.0	
Deutsche Postbank Financial Services GmbH, Frankfurt/Main	100.0	
Deutsche Postbank Finance Center Objekt GmbH, Munsbach, Luxembourg		90.0
DPBI Immobilien KGaA, Munsbach, Luxembourg		10.01
Postbank Leasing GmbH, Bonn	100.0	
PB (USA) Holdings Inc., Wilmington, Delaware, USA	100.0	
PB Capital Corp., Wilmington, Delaware, USA		100.0
PB Realty Corp., New York, USA		94.7
PB Finance (Delaware) Inc., Wilmington, Delaware, USA		100.0
PBC Carnegie LLC, Wilmington, Delaware, USA		100.0
PB Factoring GmbH, Bonn	100.0	
PB Firmenkunden AG, Bonn	100.0	
Betriebs-Center für Banken AG, Frankfurt/Main	100.0	
Betriebs-Center für Banken Payments & Services GmbH, Munich		100.0
Deutsche Postbank Funding LLC I, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding LLC II, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding LLC III, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding LLC IV, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding Trust I, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding Trust II, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding Trust III, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding Trust IV, Wilmington, Delaware, USA	100.0	

The resolution by the General Meeting of BHW Holding AG on the transfer of the shares of the minority shareholders to the majority shareholder, Deutsche Postbank AG, was entered in the commercial register on February 12, 2008. Upon registration of the transfer resolution, the remaining 1.6 % of the shares held by the minority shareholders were transferred to Deutsche Postbank AG, which thus holds all shares of BHW Holding AG.

Betriebs-Center für Banken Verwaltungs GmbH was renamed Postbank Sechste Beteiligungen GmbH on entry in the commercial register on June 23, 2008, The company was deconsolidated as of June 30, 2008 due to its minor significance for the Postbank Group,

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, a total of 23 (December 31, 2007: 23) special funds and, since January 2008, a company formed to securitize installment loans were included in the consolidated financial statements.

There were no other changes in the basis of consolidation.

Income statement disclosures

(4) Net interest income

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Interest and current income		
Interest income from:		
Lending and money market transactions	3,080	2,622
Fixed-income and book-entry securities	1,587	1,158
Trading operations	114	207
Net losses on hedges	–1	–4
	4,780	3,983
Current income from:		
Equities and other non-fixed-income securities	38	84
Investments in associates	9	1
	47	85
	4,827	4,068
Interest expense on:		
Deposits	3,086	2,220
Securitized liabilities	258	347
Subordinated debt	155	127
Swaps	30	69
Trading operations	119	207
	3,648	2,970
Total	1,179	1,098

€3,564 million (previous year: €2,957 million) of interest income relates to financial instruments classified as loans and receivables, €25 million (previous year: €82 million) to financial instruments classified as held to maturity, and €1,078 million (previous year: €741 million) to financial instruments classified as available for sale.

Interest income from lending and money market transactions includes €15 million (previous year: €15 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 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Losses on the fair value remeasurement of hedged items	–379	–187
Gains on the fair value remeasurement of hedging instruments	378	183
Total	–1	–4

(5) Allowance for losses on loans and advances

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Cost of additions to allowance for losses on loans and advances		
Specific valuation allowances	180	222
Portfolio-based valuation allowances	30	6
Cost of additions to provisions for credit risks	5	11
Direct loan write-offs	14	14
Income from the reversal of the allowance for losses on loans and advances		
Specific valuation allowances	52	71
Portfolio-based valuation allowances	6	1
Income from the reversal of provisions for credit risks	2	–
Recoveries on loans previously written off	8	5
Total	161	176

€158 million (previous year: €165 million) of the allowance for losses on loans and advances relates to receivables classified as loans and receivables, and €3 million (previous year: €11 million) to guarantees, warranties, and irrevocable loan commitments.

(6) Net fee and commission income

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Giro business	177	179
Securities business	77	65
Lending and guarantee business	60	56
Branch business	233	253
Other fee and commission income	162	143
Total	709	696

Since the start of 2008, the fee and commission income and expense items of Postbank Finanzberatung have been allocated more properly to the individual components of net fee and commission income.

(7) Net trading income

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Net income from interest rate products	– 8	11
Net gain on derivatives carried in the trading portfolio and the banking book	65	146
Net gain from application of the fair value option	17	3
Net income from equities	–1	13
Foreign exchange loss	–4	–2
Net fee and commission income in the trading portfolio	–2	–2
Total	67	169

Net gains on derivatives include losses on the measurement of embedded derivatives from structured credit products (€166 million), CPPI structures (€24 million), and other promissory note loans (€31 million).

(8) Net income from investment securities

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Net income from loans-and-receivables investment securities	–111	6
thereof: net income from sale	–1	6
Gains on sale	11	8
Losses on sale	12	2
thereof: net impairment loss	–110	–
Net income from available-for-sale investment securities	3	101
thereof: net income from sale	23	101
Gains on sale	118	194
Losses on sale	95	93
thereof: net impairment loss	–20	–
Net income from loans to other banks	–	1
thereof: net income from sale of loans and receivables	–	1
Net income from loans to customers	29	–
thereof: net income from sale of loans and receivables	29	–
Total	–79	108

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Net income from bonds and promissory note loans	44	–7
Net income from equities and other non-fixed-income securities	7	115
Impairment	–130	–
Total	–79	108

€120 million of the net impairment loss on investment securities relates to structured credit products and €10 million to equities and investment fund shares.

(9) Administrative expenses

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Staff costs	689	700
Other administrative expenses	658	681
Depreciation and write-downs of property and equipment	35	41
Total	1,382	1,422

(10) Other income

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Income from property and equipment	16	9
Miscellaneous	70	44
Total	86	53

(11) Other expenses

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Amortization and write-downs of intangible assets	35	37
Miscellaneous	47	33
Total	82	70

Balance sheet disclosures

(12) Loans and advances to other banks

	June 30, 2008 €m	Dec. 31, 2007 €m
Payable on demand	1,066	1,601
Other loans and advances	19,308	22,980
Total	20,374	24,581

Loans and advances to other banks only include financial instruments classified as loans and receivables.

€4,302 million (December 31, 2007: €6,871 million) of loans and advances to other banks is due after more than 12 months.

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	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Financial collateral	9,329	11,413	1,459	805
Non-financial collateral	–	–	–	–
Total	9,329	11,413	1,459	805

(13) Loans and advances to customers

	June 30, 2008 €m	Dec. 31, 2007 €m
Private mortgage lending	67,138	64,781
Home savings loans	3,277	3,179
Commercial loans	20,801	17,553
Public sector	2,975	3,546
Installment credits	2,671	2,289
Other loans and advances	3,119	782
Total	99,981	92,130

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

	June 30, 2008 €m	Dec. 31, 2007 €m
Loans and receivables	92,056	84,564
Held to maturity	401	456
Fair value option	7,524	7,110
Total	99,981	92,130

€74,148 million (December 31, 2007: €69,769 million) of loans and advances to customers is due after more than 12 months.

(14) Total credit extended

	June 30, 2008 €m	Dec. 31, 2007 €m
Loans and advances to other banks	20,374	24,581
Loans and advances to customers	99,981	92,130
Guarantees	1,201	1,428
Total	121,556	118,139

(15) Allowance for losses on loans and advances

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

	June 30, 2008 €m	Dec. 31, 2007 €m
Specific valuation allowances	1,115	1,071
Portfolio-based valuation allowances	107	83
Total allowances for losses on loans and advances	1,222	1,154
Provisions for credit risks	39	39
Total	1,261	1,193

The allowance for losses on loans and advances is accounted for in full by loans and advances to customers classified as loans and receivables. Collective 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	
	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m
Balance at January 1	1,071	1,090	83	65	1,154	1,155
Reclassification in accordance with IFRS 5	–	−84	–	−2	–	−86
Additions						
Allowance charged to the income statement	180	222	30	6	210	228
Disposals						
Utilization	68	87	–	–	68	87
Allowance reversed to the income statement	52	71	6	1	58	72
Unwinding	15	15	–	–	15	15
Currency translation differences	1	1	–	–	1	1
Balance at June 30	1,115	1,054	107	68	1,222	1,122

(16) Trading assets

	June 30, 2008 €m	Dec. 31, 2007 €m
Bonds and other fixed-income securities	7,207	4,139
Equities and other non-fixed-income securities	73	161
Building loans held for trading	202	209
Positive fair values of derivatives carried as trading assets	9,083	5,155
Positive fair values of banking book derivatives	634	131
Positive fair values from derivatives relating to hedged items accounted for under the fair value option	269	141
Total	17,468	9,936

€12,649 million (December 31, 2007: €7,365 million) of trading assets is due after more than 12 months.

(17) Investment securities

	June 30, 2008 €m	Dec. 31, 2007 €m
Bonds and other fixed-income securities		
Loans and receivables	24,836	26,600
Held to maturity	659	730
Available for sale	56,865	38,755
	82,360	66,085
Equities and other non-fixed-income securities (available for sale)	2,515	2,418
Investments in associates (available for sale)	20	22
Investments in unconsolidated subsidiaries (available for sale)	80	81
Total	84,975	68,606

Investment securities amounting to €77,184 million (December 31, 2007: €61,477 million) are due after more than 12 months.

Investment securities were furnished as collateral for the following liabilities:

	June 30, 2008 €m	Dec. 31, 2007 €m
Liabilities	34,707	24,518
Contingent liabilities	–	–
Total	34,707	24,518

(18) Intangible assets

	June 30, 2008 €m	Dec. 31, 2007 €m
Acquired goodwill	1,631	1,631
Acquired software, concessions, industrial rights	599	606
Internally generated intangible assets and software	66	66
Advance payments on intangible assets and in-process intangible assets	123	122
Total	2,419	2,425

The acquired software, concessions, industrial rights item includes the capitalized BHW brand in the amount of €319 million. Following amortization in the first half of 2008, €87 million (December 31, 2007: €90 million) was recognized for customer relationships capitalized as part of the acquisition of BHW and €63 million (December 31, 2007: €66 million) for beneficial contracts.

(19) Property and equipment

	June 30, 2008 €m	Dec. 31, 2007 €m
Land and buildings	757	768
Operating and office equipment	145	148
Advance payments and assets under development	7	11
Total	909	927

(20) Other assets

	June 30, 2008 €m	Dec. 31, 2007 €m
Prepaid expenses	439	363
Trade receivables	111	90
Advances to members of the mobile sales force	13	11
Receivables from tax authorities	12	10
Miscellaneous	59	55
Total	634	529

Other assets amounting to €363 million (December 31, 2007: €393 million) have a maturity of more than 12 months.

(21) Deposits from other banks

	June 30, 2008 €m	Dec. 31, 2007 €m
Payable on demand	4,409	3,292
With an agreed maturity or withdrawal notice	72,649	57,854
Total	77,058	61,146

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

€11,871 million (December 31, 2007: €11,454 million) of deposits from other banks is due after more than 12 months.

(22) Due to customers

	June 30, 2008 €m	Dec. 31, 2007 €m
Savings deposits	37,346	34,996
Home savings deposits	16,781	16,915
Other amounts due		
Payable on demand	25,845	26,589
With an agreed maturity or withdrawal notice	32,915	32,196
	58,760	58,785
Total	112,887	110,696

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

€33,404 million (December 31, 2007: €32,257 million) of amounts due to customers is due after more than 12 months.

(23) Securitized liabilities

	June 30, 2008 €m	Dec. 31, 2007 €m
Mortgage bonds (*Hypothekenpfandbriefe*)	2,769	11
Public-sector mortgage bonds (*Pfandbriefe*)	61	59
Other debt instruments	11,306	9,488
Total	14,136	9,558

The mortgage bonds *(Hypothekenpfandbriefe)* include the new issues in the principal amount of €2.5 billion.

Securitized liabilities only include financial instruments classified as liabilities at amortized cost.

€8,607 million (December 31, 2007: €7,393 million) of securitized liabilities is due after more than 12 months.

(24) Trading liabilities

	June 30, 2008 €m	Dec. 31, 2007 €m
Negative fair values of trading derivatives	8,900	4,955
Negative fair values of banking book derivatives	679	330
Negative fair values from derivatives relating to hedged items accounted for under the fair value option	256	308
Delivery obligations under securities sold short	12	1
Total	9,847	5,594

€9,596 million (December 31, 2007: €4,875 million) of trading liabilities is due after more than 12 months.

(25) Provisions

	June 30, 2008 €m	Dec. 31, 2007 €m
Provisions for pensions and other employee benefits	1,157	1,143
Provisions for home savings business	698	710
Other provisions	250	254
Total	2,105	2,107

€1,902 million (December 31, 2007: €1,797 million) of the recognized provisions is due after more than 12 months.

(26) Other liabilities

	June 30, 2008 €m	Dec. 31, 2007 €m
Liabilities from expenses for management bonuses	58	77
Liabilities from expenses for outstanding invoices	54	75
Liabilities from expenses for outstanding vacation entitlements and other compensated absences	59	46
Trade payables	42	99
Liabilities from expenses for commissions and premiums	40	43
Deferred income	35	42
Liabilities from expenses for services performed by Deutsche Post AG	24	81
Liabilities from other taxes	23	188
Miscellaneous liabilities	117	184
Total	452	835

€56 million (December 31, 2007: €69 million) of other liabilities is due after more than 12 months.

(27) Subordinated debt

	June 30, 2008 €m	Dec. 31, 2007 €m
Subordinated liabilities	2,977	2,778
Hybrid capital instruments	1,466	1,508
Profit participation certificates outstanding	1,233	1,262
Contributions by typical silent partners	53	55
Total	5,729	5,603

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

€5,242 million (December 31, 2007: €5,260 million) of subordinated debt is due after more than 12 months.

Other disclosures

(28) Contingencies and other obligations

	June 30, 2008 €m	Dec. 31, 2007 €m
Contingent liabilities		
on guarantees and warranties	1,201	1,428
Other obligations		
Irrevocable loan commitments	22,731	23,480
of which: building loans provided	5,454	5,665
Total	23,932	24,908

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

	June 30, 2008		Dec. 31, 2007	
	Carrying amount €m	Full fair value €m	Carrying amount €m	Full fair value €m
Assets				
Cash reserve	1,016	1,016	3,352	3,352
Loans and advances to other banks (loans and receivables)	20,374	20,318	24,581	24,510
Loans and advances to customers (loans and receivables)	92,056	91,751	85,159	85,414
Loans and advances to customers (held to maturity)	401	401	456	456
Allowance for losses on loans and advances	−1,222	−1,222	−1,184	−1,184
Investment securities (loans and receivables)	24,836	23,806	26,600	25,922
Investment securities (held to maturity)	659	659	730	731
	138,120	136,729	139,694	139,201
Liabilities				
Deposits from other banks (liabilities at amortized cost)	77,058	76,593	61,146	60,935
Due to customers (liabilities at amortized cost)	112,887	112,396	110,740	110,335
Securitized liabilities and subordinated debt	19,865	18,999	15,161	14,753
	209,810	207,988	187,047	186,023

(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	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Trading derivatives	612,114	518,853	9,986	5,427	9,835	5,593
Hedging derivatives	44,834	34,052	1,048	421	870	873
Total	656,948	552,905	11,034	5,848	10,705	6,466

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	
	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m	June 30, 2008 €m	Dec. 31, 2007 €m
Trading derivatives						
Foreign currency derivatives	37,702	24,791	409	237	423	320
Interest rate derivatives	566,586	487,016	9,226	5,151	9,068	5,056
Equity/index derivatives	583	829	19	12	49	67
Credit derivatives	7,243	6,217	332	27	295	150
Total holdings of trading derivatives	612,114	518,853	9,986	5,427	9,835	5,593
Hedging derivatives						
Fair value hedges	44,834	34,052	1,048	421	870	873
Total holdings of hedging derivatives	44,834	34,052	1,048	421	870	873
Total holdings of derivatives	656,948	552,905	11,034	5,848	10,705	6,466

Risks relating to 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 Group level. Its regulatory own funds in accordance with the *Kreditwesengesetz* (KWG – German Banking Act) and the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation) were as follows:

	June 30, 2008 €m	Dec. 31, 2007 €m
Credit and counterparty risk	63,225	75,788
Market risk positions	10,663	12,225
Operational risk	6,450	3,063
Total capital charge	80,338	91,076
Additional capital charge in accordance with transitional provision	–	4,500
Tier 1 capital	4,368	5,455
thereof: hybrid capital instruments	1,620	1,651
Tier 2 capital	3,260	3,312
thereof: profit participation certificates outstanding	1,213	1,213
thereof: subordinated liabilities	2,312	2,308
Tier 3 capital	164	0
Eligible own funds	7,792	8,767
Tier 1 ratio in %	6.3	6.9
Effect of transitional provision in percentage points	–	–0.4
Capital ratio in %	9.7	9.6
Effect of transitional provision in percentage points	–	–0.4

Postbank's regulatory risk-bearing capacity is ensured by its compliance with the regulatory minimum capital requirements. These are determined as quotients 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 deductions prescribed by law. Under the transitional provisions for IRBA (Internal Ratings-Based Approach) institutions in accordance with section 339 (1) in conjunction with (3–5) of the SolvV, the regulatory own funds of institutions that use internal rating systems (IRB Approach) to calculate the capital charge for credit and counterparty risk may not fall below 90 % of the minimum capital requirement determined using regulatory weighting factors in accordance with Principle I in the second year of application[1]. The positive effect as against the Principle I calculation was realized in full as of June 30, 2008.

[1] Since March 31, 2008, the floor for IRBA institutions has been calculated in accordance with the minutes of the 3rd meeting of the Working Group on Banking Supervision on November 27, 2007.

(32) Related party disclosures

Related party receivables

	June 30, 2008 €m	Dec. 31, 2007 €m
Loans and advances to customers		
Deutsche Post AG	547	402
Subsidiaries	28	30
	575	432
Other assets		
Deutsche Post AG	14	24
Subsidiaries	2	2
Other related parties	3	4
	19	30

Loans and advances receivable from Deutsche Post AG relate primarily to loans and overdrafts.

Related party payables

	June 30, 2008 €m	Dec. 31, 2007 €m
Due to customers		
Subsidiaries	65	44
Other related parties	37	36
	102	80
Other liabilities		
Deutsche Post AG	35	95
Subsidiaries	3	2
Other related parties	5	4
	43	101
Subordinated debt		
Subsidiaries	141	141
	141	141

Amounts due to subsidiaries relate primarily to a term deposit by Postbank P.O.S. Transact GmbH at Deutsche Postbank International S.A. and the provision of services between Deutsche Postbank AG and Betriebs-Center für Banken Processing GmbH.

Amounts due to other related parties are primarily attributable to services exchanged between Postbank International S.A. and Deutsche Post Pensionsfonds GmbH.

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

Income and expenses from related parties

	Jan. 1 – June 30, 2008 €m	Jan. 1 – June 30, 2007 €m
Interest income		
Deutsche Post AG	19	11
Subsidiaries	9	1
Other related parties	2	2
	30	14
Interest expense		
Subsidiaries	5	5
Other related parties	1	–
	6	5
Fee and commission income		
Deutsche Post AG	239	254
Subsidiaries	1	1
	240	255
Fee and commission expense		
Subsidiaries	7	6
	7	6
Administrative expenses		
Deutsche Post AG	159	158
Subsidiaries	9	9
Other related parties	79	79
	247	246
Other income		
Deutsche Post AG	1	9
Subsidiaries	2	3
Other related parties	13	12
	16	24
Other expenses		
Deutsche Post AG	1	6
	1	6

Fee and commission income primarily consists of payments made by Deutsche Post AG for the postal services provided in Postbank AG's branches.

Administrative expenses primarily consist of payments to Deutsche Post AG for the financial services provided in its retail outlets and for postage expenses.

Administrative expenses to other related parties relate in particular to rental expenses and service charges.

(33) Members of executive bodies

Management Board

The members of the Management Board of Deutsche Postbank AG are:	
Wolfgang Klein, Bonn (Chairman)	
Dirk Berensmann, Unkel	
Mario Daberkow, Bonn	
Stefan Jütte, Bonn	
Horst Küpker, Königswinter	since July 1, 2008
Guido Lohmann, Dülmen	
Michael Meyer, Bonn	
Loukas Rizos, Bonn	until June 30, 2008
Hans-Peter Schmid, Baldham	
Ralf Stemmer, Königswinter	

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

1. Shareholder representatives	
Frank Appel, Chairman of the Board of Management of Deutsche Post AG, Königswinter (Chairman since March 3, 2008)	since February 19, 2008
Klaus Zumwinkel, Cologne	until February 18, 2008
John Allan, Member of the Board of Management of Deutsche Post AG, Bonn	since May 8, 2008
Jörg Asmussen, Head of Department, Federal Ministry of Finance, Berlin	until May 27, 2008
Wilfried Boysen, Hamburg	
Edgar Ernst, management consultant, Bonn	
Peter Hoch, Munich	
Ralf Krüger, management consultant, Kronberg	
Axel Nawrath, State Secretary, Federal Ministry of Finance, Berlin	since June 27, 2008
Hans-Dieter Petram, Bonn	
Bernd Pfaffenbach, State Secretary, Federal Ministry of Economics and Technology, Wachtberg-Pech	
Klaus Schlede, Carabietta/Lugano	until May 8, 2008
Elmo von Schorlemer, lawyer, Aachen	

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

Responsibility Statement

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

Bonn, July 25, 2008

Deutsche Postbank Aktiengesellschaft
The Management Board

Wolfgang Klein

Dirk Berensmann | Mario Daberkow

Stefan Jütte | Horst Küpker

Guido Lohmann | Michael Meyer

Hans-Peter Schmid | Ralf Stemmer

Review Report

To Deutsche Postbank AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, income statement, condensed cash flow statement, 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 June 30, 2008, which are part of the half-year financial report pursuant to § (Article) 37w 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 Management Board. 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 or 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, July 28, 2008

PricewaterhouseCoopers
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Burkhard Eckes	Susanne Beurschgens
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Financial Calender

Fiscal year 2008

- July 30, 2008 — Interim Report for the first half-year of 2008, analyst conference call
- November 10, 2008 — Interim Report for the third quarter of 2008, analyst conference call

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

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