Deutsche Postbank Group
Interim Report as of September 30, 2007

Postbank Group in figures

		Jan. 1 – Sept. 30	
		2007	2006[1]
Consolidated income statement			
Balance sheet-related revenues	€m	2,194	1,978
Total income	€m	3,247	3,030
Administrative expenses	€m	–2,128	–2,110
Profit before tax	€m	806	647
Consolidated net profit	€m	701	420
Total cost/income ratio	%	65.5	69.6
Cost/income ratio in traditional banking business	%	63.2	68.0
Return on equity			
before tax	%	20.9	17.5
after tax	%	18.2	11.3
Earnings per share	€	4.27	2.56

		Sept. 30, 2007	Dec. 31, 2006
Consolidated balance sheet			
Total assets	€m	193,961	184,887
Customer deposits	€m	87,963	87,663
Customer loans	€m	86,436	79,388
Allowance for losses on loans and advances	€m	1,153	1,155
Equity	€m	5,352	5,207
Tier 1 ratio in accordance with Basel II	%	7.0	6.6
Headcount	thousand	21.94	21.70
Long-term ratings			
Moody's		Aa2	A 1
	Outlook	stable	stable
Standard & Poor's		A–	A
	Outlook	stable	negative
Fitch		A	A
	Outlook	stable	stable

		Sept. 30, 2007	Sept. 30, 2006
Information on Postbank shares			
Share price at the balance sheet date	€	51.49	59.85
Share price (Jan. 1 – Sept. 30)	high €	74.72	64.89
	low €	47.70	48.21
Market capitalization on Sept. 30	€m	8,444	9,815
Number of shares	million	164.0	164.0

[1] Prior-period figures restated (see note 4)

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Ladies and Gentlemen,

Postbank increased its profit before tax by 24.6 % in the first nine months of 2007 to €806 million despite continued fierce competition in the German retail banking sector and the turbulence on the capital markets. Even after adjustment for the positive effect from the disposal of our insurance equity investments and one-time expenses from the integration of BHW and the retail outlets, among other things, profit before tax showed a distinct increase. Thus Postbank remains well on track.

We are becoming a more and more attractive financial partner for our customers. We provide a compelling mix of innovative products, a sales platform that is unique on the market, excellent service, and fair conditions. This makes us an excellent service partner for companies and supports our claim of being number 1 in retail banking in Germany.

The sale of our insurance equity investments to the Talanx Group was completed in the third quarter – an additional strategic step towards our future focus on producing financial services products in areas in which we can use our leading position to generate economies of scale, thereby gaining an edge on the competition. In other areas, we will enter into partnerships with strong partners and use our sales platform of 855 branches, over 4,000 mobile advisers, and powerful direct sales to generate fee and commission income.

We are continuing to expand this sales platform, which is unique on the German market, through partnerships: As part of this new strategic approach, we entered into a long-term marketing partnership in the area of non-life insurance with HUK-COBURG Versicherungsgruppe. Particularly noteworthy is that HUK-COBURG will also offer our products to its extensive customer base in Germany. This has significantly expanded our product reach.

We are pursuing the same goal in our partnership with Tchibo GmbH, which was also announced in the third quarter. Tchibo's retail outlets and online sales will offer Postbank's basic banking products, such as checking and savings accounts.

These initiatives and the ongoing planned expansion in the quality and quantity of our own sales channels will contribute significantly to Postbank's profitable growth.

The results are already clearly evident: In the third quarter, we again proved our selling power in the area of checking accounts for new customers. The third quarter was the best in our history, with sales up 30 % year-on-year and 60 % more checking accounts opened than the average of the first two quarters of 2007. In terms of new customer numbers, too, we are on track to reach our ambitious target of one million new customers in 2007, with well over 700,000 customers after nine months.

Developments on the capital market in the third quarter of 2007 were dominated by the turbulence triggered by the crisis on the U.S. real estate market. These developments had only a limited effect on Postbank. As part of our investment securities, we have invested in structured credit portfolios, among other things, and regard these investments as credit substitute business. In so doing, we have always as a whole followed our investment guidelines, which are designed to be conservative. We thoroughly analyzed these investments for impairment in the third quarter and, as announced, made precautionary write-downs in the mid double-digit million euro range.

I would like to thank you, our valued shareholders, for your confidence and would be delighted if you would continue along with us on Postbank's road as the leading retail bank in Germany.

Bonn, November 8, 2007

Sincerely,

Wolfgang Klein
Chairman of the Management Board

Shareholders and Stock: Clear Decline in Price of Bank Shares as a Result of the Capital Market Crisis

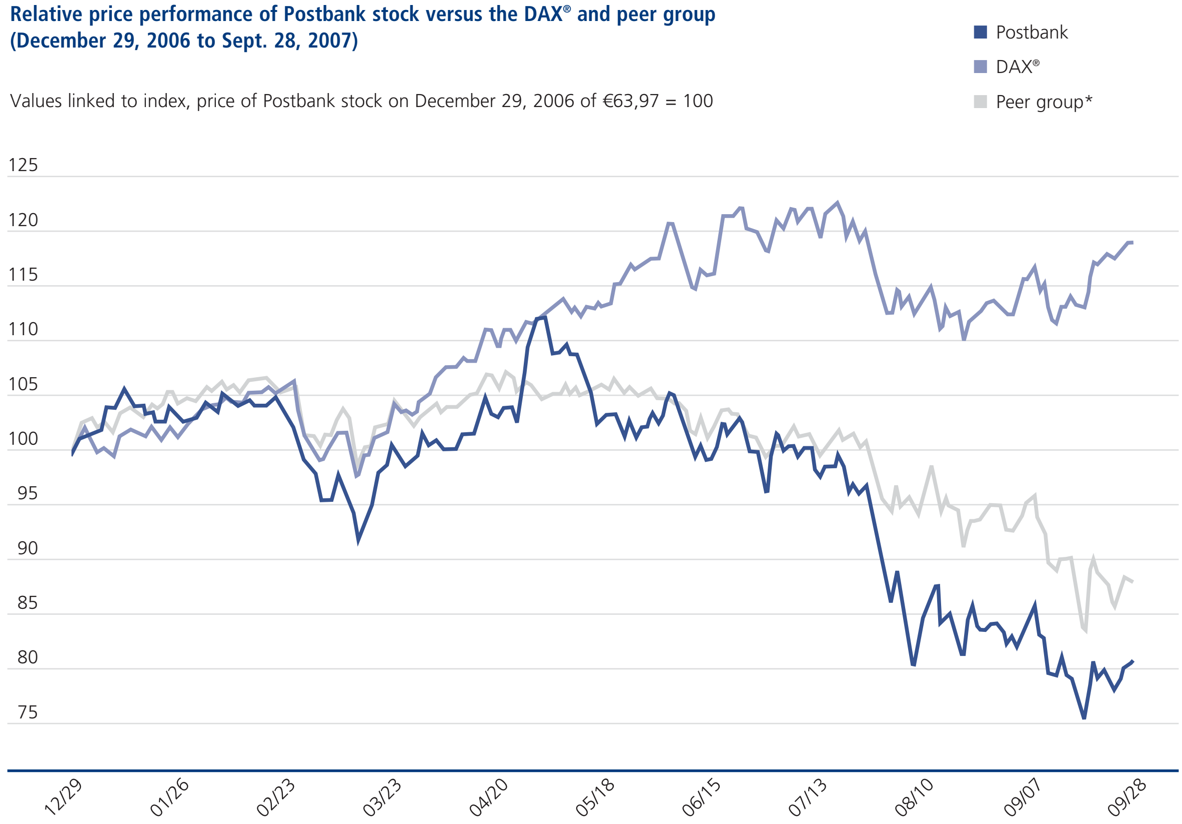
The positive performance of Postbank's share price seen in 2006 continued in the second half of 2007. Postbank's shares performed in line with those of the Company's peer group of nine leading European retail banks until the end of July 2007. However, these retail banks could not match the performance of the indices, which were driven by cyclical shares, due to the challenging business environment, e.g., a flat yield curve.

Stock markets have been affected by the American mortgage crisis since the end of July 2007. This had a negative effect on the performance of financial stocks worldwide. Financial difficulties at two German banks led to a drop in confidence among investors, in particular in regard to German bank shares. As a consequence, investors reduced their holdings in German bank stocks. Postbank's shares were also impacted by selling pressure, but slightly outperformed the average share price of the other German banks nonetheless. While the average share price of the DAX® banks dropped by 8.5 % from August 1 to the end of the quarter, our stock price decreased by only 5.6 %.

The Postbank Management Board and Investor Relations team have provided comprehensive information on Postbank's continued high level of financial strength, stable results of operations and limited involvement in regard to U.S. subprime instruments at international investment conferences, in one-on-one meetings with investors and analysts as well as at events sponsored by shareholder protection organizations.

Relative price performance of Postbank stock versus the DAX® and peer group (December 29, 2006 to Sept. 28, 2007)

Values linked to index, price of Postbank stock on December 29, 2006 of €63,97 = 100



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

Our stock data (Jan. 1 – Sept. 30)		9 months 2007	9 months 2006
Closing price	€	51.49	59.85
High	€	74.72	64.89
Low	€	47.70	48.21
Earnings per share	€	4.27	2.56
Number of shares	millions	164.0	164.0
Market capitalization as of Sept. 30	€m	8,444	9,815
Beta factor (relative to the DAX®)		1.04	0.96
Equity as of Sept. 30	€m	5,352	4,912
Return on equity before taxes		20.9 %	17.5 %
Total cost/income ratio		65.5 %	69.6 %
Cost/income ratio in traditional banking business		63.2 %	68.0 %

Equity analysts lifted their recommendations for Postbank in the third quarter. The proportion of "buy" and "add" recommendations rose from 18 % to 27 %, while the share of "sell" recommendations fell significantly at the same time. A current overview of analyst opinions and historical developments can be found on our redesigned Investor Relations webpages on the Internet at www.postbank.com/ir under the heading Postbank Share & Bonds. We also offer additional reports, presentations, market information, and an order service for materials on our webpages.

Developments in the first nine months of 2007: Market position in Retail Banking further strengthened and expanded

- New set-up in insurance business
- Record new business in our anchor product – checking accounts
- New customer numbers on course

Groundbreaking measures taken in Retail Banking

The sale of our insurance equity investments to the Talanx Group was completed in the third quarter – an additional strategic step in our future focus on developing financial services products in areas in which we can leverage economies of scale compared with the competition due to our market leading position. The Talanx Group is currently working together with Postbank on restructuring the product range with the goal of making BHW-Leben's and PB-Leben's best products available through Postbank's sales channels.

In areas in which we cannot achieve economies of scale, we will enter into partnerships with strong partners and use our sales platform of 855 branches, over 4,000 mobile advisers, and powerful direct sales to generate fee and commission income.

We are further expanding our comprehensive multi-channel sales activities through strategic partnerships: We have entered into a long-term sales partnership with the HUK-COBURG insurance group in the area of non-life insurance as part of the reorientation of our insurance business. Particularly important in this context is that HUK-COBURG will also offer our products to its extensive customer base in Germany. This has significantly expanded our product reach. We are pursuing the same goal in our partnership with Tchibo GmbH, which was also announced in the third quarter. Tchibo's retail outlets and online sales will offer Postbank's basic banking products, such as checking and savings accounts. These initiatives and the ongoing planned expansion in the quality and quantity of our own sales channels will contribute significantly to Postbank's profitable growth.

We are placing great importance on quality during the reorganization of our branches. In future, we want to further increase the focus in our branches on our banking services offering with our "Filiale im Wandel" (Changing Branches) project and to create the appropriate architectural framework for qualified banking advisory services. For this reason, we have developed new branch formats for various regional markets, which we are putting to the test in an initial 8 branches throughout Germany, starting with Berlin on October 12.

Market share increases in key product categories

Postbank achieved significant growth in key product areas and gained additional market share despite continued fierce competition in the German retail banking market and stagnating markets in some cases.

Record new business in checking accounts

The third quarter of 2007 broke the record for new checking accounts (177,300), up 30 % on the prior-year period and more than 60 % on the average of the previous quarters of the current year. This represents an increase of 12.1 % to 398,000 new accounts for the first three quarters of the current year.

Our branches were significant drivers in this growth. This sales channel alone generated 117,000 new accounts in the third quarter, an increase of 42 % year-on-year. Mobile sales climbed, too. 38,000 new accounts were sold in the first nine months of 2007, 16,000 more than in the prior-year period.

Strong checking account business dominates new customer growth

Our excellent checking account business also had a clear positive effect on the development of new customer numbers which rose to 260,000 in the third quarter, up 5.0 % year-on-year. In the first nine months, we attracted more than 707,000 new customers – as in the previous year. Our goal of one million new customers in 2007 is therefore within reach.

Savings business remains stable at a high level

At €43.2 billion, our savings business volume was at the same high level as in the first half of the year. The success of the first quarter prompted us to launch an additional "Bonus Neugeld" promotion for our "Quartal-Sparen" product in mid-October 2007, which generated over €3.8 billion in new savings deposits in the first quarter. Overall, savings deposits including the home savings collective business amounted to €59.9 billion on September 30, 2007 after totaling €58.8 billion at the end of 2006. Call money deposit accounts (included in the savings volume) developed very well, more than doubling in volume from €0.84 billion at the end of 2006 to €1.7 billion at the end of September 2007. In the first nine months, we were able to increase our market share year-on-year, by 0.6 percentage points to 8.0 % in a declining savings market.

New funds business clearly on the rise

In the first nine months of the current year, Postbank increased its gross cash inflows from funds and certificates by an encouraging 18.7 % to €2.34 billion. This success is due in large part to the Strategie-Sieger certificate I sold between June and July and the Strategie-Sieger certificate II available from the middle of August to the middle of October.

As of September 30, we managed customer securities account holdings of €11.5 billion, up 16 % year-on-year. In the same period, the number of securities accounts we managed rose by 4.3 % to 961,000.

Mixed development in new mortgage lending business – increase in market share of lending

All in all, the new mortgage lending business generated by Postbank itself in the first three quarters of 2007 amounted to €7.9 billion, down 7.1 % year-on-year. The market also became clearly weaker during this period, however. No portfolio acquisitions were made in the third quarter of 2007. Overall, the key factor impacting on the development of new business is the sharp decline in building permits, which is attributable to the abolition of the home owners' allowance at the end of 2005. The number of building permits fell 35 % in the first 7 months of 2007 compared to the prior-year period. The situation was made more difficult by ongoing fierce competition for market share on the mortgage lending market, resulting in margins that remain lower in year-on-year comparison.

Total private mortgage lending increased by 12.9 % from €59.7 billion to €67.4 billion from September 30, 2006 to September 30, 2007. Postbank itself generated €57.3 billion, up €5.4 billion year on year. Postbank's market share climbed from 7.5 % to 8.5 % in the same period as the overall market continued to grow, reinforcing our claim to be the market leader in this area in Germany.

In the third quarter of the prior year, BHW had reported its best quarter for new business in 2006 with the "WM-Baufinanzierungs-Offensive" (World Cup Mortgage Lending Offensive). New business (excluding collective business) in the third quarter of the current year – in which there was no special promotion – sank 29.7 % to €883 million. The first three quarters as a whole recorded a drop in new business of only 3.3 % year-on-year to €3.9 billion, including loan commitments in the home savings area.

Since the middle of September, we have been giving customers who take out a private mortgage with BHW a far-reaching service promise. We promise that loan applications will be processed within 24 hours with our slogan "Ratzfatz-Darlehen" (Loan in a Jiffy). If this does not happen, the customer will get a €100 credit. We want to use this promise to further distinguish ourselves from our competitors in terms of customer service, too.

Conversely, new business under the DSL brand climbed sharply by 28.8 % in the third quarter to €953 million. A large proportion of the year-on-year decline for baseline reasons (–33.2 % in the first quarter of 2007 due to the surplus financing from the abolition of the home owners' allowance in the first quarter of 2006 and –19.0 % in the first half of the year) was recouped, with an 11.2 % decline for the first three quarters of 2007 to €4.0 billion.

BHW wins market share in home savings business

On the home savings market, total home savings applied for fell 5.7 % year-on-year as of September 2007. On one hand, this is due to the weaker mortgage lending market overall and on the other to last year's increased revenue due to adjustments to home savings tariffs. It is encouraging that the third quarter of 2007, when viewed alone, recorded positive development again with an increase of 2.2 %.

In the first nine months, BHW's total home savings applied for amounted to €8.4 billion (–3.0 % in year-on-year comparison), outperforming the market (which declined by 5.7 %). As a result, BHW increased its market share from 11.1% to 11.4 %. Total home savings loans disbursed also climbed, rising 18.6% as of September 2007 to €789 million.

Installment loan business maintains high prior-year level

New installment loan business was very encouraging with a volume of €1.0 billion, matching the high prior-year level. The volume of installment loans increased by 17.4 % from €2.3 billion as of September 30, 2006 to €2.7 billion as of September 30, 2007. Market share remained constant, at 2.1%.

After many years of stagnation at approximately €800 million, overdraft credits on our checking accounts grew for the second quarter in a row. As of September 30, 2007, overdraft credits amounted to €938 million, up from €868 million as of June 30, 2007. We see this as the first sign of a revival in the demand for loans due to the improved economic environment.

SME offensive in Corporate Banking

In order to boost business in the SME sector, Postbank is running a special promotion until December 31, 2007 that offers financing at especially attractive terms and conditions. A special quota permits fixed-rate financing starting at 5 % p. a. (nominal). Our product range for SMEs includes development loans from KfW Bankengruppe in addition to overdraft facilities, investment loans, and money market loans. Additionally, clients can choose from a range of investment products, interest rate hedges, and real estate solutions. We are also making good progress in expanding our sales team in this area.

The Corporate Banking loan portfolio rose €1.4 billion as against the end of 2006, reaching €15.0 billion as of September 30, 2007.

Transaction Banking continues upward trend

The integration of BCB Payments & Services GmbH (PAS – the former HVB subsidiary) with Transaction Banking and the planned restructuring measures are progressing successfully and will be completed by the end of 2007. The last of three location closures will be implemented on schedule in the fourth quarter of 2007.

The quality of our payment processing activities remains high: On the one hand, all processes are expected to be certified by the end of 2007. On the other, the rate of only one loss in 66 million transactions is evidence of the high quality of our third-party transaction processing.

We processed 1.9 billion transactions in the third quarter. The total of 5.5 billion transactions in the first nine months of the current year is up as planned by almost 22 % on the figure for the previous year. This is due in particular to the acquisition of HypoVereinsbank's transaction business.

Interim Management Report

Business Environment

Significant events at Postbank in the first nine months of 2007

We assumed responsibility for the payment transaction unit of HypoVereinsbank (HVB) on January 1, 2007.

The Annual General Meeting of Deutsche Postbank AG was held in Cologne on May 10, 2007. The shareholders approved all items on the agenda with a majority of over 97 % in each case. A dividend of €1.25 per share for fiscal year 2006 was paid out on the following day.

After more than eight years of successfully heading Deutsche Postbank AG, Wulf von Schimmelmann stepped down as Chairman of the Management Board at his own request on June 30, 2007. He was succeeded in this office by Wolfgang Klein on July 1, 2007.

The Supervisory Board appointed two new Management Board members as of July 1, 2007, as well: Michael Meyer is in charge of Product Marketing, and Guido Lohmann is responsible for the Bank's Mobile Sales. Previously, Wolfgang Klein headed both units.

Postbank further strengthened its market position in the third quarter by taking significant strategic measures, making it even more attractive to its customers and reinforcing its claim of being Germany's leading bank for retail customers.

In this context, Postbank has resolved a new set-up for its insurance business. In a first step, we signed a contract to sell BHW Lebensversicherung AG, as well as PB Versicherung AG and PB Lebensversicherung AG to the Talanx-Group. The transaction closed on September 30. At the same time, Postbank and Talanx entered into a long-term cooperation contract to sell life and accident insurance to Postbank customers.

On August 27, we agreed a partnership for the sale of financial services with Tchibo, one of Germany's largest international consumer goods and retail companies, in order to increase the reach of Postbank products even further.

As part of the strategic reorganization of our insurance business, on September 21 we announced a long-term marketing partnership with HUK-COBURG. From October 2007, Postbank will market HUK-COBURG's motor vehicle, third-party liability, and non-life insurance exclusively via all its sales channels. Conversely, HUK-COBURG will exclusively offer Postbank products such as checking accounts via its distribution channels.

Macroeconomic environment

Economic growth in the various regions of the world has remained mixed in the year to date. After a weak start to 2007, GDP growth in the United States recently accelerated sharply due to increased corporate investment and livelier exports. However, the U.S. economy is still being hit hard by the continuing downturn in the housing market, which is likely to prolong the subprime crisis. The Japanese economy slowed significantly in the spring due to a decline in investments. At the same time, however, consumer spending increased further and exports continued to strongly boost GDP growth. Other Asian economies – in particular China – have remained in robust shape to date.

The economic upturn in the euro zone continued at a slower pace in the first three quarters of 2007, although growth remained extremely broad-based. Corporate investment in particular was again disproportionately positive. However, companies' confidence in the economic outlook recently fell noticeably – although remaining at a high level – as a result of the turbulence on the financial markets. Economic growth in Germany also declined somewhat in the first three quarters of 2007, with consumer spending proving weak due to the increase in VAT. By contrast, exports and investment in machinery and equipment continued to provide a strong impetus. Industry in particular profited from this, recording a significant increase in production to date. However, the German economy has probably already peaked as well. The ifo Business Climate Index, which has declined since the spring, indicates that the upturn will continue at a more moderate pace. Economic developments have therefore largely met the expectations we outlined in our last report.

The U.S. Federal Reserve reduced its key interest rate by 0.5 percentage points in September to 4.75 % due to the increased risks for the U.S. economy caused by the turbulence on the financial markets. We had been expecting the key U.S. interest rate to remain stable in the third quarter. The growing economic uncertainty prompted the European

Central Bank (ECB) not to go ahead with its announced further key interest rate increase in September. The key ECB interest rate therefore remained at 4 % in the third quarter. This is in line with the development of key interest rates in the euro zone that we forecast in our last report. As we expected, long-term capital market returns in the euro zone fell slightly in the third quarter. Money market rates rose surprisingly sharply in the same period due to the turbulence on the financial markets triggered by the subprime crisis. Rates for shorter-term money are currently well above capital market returns, producing an inverted yield curve in some cases. However, the curve remained relatively flat overall, as we had forecast.

Net Assets, Financial Position and Results of Operations

Income statement

Competition in the private customer business remained heated during the first nine months of 2007. By systematically utilizing its strong customer base to the full and continuing to acquire new customers at a dynamic rate, Postbank further cemented and expanded its pole position in key areas of the market. An improvement in sales channel efficiency and the implementation of targeted marketing campaigns also contributed to this. Compared with the same period in 2006, Postbank increased its income slightly while maintaining its strict cost discipline. The market turbulence triggered by the subprime crisis had only limited impact on Postbank's income statement. Overall, Postbank posted encouraging earnings growth as of September 30.

The income statement for Q3/2007 was dominated by two significant extraordinary factors. Firstly, we completed the sale of our insurance equity investments to the Talanx-Group announced on July 18, 2007. The positive overall effect this had on the income statement amounted to approximately €125 million before taxes after the deduction of transaction costs, provisioning in the investment portfolio and impairment losses in connection with the subprime crisis. Secondly, the remeasurement of deferred taxes necessitated by the tax reform that has been resolved had a positive effect, generating tax revenue in the third quarter that also significantly boosted the consolidated net profit.

Profit before tax rose by 24.6 % to €806 million in the first nine months of 2007. The return on equity before taxes exceeded the 20 % mark for the first time, improving substantially from 17.5 % as of September 30, 2006 to 20.9 % on September 30, 2007. The cost/income ratio for the Bank as a whole improved to 65.5 %, down from 69.6% in the first nine months of the previous year, and reached 63.2 % (68.0 %) in our traditional banking business, i.e. excluding Transaction Banking, during the same period.

In order to enhance comparability with the prior-year period, we have restated the 2006 figures for two items (see also Note 4):

- Remeasurement gains or losses from application of the fair value option have been allocated to net trading income rather than net interest income.
- The unwinding and discounting effects reported gross for the first time in Q4/2006 have been allocated to the previous quarters; net interest income and the allowance for losses on loans and advances have been restated accordingly.

The following comments refer to the figures adjusted as described above and – if not otherwise stated – are compared to the first nine months of 2006.

Including the gain on the disposal of the insurance equity investments, total income rose by 7.2 % year-on-year to €3,247 million. Balance sheet-related revenues, comprising net interest income, net trading income and net income from investment securities, increased by 10.9 % to €2,194 million.

In an environment marked by the challenges posed by a yield curve that has been flat for around a year and is now actually in part inverted, net interest income in the first nine months rose slightly by 1.7 % year-on-year to €1,638 million. While interest income rose overall, ccurrent income decreased in the third quarter due to the reduction in holdings of equities and other non-fixed-income securities, among other things. As in the first six months, we responded to the continued increase in current interest rates in our savings deposit portfolio, giving our customers the opportunity to benefit from this in the form of attractive conditions by again slightly increasing average interest rates.

Thanks to our strong deposit base, the sharp increase in short-term interest rates on the interbank market as a result of the financial market crisis resulted in only a moderate increase in our interest expenses.

Net income from investment securities was dominated by the gains on the disposal of the insurance equity investments to Talanx. Compared with the first nine months of 2006, net income from investment securities rose by a total of 59.6 % or €109 million to €292 million. The sale of its insurance equity investments netted Postbank €550 million. After deducting the carrying amounts, the gross proceeds amounted to €391 million. As already announced in the disclosure about the transaction on July 14, 2007, we used these proceeds to make selective provisions in our investment portfolio. For example, we incurred disposal losses of €183 million from the sale of for the most part low-interest securities holdings from our AfS portfolio. Reinvesting the funds freed up at current interest rates will enable us to strengthen our earnings power in future periods.

Net income from investment securities also factors in – determined on the basis of a conservative assessment – impairment charges of €61 million on the portfolios impacted by the effect of the subprime crisis on the international financial markets. After deducting these two extraordinary charges, the contribution to net income from investment securities was €147 million. After adjustment for all the above-mentioned effects in net income from investment securities and creation of a provision for the investment portfolio of €13 million (other expense) as well as transaction costs of €10 million (administrative expenses) that are not individually attributable, a positive extraordinary factor of €125 million remained in the pre-tax profit.

Despite the difficult market environment in the third quarter, net trading income continued to benefit from net gains in derivatives generated in connection with the Bank's risk management as a whole as well as from the effects of the slight decrease in long-term interest rates that improved the valuation of the government bond trading portfolios. On the whole, we substantially reduced our trading assets at the end of the quarter in the course of the market disruption. At €264 million in the first nine months of the current year, net trading income was up 42.7 % year-on-year.

Net fee and commission income rose by an encouraging €18 million or 5.3 % as against Q2/2007 to €357 million in the third quarter. This is the initial result, among other things, of the sales measures in the customer business announced mid-year that are designed to increase net fee and commission income. In the first nine months of 2007, net fee and commission income remained almost unchanged at €1,053 million. The contributions from the securities business developed encouragingly. As expected, growth was impacted by a decline in income from the sale of postal services and new services such as mobile phone contracts and lottery products at our branches. As already reported in H1, revenue from the insurance business also decreased, due in particular to the "Riester pension".

At €92 million, the allowance for losses on loans and advances in Q3/2007 was only marginally higher than in the same quarter of 2006. At 3.5 %, the increase to €268 million in the first nine months was again significantly below the growth in the customer credit volume, which rose by 13.2 % in the same period.

Administrative expenses continued to develop very satisfactorily. After three quarters, total costs had risen by just €18 million or 0.9% to €2,128 million. This development is all the more notable as this item also includes for the first time the costs from HypoVereinsbank's payment transaction activities, which were consolidated as of January 1, 2007, as well as non-recurring expenses such as transaction costs in connection with the sale of the insurance equity investments or the costs of integrating BHW and the retail outlets, as well as the financial burden from the VAT increase. Adjusted for these costs, administrative expenses decreased. We regard this as proof of Postbank's ability to continuously increase volumes in its customer business while maintaining costs at very stable levels.

Net other income and expenses in the first nine months amounted to €–45 million, following €–14 million in the previous year. Other income therefore amounted to €–28 million in Q3/2007, compared with €–10 million in the same quarter in 2006.

In the third quarter, Postbank reported a positive tax item of €56 million, bringing the tax rate in the first nine months down to 12.9 % from 35.2 % in the prior-year period. This development is primarily attributable to the tax reform conclusively resolved on July 6 and due to enter into force on January 1, 2008. It thus became necessary to remeasure the net deferred tax liabilities reported in the balance sheet at the future tax rate of around 30 %.

After the first three quarters, consolidated net profit was therefore 66.9 % higher than in the previous year, at €701 million. Earnings per share increased accordingly by €1.71 or 66.8 % to €4.27.

Segment Reporting

Retail Banking

Profit before tax in the Retail Banking segment improved by 4.4 % year-on-year to €684 million in the first nine months of 2007. Net interest income rose by 3.2 % to €1,787 million compared with the first nine months of 2006. Balance sheet-related revenues increased by 3.8 % to €1,825 million.

Net fee and commission income fell by 5.7 % to €730 million compared with a drop of 7.0 % as of June 30, 2007.

A clear upward trend was evident in the third quarter itself, rising 7.8 % in comparison to the second quarter of 2007 to €249 million. In the remaining months of the current fiscal year, we will – as in the third quarter – focus more strongly on the sale of products generating fees and commissions, which leads us to expect a further increase in net fee and commission income in the core banking business. Total income increased slightly by 0.9 % to €2,555 million.

Administrative expenses increased by only 1.0 % to €1,639 million. At €218 million, the allowance for losses on loans and advances was just 2.8 % higher than the prior-year figure, despite the much higher growth in the customer loan business.

The cost/income ratio remained unchanged at 64.1 %. The return on equity before taxes rose slightly to an encouraging 31.4 % (31.1 % in the previous year).

Corporate Banking

The pre-tax profit in the Corporate Banking segment continued to develop very positively, climbing 17.2 % year-on-year to €143 million. The main earnings driver was net interest income, which increased by 12.1 % to €213 million. Total income rose by 5.8 % to €293 million, while administrative expenses increased by as little as €5 million to €132 million. As a result, the cost/income ratio improved from 45.8 % to 45.1 %. The return on equity before taxes rose from 46.4 % to an outstanding 52.4 %.

Transaction Banking

HVB Payments & Services GmbH (PAS GmbH) was consolidated in the Transaction Banking segment for the first time as of January 1, 2007. In addition, transfer pricing for

Transaction Banking services was switched to market rates. Profit before tax for this segment rose by €7 million in the first nine months to €26 million. At €267 million, net fee and commission income was up 34.8 % on the previous year. Administrative expenses grew by €62 million to €247 million, among other things as a result of the inclusion of the HVB unit. Overall, the cost/income ratio improved slightly from 92.0 % to 91.8 %.

Financial Markets

Amounting to €133 million in the first nine months of 2007, profit before tax in the Financial Markets segment was much higher than in the prior-year period (€93 million). Total income increased by 25.5 % to €187 million, due mainly to increased contributions from trading activities, which rose by €29 million to €51 million. At €61 million, administrative expenses were up by €2 million on the first nine months of 2006. The cost/income ratio thus improved significantly from 39.6 % to 32.6 %, while the return on equity before taxes rose from 22.3 % to 38.1 %.

Others

The loss before tax in the Others segment fell substantially in the first nine months of 2007 by €62 million to €180 million. Balance sheet-related revenues improved by €99 million to €24 million. This is mainly due to the gains on the disposal of the insurance equity investments. As a consequence, net income from investment securities rose from €163 million to €252 million. Net fee and commission income, however, was down €27 million on the prior-year figure at €–81 million. This is primarily attributable to higher consolidation adjustments due to the change in the transfer pricing methodology in Transaction Banking. Administrative expenses, on the other hand, improved for reasons including the one mentioned above by €68 million to just €–49 million, while net other income and expenses declined by approximately €58 million to €–34 million.

Total Assets

Total assets rose from €184.9 billion at the end of 2006 to €194.0 billion as of September 30, 2007. We were also able to make further structural improvements to the balance sheet, particularly on the asset side.

BHW Bank AG is classified according to IFRS 5 ("Non-current assets held for sale and discontinued operations"). Accordingly, the assets and liabilities allocated to this company are reported separately (see also Notes 22 and 30). On the asset side of the balance sheet, loans and advances to customers totaling some €1.5 billion and investment securities with a volume of approximately €0.3 billion, among other things, were reclassified. On the liabilities side, amounts due to customers of approximately €1.4 billion were allocated to this company.

On account of the sale of BHW Lebensversicherung AG and its special funds, PB Lebensversicherung AG and PB Versicherung AG, assets amounting to €2.5 billion – including investment securities of approximately €1.0 billion – and liabilities of €2.3 billion were deducted. €2.2 billion of the liabilities relates to technical reserves (insurance).

Loans and advances to customers increased by a satisfactory €1.9 billion as against the end of 2006 to €89.0 billion. Loans and advances to other banks rose by €7.7 billion to €24.1 billion. This increase is due among other things to a higher volume of interbank transactions in the third quarter. Investment securities remained almost unchanged at €63.2 billion (€63.3 billion at the end of 2006). By contrast, we again substantially reduced our portfolio of trading assets in the third quarter, also in response to the challenging market conditions. This item amounted to €8.3 billion as of September 30, 2007, around €5.0 billion below the value of the portfolio as of December 31, 2006.

On the liabilities side, amounts due to customers increased by €5.6 billion to €106.9 billion. Deposits from other banks rose in parallel to the asset side, climbing €7.4 billion to €54.8 billion. On the other hand, we reduced our securitized liabilities, some of which are relatively high-yield old issues, by a further €6.6 billion to €9.3 billion as planned.

At €5,352 million, equity as of September 30, 2007 was up €145 million on the 2006 year-end closing figure of €5,207 million. The effects of the tax reform and the sale of the insurance equity investments had a positive effect here, as anticipated. The revaluation reserve declined from €6 million at the end of 2006 or €–164 million at the end of H1/2007 to €–320 million as of September 30, 2007. This development is partly attributable to interest-bearing items in our investment portfolio, the present value of which fell due to the increase in interest rates. In addition, the recent crisis on the financial markets lead to an increase in spreads which – on the basis of an integrated mark-to-market assessment – negatively impacted the present values of individual investment instruments. Due to the overall good loan quality, we assume that this will be a temporary effect in light of the credit substitutes held until maturity. In addition, 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 6.5 % as of September 30, 2007 and therefore unchanged on the June 30, 2007 level, in spite of the crisis on the capital markets. Without taking into consideration the initial restrictions on the maximum capital reductions applicable to risk-weighted assets, we even managed to improve our Tier 1 ratio by 0.2 percentage points to 7.0 % compared to the end of the second quarter. The ratio as calculated in accordance with the Basel Capital Accord (BIS) as of December 31, 2006 was 5.5 %.

Risk Report

Organization of risk management

The Postbank Group's risk management system aims to accept normal banking risks in the course of its overall bank management within a strictly defined framework and following precise classification and measurement, while at the same time maximizing the potential return arising from them.

For a detailed description of our risk management organization, see the relevant section in the 2006 Annual Report.

The organizational framework of risk management has not changed in principle since the last management report. In Q3/2007, Postbank enhanced its internal reporting system as announced to include further information on the monitoring of liquidity risk at Group level. There are plans to successively expand these liquidity management reports. No further significant modifications to the Postbank Group's risk management system are planned for fiscal year 2007. Nevertheless, the methods, systems, and processes discussed here and in the 2006 Annual Report are subject to continuous review and enhancement in order to meet business and regulatory requirements.

Risk types

The Postbank Group distinguishes between the following risk types:

- Market price risk
  Potential losses from financial transactions that may be triggered by changes in interest rates, spreads, volatility, foreign exchange rates and equity prices.
- Credit risk
  Potential losses that may be caused by changes in the creditworthiness of, or default by, a counterparty (for example as a result of insolvency).
- Liquidity risk
  Default risk – the risk of being unable to meet current or future payment obligations, either 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 processes and systems, people, or external events. This also includes legal risk.
- Real estate risk
  The risk of loss of rental income, write-downs to the going concern value, losses on sale and the reduction of hidden reserves relating to real estate portfolios.
- 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 market price risk.
- Collective risk
  A specific business risk in the home savings business, 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 loss 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.

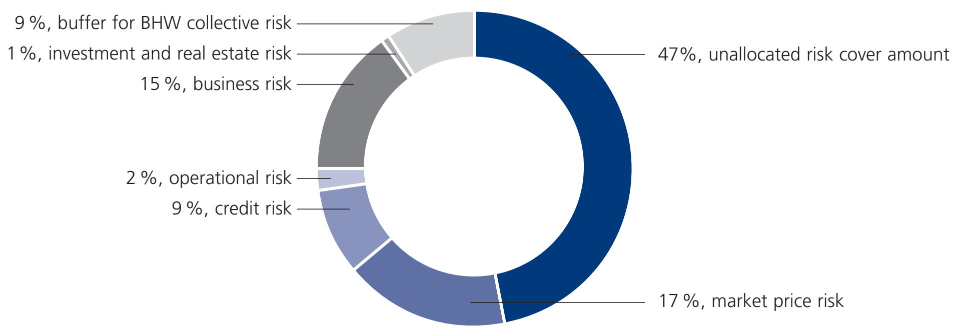
This risk report discusses in detail the market price, credit and liquidity risks that are directly manageable in the day-to-day business. Compared with the situation presented in the 2006 Annual Report, there have been no significant changes in the estimation of the other types of risk (operational risk, real estate and investment risk, collective risk and business risk); these are not managed through the use of operational limits, but rather the risk capital attributed to them is deducted from the risk cover amount.

Risk capital and risk limiting

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

The following chart shows the percentage allocation of the Postbank Group's risk cover amount by risk category in Q3/2007 on the basis of the authorized risk capital, after factoring in correlation effects, and the unallocated risk cover amount (calculated as of June 30, 2007).

Percentage allocation of the Postbank Group's risk cover amount by risk category



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 price risk for both the core business and for own-account transactions is managed by allocating limits for the relevant portfolios. For credit risk, emphasis is placed on managing individual risks, taking into account the target portfolio.

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.

The uncertainty unleashed on the financial markets in the third quarter by the crisis among U.S. mortgage lenders and the related widening of spreads led to reductions in the fair values of individual portfolios. In light of this development, the risk capital allocated to market price risk was increased slightly in the third quarter. The utilization of the risk cover amount by the risk capital allocated thus rose slightly by around 1 percentage point compared with June 30, 2007; the share of the total risk capital accounted for by market price risk also increased slightly as a result. This does not affect the risk-bearing capacity of the Postbank Group in any way. The unallocated risk cover amount continues to account for just under half of the entire risk cover amount, at 46 % (–1 percentage point as against June 30, 2007).

As of September 30, 2007, risk capital utilization was 32 % for market price risk and 50 % for credit risk.

Market price risk

Market price risk management

Postbank makes use of a combination of risk, earnings, and other parameters to manage its market price risk. Changes in the value of market price risk are derived from daily marking to market, independently of their measurement for financial accounting purposes. Measurements are performed consistently on a mark-to-market basis, including for the entire structured credit portfolio. The management of market price risk positions from an earnings perspective focuses both on specific periods and on the present value. All market price risk is measured on a value at risk basis. Sensitivity indicators and gap structures are included as further management parameters. In addition, market price 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.

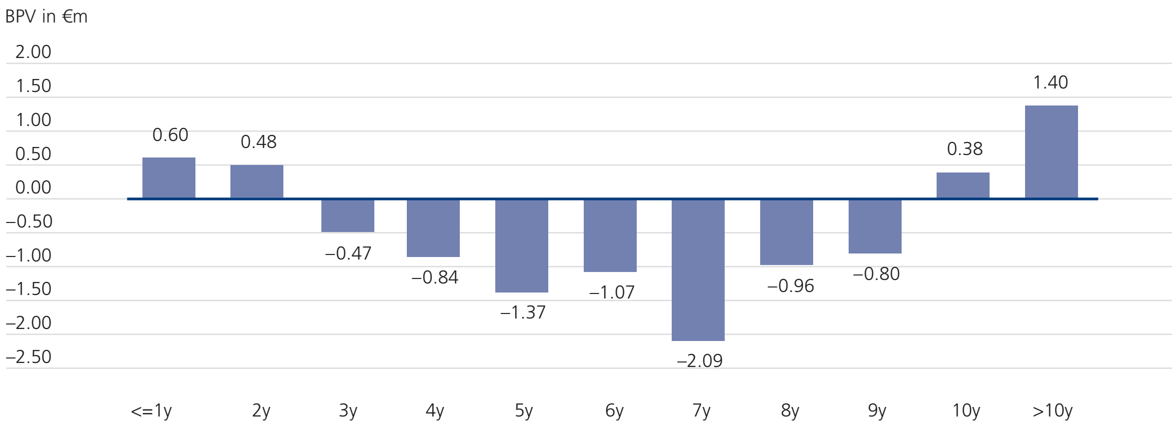
In this context, the changes in fair value caused by possible changes in spreads are also analyzed regularly for the relevant portfolios. The lessons learned from market developments in the third quarter were directly factored into the spread scenarios analyzed and the analysis of the risk-bearing capacity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

In the fourth quarter, the Bank also plans to incorporate the risks arising from possible changes in spreads (spread VaR) into ongoing risk measurement, replacing the assumptions used to date in backtesting with more differentiated approaches. This will result in adjustments to the limit allocation at subportfolio level. The impact of these limit adjustments on the Bank as a whole will be clearly disproportionately low, due to diversification effects.

As a significant component of market price risk, interest rate risk is the term used to denote the changes in the fair value of interest-bearing 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-bearing assets and liabilities for individual maturity buckets. In addition to standard models of 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 the Postbank Group in this context. Special modeling rules and deposit base definitions form the basis for a modern risk management concept.

The following chart presents the Postbank Group's open interest rate positions in the form of a bpv (basis point value) 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) at September 30, 2007



The chart shows that the surplus of assets at September 30, 2007 is primarily concentrated around the medium maturity range (4 to 7 years). The surplus of liabilities in the "more than 10 years" bucket is largely attributable to the long-term positions in BHW Bausparkasse's home savings collective.

Monitoring market price risk

In the Postbank Group, market price risk is monitored using a system of risk limits based on the value at risk methodology. Operational management is based on a confidence level of 99 % and a holding period of 10 days. The risk limits derived when the risk-bearing capacity is calculated are scaled in line with this. 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 2006 Annual Report.

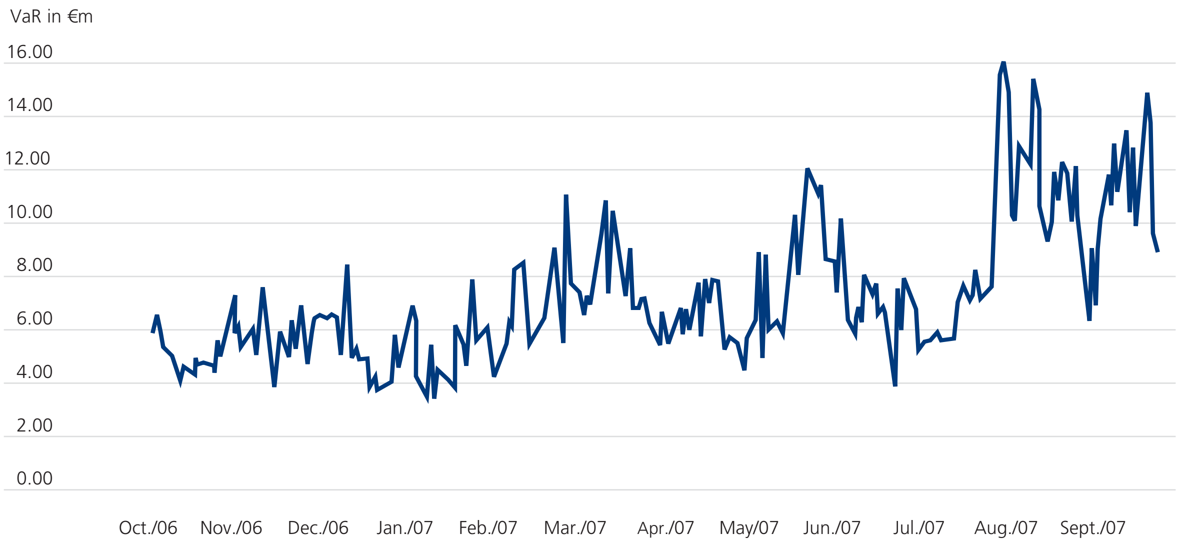
Risk indicators

The following values at risk were calculated for Postbank's trading portfolios for the third quarter of fiscal year 2007:

Value at risk, trading book	Q3/2007 €m	Q2/2007 €m
VaR at end of quarter	8.82	7.71
Minimum VaR	4.85	3.54
Maximum VaR	16.09	11.97
Average VaR	9.69	6.94

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

Values at risk for the period October 1, 2006 to September 30, 2007



In Q3/2007, the substantial market fluctuations were used flexibly to take short-term positions on the stock market in particular. VaR in the third quarter, which saw substantial fluctuations, was slightly higher than in Q2/2007 due to the in some cases considerable increase in risk parameters as a result of much greater market volatility.

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

The value at risk for the banking book (99 %, 10 days) amounted to €146 million as of September 30, 2007 (€156 million as of December 31, 2006). The calculation incorporates all risk-bearing holdings in the banking book, including modeled variable-interest customer transactions.

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

Since Q1/2007, Postbank has also reported the maximum credit risk exposure in accordance with IFRS 7.36 (a). 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.

The maximum credit risk in accordance with IFRS 7.36 (a) was as follows on September 30, 2007:

Maximum credit risk as of September 30, 2007 as compared with December 31, 2006

Maximum counterparty risk Classes of risk-bearing financial instruments	Maximum counterparty risk exposure Sept. 30, 2007 €m	 Dec. 31, 2006 €m
Trading assets	**8,320**	**13,280**
Held for trading	8,320	13,280
Hedging derivatives	**474**	**485**
Held for trading	474	485
Loans to other banks	**24,145**	**16,350**
Loans and receivables	24,145	16,350
Loans to customers	**90,548**	**87,182**
Loans and receivables	83,266	80,483
Designated at fair value	6,816	6,181
Held to maturity	466	518
Investment securities	**63,564**	**63,299**
Loans and receivables	24,435	19,031
Available for sale	37,756	39,312
Held to maturity	1,373	4,956
Contingent liabilities from guarantees	**1,350**	**1,974**
Other liabilities (irrevocable loan commitments)	**23,540**	**21,369**
Total	**211,941**	**203,939**

The 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 2006 Annual Report.

The economic monitoring of credit risk results from risk measurement and monitoring using scoring and rating models at the level of the individual commitment and the measurement of credit value at risk (CVaR) at portfolio level. The credit value at risk is the potential negative change in the present value of the Group loan portfolio resulting from a deterioration in creditworthiness or loan defaults that will not be exceeded within a one-year horizon with a 99.93% probability. In Postbank's Group-wide risk-bearing capacity concept, the credit value at risk, 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 2006 Annual Report.

The most important parameters for describing the credit risks for the various profit centers as of September 30, 2007 (calculated on August 31, 2007) as compared to the end of 2006 are shown in the following table:

Loan portfolio risk indicators as of September 30, 2007 as compared to December 31, 2006

Credit risk in €m	Volume		Expected loss		Credit value at risk*	
	Sept. 2007	2006	Sept. 2007	2006	Sept. 2007	2006
Corporate Banking	18,316	16,975	55	48	175	167
Retail Banking	40,726	35,638	152	134	137	111
Financial Markets	103,992	94,662	108	98	529	496
Others (banks/local authorities)	8,440	13,226	5	7	137	244
BHW	43,547	46,590	88	87	70	117
Total (including portfolio effect)	**215,021**	**207,091**	**408**	**374**	**596**	**544**

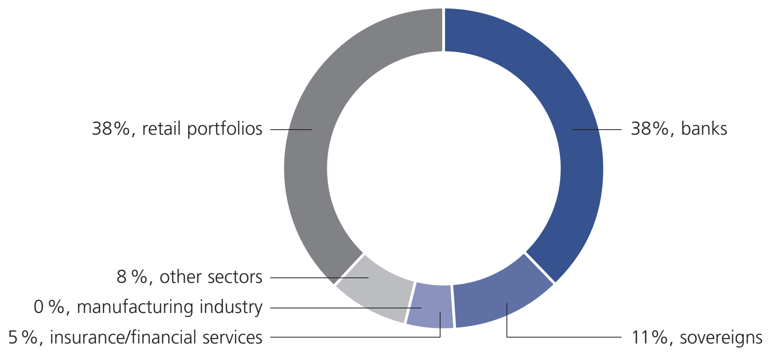
* 99.93 % confidence level

The volume reported in the table for the Group loan portfolio differs from the figure for total assets and the previous table due to the fact that carrying amounts, fair values, or credit equivalent values are used to fully capture the credit risk, depending on the item.

Since the 2006 financial statements, a decrease in Group loans to banks and local authorities and an increase in loans to private and corporate customers can be observed. The increase in the overall loan portfolio from €207 billion to €215 billion is accompanied by a 9.1 % increase in the expected loss and a 9.6 % increase in the unexpected loss. After taking into consideration the planned growth in loan volumes, the expected loss and CVaR are expected to increase correspondingly in the coming quarter as well.

The sector distribution by volume in the credit portfolio has a balanced structure and continues to present a stable picture. There have been no significant changes in the portfolio's sector distribution since the last reporting date.

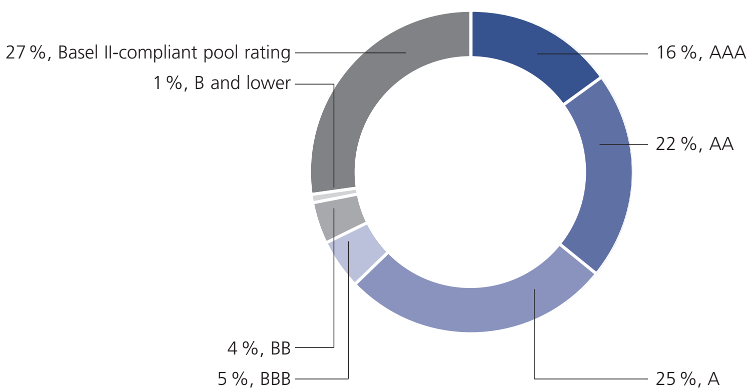
Sector distribution as % of credit volume



Due to the continuous expansion of our private customer business, we expect the sector distribution to have a tendency to shift slightly in favor of the retail portfolio in the coming quarters as well.

The distribution of rating categories in the Group loan portfolio demonstrates the conservative orientation of the Postbank Group. The following chart shows the rating structure of the loan portfolio. The higher investment quality rating categories predominate. Legacy retail business portfolios (mainly mortgage loans signed before August 2004) and purchased loans are reported in pool ratings. For these, homogeneous pool ratings are established by segment and are measured according to the relevant Basel II parameters. The relative and absolute proportion of portfolios addressed by these pool ratings will gradually decline since each new transaction is rated on an individual basis.

Rating distribution as % of credit volume



Since the 2006 financial statements, no significant changes have arisen in the rating structure of the loan portfolio. The current rating distribution for loans to companies, banks and sovereigns is approximately in line with the target rating distribution for Postbank's credit risk strategy. In 2007, further internal rating procedures have been tested for IRBA approval by the banking regulator as part of the implementation of the new capital adequacy requirements (Basel II). The risk-weighted assets reported and the equity ratio in this report were calculated based on the new capital requirements in accordance with Basel II and the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation).

In the course of credit substitute transactions, Postbank has also invested in structured credit products, among other things. This portfolio has a total volume of €6.3 billion. It also includes CDOs (collateralized debt obligations) that detailed analysis has shown to contain a relevant volume of €0.8 billion in U.S. subprime exposures, therefore constituting an indirect engagement with the U.S. real estate market.

We have closely monitored the disruptions of 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 systematically analyzed our holdings and tested them for impairment.

Based on a conservative assessment of the portfolio, a write-down in the amount of €61 million was charged. This confirms the altogether excellent creditworthiness of the structured credit portfolio.

Liquidity risk

The analysis of Postbank's liquidity situation shows that no material changes to the risk assessment made in the 2006 management report have arisen as of the current reporting date in spite of the difficult market environment. Overall, Postbank has an extremely sound liquidity position thanks to its deposit business.

In 2007, Postbank continues to apply the liquidity principle (Principle II) under section 11 of the KWG (German Banking Act), which is the regulatory assessment criterion (coverage ratio of available cash to callable payment obligations), in accordance with section 12 of the *Liquiditätsverordnung* (LiqV – German Liquidity Regulation) (transitional regulation). The requirements were complied with at all times.

In Q3/2007, Postbank extended its internal liquidity risk reporting system as planned, and will continue to successively expand its liquidity risk analyses. To monitor the liquidity risk, a daily liquidity status is compiled at Group level and reported to the Management Board. Even though market conditions have become more difficult due to the subprime crisis, the liquidity position of the Postbank Group is still extremely solid and no bottlenecks have been identified for the coming year.

Moreover, as part of a separate project, liquidity risk management is being enhanced on the basis of the Bank for International Settlement's "Sound Practices for Managing Liquidity in Banking Organizations".

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 price, credit and liquidity risk, which are described 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 the 2007 fiscal year whose assessment has not changed significantly since the end of 2006. According to our current assessment, these risks will not change significantly over the remaining months of fiscal year 2007.

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 developments are known to the Bank that could lead to a shift in strategy in the remaining months of fiscal year 2007.

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.

On September 12, 2007, the European Commission opened a formal investigation against Germany concerning possible subsidies to Deutsche Post. The investigation will focus on whether Germany, using state resources, overcompensated Deutsche Post AG or its legal predecessor Deutsche Bundespost POSTDIENST for the cost of providing universal services between 1989 and 2007 and whether the company was thereby granted state aid incompatible with EU law. According to the decision opening the investigation, the Commission intends to examine all public transfers, public guarantees, statutorily granted exclusive rights, the price regulation of letter mail services, and the public funding of pensions during the period in question. Also to be investigated is the cost allocation within Deutsche Post AG and its predecessor between the regulated letter mail service, the universal service, and competitive services. This also relates to cooperation agreements between Deutsche Post AG and Deutsche Postbank AG as well as between Deutsche Post AG and the business parcel service marketed by DHL Vertriebs GmbH.

Deutsche Postbank AG and Deutsche Post AG hold that the new investigation lacks any factual basis. All public transfers associated with the privatization of Deutsche Bundespost, the public guarantees, and the public funding of pension obligations formed part of the subject matter of the state aid procedure closed by the decision of June 19, 2002. That decision did not identify the measures concerned as incompatible state aid. Deutsche Postbank AG and Deutsche Post AG are further of the opinion that the statutorily granted exclusive rights and the regulated letter prices do not fulfill the legal criteria to be considered a form of state aid in the first place. Deutsche Postbank AG also shares the opinion of Deutsche Post AG that the internal allocation of costs with its subsidiaries is consistent with EU state aid rules and the case law of the European Court of Justice. Nonetheless, based on an overall appraisal, the possibility of the Commission finding a case of incompatible state aid cannot be ruled out.

Report on Expected Developments

Macroeconomic environment

The robust growth in the global economy looks set to continue beyond 2007. However, global GDP growth will probably be unable to sustain the fast pace seen in recent years. In addition, the continuing tension on the financial markets has heightened the economic risk.

The decline in construction investment in 2007 is expected to limit GDP growth in the United States to around 2 %, slightly less than the rate forecast in our last report. Next year, however, the dampening effects of the weak real estate market should disappear gradually, and GDP growth should intensify once more. The Japanese economy is experiencing a solid upswing, with corporate investment and consumer spending expected to continue their upward trend. Exports are also projected to stimulate growth again in 2008. Our forecasts put GDP growth at a good 2 % for both 2007 and 2008. China's robust economic growth is continuing unabated despite all attempts to prevent the Chinese economy from overheating. This situation is also unlikely to change in 2008, when percentage GDP growth in this country will doubtless remain in the double-digit range.

In spite of the turbulence on the financial markets, the economic prospects for the euro zone are still favorable, and the expansion is also set to continue into the new year. This year, GDP growth will end up trailing marginally behind the 2006 figure at an anticipated 2.7 %. In 2008, however, the strong euro is expected to put a damper on growth through foreign trade, although this will not jeopardize the economic expansion.

The buoyant export demand and strong upturn in corporate investment will probably continue in Germany during the rest of this year. In spite of sluggish consumer spending, GDP growth of 2.6 % is therefore anticipated for 2007. Next year, as economic growth slows slightly, the main drivers of the economy are likely to change. While exports and investments are expected to lose some of their momentum, consumer spending should pick up considerably once consumers have recovered from the shock of the increase in value-added tax. Consumer spending will also be boosted by the substantial increase in employment and the somewhat stronger rise in income levels. Since our last report, we have slightly raised our growth forecasts for the euro zone and Germany for this year.

In the euro zone, we still expect to see a rise in the key interest rates to 4.25 % by the end of the year as a consequence of the further increase in the long-term risk of inflation. We believe, however, that there is a substantial risk that such a step will be taken much later due to the ongoing turbulence on the financial markets. For the United States we now expect that the key interest rates will be cut again by 0.5 percentage points to 4.25 % before the end of the year – in contrast to our last report, in which we forecast that interest rates in the United States would remain unchanged at 5.25%. Since our last report, we have revised our forecasts for year-end long-term capital market rates downward slightly for the euro zone and substantially for the United States. We expect that at the end of 2007 the 10-year bund yield will be 4.3% and the yield on 10-year U.S. government bonds will be 4.6%. We project that long-term capital market yields will increase slightly over the course of 2008.

Competition

Most of Germany's banks can look back on a successful first nine months of 2007 despite incurring a number of one-time charges resulting from the financial market crisis. All major German banks increased their profitability year-on-year, reducing their cost ratios at the same time. This positive development is all the more encouraging given the financial market crisis, a still flat yield curve and the stiff competition on the German banking market. This fierce competition is set to continue during the last quarter, both in the private customer segment and in corporate banking. However, we expect the moderate upturn in residential construction and corporate loans that we are forecasting for Germany to support banks' earnings. The crisis triggered by U.S. subprime mortgages is also having a visibly negative impact at a number of credit institutions in Germany. On the whole, however, German banks should have sufficient financial strength to cope with these strains. The public and private sectors saw three major takeovers during the summer months, although these did not lead to any significant change in Germany's competitive environment.

Outlook: Postbank

Postbank is well positioned to assert itself in the German private customers market and to further expand its leading market position. Postbank mainly wins customers by offering them an attractive, innovative product range. The basis for Postbank's market success is its broad sales platform that combines mobile and branch-based sales in particular. Since Q3/2007, there has been a further significant expansion of third-party sales as a result of the marketing partnerships entered into with Tchibo and the HUK-COBURG insurance group. This, together with the largest customer base of all individual institutions in Germany, gives Postbank a strong position.

For this reason, the expectations outlined in the 2006 Annual Report and the interim report as of June 30, 2007 are still generally applicable. In view of the fact that we already have most of the year behind us, we are able to provide the following, more detailed information on our targets and expectations.

In Retail Banking, we are reiterating our goal of winning some 1 million new customers in the current year. Attracting around 707,000 new customers in the first nine months with the help of broad-based marketing activities has brought us much closer to this mark. We are confident that our initiatives and our marketing campaigns as well as the sales partnerships we have entered into will prove even more effective in the fourth quarter and that we will achieve our new customer target.

In the savings business we launched another advertising campaign to attract new savings deposits in mid-October, which is expected to yield positive effects in our savings portfolio.

In the private mortgage lending business, we have set ourselves the goal of increasing the volume of internally generated mortgage lending by 10 % compared to the end of 2006. In the first nine months, this figure increased by 7.1 %. The achievement of this goal largely depends on the development in the demand for mortgage loans, which declined sharply in the first nine months of this year. The margins in private mortgage lending are experiencing further pressure and are still below the average for the previous year.

Our middle-market campaign in Corporate Banking is making progress. New products such as development loans are paving the way for further cross-selling success.

In the Transaction Banking business, we will conclude the integration of HVB's payment transaction activities by the end of 2007 and will thus, among other things, lay the foundations for further efficiency increases and for achieving a profit before tax of around €50 million by 2010.

We will continue to keep a close eye on the development of our administrative expenses in the future. Through strict cost management we will continue to ensure that growth in income is reflected directly in profit before tax.

Our thorough analyses and extensive assessment of holdings connected with the subprime crisis in the U.S. take into account the currently known risk factors.

On account of the corporate tax reform entering into force on January 1, 2008, Postbank's anticipated average tax rate will decline, starting in 2008, from currently around 35 % to approximately 30 %. This will have a positive effect on our profit after tax and hence on earnings per share.

We do not expect any change in the headcount; the number of employees will probably remain at the previous year's level until the end of 2007. As of September 30, 2007, we employed around 21,940 people.

Our goals for 2008 remain to achieve a return on equity before taxes of over 20 % and to reduce our cost/income ratio in our traditional banking business to under 63 %. We are also retaining our target of achieving a Tier 1 ratio of 7.5 % by 2009.

Consolidated Income Statement
for the period January 1 to September 30, 2007

	Note	Jan. 1 – Sept. 30 2007 €m	2006[1] €m
Interest income	(5)	6,169	5,669
Interest expense	(5)	–4,531	–4,059
Net interest income	(5)	1,638	1,610
Allowance for losses on loans and advances	(6)	–268	–259
Net interest income after allowance for losses on loans and advances		1,370	1,351
Fee and commission income	(7)	1,239	1,209
Fee and commission expense	(7)	–186	–157
Net fee and commission income	(7)	1,053	1,052
Net trading income	(8)	264	185
Net income from investment securities	(9)	292	183
Administrative expenses	(10)	–2,128	–2,110
Other income	(11)	89	160
Other expenses	(12)	–134	–174
Profit before tax		806	647
Income tax		–104	–228
Profit from ordinary activities after tax		702	419
Minority interest		–1	1
Consolidated net profit		**701**	**420**

[1] Prior-period figures restated (see note 4)

Earnings per share

Earnings per share are calculated by dividing the consolidated net profit by the weighted average number of shares outstanding during the fiscal year. The average number of shares outstanding in fiscal year 2007 was 164,000,000.

Earnings per share were as follows:

	Jan. 1 – Sept. 30	
	2007	2006[1]
Basic earnings per share (€)	4.27	2.56
Diluted earnings per share (€)	4.27	2.56

[1] Prior-period figures restated (see note 4)

Consolidated Income Statement: Quarterly Overview

	2007			2006[1]			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	€m	€m	€m	€m	€m	€m	€m
Interest income	2,101	2,081	1,987	1,981	1,933	1,861	1,875
Interest expense	–1,561	–1,526	–1,444	–1,437	–1,372	–1,328	–1,359
Net interest income	540	555	543	544	561	533	516
Allowance for losses on loans and advances	–92	–86	–90	–78	–87	–86	–86
Net interest income after allowance for losses on loans and advances	448	469	453	466	474	447	430
Fee and commission income	424	396	419	414	402	398	409
Fee and commission expense	–67	–57	–62	–59	–53	–51	–53
Net fee and commission income	357	339	357	355	349	347	356
Net trading income	95	108	61	79	47	76	62
Net income from investment securities	184	38	70	109	55	58	70
Administrative expenses	–706	–707	–715	–702	–695	–700	–715
Other income	36	29	24	45	47	53	60
Other expenses	–64	–42	–28	–58	–57	–61	–56
Profit before tax	350	234	222	294	220	220	207
Income tax	56	–83	–77	–17	–76	–79	–73
Profit from ordinary activities after tax	406	151	145	277	144	141	134
Minority interest	0	0	–1	–2	1	1	–1
Consolidated net profit	**406**	**151**	**144**	**275**	**145**	**142**	**133**

[1] Prior-period figures restated (see note 4)

Consolidated Balance Sheet as of September 30, 2007

Assets	**Note**	**Sept. 30, 2007 €m**	**Dec. 31, 2006 €m**
Cash reserve		3,247	1,015
Loans and advances to other banks	(13)	24,074	16,350
Loans and advances to customers	(14)	89,037	87,182
Allowance for losses on loans and advances	(16)	–1,153	–1,155
Trading assets	(17)	8,318	13,280
Hedging derivatives		474	485
Investment securities	(18)	63,229	63,299
Intangible assets	(19)	2,399	2,505
Property and equipment	(20)	982	1,015
Income tax assets		252	244
Other assets	(21)	1,218	667
Group of assets held for sale	(22)	1,884	–
Total assets		**193,961**	**184,887**

Equity and Liabilities	**Note**	**Sept. 30, 2007 €m**	**Dec. 31, 2006 €m**
Deposits from other banks	(23)	54,761	47,319
Due to customers	(24)	106,924	101,316
Securitized liabilities	(25)	9,334	15,886
Trading liabilities	(26)	5,658	3,618
Hedging derivatives		742	958
Provisions	(27)	2,159	3,691
Income tax liabilities		1,051	1,058
Other liabilities	(28)	608	786
Subordinated debt	(29)	5,574	5,048
Group of liabilities held for sale	(30)	1,798	–
Equity		5,352	5,207
a) Issued capital		410	410
b) Share premium		1,160	1,160
c) Retained earnings		3,079	2,940
d) Consolidated net profit		701	695
Minority interest		2	2
Total equity and liabilities		**193,961**	**184,887**

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, 2006	**410**	**1,160**	**2,764**	**–77**	**311**	**492**	**5,060**	**1**	**5,061**
Dividend payment						–205	–205		–205
Appropriation to retained earnings			287			–287	0		0
Currency translation differences				–19			–19		–19
Changes in unrealized gains and losses, net of deferred taxes					–345		–345		–345
Consolidated net profit Jan. 1 – Sept. 30, 2006						420	420	–1	419
Treasury shares		–1					–1		–1
Other changes							0	2	2
Balance at Sept. 30, 2006	**410**	**1,159**	**3,051**	**–96**	**–34**	**420**	**4,910**	**2**	**4,912**
For info.: Total of items until Sept. 30, 2006 that change equity in acc. with IAS 1.96 c				–19	–345	420	56	–1	55
Dividend payment							–		–
Appropriation to retained earnings							–		–
Currency translation differences				–21			–21		–21
Changes in unrealized gains and losses, net of deferred taxes					40		40		40
Consolidated net profit Oct. 1 – Dec. 31, 2006						275	275	2	277
Treasury shares		1					1		1
Other changes							0	–2	–2
Balance at Dec. 31, 2006	**410**	**1,160**	**3,051**	**–117**	**6**	**695**	**5,205**	**2**	**5,207**
For info.: Total of items between Oct. 1 and Dec. 31, 2006 that change equity in acc. with IAS 1.96 c				–21	40	275	294	2	296
Dividend payment						–205	–205	–	–205
Appropriation to retained earnings			490			–490	0		0
Currency translation differences				–25			–25		–25
Change in unrealized gains and losses, net of deferred taxes					–326		–326		–326
Consolidated net profit Jan. 1 – Sept. 30, 2007						701	701	1	702
Treasury shares							–		–
Other changes							0	–1	–1
Balance at Sept. 30, 2007	**410**	**1,160**	**3,541**	**–142**	**–320**	**701**	**5,350**	**2**	**5,352**
For info.: Total of items until Sept. 30, 2007 that change equity in acc. with IAS 1.96 c				–25	–326	701	350	1	351

Condensed Cash Flow Statement

	Jan. 1 – Sept. 30	
	2007	2006
	€m	€m
Cash and cash equivalents at the start of period	**1,015**	**968**
Changes in basis of consolidation	–	216
Net cash from operating activities	1,455	1,098
Net cash from/used in investing activities	417	–1,956
Net cash from financing activities	381	584
Effects of exchange rate differences	1	43
Cash and cash equivalents of group of assets and liabilities held for sale	–22	59
Cash and cash equivalents at September 30	**3,247**	**1,012**

Cash and cash equivalents include cash, balances with central banks, public-sector debt instruments and bills eligible for rediscounting with the central bank.

Cash flow from the group of assets and liabilities held for sale amounted to €–7 million.

(1) Segment reporting

Segment reporting by business division

	Retail Banking Jan. 1 – Sept. 30 2007 €m	Retail Banking Jan. 1 – Sept. 30 2006 €m	Corporate Banking Jan. 1 – Sept. 30 2007 €m	Corporate Banking Jan. 1 – Sept. 30 2006 €m	Transaction Banking Jan. 1 – Sept. 30 2007 €m	Transaction Banking Jan. 1 – Sept. 30 2006 €m	Financial Markets Jan. 1 – Sept. 30 2007 €m	Financial Markets Jan. 1 – Sept. 30 2006 €m	Others Jan. 1 – Sept. 30 2007 €m	Others Jan. 1 – Sept. 30 2006 €m	Group Jan. 1 – Sept. 30 2007 €m	Group Jan. 1 – Sept. 30 2006 €m
Net interest income	1,787	1,731	213	190	2	3	72	68	–436	–382	1,638	1,610
Net trading income	8	16	–3	3	–	–	51	22	208	144	264	185
Net income from investment securities	30	11	5	4	–	–	5	5	252	163	292	183
Balance sheet-related revenues	**1,825**	**1,758**	**215**	**197**	**2**	**3**	**128**	**95**	**24**	**–75**	**2,194**	**1,978**
Net fee and commission income	730	774	78	80	267	198	59	54	–81	–54	1,053	1,052
Total income	**2,555**	**2,532**	**293**	**277**	**269**	**201**	**187**	**149**	**–57**	**–129**	**3,247**	**3,030**
Administrative expenses	–1,639	–1,622	–132	–127	–247	–185	–61	–59	–49	–117	–2,128	–2,110
Allowance for losses on loans and advances	–218	–212	–17	–29	–	–	7	2	–40	–20	–268	–259
Other income/expense	–14	–43	–1	1	4	3	–	1	–34	24	–45	–14
Profit before tax	**684**	**655**	**143**	**122**	**26**	**19**	**133**	**93**	**–180**	**–242**	**806**	**647**
Cost/income ratio (CIR)	**64.1%**	**64.1%**	**45.1%**	**45.8%**	**91.8%**	**92.0%**	**32.6%**	**39.6%**	**–**	**–**	**65.5%**	**69.6%**
Return on equity before taxes (RoE)	**31.4%**	**31.1%**	**52.4%**	**46.4%**	**–**	**–**	**38.1%**	**22.3%**	**–17.1%**	**–27.5%**	**20.9%**	**17.5%**

	Sept. 30 2007 €m	Dec. 31 2006 €m	Sept. 30 2007 €m	Dec. 31 2006 €m	Sept. 30 2007 €m	Dec. 31 2006 €m	Sept. 30 2007 €m	Dec. 31 2006 €m	Sept. 30 2007 €m	Dec. 31 2006 €m	Sept. 30 2007 €m	Dec. 31 2006 €m
Segment assets	**76,556**	**77,370**	**18,433**	**16,364**	**123**	**82**	**21,057**	**28,209**	**68,489**	**58,086**	**184,658**	**180,111**
Segment liabilities	**91,876**	**93,200**	**17,373**	**17,179**	**–**	**–**	**12,479**	**11,313**	**54,949**	**46,447**	**176,677**	**168,139**

Segment reporting by geographical region

	Assets Sept. 30 2007 €m	Assets Dec. 31 2006 €m	Liabilities Sept. 30 2007 €m	Liabilities Dec. 31 2006 €m	Income Jan. 1 – Sept. 30 2007 €m	Income Jan. 1 – Sept. 30 2006 €m	Profit before tax Jan. 1 – Sept. 30 2007 €m	Profit before tax Jan. 1 – Sept. 30 2006 €m
Germany	151,720	145,171	145,210	134,940	3,051	2,859	657	527
Others	32,938	34,940	31,467	33,199	196	171	149	120
Europe	27,017	30,081	25,987	28,765	121	107	98	82
USA	5,466	4,484	5,075	4,116	67	64	49	38
Asia	455	375	405	318	8	–	2	–
Total	**184,658**	**180,111**	**176,677**	**168,139**	**3,247**	**3,030**	**806**	**647**

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 315 a (1) of the HGB (German Commercial Code), insofar as these were applicable at the balance sheet date. In particular, the interim financial statements also comply with the IAS 34 requirements for interim financial reports.

Unless outlined separately below, the same accounting policies used in preparing the 2006 consolidated financial statements were applied in preparing the interim report as of September 30, 2007. The main changes resulting from the application of new standards at Postbank from fiscal year 2007 are presented below.

This interim report was prepared in accordance with the *Transparenzrichtlinie-Umsetzungsgesetz* (TUG – Transparency Directive Implementing Act). Postbank uses the option available to share issuers to prepare a quarterly financial report instead of an interim management statement (section 37y no. 3 of the *Wertpapierhandelsgesetz* – WpHG – German Securities Trading Act in conjunction with section 37x (3) of the WpHG). In addition to the condensed financial statements presented here, the quarterly financial report also comprises an interim management report including an interim risk report (see the management report).

In accordance with IFRIC 10 "Interim Financial Reporting and Impairment", impairment losses on goodwill or equity instruments recognized in interim reporting periods are not reversed.

As far as required by IAS 34, Postbank adopted International Financial Reporting Standard 7 "Financial Instruments: Disclosures" from January 1, 2007. Postbank implements the classification of financial instruments required under IFRS 7.6 as follows:

Measurement	Classes	
	Balance sheet item and IAS 39 category	
Measured at amortized cost[1]	Loans and advances to other banks	Loans and receivables
	Loans and advances to customers	Loans and receivables
	Loans and advances to customers	Held to maturity
	Investment securities	Held to maturity
	Investment securities	Loans and receivables
	Deposits from other banks	Liabilities at amortized cost
	Due to customers	Liabilities at amortized cost
	Securitized liabilities	Liabilities at amortized cost
	Subordinated debt	Liabilities at amortized cost
Measured at fair value	Loans and advances to customers	Designated as at fair value
	Investment securities	Available for sale
	Trading assets	Held for trading
	Trading liabilities	Held for trading
	Hedging derivatives (assets)	
	Hedging derivatives (liabilities)	
Off-balance sheet transactions (nominal amounts)	Contingent liabilities (guarantees and warranties)	
	Other obligations (irrevocable loan commitments)	

[1] Including fair value change in the hedged risk in the case of hedged items (hedge fair value)

The definition of the classes is derived from the classification of financial instruments in IAS 39 in conjunction with the relevant balance sheet items. The required disclosures are presented in the tables to the notes or as narrative explanations.

The requirement to apply IFRS 7 from January 1, 2007 means that IAS 30 no longer applies; however, the revised IAS 32 continues to be applicable. There is no longer an industry standard containing guidance on disclosure obligations for financial instruments. Postbank continues to apply some of the former requirements of IAS 30 and IAS 32 to ensure the consistent presentation of its net assets, financial position, and results of operations. Disclosures on the risks relating to financial instruments as required by IFRS 7 are presented in the risk report. Reference is made to the risk report in the relevant place in the notes.

The amendment to IAS 1 addressing "Capital Disclosures" requires extended disclosures on an entity's capital. The disclosures on the goals and principles of capital management are presented in the risk report.

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 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 recognition and measurement of provisions, the ability to realize future tax benefits and the fair value estimate of certain financial instruments. Current developments on the capital markets have resulted in uncertainty as to how to measure the fair value of certain structured financial instruments in particular. As of September 30, 2007, valuation techniques were used for the first time to measure the fair value of selected securitized instruments because only non-verifiable indicative prices were available in most cases. The techniques use market data to the greatest possible extent in accordance with IAS 39.48A. Where significant estimates were required, the assumptions made are explained in the following notes to the corresponding item. In individual cases, the actual values may differ from assumptions and estimates made.

Due to the 2008 business tax reform resolved by Germany's *Bundesrat* (upper house) on July 6, 2007, Deutsche Postbank AG measures its deferred tax items at the new applicable tax rates. This will reduce the notional income tax rate from 39.9 % to 29.8 %. Since the Bank's deferred tax liabilities significantly exceed its deferred tax assets, the one-time remeasurement in fiscal year 2007 leads to an expected tax benefit of €181 million that also includes the effect of the adjustment of the revaluation reserve. According to the Bank's forecast of its taxable profit for 2007, the Group's expected tax rate for the year will fall to approximately 13 %.

(3) Basis of consolidation

In addition to the parent company Deutsche Postbank AG, 45 (December 31, 2006: 40) subsidiaries that are presented in the "Consolidated companies" overview (note 35) are included in the consolidated interim financial statements as of September 30, 2007.

Betriebs-Center für Banken Deutschland GmbH & Co. KG acquired the shares held by HypoVereinsbank in HVB Payments & Services GmbH effective January 1, 2007. The company was renamed Betriebs-Center für Banken Payments & Services GmbH on entry in the commercial register on March 13, 2007. The allocation of the purchase price to the identifiable assets, liabilities, and contingent liabilities at fair value uses purchase price allocation in accordance with IFRS 3.

Effective January 1, 2007, Deutsche Postbank Vermögens-Management S.A. was sold by Deutsche Postbank AG to Deutsche Postbank International S.A. in an intragroup transaction.

Effective January 1, 2007, Deutsche Postbank AG acquired the 100 % interest held by Deutsche Post Beteiligungen Holding GmbH in einsnull IT-Support GmbH; the company was included in Postbank's consolidated financial statements.

PB Vierte Beteiligungen GmbH was included in the consolidated financial statements for the first time as of January 1, 2007. The company was renamed Postbank Beteiligungen GmbH on entry in the commercial register on February 23, 2007.

Postbank Versicherungsvermittlung GmbH was formed on May 8, 2007 as a wholly-owned subsidiary of Postbank Finanzberatung AG and included in the consolidated financial statements for the first time.

In connection with an issue of trust preferred securities, two companies were formed on June 1, 2007 as wholly-owned subsidiaries of Postbank: Deutsche Postbank Funding LLC IV and Deutsche Postbank Funding Trust IV.

Betriebs-Center für Banken Deutschland GmbH & Co. KG was reorganized as Betriebs-Center für Banken AG on June 29, 2007.

Gesellschaft für Direktbeteiligungen mbH was merged with BHW Gesellschaft für Wohnungswirtschaft mbH on August 28, 2007.

The special funds of BHW Bausparkasse AG were dissolved as of August 31, 2007.

BHW Lebensversicherung AG, including its special funds and its 50 % interests in PB Versicherung AG and PB Lebensversicherung AG, was sold effective September 30, 2007. At the time of sale, the companies' profits after tax were €3.4 million. The deconsolidation led to the disposal of assets amounting to €2.5 billion and liabilities amounting to €2.3 billion. €2.2 billion of liabilities relates to technical reserves (insurance). The gain on the sale is reported as net income from investments in associates under net income from investment securities.

Overall, the other changes in the basis of consolidation do not have any material impact on the Group's net assets, financial position, and results of operations.

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 22 (December 31, 2006: 30) special funds were included as special purpose entities in the consolidated financial statements.

In accordance with IFRS 5, BHW Bank AG is classified and reported separately as a group of assets and liabilities held for sale.

(4) Restatement of prior-period figures

The presentation of measurement gains and losses relating to the fair value option has been changed as against the previous year. Changes in fair value are reported in net trading income, rather than net interest income. The prior-period figures were restated. The interest on portfolios allocated to the fair value option and the related interest rate swaps continue to be reported in net interest income.

The initial recognition of unwinding in the 2006 consolidated financial statements in accordance with IAS 39 necessitated the restatement of the corresponding figures for the prior-year quarter.

Income statement disclosures

(5) Net interest income

	Jan. 1 – Sept. 30 2007 €m	2006[1] €m
Interest and current income		
Interest income from:		
Lending and money market transactions	3,994	3,820
Fixed-income and book-entry securities	1,782	1,510
Trading operations	306	171
Net gains/losses on hedges	–6	2
	6,076	**5,503**
Current income from:		
Equities and other non-fixed-income securities	92	165
Investments in associates	1	1
	93	**166**
	6,169	**5,669**
Interest expense on:		
Deposits	3,465	2,751
Securitized liabilities	472	727
Subordinated debt	204	195
Swaps	91	219
Trading operations	299	167
	4,531	**4,059**
Total	**1,638**	**1,610**

€4,508 million (previous year: €4,169 million) of interest income relates to financial instruments classified as loans and receivables, €112 million (previous year: €141 million) to financial instruments classified as held to maturity, and €1,131 million (previous year: €999 million) to financial instruments classified as available for sale.

Interest income from lending and money market transactions includes €24 million (previous year: €21 million) of interest income accrued on impaired assets in accordance with IFRS 7.20 (d) (unwinding in accordance with IAS 39.AG93).

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

	Jan. 1 – Sept. 30 2007 €m	2006[1] €m
Net gains/losses on hedges		
Gains/losses on the fair value remeasurement of hedged items	43	–268
Gains/losses on the fair value remeasurement of hedging transactions	–49	270
Total	**–6**	**2**

[1] Prior-period figures restated (see note 4)

(6) Allowance for losses on loans and advances

	Jan. 1 – Sept. 30 2007 €m	2006[1] €m
Cost of additions to allowance for losses on loans and advances		
Specific valuation allowances	317	311
Portfolio-based valuation allowances	17	–
Cost of additions to provisions for credit risks	21	13
Direct loan write-offs	18	23
Income from the reversal of the allowance for losses on loans and advances		
Specific valuation allowances	95	78
Portfolio-based valuation allowances	1	–
Recoveries on loans previously written off	8	10
Income from the reversal of provisions for credit risks	1	–
Total	**268**	**259**

€247 million (previous year: €246 million) of the allowance for losses on loans and advances relates to receivables classified as loans and receivables, and €21 million (previous year: €13 million) to guarantees, warranties, and irrevocable loan commitments.

(7) Net fee and commission income

	Jan. 1 – Sept. 30 2007 €m	2006 €m
Giro business	269	271
Securities business	103	91
Lending and guarantee business	81	77
Branch business	380	403
Other fee and commission income	220	210
Total	**1,053**	**1,052**

(8) Net trading income

	Jan. 1 – Sept. 30 2007 €m	2006[1] €m
Net income from interest rate products	39	16
Net gain on derivatives carried in the trading portfolio and the banking book	216	169
Net gain from application of the fair value option	4	4
Net income from equities	15	5
Foreign exchange loss	–7	–7
Net fee and commission income in the trading portfolio	–3	–2
Total	**264**	**185**

[1] Prior-period figures restated (see note 4)

(9) Net income from investment securities

	Jan. 1 – Sept. 30 2007 €m	2006 €m
Net income from loans-and-receivables investment securities	–50	10
thereof net income from sale	1	10
Gains on sale	9	32
Losses on sale	8	22
thereof net impairment loss	–51	–
Net income from available-for-sale investment securities	–50	214
thereof net income from sale	–39	214
Gains on sale	289	398
Losses on sale	328	184
thereof net impairment loss	–11	–
Net income from loans to other banks	1	15
thereof net income from sale of loans and receivables	1	15
Net income from loans to customers	–	–58
thereof net income from sale of loans and receivables	–	–58
Net income from investments in associates	391	2
Total	**292**	**183**

	Jan. 1 – Sept. 30 2007 €m	2006 €m
Net income from bonds and promissory note loans	–158	–64
Net income from equities and other non-fixed-income securities	121	245
Net income from investments in associates	391	2
Impairment	–62	–
Total	**292**	**183**

(10) Administrative expenses

	Jan. 1 – Sept. 30 2007 €m	2006 €m
Staff costs	1,040	1,035
Other administrative expenses	1,028	1,004
Depreciation and write-downs of property and equipment	60	71
Total	**2,128**	**2,110**

[1] Prior-period figures restated (see note 4)

(11) Other income

	Jan. 1 – Sept. 30 2007 €m	Jan. 1 – Sept. 30 2006 €m
Income from property and equipment	15	26
Miscellaneous	74	134
Total	**89**	**160**

(12) Other expenses

	Jan. 1 – Sept. 30 2007 €m	Jan. 1 – Sept. 30 2006 €m
Amortization and write-downs of intangible assets	56	45
Miscellaneous	78	129
Total	**134**	**174**

Balance sheet disclosures

(13) Loans and advances to other banks

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Payable on demand	7,167	1,906
Other loans and advances	16,907	14,444
Total	**24,074**	**16,350**

Loans and advances to other banks only include financial instruments classified as loans and receivables. €7,967 million (December 31, 2006: €7,241 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	
	Sept. 30, 2007 €m	Dec. 31, 2006 €m	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Financial collateral	2,979	1,251	749	486
Non-financial collateral	–	–	–	–
Total	**2,979**	**1,251**	**749**	**486**

(14) Loans and advances to customers

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Mortgage lending	63,723	59,148
Home savings loans	3,149	3,147
Public sector	3,963	5,444
Installment credits	2,167	2,447
Other loans and advances	16,035	16,996
Total	**89,037**	**87,182**

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

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Loans and advances to customers (loans and receivables)	81,755	80,483
of which fair value hedges	1,366	1,500
Loans and advances to customers (held to maturity)	466	518
Loans and advances to customers (fair value option)	6,816	6,181
Total	**89,037**	**87,182**

€70,634 million (December 31, 2006: €70,872 million) of loans and advances to customers is due after more than 12 months.

(15) Total credit extended

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Loans and advances to other banks	24,074	16,350
Loans and advances to customers	89,037	87,182
Guarantees	1,350	1,974
Total	**114,461**	**105,506**

(16) Allowance for losses on loans and advances

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

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Specific valuation allowances	1,074	1,090
Portfolio-based valuation allowances	79	65
Total allowances for losses on loans and advances	**1,153**	**1,155**
Provisions for credit risks	48	34
Total	**1,201**	**1,189**

The allowance for losses on loans and advances is accounted for in full by receivables 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	
	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006[1] €m
Balance at January 1	1,090	732	65	44	1,155	776
Changes in basis of consolidation	–	267	–	2	–	269
Reclassifications in accordance with IFRS 5	–86	–	–2	–	–88	–
Additions						
Allowance charged to the income statement	317	311	17	–	334	311
Disposals						
Utilization	125	84	–	–	125	84
Allowance reversed to the income statement	95	78	1	–	96	78
Unwinding	24	21	–	–	24	21
Currency translation differences	3	2	–	–	3	2
Balance at Sept. 30	**1,074**	**1,125**	**79**	**46**	**1,153**	**1,171**

[1] Prior-period figures restated (see note 4)

(17) Trading assets

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Bonds and other fixed-income securities	2,985	9,755
Equities and other non-fixed-income securities	50	28
Building loans held for trading	210	208
Positive fair values of derivatives carried as trading assets	4,840	2,942
Positive fair values of banking book derivatives	125	276
Positive fair values from derivatives relating to hedged items accounted for under the fair value option	108	71
Total	**8,318**	**13,280**

€7,135 million (December 31, 2006: €11,810 million) of trading assets is due after more than 12 months.

(18) Investment securities

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Bonds and other fixed-income securities		
Loans and receivables	24,543	19,031
Held to maturity	765	4,956
Available for sale	35,583	33,379
	60,891	**57,366**
Equities and other non-fixed-income securities (available for sale)	2,241	5,831
Investments in associates (available for sale)	18	17
Investments in unconsolidated subsidiaries (available for sale)	79	85
Total	**63,229**	**63,299**

Investment securities amounting to €52,448 million (December 31, 2006: €55,591 million) are due after more than 12 months.

Investment securities were furnished as collateral for the following liabilities:

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Liabilities	23,327	22,984
Contingent liabilities	–	66
Total	**23,327**	**23,050**

(19) Intangible assets

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Internally generated intangible assets and software	55	55
Acquired software, concessions, industrial rights	596	721
Acquired goodwill	1,631	1,626
Advance payments on intangible assets and in-process intangible assets	117	103
Total	**2,399**	**2,505**

"Acquired software, concessions, industrial rights" includes the BHW brand, which was capitalized in the course of purchase price allocation (€319 million). €76 million (December 31, 2006: €166 million) was recognized for customer relationships from continuing operations and €67 million (December 31, 2006: €72 million) for beneficial contracts. In addition to current amortization, the value of customer relationships fell by €69 million due to the sale of BHW Lebensversicherung AG.

(20) Property and equipment

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Land and buildings	843	858
Operating and office equipment	133	152
Advance payments and assets under development	6	5
Total	**982**	**1,015**

(21) Other assets

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Prepaid expenses	381	327
Receivables from tax authorities	135	94
Miscellaneous	702	246
Total	**1,218**	**667**

Other assets amounting to €349 million (December 31, 2006: €335 million) have a maturity of more than 12 months.

(22) Group of assets held for sale

	Sept. 30, 2007 €m	
Cash reserve	22	
Loans and advances to other banks	71	
Loans and advances to customers	1,511	
Allowance for losses on loans and advances	–88	
Trading assets	2	
Investment securities	335	
Intangible assets	20	
Property and equipment	–	
Income tax assets	6	
Other assets	5	
Group of assets held for sale	**1,884**	

(23) Deposits from other banks

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Payable on demand	2,717	2,719
Other deposits	52,044	44,600
Total	**54,761**	**47,319**

Deposits from other banks only include financial instruments classified as liabilities at amortized cost.
€11,878 million (December 31, 2006: €9,236 million) of deposits from other banks is due after more than 12 months.

(24) Due to customers

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Savings deposits	35,254	36,034
Home savings deposits	16,981	16,981
Other amounts due		
Payable on demand	23,732	23,525
With an agreed maturity or withdrawal notice	30,957	24,776
	54,689	**48,301**
Total	**106,924**	**101,316**

Amounts due to customers only include financial instruments classified as liabilities at amortized cost. €31,918 million (December 31, 2006: €28,962 million) of amounts due to customers is due after more than 12 months.

(25) Securitized liabilities

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Mortgage bonds	11	53
Public-sector mortgage bonds (*Pfandbriefe*)	59	81
Other debt instruments	9,264	15,752
Total	**9,334**	**15,886**

Securitized liabilities only include financial instruments classified as liabilities at amortized cost. €7,273 million (December 31, 2006: €8,059 million) of securitized liabilities is due after more than 12 months.

(26) Trading liabilities

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Negative fair values of trading derivatives	4,525	2,864
Negative fair values of banking book derivatives	186	351
Negative fair values from derivatives relating to hedged items accounted for under the fair value option	298	401
Delivery obligations under securities sold short	649	2
Total	**5,658**	**3,618**

€5,057 million (December 31, 2006: €2,753 million) of trading liabilities is due after more than 12 months.

(27) Provisions

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Provisions for pensions and other employee benefits	1,144	1,115
Technical reserves (insurance)	–	1,560
Provisions for home savings business	716	727
Other provisions	299	289
Total	**2,159**	**3,691**

€1,808 million (December 31, 2006: €3,321 million) of recognized provisions is due after more than 12 months.

(28) Other liabilities

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Trade payables	70	76
Liabilities from other taxes	15	123
Miscellaneous liabilities	482	547
Deferred income	41	40
Total	**608**	**786**

€108 million (December 31, 2006: €125 million) of other liabilities is due after more than 12 months.

(29) Subordinated debt

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Subordinated liabilities	2,747	2,822
Hybrid capital instruments	1,527	1,039
Profit participation certificates outstanding	1,246	1,132
Contributions by typical silent partners	54	55
Total	**5,574**	**5,048**

Subordinated debt only includes financial instruments classified as liabilities at amortized cost. €5.418 million (December 31, 2006: €4,980 million) of subordinated debt is due after more than 12 months.

(30) Group of liabilities held for sale

	Sept. 30, 2007 €m	
Deposits from other banks	160	
Due to customers	1,434	
Securitized liabilities	106	
Trading liabilities	8	
Provisions	18	
Income tax liabilities	10	
Other liabilities	7	
Subordinated debt	55	
Group of liabilities held for sale	**1,798**	

Other disclosures

(31) Contingencies and other obligations

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Contingent liabilities		
on guarantees and warranties	1,350	1,974
Other obligations		
Irrevocable loan commitments	23,540	21,369
of which: building loans provided	1,349	1,536
Total	**24,890**	**23,343**

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

	Sept. 30, 2007		Dec. 31, 2006	
	Carrying amount €m	Full fair value €m	Carrying amount €m	Full fair value €m
Assets				
Cash reserve	3,247	3,247	1,015	1,015
Loans and advances to other banks	24,074	24,015	16,350	16,357
Loans and advances to customers	82,221	82,633	81,001	83,014
Allowance for losses on loans and advances	–1,153	–1,153	–1,155	–1,155
Investment securities	25,308	24,677	23,987	23,863
	133,697	**133,419**	**121,198**	**123,094**
Liabilities				
Deposits from other banks	54,761	54,550	47,319	47,366
Due to customers	106,924	106,428	101,316	101,439
Securitized liabilities and subordinated debt	14,908	14,758	20,934	21,019
	176,593	**175,736**	**169,569**	**169,824**

(33) 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	
	Sept. 30, 2007 €m	Dec. 31, 2006 €m	Sept. 30, 2007 €m	Dec. 31, 2006 €m	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Trading derivatives	526,142	438,244	5,073	3,289	5,009	3,616
Hedging derivatives	37,123	43,568	474	485	742	958
Total	**563,265**	**481,812**	**5,547**	**3,774**	**5,751**	**4,574**

The following table presents the open interest-rate and foreign currency, conditional and unconditional forward and option contracts of the Postbank Group at the balance sheet date.

			Fair Value			
	Notional amounts		Positive fair values		Negative fair values	
	Sept. 30, 2007 €m	Dec. 31, 2006 €m	Sept. 30, 2007 €m	Dec. 31, 2006 €m	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Trading derivatives						
Foreign currency derivatives	23,428	21,882	322	188	244	151
Interest rate derivatives	497,792	414,759	4,729	3,081	4,737	3,439
Equity/index derivatives	1,022	256	15	14	13	22
Credit derivatives	3,900	1,347	7	6	15	4
Total holdings of trading derivatives	**526,142**	**438,244**	**5,073**	**3,289**	**5,009**	**3,616**
Hedging derivatives						
Fair value hedges	37,123	43,568	474	485	742	958
Total holdings of hedging derivatives	**37,123**	**43,568**	**474**	**485**	**742**	**958**
Total holdings of derivatives	**563,265**	**481,812**	**5,547**	**3,774**	**5,751**	**4,574**

Risks relating to financial instruments are presented in the risk report.

(34) 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:

	Sept. 30, 2007 €m	Dec. 31, 2006[1] €m
Credit and counterparty risk	75,075	68,705
Market risk positions	12,500	13,375
Operational risk	3,038	3,063
Total capital charge	90,613	85,143
Additional capital charge in accordance with transitional provision[2]	5,900	0
Tier 1 capital	5,444	4,701
of which: innovative capital instruments	1,651	1,151
Tier 2 capital	3,425	3,459
of which: profit participation certificates outstanding	1,281	1,152
of which: subordinated liabilities	2,312	2,394
Tier 3 capital	0	24
Eligible own funds	8,869	8,184
Tier 1 ratio before application of transitional provision in %	7.0	6.6
Effect of transitional provision[2] in %	–0.5	0.0
Overall ratio before application of transitional provision in %	9.8	9.6
Effect of transitional provision[2] in %	–0.6	0.0

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 innovative capital instruments. Tier 2 capital is primarily composed of profit participation certificates outstanding and long-term subordinated liabilities. The positive effect as against the previous Principle I disclosure was not realized in full due to the transitional provision for IRBA (internal ratings-based approach) institutions in accordance with section 339(1) in conjunction with (3–5) of the SolvV. Under 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 95 % of the minimum capital determined using regulatory weighting factors in accordance with Principle I in the first year of application.

[1] Internal calculation; [2] Section 339(1) in conjunction with (3–5) of the SolvV

(35) Related party disclosures

Consolidated companies

Name and domicile	Equity interest (%) direct	Equity interest (%) indirect
1) Fully consolidated companies:		
BHW Holding AG, Berlin/Hamelin	98.4	
BHW Bausparkasse AG, Hamelin		98.4
BHW Bank AG, Hamelin		98.4
BHW Gesellschaft für Wohnungswirtschaft mbH, Hamelin		98.4
BHW Gesellschaft für Wohnungswirtschaft mbH & Co. Immobilienverwaltungs KG, Hamelin		98.4
BHW Gesellschaft für Vorsorge mbH, Hamelin		98.4
BHW Immobilien GmbH, Hamelin		98.4
BHW Home Finance Limited, New Delhi, India		98.4
Postbank Finanzberatung AG, Hamelin	23.3	75.5
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	
einsnull IT-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
Betriebs-Center für Banken Verwaltungs GmbH, Frankfurt/Main	100.0	
Betriebs-Center für Banken Zahlungsverkehrsservice GmbH, Frankfurt/Main		100.0
Betriebs-Center für Banken Payments AG, Frankfurt/Main		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	

Name and domicile	Equity interest (%) direct	Equity interest (%) indirect
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	

Intragroup and associate receivables

Receivables from unconsolidated subsidiaries and associates are presented below:

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Loans and advances to customers		
Subsidiaries	58	58
Associates	–	–
	58	**58**
Other assets		
Subsidiaries	15	66
Associates	–	–
	15	66
Total	**73**	**124**

The items relate primarily to receivables from Deutsche Post AG.

Intragroup and associate payables

Payables to unconsolidated subsidiaries and associates are presented below:

	Sept. 30, 2007 €m	Dec. 31, 2006 €m
Due to customers		
Subsidiaries	91	431
Associates	4	3
	95	434
Other liabilities		
Subsidiaries	62	70
Associates	–	–
	62	70
Total	**157**	**504**

The items relate primarily to payables to Deutsche Post AG.

Income and expense from subsidiaries and associates

	Jan. 1 – Sept. 30 2007 €m	 2006 €m
Net interest income		
Subsidiaries	13	12
Associates	–	–
	13	**12**
Net fee and commission income		
Subsidiaries	403	403
Associates	–	–
	403	**403**
Administrative expenses		
Subsidiaries	382	405
Associates	–	–
	382	**405**
Other income		
Subsidiaries	33	43
Associates	–	–
	33	**43**
Other expenses		
Subsidiaries	10	20
Associates	–	–
	10	**20**

Fee and commission income for subsidiaries primarily consists of payments made by Deutsche Post AG for postal services provided in Postbank's branches. Administrative expenses for subsidiaries primarily consist of payments to Deutsche Post AG for financial services provided in its retail outlets.

(36) Members of executive bodies
Management Board

The members of the Management Board are:	
Wolfgang Klein, Bonn (Chairman, since July 1, 2007)	
Wulf von Schimmelmann, Brussels (Chairman)	until June 30, 2007
Dirk Berensmann, Unkel	
Henning R. Engmann, Bonn	until March 31, 2007
Stefan Jütte, Bonn	
Guido Lohmann, Dülmen	since July 1, 2007
Michael Meyer, Bonn	since July 1, 2007
Loukas Rizos, Bonn	
Hans-Peter Schmid, Baldham	
Ralf Stemmer, Königswinter	
Mario Daberkow, Bonn	Deputy Member of the Management Board

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

1. Shareholder representatives
Klaus Zumwinkel, Chairman of the Board of Management of Deutsche Post AG, Cologne (Chairman)
Jörg Asmussen, Head of Department, Federal Ministry of Finance, Berlin
Wilfried Boysen, Hamburg
Edgar Ernst, Bonn
Peter Hoch, Munich
Ralf Krüger, management consultant, Kronberg
Hans-Dieter Petram, Bonn
Bernd Pfaffenbach, State Secretary, Federal Ministry of Economics and Technology, Wachtberg-Pech
Klaus Schlede, Carabietta/Lugano
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	since May 10, 2007
Marietta Auer, Head of Department, Deutsche Postbank AG, Head Office, Unterhaching	
Rolf Bauermeister, Regional Head of Department 10 for Lower Saxony/Bremen, at ver.di Trade Union, Berlin	since May 10, 2007
Rosemarie Bolte, Regional Head of Department, Financial Services, at ver.di Trade Union, Stuttgart	until May 10, 2007
Annette Harms, Deputy Chair of Deutsche Postbank AG's Works Council, Hamburg	
Ralf Höhmann, Chairman of Deutsche Postbank AG's Works Council, Stuttgart Branch, Korntal-Münchingen	until May 10, 2007
Elmar Kallfelz, Member of Deutsche Post AG's Group Works Council, Wachtberg	
Harald Kuhlow, Member of Deutsche Postbank AG's Works Council, Weingarten	until May 10, 2007
Torsten Schulte, Chairman of Deutsche Postbank AG's Group Works Council, Hessisch Oldendorf	since May 10, 2007
Sabine Schwarz, Chair of Deutsche Postbank AG's Works Council, Berlin	until May 10, 2007
Eric Stadler, Chairman of Deutsche Postbank AG's Works Council, Markt Schwaben	since May 10, 2007
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	since May 10, 2007
Christine Weiler, employee of Deutsche Postbank AG, Kreiling	until May 10, 2007

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, October 31, 2007
Deutsche Postbank Aktiengesellschaft

Management Board

Wolfgang Klein

Dirk Berensmann   Stefan Jütte   Guido Lohmann   Michael Meyer

Loukas Rizos   Hans-Peter Schmid   Ralf Stemmer   Mario Daberkow

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 September 30, 2007, which are part of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 3 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Düsseldorf, October 31, 2007

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

Financial Calendar

Fiscal year 2007

November 8, 2007	Interim Report for the third quarter, analyst conference call

Fiscal year 2008

March 5, 2008	Financials press conference and analysts' conference on fiscal year 2007
May 8, 2008	Annual General Meeting
May 13, 2008	Interim Report for the first quarter, analyst conference call
July 30, 2008	Interim Report for the first half-year, analyst conference call
November 10, 2008	Interim Report for the third quarter, 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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