Deutsche Postbank Group

Interim Report as of September 30, 2009

3/09

Postbank

Postbank Group in figures

		Jan. 1 – Sept. 30, 2009	Jan. 1 – Sept. 30, 2008[1]
Consolidated income statement			
Total income	€m	2,313	2,296
Administrative expenses	€m	–2,099	–2,161
Loss before tax	€m	–219	–108
Consolidated net profit/loss	€m	112	–111
Cost/income ratio	%	90.7	94.1
Return on equity			
before tax	%	–5.8	–3.1
after tax	%	3.0	–3.2
Earnings per share[2]	€	0.51	–0.68

		Sept. 30, 2009	Dec. 31, 2008
Consolidated balance sheet			
Total assets	€m	239,280	231,282
Customer deposits	€m	109,372	95,077
Customer loans	€m	107,154	101,228
Allowance for losses on loans and advances	€m	1,498	1,232
Equity	€m	5,278	5,019
Tier 1 ratio	%	8.0	7.4
Headcount (FTEs)	thousand	20.82	21.13
Long-term ratings			
Moody's		Aa3 / outlook rating under review	Aa2 / outlook stable
Standard & Poor's		A– / outlook positive	A– / outlook positive
Fitch		A+ / outlook stable	A / outlook negative
Information on Postbank shares		Sept. 30, 2009	Sept. 30, 2008
Share price at the balance sheet date	€	24.17	26.66
Share price (Jan. 1 – Sept. 30)	high €	26.86	67.10
	low €	6.81	25.45
Market capitalization on Sept. 30	€m	5,288	4,372
Number of shares	million	218.8	164.0

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

[2] Based on 218.8 million shares outstanding in the first nine months of 2009 and 164 million shares in the first nine months of 2008.

The Postbank Group, with 13.9 million customers and around 20,800 employees, is one of the largest financial service providers in Germany. In addition to our core business with private customers, we also serve corporate customers and are active in the fields of transaction banking and financial markets.

Deutsche Postbank Group
Interim Report as of September 30, 2009

Ladies and Gentlemen,

Postbank concluded the first nine months of 2009 with a consolidated net profit of €112 million. In the previous year, our result was a loss of €111 million. As in 2008, profit for the current fiscal year also encompassed various positive and negative extraordinary effects. Profit before tax was burdened by impairments on our structured credit portfolio; but these were substantially less than in the previous year, as expected. The trend of constant improvement from one quarter to the next also continued, with the loss before tax in the third quarter at €59 million. Earnings performance was disrupted by the announcement of bankruptcy protection on November 1, 2009, filed by the U.S. small and middle market business lender CIT. The necessary impairments – which have been fully accounted for in the third quarter financial statements – amount to a loss of €61 million. Without these negative effects, Postbank could have reported a slightly positive pre-tax result.

Overall, it became apparent that negative effects are gradually shifting from financial market products to allowances for losses on loans and advances in the credit business. Although Postbank did register an increase here in 2009, it was at a substantially lower level than that seen at other banks. Two aspects had an especially positive impact here: our fundamentally prudent lending policy and the focus of our loan portfolio on the granular, highly collateralized German mortgage lending business. The negative effects from the crisis obscure Postbank's operative earning power – marked by largely stable net interest income and net fee and commission income – and led to the unsatisfactory loss before tax of €219 million as of September 30, 2009. However, this does not take into account the substantial present value increases in our investment securities in the current fiscal year as a result of the development of spread and market interest rates. In contrast to banks which could show the recovery of their portfolios in the current fiscal year in their income statement, Postbank was able, through clever positioning in 2009, to build up corresponding hidden reserves in the mid three-digit millions.

In order to continue improving our position on the market and our earnings situation, we are currently pushing the targeted further development of our strategic program. We are both implementing measures with immediate impacts as well as developing the cornerstones for our orientation in the longer-term future. Due to continuing pressure on our earnings situation from competition and the general environment, the focus here will be on further optimization of our cost position. In this context, we are also considering how to structurally lower costs.

Thanks to the measures initiated in the past twelve months for increasing and stabilizing our Tier 1 ratio, we were able to post a ratio of 8.0 % as of September 30, 2009, following just 5.5 % in the previous year. In light of the unique features of our business model, and in particular our very good liquidity situation, we regard our current capitalization as adequate. It is marked by the high quality of our lending operations and investment securities as well as by a large degree of independence from refinancing through the capital market as a result of the strong customer deposit base. As such, we take a critical view of the international discussion on the introduction of a leverage ratio as a further tool for evaluation of the available capital resources. This parameter, which looks only at total assets in relation to equity, ignores the quality of the transactions in the balance sheet and puts in particular those banks at a disadvantage with low-risk assets such as private mortgage loans. Were the topic of this discussion to be implemented, it could lead to significant price adaptations as well as to bottlenecks in the supplying of loans.

In the current fiscal year, Postbank has played a decisive role in safeguarding the loan supply in Germany. Our customer lending business was up 7.6 % as compared to September 30, 2008. A key contribution to this development was made by the SME lending business, which grew by €2.0 billion to €6.5 billion in the same period, even with strict adherence to our criteria for granting loans. We were also able to further improve our already good market position in the deposit business. As of September 30, 2009, our savings volume, at €73.5 billion, was up almost 17 % in a year-on-year comparison. This inflow is strengthening the bank's very good refinancing position. We are one of the few institutions in Germany and in Europe able to report a balanced ratio of customer deposits and customer loans.

Postbank's operative strengths in the customer business and the initiated refinements to our strategic program make me confident that we will reach our financial goal and generate a return on equity of 13 to 15 % after taxes in the mid-term after the turbulence on the financial markets has dissipated and real economic development returns to normal.

In the remaining months of the current fiscal year, we continue to expect decreasing negative effects on net income from investment securities and net trading income. Economic developments may lead to a still growing number of insolvencies and thus to a higher number of loan defaults, resulting in an increase in the allowance for losses on loans and advances. We continue to expect that Postbank will be less strongly affected than the competition as a result of its credit portfolio structure.

Overall, we expect the ongoing trend of improvements to profit before tax to continue. For 2009 as a whole, similar to the situation after nine months, we expect a positive consolidated net profit with a simultaneous loss before tax. Of course, given the precarious business environment, another economic decline resulting in a negative impact on the income situation of banks including Postbank cannot be ruled out.

Thank you for placing your trust in Postbank. I hope you will continue to accompany us on our journey into the future.

Bonn, November 5, 2009

Sincerely,

Stefan Jütte
Chairman of the Management Board

Shareholders and Stock:
Postbank stock in upwards trend

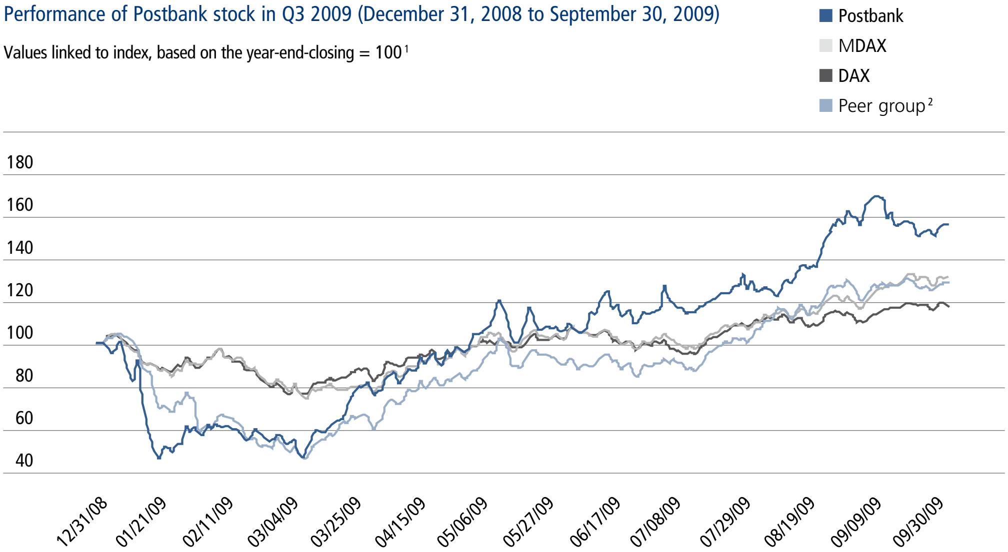
On international stock markets, the recovery that began in March 2009 continued unabated in the third quarter with the DAX and MDAX reaching new all-year highs. Losses from the first quarter were more than made up for during the course of the year. The DAX and MDAX climbed approximately 18 % and 31 % respectively in the first nine months.

As in previous quarters, the positive development was led by bank shares, which benefited from the growing sense of economic optimism and a sharply increasing appetite among investors for risk. Early economic indicators continued to improve, as evidenced by hard fundamental data such as increased incoming orders and industrial production. Investors expect these trends to continue, with some already pricing in a dynamic economic recovery. A portion of stock market gains is likely attributable to a lack of investment alternatives: interest on government bonds and call money is at a very low level, and risk premiums on corporate bonds have clearly narrowed as well. With trust in the capital markets restored, investors are increasingly shifting risk-free funds into shares. Bank shares, which have come under particularly intense pressure since the financial crisis began, recovered exceptionally well.

Postbank stock rose €6.06 or 33.5 % in the third quarter, outperforming the MDAX by approximately 6 percentage points and the DAX by 15 percentage points. As a whole, Postbank's second quarters results released on July 30, 2009, were in line with analysts' expectations.

Performance of Postbank stock in Q3 2009 (December 31, 2008 to September 30, 2009)

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



Source: Bloomberg, Postbank

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

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

In the first nine months of 2009, Postbank stock rose approximately 56 % or €8.67 to €24.17, far outperforming the indexes. The MDAX climbed just 31 %, the DAX a mere 18 % in the same period. Postbank also outperformed its peer group of eight leading European retail banks with a 32 percentage points higher share price gain.

As trust in the capital markets returned, refinancing conditions also improved for banks. Back in early July, Postbank added a new instrument to its refinancing basis with the successful issuing of its first public-sector *Pfandbrief* (mortgage bond). In mid-August, this mortgage bond was increased by an additional €500 million to a total of €1.5 billion at very attractive conditions. Postbank benefited from the positive market environment with this cost-effective increase in refinancing funds.

Our stock data (Jan. 1, 2009 – Sept. 30, 2009)		9 months 2009	9 months 2008[1]
Closing price as of September 30	€	24.17	26.66
High	€	26.86	67.10
Low	€	6.81	25.45
Earnings per share[2]	€	0.51	−0.68
Number of shares	million	218.8	164.0
Market capitalization as of September 30	€m	5,288	4,372
Beta factor (relative to the DAX)		1.26	1.04
Equity including revaluation reserve as of September 30	€m	5,278	5,019
Return on equity before taxes	%	−5.8	−3.1
Total cost/income ratio	%	90.7	94.1

[1] Prior-year figures restated

[2] The average number of shares outstanding in the first nine months of 2009 was 218,800,000 (Q3 2008: 164,000,000).

Additional information, current news, presentations on Postbank and various service offers for investors are available online on our Investor Relations pages at www.postbank.de/IR.

Developments in the first nine months of 2009: Strong growth in deposit business continues

Postbank posted record figures in the deposit business at the close of the third quarter of 2009. As a result, our market share in the savings business once again clearly rose in this time period. At the same time, we also saw an increase in demand deposits. The securities business registered growth for the first time in a long while, both in comparison to the previous quarter as well to the same quarter in the previous year. The slight upwards trend seen in the mortgage lending business in the previous quarter continued.

Improved opportunities to withdraw cash for our customers

Demand deposits in the stable total of 4.9 million private checking accounts maintained with Postbank rose by 9.4 % to €16.3 billion, attributable in part to the comparatively low interest rate environment.

Since early September, all 1,300 service stations managed by the Shell Group have been equipped with cash stations. We are thus noticeably increasing the number of cash sources for our customers. In addition, installation of Postbank ATMs at 180 Obi building supply stores has now begun and is expected to be completed in the first quarter of 2010.

Postbank is setting standards in mobile banking as well: iPhone users can now easily find all ATMs at any location in Germany via an application that uses Google Maps.

Strong growth in volume continues in the savings business

The strong inflow of funds in the savings business continued in the third quarter. This was attributable in particular to our new product "Postbank Aktiv-Sparen," introduced in early July, that rewards average new deposits in one quarter with bonus interest. The "Postbank Gewinn-Sparen" product also continued to register clear growth. In total, we recorded an increase in new business of 36.1 % to €11.3 billion over the comparable prior-year period in the first nine months of 2009. In contrast gross cash inflows over the course of 2009 have decreased.

The savings volume thus rose significantly by 23.1 % to €57.6 billion. If home savings deposits are included, the total amounts to €73.5 billion, 16.7 % more than the prior-year level.

Securities business recovers slowly – insurance business still restrained

The continuing upswing on the financial markets and a guarantee fund newly launched at the start of the second half of the year led to recovery of the securities business at Postbank. At €1.4 billion in the first nine months of 2009, cash inflows in the security business were down 24.2 % in a year-on-year comparison. However, an increase of 32.9 % to €667 million was registered in the third quarter as compared with the previous quarter, and was thus above the corresponding quarter in the prior year for the first time since intensification of the crisis on the financial markets. Analogously, the value of the securities and funds held in securities accounts maintained with us rose to €10.7 billion, following €10.2 billion in the first nine months of 2008.

Business with term life insurance remained noticeably below the prior-year level. The partnership with the HUK-COBURG Group in the area of non-life insurance business continued to perform well with a total of 46,900 new contracts concluded as of September 30, 2009.

New business in mortgage lending rises in quarter-by-quarter comparison

New business in mortgage lending, including paid home savings loans, improved slightly over the course of 2009 from €2.1 billion in the first quarter to €2.2 billion in the third quarter of 2009. Altogether, new business totaled €6.5 billion by the end of September, 16.7 % less than in the same period in the previous year. This decline was to be expected and is the result of a modified new business management concept with a less aggressive approach in defining terms than competitors.

New business under the BHW brand, which focuses primarily on low-volume loans in the area of energy saving measures, declined 5.3 % to €3.6 billion, substantially more moderate than the drop seen in the large-volume mortgage loans under the DSL brand, which were down 25.6 % on the first nine months of 2008, at €2.9 billion.

Postbank's portfolio of mortgage loans rose 1.7 % in year-on-year comparison to €73.5 billion by the end of September 2009, even while decreasing by 0.7 % to €956.2 billion by the end of July in the market as a whole (more recent data not yet available).

Home savings business better than the market as a whole

In the home savings business under the BHW brand, we registered a decline of 9.1 % to €8.0 billion in total home savings written. Paid home savings loans reached a very satisfactory level of €1.1 billion, up 10.0 % year-on-year.

The home savings market continued to decline, registering a 11.4 % drop to €69.5 billion in late August for total home savings written. Among other reasons, this development was the result of changes in government support at the end of 2008. BHW Bausparkasse had a market share of 11.5 % as of September 30, up 0.2 % on the prior year's level.

Installment loan business sees clear growth

New business in this extremely economically sensitive product area dropped by 15.4% to €1.1 billion at Postbank in the first nine months of 2009 as compared to the same period in the previous year. However, development was positive in quarter-by-quarter comparison. New business in the third quarter totaled €391 million, up 6.0 % on the second quarter.

Due primarily to the German government's environmental support program that fuelled a significant increase in new car sales and benefited in particular the financers of automobile manufacturers, the market developed in the opposite direction, rising 3.1 % as a whole by the end of August 2009.

The German financial magazine "Focus Money" evaluated the "Postbank Privatkredit" (personal loan) in August of 2009 as "very good" due to an especially high level of advisory services and attractive definition of terms, awarding it second place in its overall rankings.

Despite the decline in new business, our installment loan book expanded substantially by 24.1 % to €3.6 billion while the overall market grew just 5.1 % by the end of the first six months of 2009, enabling us to further increase our market share in this product area.

Additional Retail Banking information

New business		Jan. 1 – Sept. 30, 2009	Jan. 1 – Sept. 30, 2008	2008
New customers	thousand	520	594	781
New checking accounts	thousand	346	419	572
New mortgage lending business incl. portfolio acquisitions	€bn	6.6	10.0	12.2
Self-generated new business mortgage lending	€bn	6.5	7.7	10.0
New private lending business	€bn	1.14	1.28	1.62
Total home savings – written	€bn	8.0	8.8	12.4
New securities business	€bn	1.4	1.6	2.5

Book		Sept. 30, 2009	Sept. 30, 2008	Dec. 31, 2008
Total customers	million	13.9	14.2	14.1
Number of core customers	million	4.9	4.8	4.9
Checking accounts	million	4.9	4.9	5.0
Savings deposits	€bn	57.6	46.8	49.1
Home savings deposits	€bn	15.9	16.2	15.9
Private mortgage lending book incl. portfolio acquisitions	€bn	73.5	72.3	72.7
Private loan book	€bn	3.6	2.9	3.0
Volume of securities accounts	€bn	10.7	10.2	9.5

Corporate Banking is well on track

Within the scope of our strategic further development, our medium-term goal is to become one of the five core banks for 3,000 of our approximately 30,000 corporate customers.

The efficiency of our Corporate Banking sales continued to improve, as evidenced by the productivity of our sales specialists, which rose to 181 % (base year 2005 = 100 %) as of September 30, 2009, from the prior year's level of 118 %.

Operating business in Corporate Banking also made good progress during the first nine months of 2009 despite the difficult economic environment. In a reflection of these gains, the SME loans contained in the total of €28.8 billion (prior year: €23.1 billion) in corporate loans rose by €2.0 billion to €6.5 billion year-on-year. In commercial real estate finance, we continued to take on only highly selective new exposures. The total volume rose slightly from €17.2 billion at the end of the first half of 2009 to €17.6 billion as of September 30, 2009. As the figures show, Postbank has proven itself to be a reliable lending partner even in today's challenging market environment.

Our corporate customers' investment volume rose 4.1% to €17.9 billion from mid-year 2009 to the end of the third quarter of 2009. We also offer our corporate customers comprehensive consulting services to help them optimize their balance sheet structures.

Stable development in Transaction Banking

In the third quarter, the Postbank subsidiary BCB AG handled approximately 2 billion transactions for Postbank AG and its three other clients. At a total of 5.9 billion in the first three quarters of 2009, the number of transactions reached the same level as the previous year. As expected, the number of paper-based payment operations further decreased to the benefit of paperless transactions. Initial increases in the amount of SEPA transactions are evident, but have not yet boosted the overall volume.

Number of employees declines slightly according to plan

In keeping with planning, the number of employees was below the prior year's figure at 20,821 as of September 30, 2009. We are thus well on the way to reaching our goal of approximately 20,800 employees by the end of the year.

Employees

	Sept. 30, 2009	Sept. 30, 2008
Number of employees (full-time equivalents)	20,821	21,472
Part-time employees	5,352	5,493
Percentage of female FTEs	58 %	58 %
Percentage of male FTEs	42 %	42 %
Percentage of civil servants	34 %	34 %

Interim Management Report

Business Environment

Economic environment

Following the extremely severe global recession during the winter period of 2008/2009, the economic environment stabilized during the spring. Some regions, propelled by Asian emerging economies, even generated positive growth rates during the second quarter. These recovery trends began to spread during the middle of the year. In the third quarter, the economic output of most industrial countries was expected to have grown on a quarter-to-quarter basis. But this economic recovery was taking place at a very low level. Global GDP (gross domestic product) and world trade were considerably below the previous year's figures.

In the United States, economic output fell only slightly during the second quarter. Compared with the previous period, however, it grew again presumably by 0.9 % during the third quarter. Demand was underpinned by expansive monetary policies and fiscal policy impulses. In Germany, private consumers profited from the government's cash-for-clunkers program. At the same time, gross capital expenditures have stabilized. Asia was the fastest region to recover from the global financial crisis. This was not least the result of China's massive economic stimulus package. In China, GDP growth accelerated until the third quarter by 8.9 % year-on-year. The entire region profited from growing demand in China. In a reflection of this development, GDP in Japan, which was hit hard by the steep drop in exports, rose 0.6 % in the second quarter compared with the previous quarter. The recovery apparently continued during the second half of the year.

After a severe economic contraction in the first half of 2009, the euro zone apparently returned to a positive GDP growth rate in the third quarter. The recovery was fueled by reawakening demand outside of the euro zone and most likely by a slight increase in private consumption. In addition, the downward trend of corporate investments was largely halted. The cautious start of a recovery, however, could not prevent economic output from remaining distinctly below the prior-year level. Following the downturn experienced at the beginning of the year, GDP in Germany grew by 0.3 % in the second quarter. While this means that the recession officially ended during the spring, GDP was still down nearly 6 % on a year-on-year basis. The recovery picked up speed going into the second half of the year. Incoming industrial orders from inside and outside Germany rose markedly, even if they remained at a very low level. By summer, exports and industrial production were clearly above the level of spring.

Generally speaking, macroeconomic trends were somewhat more favorable as the year reached its mid-point than we anticipated at the time of our last report.

Given the continuing poor state of the economy and the persistent ailing condition of the financial markets, the U.S. Federal Reserve kept its key interest rate in the historically low target band of 0 % to 0.25 % during the third quarter. The European Central Bank also kept its key rate at the record low of 1 %. Meanwhile, the central banks continued to employ unconventional monetary policy instruments such as purchasing government bonds or covered bonds (primarily *Pfandbriefe*) to prop up financial markets and the banking sector. Long-term capital-market yields in the euro zone slipped slightly during the third quarter. But the slope of the yield curve did not significantly change. These developments largely reflected the expectations we expressed in our last report.

Sector situation

Since the crisis began in mid-2007, financial institutions worldwide have taken writedowns totaling $1,620 billion on distressed assets. To strengthen their equity base, they have raised $1,378 billion in fresh capital during the same period. Some of this money was drawn from government bailout funds.

After various banks in the U.S. either totally or partially repaid these government funds in the first half of 2009, different European banks followed suit in the third quarter of this year. Even two years after the start of the global financial market crisis, its impact continues to be felt. In the process, the negative effects are gradually shifting from financial market products to allowances for losses on loans and advances in the credit business. In the third quarter of 2009, the global financial sector recorded losses of less than $1 billion in connection with the crisis. But the crisis is not over yet. Since the change of the year 2008/2009, more than 100 U.S. banks have filed for bankruptcy. The total for the entire fiscal year of 2008 was 25.

In our analysis of business developments among German banks, we have dropped Hypo Real Estate Holding AG from consideration as a result of the exclusion of its minority shareholders. Overall, a mixed picture emerges from a comparison of the business results among the remaining four banks listed in Deutsche Börse's Prime Standard for the first half of 2009 with the previous year's figures. All lending institutions did indeed improve their net interest income. In nearly every case, however, the growth was offset by double-digit percentage increases in allowances for losses on loans and advances. Net fee and commission income decreased at nearly all banks. Just one bank was able to increase net trading income, and the bank was also the only one that improved its return on equity. Half of the banks lowered their cost/income ratio and half of them reported an operating profit. All four German banks performed well on the stock market. During the third quarter, all four posted a positive share price performance. With an unweighted average gain in their share prices of about 65 % during this period, they outperformed the DAX blue-chip index, which added 18 %. However, the share prices of all four lending institutions remained well below their pre-crisis level of mid-2007.

The three-pillar structure of private banks, savings banks and cooperative banks remains the key feature of the German banking sector. No cross-pillar consolidation efforts were undertaken by the individual pillars during the third quarter of 2009.

Significant events at Postbank during the first nine months of 2009
On February 5, 2009, Postbank launched its third *Jumbo Hypothekenpfandbrief* with a volume of €1 billion and a five-year maturity.

On February 19, 2009, Postbank announced its preliminary annual results for 2008. The Annual Report was released on March 9, 2009.

Deutsche Bank announced on March 9, 2009, that it held a 25% stake plus one share in Postbank. The shares were primarily purchased in the transaction with Deutsche Post AG.

The Annual General Meeting of Deutsche Postbank AG was held on April 22, 2009, in Frankfurt. All motions were approved by large majorities.

At its meeting on May 29, 2009, the Supervisory Board of Deutsche Postbank AG appointed Stefan Jütte to become Chairman of the bank's Management Board effective July 1, 2009. Before this appointment was made, the Supervisory Board and the Chairman of the Management Board at the time, Wolfgang Klein, decided under amicable conditions and by mutual agreement that he would step down on June 30, 2009, after nine years of successful service at Postbank. Dirk Berensmann, the Management Board member serving as COO for the IT/Operations division, and the Supervisory Board of Postbank reached an agreement on the end of his responsibilities effective May 29, 2009. He was succeeded on May 30, 2009, by Mario Daberkow, who previously oversaw Transaction Banking at Postbank in his capacity as Executive Manager.

On July 3, 2009, Postbank issued its first public *Pfandbrief* with a volume of €1 billion. On August 20, 2009, the total was increased to €1.5 billion.

Postbank's investment focuses

During 2009, Postbank has taken the current situation in the banking sector into account and invested in equity optimization through improved risk models.

It also moved forward with the implementation of legal requirements, including the new consumer loan regulation, the PSD (Payment Services Directive), the SEPA regulation, the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Modernization Act) and the flat tax.

The optimization of the consulting process across all customer channels will remain the focus of investments.

Postbank also continues to invest in developing new products. This year, we are one of the first banks to develop an innovative product for Riester home savings and to successfully introduce it to the market.

As part of insourcing activities at Postbank Transaction Banking, preparations for handling payment transactions on behalf of the new client HSH Nordbank are under way.

Net Assets, Financial Position, and Results of Operations

Income statement

Postbank generated a consolidated net profit in the first nine months of €112 million, following a loss of €111 million in the prior-year period. However, the pre-tax figure remained still negative (loss before tax of €219 million), although the results showed the expected improvement from quarter to quarter. Thus, the loss in the third quarter was €59 million, following a loss of €69 million in the second quarter and a loss of €91 million in the first quarter. It should be noted in this context that the positive trend in the third quarter was adversely affected by necessary impairments on financial instruments of the U.S. small and middle market business lender CIT. Overall, the negative effects triggered by CIT amounted to €61 million. Thus, adjusted for these effects, a slightly positive pre-tax result could have been reported in the third quarter.

At €259 million, total comprehensive income required to be reported under IFRSs was clearly positive in the first nine months, due to the positive changes in the present values of the positions held in the revaluation reserve. These changes are not recognized directly in income as the positions are held in the banking book.

The key income items net interest income and net fee and commission income largely saw stable development. However, the prolonged market turmoil in the wake of financial market and economic crisis had a significant impact. This development and further downgrades by the rating agencies of structured credit products and the impact of the insolvency of the U.S. small and middle market business lender CIT in the third quarter had negative effects on net trading income and net income from investment securities.

Positive special factors resulted from the reversal of deferred taxes after the underlying facts were clarified and a tax burden is no longer anticipated, as well as from tax-free income.

Postbank again achieved growth and gained market share in its customer business in the first nine months of 2009, despite the fierce ongoing competitive environment. In particular, the volume in our savings business including home savings deposits was expanded to approximately €73.5 billion. The customer loans business was also expanded, filling the market gap left by some of our competitors who currently have to restrict lending and increasing by 7.6% year-on-year to €107.2 billion. Due to the adverse environment on the capital markets in the first quarter of 2009 in particular, customers displayed a lack of appetite for securities and in the long-term endowment insurance business.

These developments can also be seen in Postbank's operating earning lines: While net interest income increased slightly in the first nine months of the year as against the prior-year period, despite the generally challenging interest rate environment for deposit-rich institutions, net fee and commission income was down on the strong prior-year level. As expected, the effects on net trading income and net income from investment securities taken together declined, while the allowance for losses on loans and advances rose due to the economic situation. However, this item is at a very moderate level at Postbank compared with our competitors. Strict cost management resulted in yet another reduction in administrative costs as compared to the previous year.

Unless otherwise stated, the following comments on individual income items represent a comparison with the restated figures for the first nine months of 2008 (see also Note 4) and, in the case of balance sheet disclosures, December 31, 2008.

Net interest income increased year-on-year by 1.2 % to €1,778 million in the first nine months of 2009. The tangible drop in interest rates as against the previous year led to a decline in both interest income and interest expense; however, the effect on interest income was more moderate due to the strong volume performance compared with the previous year.

Interest expense clearly reflects the decline in interest rates. This can be seen on the one hand in significantly lower short-term refinancing costs, and on the other in net gains from faster repricing of short-term liabilities than of the corresponding assets on the money market, particularly in the fourth quarter of 2008 and the first quarter of 2009. The latter effect ceased to apply in the second and third quarters of 2009 due to successive adjustments to the corresponding short-term positions on the asset side. The current income from equities and other non-fixed-income securities fell to €1 million in the first nine months of the year as we liquidated our entire equity holdings in the fourth quarter of 2008. In the prior-year period, these components contributed €44 million to net interest income.

The current low interest rates pose a challenge to deposit-rich banks in terms of generating net interest income from savings and demand deposits. Although this pressure on margins has eased in the course of 2009 as against the prior-year period, it is still continuing. At the same time, we are benefiting from the steeper yield curve in comparison to the previous year, e. g., from the natural maturity structure of our customer business with its relatively short-term deposits and long-term loans. This also ultimately contributed to the increase in net interest income to €579 million as against the previous quarter (€566 million), even though growth was less than we had anticipated. This was due, among other things, to the high distribution paid to savers holding our "Gewinnsparen" product following the drawing of a combination of numbers that was advantageous to customers.

Net trading income amounted to €–349 million as of September 30, 2009. The Bank's underlying net trading income profited from gains on our swap positions used for hedging and for managing the banking book as part of asset/liability management. Total income from this in the first nine months of the year was €100 million (previous year: €390 million). By contrast, a significant loss was recognized on the measurement of embedded derivatives from the structured credit substitution business. Measurement losses totaled €472 million, €158 million of which were attributable to the third quarter. This increase in the third quarter compared with the second quarter is due to the default of the U.S. small and middle market business lender CIT, which resulted in negative effects on embedded derivatives amounting to €56 million. Measurement losses from embedded derivatives in the comparable prior-year period amounted to €398 million.

Net trading income also included a net loss from the application of the fair value option, which is being used at our subsidiary BHW Bausparkasse in hedging its mortgage loan portfolio. The unusually sharp drop in short-term interest rates resulted in a measurement loss of €19 million (previous year: measurement gain of €10 million).

Net income from investment securities as of September 30, 2009 amounted to €–103 million, after €–549 million in the comparable period of 2008. The figure improved once again in the third quarter of 2009 as against the previous quarters as a result of the reduced impact of the financial market crisis and gains on the sale of fixed-income securities holdings, and amounted to €15 million (previous quarter: €–14 million). Income in the third quarter includes negative effects of €5 million caused by CIT. The item includes a total of €49 million in impairment losses on our structured credit substitution business (previous year: €137 million), €8 million of which relates to the third quarter. In addition, we recognized a total of €106 million in impairments on other fixed-income securities and on retail funds and investments still held in our portfolio (previous year: impairment loss of €413 million). €30 million of this figure was attributable to the third quarter.

Net fee and commission income amounted to €987 million in the first nine months of 2009, down almost 8 % on the previous year's figure despite continuous improvements in the second and third quarters. This includes structural decrease in income from the sale of postal services and from the sale of new services at our branches, as well as from transaction banking. Compared with the previous year, net fee and commission income from the banking business was unable to offset this trend, although it improved in the course of 2009 as against the previous quarter in each case.

Total income was €2,313 million in the first nine months of 2009, after €2,296 million in the prior-year period.

At €454 million as of September 30, 2009, the allowance for losses on loans and advances increased by €150 million as against the low figure for the prior-year period. Consequently, the ratio of net additions to the allowance for losses on loans and advances for the customer loans business amounted to approximately 56 basis points on an annualized basis; thus we kept the ratio at a very moderate level as compared with other German or European banks. Consequently, the trend in the allowance for losses on loans and advances continues to be in line with our expectations, it is due to the macroeconomic slowdown and in particular to the tight situation on the international real estate markets. Thus, the €199 million of additions to specific valuation allowances are primarily attributable to commercial real estate financing. In the retail banking business, we took account of the weak economic development by making a moderate increase in the allowance for losses on loans and advances as compared with the previous year.

Administrative expenses fell noticeably by €62 million year-on-year in the first nine months to €2,099 million – despite the increase in cost items that we could not influence, such as additional payments to the Pensionssicherungsverein (Pension Insurance Association) and to the deposit protection fund. This encouraging development is due in particular to active management of the other administrative expenses item, which decreased by €66 million to €946 million. Staff costs only rose slightly by €14 million year-on-year to €1,051 million. To counter the economic pressure on our earnings situation, we will continue driving forward our cost management activities. We will also expand them to include ideas for structural measures with the goal of acquiring and handling steadily increasing customer volumes in coming years while keeping administrative expenses stable.

Net other income and expenses amounted to €21 million, following €61 million in the first nine months of the previous year.

The loss before tax in the first nine months of 2009 was €219 million (loss before tax of €108 million in the prior-year period).

Positive effects on income taxes resulted from the reversal of deferred taxes after the underlying facts were clarified and a tax burden is no longer anticipated, as well as from tax-free income. The taxes item amounted to €332 million following €–2 million in the previous year. Consolidated net profit amounted to €112 million following a loss of €111 million in the previous year.

Earnings per share were positive at €0.51 (previous year: €–0.68). It should be noted in this context that the basis for reference has changed: the average number of shares outstanding was 218.8 million, following 164 million shares in the first nine months of the previous year.

The return on equity after tax amounted to 3.0 % as compared to –3.2 % in the previous year. The cost/income ratio amounted to 90.7 % (94.1 % in the first nine months of 2008).

Segment Reporting

In the interest of greater transparency in reporting internal revenues and expenses between Postbank segments which had previously been reported in the Others segment, the Consolidation segment was introduced in Q1 2009.

Additionally, some minor adjustments were made with respect to the allocation of income and expense across the Others, Retail Banking, and Corporate Banking segments. There were no changes to the Transaction Banking and Financial Markets segments.

We have restated the first nine months of 2008 in line with this in order to ensure comparability for the comments that follow. For an overview of the modifications made to segment reporting, please also refer to Note 1.

Retail Banking

Profit before tax in the Retail Banking segment amounted to €503 million after the first nine months of 2009, down €225 million on the previous year's strong figure. Approximately one-fourth of this decline is due to factors that are unrelated to customer business.

The segment's net interest income fell by €96 million as against the first nine months of 2008, to €1,590 million. This is due to the current extremely low interest rates, which generally have an adverse effect on net interest income trends at deposit-rich banks.

Net trading income – which is generated exclusively by BHW Bausparkasse, part of the Retail Banking segment – declined by €52 million year-on-year to €–30 million. This was due to the net loss from the application of the fair value option in the hedging of our mortgage loan portfolio, which was caused by the steep decline in short-term interest rates.

Net fee and commission income fell by €57 million in the first nine months of 2009 to €817 million. However, it started increasing in the second and third quarters as against the extremely weak first quarter, totaling €279 million most recently. This change against the previous year was partly due to the structural decrease in income from our business with postal services and new services at our branches. However, net fee and commission income in the traditional banking business also did not develop satisfactorily, particularly in Q1 2009, due to customers' lack of appetite for funds and insurance.

At €2,378 million as of September 30, 2009, total income for the segment was down €203 million on the comparable prior-year figure.

Our unchanged strict cost management was reflected in the €35 million decline in administrative expenses to €1,629 million. We will intensify our cost item management even further owing to the ongoing pressure on our earnings situation.

We have also slightly increased the allowance for losses on loans and advances in the retail banking business as a result of the weak economic environment in the current fiscal year. The item increased by 16 % year-on-year to €256 million. Overall, the quality of loans in the retail banking business remained comparatively stable, especially in our very granular and highly collateralized private mortgage lending portfolio.

Net other income and expenses fell by €21 million to €10 million. This development is primarily attributable to the effects of provisions recognized by subsidiaries included in this segment.

At 68.5 %, the cost/income ratio was up on the previous year's level of 64.5 %. The return on equity before tax amounted to 30.4 % in the first nine months of the current fiscal year, down on the previous year's figure of 42.3 %.

Corporate Banking

The profit before tax reported by the Corporate Banking segment was €10 million after the first nine months, following a loss before tax of €96 million in the prior-year period. In addition to the positive trend in operating income, this was mainly due to the steadily declining impact of the structured credit product holdings partially allocated to this segment. At €17 million, profit before tax in the third quarter was down slightly on the prior-quarter figure (€21 million).

Net interest income climbed by a substantial 41.2 % to €384 million due to the significant increase in the business volume and improved margins for new business. Here, the figure for the third quarter was on a par with the second quarter, at €134 million.

Taken together, net trading income and net income from investment securities improved by €168 million to €–120 million due to a decline in the negative effects of the financial market crisis. Net income from investment securities amounted to €–12 million (previous year: €–239 million), while net trading income was €–108 million (previous year: €–49 million). The negative effects resulting from our structured credit portfolio contained in the two items amounted to €127 million (prior-year period: €100 million). €28 million of this was attributable to the third quarter of 2009. Impairment losses on other fixed-income securities impacted the segment results by €15 million (previous year: €0 million). €2 million of this figure related to the third quarter of 2009. In the first nine months of the previous year, we had to cope with an additional loss of €187 million as a result of our exposure to Lehman Brothers.

At €87 million, net fee and commission income in the first three quarters of 2009 was up by €10 million year-on-year, lifting total income by €290 million to €351 million.

Administrative expenses rose by €15 million to €143 million. The significant increase of €170 million in the allowance for losses on loans and advances to €201 million was primarily attributable to the recognition of specific valuation allowances on commercial real estate finance exposures.

The cost/income ratio improved to 40.7 %, after 209.8 % in the first nine months of 2008, while the return on equity before taxes rose from – 32.2 % to 2.4 %.

Transaction Banking

At €36 million, profit before tax in the Transaction Banking segment was up €2 million on the comparable prior-year figure. A slight year-on-year reduction in transaction volumes and the structural decline in paper-based payment transfers resulted in an 8.1 % decrease in net fee and commission income to €239 million. This decrease was more than compensated by a €10 million improvement in administrative expenses to €230 million and a €15 million increase in net other income and expenses to €26 million which was mainly due to the provision of third-party services. As a consequence, the cost/income ratio rose slightly from 91.3 % in the first nine months of the previous year to 95.8 %.

Financial Markets

Profit before tax in the Financial Markets segment improved significantly in the first nine months of 2009, climbing €49 million year-on-year to €98 million. This is due in particular to the net income from investment securities which rose by €69 million to €–10 million thanks to the less severe negative effects of the financial market crisis.

Net interest income remained almost unchanged at €106 million (up €3 million as against the previous year), while net fee and commission income fell once again, by €24 million to €22 million. At €41 million, net trading income was down slightly on the previous year's figure (€57 million).

The segment result includes negative effects of €23 million from our structured credit portfolio (€16 million in net trading income, €4 million of which relates to Q3 2009, and a further €7 million in net income from investment securities, which was incurred entirely in H1 2009). In the comparable prior-year period, negative effects of €22 million were also recognized here, €15 million of which related to net income from investment securities.

As of September 30, 2009, the segment's cost/income ratio amounted to 40.9 % (previous year: 52.0 %) as a result of a €1 million decrease in administrative expenses to €65 million. In line with this, the return on equity before taxes rose from 9.9 % to 18.3 %.

Others

The loss in the Others segment as of September 30, 2009 amounted to €866 million following a loss of €823 million in the prior-year period. This segment contains items not directly attributable to the other business segments, unallocated central function costs, and the result of Postbank's own-account transactions.

At €–360 million, the segment's net interest income was down €53 million on the prior-year level. The net interest expense is due among other things to disposals of banking book and trading book assets, contributions from asset/liability management, and the transfer pricing system in place up to and including 2004, as well as to the acquisition of the BHW Group and Postbank Filialvertrieb AG in 2006.

The segment's net trading income as of September 30, 2009 amounted to €–196 million following €–18 million in the previous year. Net trading income was primarily impacted by losses on the measurement of embedded derivatives contained in structured credit products of €330 million (previous year: €343 million), €126 million of which relates to the third quarter of 2009. In contrast, gains from asset/liability management of €100 million (previous year: €390 million), which were realized using derivative financial instruments, had a positive effect.

The segment's net income from investment securities amounted to €–82 million following €–230 million in the previous year. The negative result is due among other things to write-downs of structured credit products of €41 million (previous year: €70 million), €8 million of which relates to the third quarter of 2009. In addition, we recognized impairment losses on other debt instruments and retail funds of €67 million (previous year: €75 million), €16 million of which relates to Q3 2009.

The segment's net fee and commission income declined by €7 million to €–29 million. Thus, total income amounted to €–667 million following €–577 million in the previous year.

Administrative expenses as of September 30, 2009 totaled €616 million following €636 million at the same time last year. This development is due in particular to corporate function costs of €214 million (previous year: €158 million) that cannot be directly attributed to the operating segments. The increase in this item is mainly the result of higher deposit protection costs and increased contributions to the Pensionssicherungsverein (German Pension Insurance Association). Moreover, the segment's administrative expenses include IT and other services of €313 million (previous year: €360 million), which are partially charged to the operating segments and credited to other income in the Others segment. Consequently, net other income and expenses amounted to €417 million, following €432 million in the previous year.

Consolidation

As already explained in previous reports, this new segment – introduced in the first quarter of 2009 – encompasses the internal transactions between the Postbank Group's consolidated companies.

It therefore reports a balanced result as a matter of principle.

Key consolidation adjustments are made within net fee and commission income, and primarily comprise corrections of payments for the provision of payment services for Postbank that are recognized in income for the Transaction Banking segment. Consolidation adjustments amounted to €–149 million in the first nine months of 2009 as compared to €–164 million in the previous year.

Additionally, consolidation adjustments made within administrative expenses amounted to €584 million (previous year: €573 million). This is primarily attributable to the cost allocation of IT and Transaction Banking services provided within the Group. Net income and expenses primarily eliminates income from internally invoiced IT services which is contained as other income in the item of the same name in the Others segment.

Total Assets

Postbank's total assets amounted to €239 billion as of September 30, 2009, after €231 billion at the end of the last fiscal year and €237 billion as of June 30, 2009.

Major changes as against the end of the previous year on the asset side were the result of the significant increase in loans and advances to customers and the simultaneous reduction in investment securities. The positive fair values of derivatives held for trading also increased, primarily due to the changes in the interest rate environment. The liabilities side mirrors the trend, with the negative fair values of the derivatives increasing. Amounts due to customers increased tangibly due to the encouraging increase in the savings business, further improving Postbank's already sound refinancing position. This enabled a significant reduction in deposits from other banks.

Overall, the asset-side receivables demonstrate an excellent risk structure by both national and international standards. This means that our lending business is dominated by granular, highly collateralized German private mortgage loans, government bonds, covered bonds, and other prime-rated bonds. The low degree of risk involved in these transactions is reflected in correspondingly low risk weightings in accordance with Basel II. At the same time, Postbank's extremely solid liquidity position, which is mainly the result of the large customer deposit base, means that it can largely avoid refinancing on the capital markets. In combination, the two factors enable Postbank to operate with a higher leverage ratio than other banks.

With respect to the individual items, loans and advances to customers, which also include securitized assets such as promissory note loans, increased by 4.6 % as against the end of 2008 to €110.1 billion. At the same time, we continued to reduce our portfolios of low-margin public-sector receivables by €0.6 billion to €1.5 billion.

Loans and advances to other banks increased by approximately €1.0 billion as compared to December 31, 2008, to €19.7 billion. This represents a drop of €2.6 billion as against June 30, 2009.

We continued reducing our investment securities as part of our program to improve Postbank's risk structure and earnings quality. As a result, holdings amounted to €79.3 billion as of September 30, 2009, down €3.8 billion as against the prior-year figure.

Trading assets increased by €6.1 billion to €22.7 billion in the first nine months of 2009. This is due in particular to a sharp rise in the positive fair values of trading book derivatives, which rose thanks to the significant drop in interest rates in the first nine months of the year as against the end of 2008. The increase as against June 30, 2009 only amounted to €2.5 billion.

On the liabilities side, the high inflows of savings deposits continued, leading to a sharp €16.2 billion increase in amounts due to customers as against December 31, 2008 to €133.7 billion. This also represents a rise of €3.8 billion as against June 30, 2009. Traditional savings deposits included in this item rose by €12.3 billion to €47.3 billion, €5.3 billion of which relates to Q3 2009. In keeping with their long-term nature, home savings deposits remained almost unchanged at €16.1 billion (€16.2 billion at the end of 2008).

The bank's solid refinancing situation resulting from its strong deposit business on the one hand and the asset-side reduction of investment securities on the other enabled a further reduction in deposits from other banks, which fell by €16.4 billion to €46.4 billion. This item mainly comprises liabilities from repo transactions with central banks.

Securitized liabilities amounted to €17.8 billion on September 30, 2009, up slightly on the level at the end of 2008 (€16.3 billion). The €1.6 billion increase in the third quarter of 2009 is almost completely due to our first public-sector *Pfandbrief*, which was issued in July with a volume of €1 billion, and its increase of €500 million in August.

In addition, trading liabilities increased by a similar amount as trading assets, rising by a sizeable €7.7 billion to €24.7 billion.

Equity

Recognized capital increased to €5,278 million as of September 30, 2009, compared with €5,019 million at the end of 2008. In addition to the consolidated net profit which rose to €112 million, the revaluation reserve included in this item also improved by €152 million to €–572 million as a result of the recovery in the financial markets observable since 2008.

The Tier 1 ratio in accordance with Basel II was 8.0 % as of September 30, 2009, following 7.4 % at year-end 2008 and 8.0 % as of June 30, 2009.

The measures that Postbank has taken as a result of the financial market crisis to strengthen its capital position, improve the risk profile, and reduce volatility have played a key role in increasing and stabilizing its Tier 1 capital ratio, which has increased by 2.5 percentage points since September 30, 2008 despite the ongoing impact of the crisis. We are planning to introduce more sophisticated risk measurement models in the coming year to further strengthen our capital ratio and offset procyclical effects in our risk-weighted assets.

Report on Post-Balance Sheet Date Events

On November 1, 2009, the U.S. small and middle market business lender CIT filed for bankruptcy protection in accordance with Chapter 11 of the U.S. Bankruptcy Code. This is one of the largest U.S. bank insolvencies in the current fiscal year with a corresponding broad impact. CIT underlyings for synthetic collateralized debt obligations (CDOs) in particular are widespread. The negative effects have been accounted for in the financial statements as of September 30, 2009.

Risk Report

Financial market crisis

The first nine months of 2009 continued to be dominated by the effects of the financial market crisis. Although initial indicators raise the prospect that an economic recovery is starting, we do not expect a sustained improvement in the risk situation until mid-2010.

The following section provides a detailed description of the effects on the risk situation and risk management at the Postbank Group.

Organization of risk management

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

For a detailed description of our risk management organization, see the relevant section in the 2008 Annual Report.

The organizational framework of risk management has not changed in principle as against the management report published in the 2008 Annual Report.

Our core task for 2009 is to systematically anchor the CRO (Chief Risk Officer) structure established last year within the Bank's risk processes. Work progressed in the first nine months of 2009 on establishing the human resources and organizational requirements for this. In the first half of the year, one focus of our work at a content level was on refining the Postbank Group's risk-bearing capacity concept. As part of the Bank's program to introduce advanced risk models, further progress was made in particular with the projects for the internal market risk model and the operational risk model (AMA). In addition, the focuses of the Postbank Group's risk management system mentioned in the Annual Report continue to apply. The methods, systems, and processes described here and in the 2008 Annual Report – in particular in view of the financial market crisis – are subject to continuous review and enhancement in order to adequately reflect market, business, and regulatory requirements.

Risk types

The Postbank Group distinguishes between the following risk types:

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

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

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

  Liquidity maturity transformation (LMT) risk describes the risk of increased refinancing costs due to a change in the Bank's refinancing curve.

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

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

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

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

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

This risk report discusses in detail the market, credit, and liquidity risks that are directly manageable in the day-to-day business. There have been no significant changes in the assessment of the other types of risk (operational risk, investment and real estate risk, collective risk, and business risk) as against the situation presented in the 2008 Annual Report.

Risk capital and risk limiting

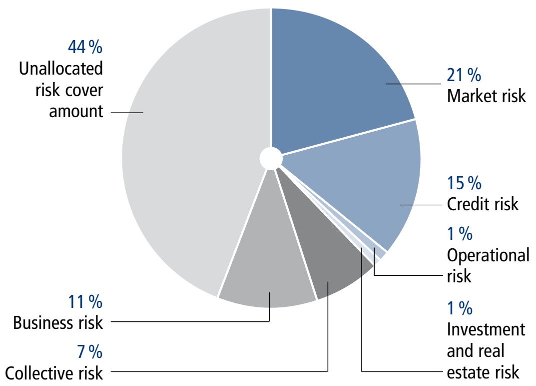
The Bank's risk-bearing capacity is assessed from the perspective of investor protection and serves as the basis for limiting material risks. In addition, internal management employs a concept designed to safeguard a defined Tier 1 ratio.

The methods, systems, and processes associated with Postbank's risk-bearing capacity concept were reviewed in detail in the first half of 2009 for lessons learned from the financial market crisis, among other things, and were revised in certain areas.

The risk capital allocated to credit risk was increased by €1 billion in the first nine months of 2009 in light of the economic situation, while the risk capital allocated to market risk was reduced slightly in the second quarter. Risk cover utilization by the allocated risk capital as of the reporting date amounted to 56 %. This represents a slight improvement in the risk cover amount of three percentage points both as against the H1 report and compared to December 31, 2008 (based on the original concept). The risk-bearing capacity of the Postbank Group was assured at all times.

As of September 30, 2009, the percentage allocation of the Postbank Group's risk cover amount by risk type after factoring in correlation effects is as follows:

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



Risk capital is available for risk taking. Utilization is measured by establishing the value at risk, using a 99.93 % confidence level and a holding period of one year (market risk: 90 days).

Operational limits are established for the market and credit risks backed by risk capital and directly manageable in the day-to-day business. Market risk both for the core business and for own-account transactions is managed by allocating limits for the relevant portfolios. For loans to banks, corporates, and countries (central and regional governments and local authorities), credit risk is managed by investing in a target portfolio that has been optimized to reflect risk and earnings aspects, in addition to risk limitation at portfolio level.

At the beginning of the third quarter of 2009, the procedure for including operational risk in the internal risk-bearing capacity concept at Group level was changed. The calculation of the capital requirements for operational risk is now based on the newly developed internal quantification model.

The Management Board has explicitly defined a VaR limit (confidence level: 99.93 %) for operational risk at overall bank level. This limit forms part of the risk-bearing capacity analysis. The limit utilization is calculated each quarter using the new capital model. In the case of limit exceedances, the limit for operational risk must be increased – including during the course of the year – at the expense of other risk types or of the unallocated risk cover amount. In addition, the Postbank Group's four business divisions have been allocated risk capital amounts. The utilization of these limits is also monitored each quarter.

Operational limits are not used to manage the remaining risk types; instead, the risk capital attributed to the risk types is deducted from the risk cover amount. Here, too, Postbank calculates the adequacy of the deductible amount on an ongoing basis.

Risks are only assumed within the limits derived from the Bank's risk-bearing capacity. This is designed to ensure that risks that could jeopardize the Bank's existence are avoided. As of September 30, 2009, 63 % of the market risk limit was utilized. Despite the trend toward a decline in the risk limit utilization (previous quarter: 75 %), the volatility inputs used to calculate the value at risk, which increased sharply as a result of the financial market crisis, continued in particular to impact the limit. With regard to credit risk, the limit utilization after adjustment for losses reducing the unallocated risk cover amount was 79 %. Utilization for operational risk was 77 %.

Regulatory requirements

Postbank has calculated capital requirements for counterparty risk for a large proportion of its portfolio using internal ratings. Since January 1, 2008, the Bank has exceeded the relevant regulatory threshold – i. e., the coverage ratio calculated pursuant to section 67 of the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation) for the portfolios calculated on the basis of internal ratings clearly exceeded 80 % of the exposure amounts and risk-weighted exposure amounts. In order to reach the exit threshold (i. e., a coverage ratio of 92 % of the exposure amounts or risk-weighted exposure amounts), measures are being undertaken to convert the "insurers", "financial service provider subsidiaries", and "foreign local authorities" portfolios in particular, as well as the portfolios held by Postbank Home Finance Ltd., Gurgaon, India, to the IRB approach. In addition, Postbank is currently in the process of implementing the changeover to the advanced IRB approach to calculate capital requirements for counterparty risk for non-retail portfolios as well.

As part of its program to introduce advanced risk models, Postbank is also preparing to deploy the internal market risk model used to measure and manage market risk in order to determine the capital requirements for market risk in accordance with the SolvV. In addition, preparations are being made to implement the advanced measurement approach (AMA) for calculating capital requirements for operational risk. Regulatory approval of these models is scheduled for mid-2010.

Postbank published its semi-annual Pillar III Disclosures in accordance with the SolvV/Basel II on its website on August 31, 2009.

Market risk

Market risk management

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

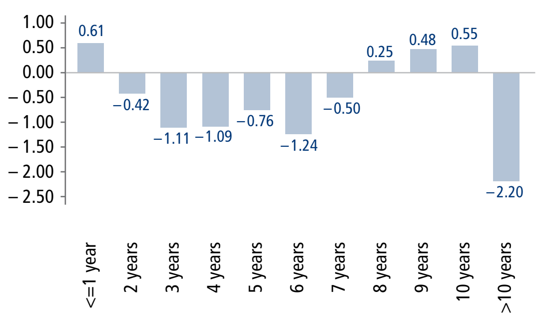
In addition, market risk positions are subjected to regular scenario analyses and stress tests, which analyze the impact of unusual market movements on present values and on the income statement and balance sheet items.

In light of the financial market crisis, Postbank actively reduced its risk positions in the areas of interest rates and, in particular, equities, in fiscal year 2008. It systematically continued this cautious risk strategy in the equities area in the first nine months of 2009, while in the interest rates area the focus was more on the assets side again. To reduce the Bank's exposure to extreme capital market volatility, it also plans to cut its holdings of investment securities by up to 10 % in 2009 and by up to 45 % by 2013.

Interest rate risk – a significant component of market risk – is the term used to denote the changes in the fair value of interest-sensitive financial instruments resulting from a change in market rates of interest. The following chart presents the Postbank Group's open interest rate positions as of September 30, 2009 in the form of a basis point value (bpv) graph. Positions with a negative value represent an asset-side interest rate risk, which means that there is a surplus of assets. In the same way, positive values indicate a surplus of liabilities.

The Postbank Group's interest rate positions (bpv) as of Sept. 30, 2009

bpv in €m



The chart shows that the surplus of assets as of September 30, 2009 is primarily concentrated in the medium and long-term (>10 years) maturity ranges. The surplus of liabilities in the 8 to 10-year band can be attributed essentially to the long-term positions in BHW Bausparkasse AG's home savings collective. As in the previous quarter, interest sensitivity, which was reduced significantly in 2008, continued to be aligned closely with assets in Q3 2009 due to the steepening yield curve. In particular, the interest sensitivity of the AfS positions was again managed extremely closely in order to limit the additional potential impact on the revaluation reserve.

Monitoring market risk

In the Postbank Group, market risk is monitored using a system of risk limits based on the value at risk methodology. Operational management is based on a confidence level of 99 % and a holding period of 10 days (banking book) or 1 day (trading books). The risk factors taken into account in the VaR include yield curves, equity prices, commodity prices, foreign exchange rates, and volatilities, along with risks arising from changes in credit spreads. Correlation effects between the risk factors are derived from historical data. End-of-day risk measurement and monitoring are used for the whole bank; additional intraday monitoring is carried out for the trading portfolios. The aggregate 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. No material limit exceedances occurred in the first nine months of 2009.

For a detailed description of the methods used to compute VaR, see the section entitled "Monitoring and managing market risk" in the Risk Report of the 2008 Annual Report.

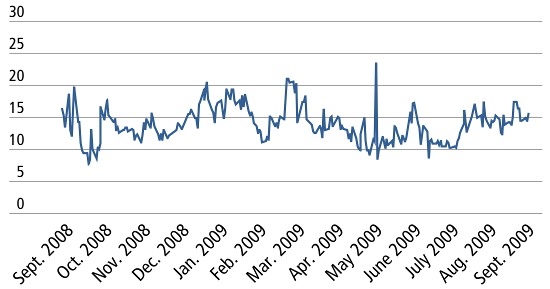
Risk indicators

The following value at risk figures for the trading book were calculated for the Postbank Group for the third quarter of fiscal year 2009 as well as for the previous quarter (confidence level of 99 %, holding period of 10 days):

Value at risk, trading portfolio	Q3 2009 €m	Q2 2009 €m
VaR at end of quarter	15.5	14.2
Minimum VaR	8.8	8.4
Maximum VaR	17.5	23.2
Average VaR	13.6	12.9

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

Value at risk (trading portfolio) for the period October 1, 2008 to September 30, 2009



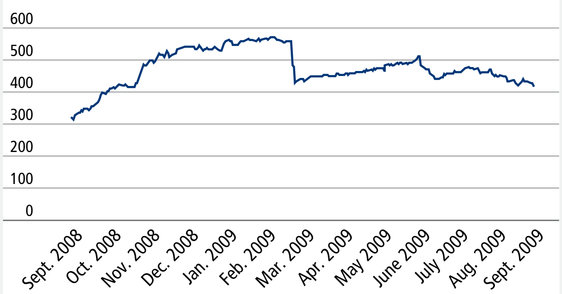
The VaR in the trading book was volatile, but tended to remain at the level of the previous quarter overall.

The value at risk for the banking book (confidence level of 99 %, holding period of 10 days), which accounts for by far the largest portion of market risk, amounted to a total of €412 million as of September 30, 2009 (for comparative purposes: €495 million as of June 30, 2009).

Value at risk, banking book	Q3 2009 €m	Q2 2009 €m
VaR at end of quarter	412.0	495.3
Minimum VaR	412.0	425.2
Maximum VaR	504.1	495.3
Average VaR	446.7	458.4

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

Value at risk (banking book) for the period October 1, 2008 to September 30, 2009



The figures for VaR in the banking book fell slightly in the third quarter of 2009. However, the risk measurements continue to reflect the substantial rise in the course of the financial market crisis in the risk inputs used; since a one-year history period is used, these inputs are now entirely determined by observed values that reflect the renewed sharp rise in volatility in the period following the collapse of Lehman in September 2008. Once again, the results of ongoing backtesting recorded a significant improvement across all portfolio levels in the third quarter. This means that the decision taken at the end of March 2009 to remove the VaR add-ons that were introduced temporarily in November 2008 to prevent potential underreporting of risk has still proven to be correct.

Credit risk

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

Monitoring and managing credit risk

Monitoring of credit risk at the level of the individual borrower/individual commitment is discussed in detail in the section of the Risk Report entitled "Risk management and risk control" in the 2008 Annual Report.

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

In contrast, the expected loss indicated in the "Credit risk" table is the expected amount of losses from credit risk in Postbank's portfolio, expressed in terms of the default amount expected within a one-year period. This approximates the product of the probability of default, the exposure at default, and the loss given default. The expected loss does not contribute to the Bank's overall risk, but is factored into margin calculations by including it in the standard risk costs.

For a detailed description of the methods used to compute CVaR, see the section entitled "Managing credit risk at portfolio level" in the Risk Report of the 2008 Annual Report.

The following table provides an overview of the key credit risk indicators for the various profit centers as of September 30, 2009 (calculated as of August 31, 2009) as compared to the end of 2008. The volume for the Group loan portfolio reported in this table differs from the "maximum counterparty risk" shown lower down in respect of two factors: Firstly, the date used for calculating CVaR is the last day of the preceding month and, secondly, carrying amounts, fair values, or credit equivalent amounts are used to fully quantify the credit risk when calculating CVaR, depending on the item.

Credit risk	Volume		Expected loss		Credit VaR*	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Corporate Banking	27,342	25,860	112	77	231	205
Retail Banking	46,057	46,067	287	213	207	199
Financial Markets	140,883	142,903	429	210	1,723	848
Others (banks/local authorities)	4,602	6,056	3	4	105	108
BHW	45,507	41,622	103	66	67	63
Total (incl. portfolio effect)	264,392	262,508	934	570	1,736	877

* 99.93 % confidence level

The overall loan portfolio increased slightly by 0.7 % in the first nine months of 2009, rising from €262.5 billion at the end of 2008 to €264.4 billion. In 2009, Postbank reduced the average default probabilities allocated to the individual rating levels on its master scale to the lower limits of their respective categories, due to the sharp deterioration in the global economic environment. The expected loss rose by 64 % as against the year-end, while the unexpected loss rose by 98 %. The increase in the figures for the expected loss and unexpected loss is primarily due to the adjustments made to Postbank's master scale as well as to rating downgrades resulting from the financial market crisis and an additional rise in concentration risk. This relates in particular to the investment securities portfolios held by Financial Markets. A further year-on-year decline in Group loans to banks and local authorities and an increase in the BHW portfolio and in loans to corporate customers can be observed.

As of September 30, 2009, the maximum exposure to credit risk was as follows (compared with December 31, 2008):

Maximum counterparty risk		
Risk-bearing financial instruments	Maximum counterparty risk exposure	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Trading assets	22,702	16,573
Held for trading	22,702	16,573
Hedging derivatives	538	474
Held for trading	538	474
Loans and advances to other banks	19,653	18,684
Loans and receivables	19,653	18,616
Available for sale	0	68
Loans and advances to customers	110,148	105,318
Loans and receivables	101,015	96,373
Fair value option	8,872	8,605
Held to maturity	261	340
Investment securities	79,294	83,058
Loans and receivables	66,610	68,859
Held to maturity	72	186
Available for sale	12,612	14,013
Subtotal	232,335	224,107
Contingent liabilities from guarantees	1,124	1,296
Other liabilities (irrevocable loan commitments)	22,213	23,205
Total	255,672	248,608

In contrast to the "Credit risk" table, the "Maximum counterparty risk" table breaks down the maximum exposure to credit risk in accordance with IFRS 7.36 (a) into categories of risk-bearing financial instruments. This figure is reported as a gross amount, since risk-bearing financial instruments are recognized and measured without accounting for credit risk mitigation techniques, recognized transactions are recorded at their carrying amounts, and the maximum counterparty risk exposures resulting from the utilization of irrevocable loan commitments or other off-balance sheet items correspond to all externally approved lines. This representation contains no information on ratings or collateral, in contrast to the economic risk quantification contained in the "Credit risk" table. In addition, reporting date variances exist between the two tables as of September 30, 2009.

Sector structure of the loan portfolio

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

Risk concentration by sector and borrower group

Risk-bearing financial instruments	Retail customers		Banks/ insurers/ financial services		Countries		Services/wholesale and retail		Industry		Other sectors		Total	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Trading assets	215	215	21,684	15,728	254	17	106	128	120	172	323	313	22,702	16,573
Held for trading	215	215	21,684	15,728	254	17	106	128	120	172	323	313	22,702	16,573
Hedging derivatives	0	0	494	429	37	25	3	13	0	0	4	7	538	474
Held for trading	0	0	494	429	37	25	3	13	0	0	4	7	538	474
Loans and advances to other banks	0	0	19,653	18,684	0	0	0	0	0	0	0	0	19,653	18,684
Loans and receivables	0	0	19,653	18,616	0	0	0	0	0	0	0	0	19,653	18,616
Available for sale	0	0	0	68	0	0	0	0	0	0	0	0	0	68
Loans and advances to customers	78,202	75,127	10,043	9,575	3,454	3,755	5,759	5,926	6,292	4,738	6,398	6,197	110,148	105,318
Loans and receivables	69,330	66,522	10,039	9,570	3,367	3,607	5,711	5,874	6,178	4,611	6,390	6,189	101,015	96,373
Fair value option	8,872	8,605	0	0	0	0	0	0	0	0	0	0	8,872	8,605
Held to maturity	0	0	4	5	87	148	48	52	114	127	8	8	261	340
Investment securities	0	0	47,658	49,585	26,547	26,873	913	875	2,993	4,152	1,183	1,573	79,294	83,058
Loans and receivables	0	0	41,261	44,252	20,843	19,369	814	778	2,776	3,569	916	891	66,610	68,859
Held to maturity	0	0	72	186	0	0	0	0	0	0	0	0	72	186
Available for sale	0	0	6,325	5,147	5,704	7,504	99	97	217	583	267	682	12,612	14,013
Subtotal	78,417	75,342	99,532	94,001	30,292	30,670	6,781	6,942	9,405	9,062	7,908	8,090	232,335	224,107
Contingent liabilities	258	290	613	623	21	24	140	251	31	21	61	87	1,124	1,296
Other liabilities	19,813	19,021	139	481	31	32	366	575	735	589	1,129	2,507	22,213	23,205
Total	98,488	94,653	100,284	95,105	30,344	30,726	7,287	7,768	10,171	9,672	9,098	10,684	255,672	248,608

The Group's loan portfolio consists mainly of loans to retail customers with a focus on domestic private mortgage lending. It also includes loan exposures in the Corporate Banking division, predominantly in the German business customers segment, and in domestic and international commercial real estate finance. The broadly diversified holdings of investment securities are dominated by a portfolio of mainly German and European government bonds as well as bonds issued by banks (including covered bonds and *Pfandbriefe*), insurers, and other financial service providers. A target portfolio has been defined as part of the credit risk strategy that has been optimized in terms of diversification and that serves to manage investments in the non-retail area.

Regional distribution of the loan portfolio

Risk concentration by geographical region								
Risk-bearing financial instruments	Germany		Western Europe		Other regions		Total	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Trading assets	5,730	3,776	15,036	11,256	1,936	1,541	22,702	16,573
Held for trading	5,730	3,776	15,036	11,256	1,936	1,541	22,702	16,573
Hedging derivatives	118	128	287	183	133	163	538	474
Held for trading	118	128	287	183	133	163	538	474
Loans and advances to other banks	9,584	9,445	8,869	7,856	1,200	1,383	19,653	18,684
Loans and receivables	9,584	9,377	8,869	7,856	1,200	1,383	19,653	18,616
Available for sale	0	68	0	0	0	0	0	68
Loans and advances to customers	92,424	88,825	12,977	12,346	4,747	4,147	110,148	105,318
Loans and receivables	83,291	79,880	12,977	12,346	4,747	4,147	101,015	96,373
Fair value option	8,872	8,605	0	0	0	0	8,872	8,605
Held to maturity	261	340	0	0	0	0	261	340
Investment securities	30,242	31,713	40,876	42,159	8,176	9,186	79,294	83,058
Loans and receivables	23,133	24,034	36,654	37,648	6,823	7,177	66,610	68,859
Held to maturity	72	176	0	10	0	0	72	186
Available for sale	7,037	7,503	4,222	4,501	1,353	2,009	12,612	14,013
Subtotal	138,098	133,887	78,045	73,800	16,192	16,420	232,335	224,107
Contingent liabilities	1,017	1,143	56	76	51	77	1,124	1,296
Other liabilities	21,278	21,093	449	1,256	486	856	22,213	23,205
Total	160,393	156,123	78,550	75,132	16,729	17,353	255,672	248,608

The regional distribution of the credit volume reveals a concentration on the domestic German market in line with Postbank's strategy, as well as selected exposures in Western Europe and in North America, some of which were entered into by our foreign subsidiaries and branches. These exposures relate primarily to commercial real estate finance with a total volume of €6.28 billion. Of this figure, some €3.15 billion is attributable to exposures in the United States and €3.13 billion to exposures in the United Kingdom.

Credit structure of the loan portfolio

The breakdown of rating categories in the Group loan portfolio demonstrates the conservative orientation of the Postbank Group. The following table shows the credit quality of the risk-bearing financial instruments for Postbank's non-retail business that were neither past due nor for which impairment losses had been recognized as of the September 30, 2009 reporting date (with the exception of "contingent liabilities" and "other liabilities"). The higher rating categories predominate: 94 % of the rated portfolio is classified as investment grade (rated BBB or higher).

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

Risk-bearing financial instruments	AAA		AA		A		BBB		< BBB		Not rated		Total	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Trading assets	698	417	17,078	12,337	3,382	2,419	223	300	195	167	911	718	22,487	16,358
Held for trading	698	417	17,078	12,337	3,382	2,419	223	300	195	167	911	718	22,487	16,358
Hedging derivatives	26	34	470	387	15	19	15	16	3	11	9	7	538	474
Held for trading	26	34	470	387	15	19	15	16	3	11	9	7	538	474
Loans and advances to other banks	2,026	643	2,923	3,570	13,747	12,877	666	1,212	96	270	93	18	19,551	18,590
Loans and receivables	2,026	643	2,923	3,502	13,747	12,877	666	1,212	96	270	93	18	19,551	18,522
Available for sale	0	0	0	68	0	0	0	0	0	0	0	0	0	68
Loans and advances to customers	3,044	513	5,344	2,818	6,935	5,843	8,342	10,754	5,751	6,877	2,530	642	31,946	27,447
Loans and receivables	2,992	472	5,284	2,715	6,861	5,764	8,294	10,711	5,736	6,803	2,518	642	31,685	27,107
Held to maturity	52	41	60	103	74	79	48	43	15	74	12	0	261	340
Investment securities	32,556	34,823	25,273	25,806	13,572	12,126	2,558	5,194	3,499	2,290	781	1,643	78,239	81,882
Loans and receivables	25,558	26,553	23,833	24,441	12,567	10,929	2,135	4,330	1,325	1,060	309	732	65,727	68,045
Held to maturity	72	186	0	0	0	0	0	0	0	0	0	0	72	186
Available for sale	6,926	8,084	1,440	1,365	1,005	1,197	423	864	2,174	1,230	472	911	12,440	13,651
Total	38,350	36,430	51,088	44,918	37,651	33,284	11,804	17,476	9,544	9,615	4,324	3,028	152,761	144,751

Compared with year-end 2008, the table shows an increase in the AA rating category as a result of measurement gains on derivatives, and in the A category due to forward and money market transactions and investment securities. As in the second quarter, the current rating distribution for loans and advances to banks, corporates, and countries is in excess of the target rating distribution in the AAA rating category as specified in the credit risk strategy, and within the required range.

Similarly, the following table illustrates the credit quality of the risk-bearing financial instruments for Postbank's retail business that were neither past due nor for which impairment losses had been recognized as of the September 30, 2009 reporting date (with the exception of "contingent liabilities" and "other liabilities"). Postbank's retail business shows a very good credit rating structure. Legacy retail business portfolios (mainly mortgage loans extended before August 2004) and purchased loans and advances are reported using pool ratings. In other words, homogeneous risk pools are established by segment and measured individually according to the relevant Basel II parameters. The proportion of portfolios covered by these pool ratings is declining gradually since each new transaction is rated on an individual basis.

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

Risk-bearing financial instruments	AAA		AA		A		BBB		< BBB		Basel II Pool rating/ not rated		Total	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Trading assets	1	0	9	15	40	68	79	55	76	74	10	3	215	215
Held for trading	1	0	9	15	40	68	79	55	76	74	10	3	215	215
Loans and advances to customers	2,658	2,611	6,108	5,590	8,186	6,625	14,326	11,972	14,642	16,996	29,180	31,333	75,100	75,127
Loans and receivables	2,647	2,609	5,926	5,539	7,380	6,300	11,952	10,517	12,529	14,241	25,838	27,316	66,272	66,522
Fair value option	11	2	182	51	806	325	2,374	1,455	2,113	2,755	3,342	4,017	8,828	8,605
Total	2,659	2,611	6,117	5,605	8,226	6,693	14,405	12,027	14,718	17,070	29,190	31,336	75,315	75,342

Loans past due but not impaired

The following table shows those risk-bearing financial instruments that were past due in the amount of at least €100, but not impaired, as of September 30, 2009:

Time bands for financial instruments past due but not impaired

Risk-bearing financial instruments and collateral	Financial instruments past due but not impaired: Past due ≤ 3 months		Past due > 3 months, ≤ 6 months		Past due > 6 months, ≤ 1 year		Past due > 1 year		Total		Fair value of the collateral for financial instruments past due but not impaired	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Loans and advances to customers	512	656	86	139	80	61	75	61	753	917	665	833
Loans and receivables	501	656	82	139	77	61	71	61	731	917	646	833
Fair value option	11	0	4	0	3	0	4	0	22	0	19	0
Total	512	656	86	139	80	61	75	61	753	917	665	833

The following table shows all impaired financial assets as of the September 30, 2009 and December 31, 2008, broken down into loans and advances to other banks, loans and advances to customers for which specific valuation allowances have been recognized and investment securities for which impairment losses have been recognized. The carrying amount after recognition of impairment losses is shown in the table as the difference between the carrying amount before impairment and the amount of the impairment loss.

Impaired financial instruments

Impaired risk-bearing financial instruments and collateral	Carrying amount before impairment		Amount of impairment loss		Carrying amount after impairment		Fair value of collateral for impaired instruments	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Loans and advances to other banks	102	94	55	52	47	42	–	–
Loans and receivables	102	94	55	52	47	42	–	–
Loans and advances to customers	2,349	1,827	1,443	1,180	906	647	1,054	949
Loans and receivables	2,327	1,827	1,431	1,180	896	647	1,045	949
Fair value option	22	0	12	0	10	0	9	0
Investment securities	1,055	1,176	695	624	360	552	–	–
Loans and receivables	883	814	571	488	312	326	–	–
Available for sale	172	362	124	136	48	226	–	–
Total	3,506	3,097	2,193	1,856	1,313	1,241	1,054	949

Securitization positions

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

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

Investor

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

As of September 30, 2009, the total volume of the portfolio amounted to €6.0 billion (June 30, 2009: €6.2 billion). The reduction in the size of the portfolio as against the June 30, 2009 level is primarily due to exchange rate effects and redemptions. SCP portfolios are very strictly monitored by Postbank and are subject to monthly impairment tests. Regular measurement of the portfolio resulted in the recognition of total impairment losses of €49 million in the first nine months of 2009, as well as measurement losses on embedded derivatives amounting to €472 million. In the first half of the year, in particular, many ratings were downgraded significantly. This brings the aggregate impairment losses recognized in income for affected portfolios since the beginning of the financial market crisis in mid-2007 to €317 million, and the aggregate measurement losses recognized on embedded derivatives to €1,343 million.

Postbank's securitization exposures as of September 30, 2009 were as follows:

Securitization exposures: volumes by rating category

Securitization exposures	AAA		AA		A		BBB		< BBB		Total	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
CMBSs	111	86	127	124	33	46	4	14	10	0	285	269
RMBSs	396	448	105	91	94	120	0	41	31	12	626	712
Corporate CDOs	421	574	215	275	163	173	149	829	1,731	920	2,678	2,772
Non-corporate CDOs	15	208	92	149	121	270	131	204	1,345	991	1,705	1,822
Other ABSs	321	423	71	110	54	5	28	101	223	69	695	708
Total	1,264	1,739	610	747	465	615	312	1,190	3,338	1,993	5,989	6,283
thereof: in the trading book	12	45	9	13	–	–	–	–	–	–	21	58

As of the reporting date of September 30, 2009, only a small number of securitization exposures (total nominal value: approximately €28 million) were hedged with monoliners. In addition, the CDO portfolio includes several structures with monoline exposures.

The volume of Postbank's investor positions in fungible commercial real estate loans (CMBSs) amounted to €285 million as of the reporting date (December 31, 2008: €269 million). These positions consist almost exclusively of European CMBSs with a regional focus on the United Kingdom and Germany.

Originator

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

PB Domicile 2006-1	€2,027 million	(Deutsche Postbank AG)
Provide Blue 2005-1	€858 million	(BHW Bausparkasse AG)
Provide Blue 2005-2	€2,241 million	(BHW Bausparkasse AG)
PB Domicilio 2007-1	€1,107 million	(BHW Bausparkasse AG)

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

Liquidity risk

Despite the substantially tougher market conditions engendered by the financial market crisis, the Postbank Group's liquidity position remains solid, thanks in particular to ongoing overall growth in customer deposits and the Bank's extensive portfolio of ECB-eligible securities.

The following table shows the financial liabilities as of September 30, 2009 and December 31, 2008, broken down into residual maturity bands. The horizontal layout of the table has been adjusted in comparison to the previous report. The undiscounted contractual cash flows from on- and off-balance sheet liabilities have been assigned to the respective categories. In conformity with these requirements, the contractual cash flows of the financial liabilities are presented in accordance with the worst-case scenario, meaning that if the financial liabilities involve options or termination rights that could affect their maturity date, the most unfavorable case from a liquidity perspective is assumed. This is particularly relevant for demand deposits and savings deposits that are subject to call or have a short maturity of usually three months but that are available for the Bank for a longer period of time, statistically speaking.

Liabilities by remaining maturity

Liabilities	Payable on demand		≤ 3 months		> 3 months and ≤ 1 year		> 1 year and ≤ 5 years		> 5 years		Total	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Non-derivative liabilities	53,667	49,937	95,265	107,179	38,196	35,334	21,797	14,819	31,503	32,852	240,428	240,121
Deposits from other banks	325	648	28,151	46,437	11,890	6,283	3,397	4,834	5,292	6,970	49,054	65,171
Due to customers	30,005	26,083	61,861	50,485	21,109	25,096	10,029	4,258	16,227	19,089	139,231	125,011
Securitized liabilities	0	0	4,737	9,415	4,933	3,813	6,742	4,785	3,983	1,533	20,395	19,547
Subordinated debt	0	0	59	142	253	122	1,610	885	5,983	5,212	7,905	6,361
Other liabilities	0	2	457	700	11	20	20	57	18	48	506	826
Contingent liabilities and other obligations*	23,337	23,205	0	0	0	0	0	0	0	0	23,337	23,205
Derivative liabilities	0	0	2,227	141	7,655	3,480	16,155	14,620	4,320	6,054	30,357	24,296
Hedging derivatives	0	0	123	61	665	434	1,739	2,209	825	1,292	3,352	3,997
Trading liabilities	0	0	2,104	80	6,990	3,046	14,416	12,411	3,495	4,763	27,005	20,300
Total	53,667	49,937	97,492	107,321	45,851	38,814	37,953	29,439	35,823	38,906	270,785	264,417

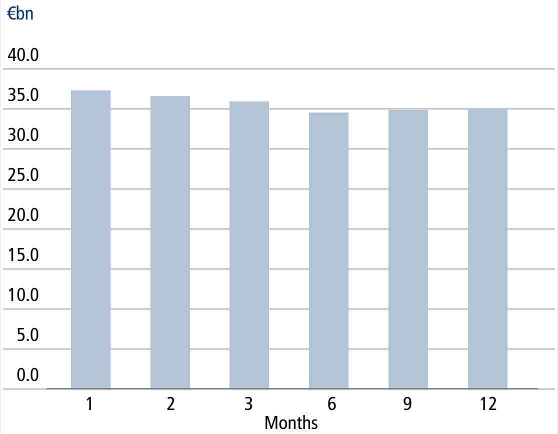
* The "Contingent liabilities" positions include, as of December 31, 2008, only irrevocable commitments.

In contrast to the presentation of the contractual cash flows of the financial liabilities, the following overview of the liquidity status of the Postbank Group as of September 30, 2009 presents the expected cash inflows/outflows and the available liquidity sources on a cumulative basis in accordance with the principles of internal liquidity management within a one-year horizon.

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

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

Liquidity status of the Postbank Group as of September 30, 2009



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

Besides the market, credit, and liquidity risks that are described in detail in this risk report and managed operationally, there are other risks (operational risk, investment and real estate risk, collective risk, and business risk) for the remaining months of fiscal year 2009 whose assessment has not changed significantly since the end of 2008. Macroeconomic developments mean that we must expect a further impact on our income statement in particular from structured credit products and from the traditional lending business. However, according to our current assessment we do not anticipate any significant changes in the other risks for the remaining months of fiscal year 2009.

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

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

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

Report on Expected Developments

Macroeconomic environment

Despite the signs of recovery, the global economy will contract considerably this year. The International Monetary Fund (IMF) expects global economic output to decrease by 1.1 %. For world trade, the IMF even forecasts a plunge of 11.9 % for 2009. These massive decreases are largely the result of the steep plunges in international trade and production in the winter of 2008/2009. On the other hand, it is becoming increasingly clear that the recognizable tendencies toward recovery will continue at a low level for both global production and world trade during the rest of the year. Still, the world economy remains reliant on the support provided by central banks' extremely expansive monetary policies and sweeping economic stimulus programs.

In the United States, economic output is expected to moderately rise during the second half of 2009. Residential construction has most probably bottomed out, and private consumption appears to have at least stabilized. A positive effect is expected to be generated by a turnaround in inventory investments. Corporate investments and foreign trade, on the other hand, are unlikely to generate any appreciable momentum. For the entire year of 2009, we expect U.S. GDP to drop by 2.6 %. For 2010, we forecast growth of 1.8 %. By contrast, the Chinese economy remains markedly robust. Not least because of a comprehensive infrastructure program, the economic momentum may remain high in comparison with other countries and regions.

The economy in the euro zone has indeed bottomed out. Nonetheless, economic output overall will considerably shrink in 2009. We expect GDP in the euro zone to contract by 3.7 %. However, there are growing signs of a moderate recovery in the second half of the year. This recovery is expected to be bolstered by slightly rising global demand, governments' economic recovery programs and expansive monetary policies. This moderate uptick is likely to continue in the coming year. We expect euro-zone GDP to grow by 1.5 % during 2010.

At minus 4.7 %, Germany's GDP is expected to drop more steeply than that of the euro zone because the steep plunge in world trade at the beginning of the year hit the country's export-driven industry particularly hard. The recovery of the German economy during the second half of the year may be somewhat more pronounced than the improvement in the entire euro zone because German industry is profiting somewhat more from increasing demand from abroad. This will not prevent a steep drop in the trade surplus in 2009 and, as a result, will be responsible for the largest share of the sharp decline in economic performance. Investments in machinery and equipment will also fall dramatically in 2009 from the levels seen in 2008. Private consumption, on the other hand, will most likely rise in 2009, driven by the very low inflation rate and the cash-for-clunkers program. As a result of car purchases that have been moved forward because of this program, private consumption will most likely barely rise above stagnation in the coming year. In its place, momentum may be provided again by exports and corporate investments. In terms of German GDP, we forecast growth of 1.7 % in 2010.

The U.S. Federal Reserve and the European Central Bank may leave their monetary policies unchanged during the rest of 2009. The Fed is expected to keep its key rate at near 0 %. The European Central Bank will probably leave its key refinancing rate at 1.0 % until the end of the year. Capital market rates, which have slightly fallen in recent weeks, may moderately rise during the progression of the economic recovery in both the United States and in the euro zone through the end of the year. The yield curve in the euro zone could steepen slightly in the process. As a result, our forecast is largely unchanged since our last report.

Sector situation

A long-range challenge for the international banking sector – and the German one as well – will be the rules taking effect after the world financial summit of the leading industrial and emerging countries (G20) that was held on September 23–24, 2009, in the U.S. city of Pittsburgh. Possible changes being discussed include the introduction of a leverage ratio and higher capital requirements. Despite the prospect of long transitional periods, the proposed regulations under discussion are suited to have a noticeably negative effect particularly on the German banking system and the domestic economy because, in comparison to Anglo-Saxon economic regions, the role of the capital market as a financial intermediary is significantly smaller.

This will tend to result in higher total assets among German banks, while the asset quality will tend to improve comparatively, particularly in the retail business. For this reason, low capital requirements for these assets are necessary in economic terms. This is reflected in the regulatory capital requirements under Basel II. The further restriction through the leverage ratio, a key performance indicator that, without risk weighting, only represents the ratio of total assets to equity, would require a significant contraction of the balance sheet of German banks – as a result of the relatively better creditworthiness of the assets in an international comparison – and thus limit their ability to issue loans. This would have a negative impact on macroeconomic growth in Germany. Because a leverage ratio will require only comparatively good assets to be backed by more regulatory capital than required by Basel II, its lack of risk sensitivity will actually create flawed incentives to increase the number of high-risk assets in order to generate maximum yields on the invested capital. This would create an inducement to concentrate risks on bank balance sheets and could thus trigger future crises. Nonetheless, a leverage ratio, serving as an informative, bank-specific indicator that is part of Pillar II in the Basel regulations, can provide additional signs of the need for supervisory officials to respond to undesirable developments at individual banks. Such a system of key performance indicators would have to be complemented by a meaningful liquidity figure for banks as well as by such anti-cyclical tools as dynamic provisioning.

German banks' business situation is expected to improve moderately from its low level. Nonetheless, the business environment remains difficult overall despite signs of a muted recovery. Uncertainties about additional delinquency and bankruptcy trends may result in continuing high levels of additions to allowances for losses on loans and advances and, as a result, limit operating improvements. Given the continued difficult state of the capital markets, no significant improvement in net trading income among all banks will be possible. In addition, the current low-interest environment is creating a drag on net interest income, particularly among deposit-rich banks. As a result, the long-term earnings level of many banks may remain considerably below the level of recent years.

During the remaining three months of the year, no further consolidation activities within the German banking sector are expected, with the exception of those previously mentioned. As a result, the three-pillar structure will remain in place. There are also no signs of mergers being planned among Landesbanks, some of which have been hit hard by the global financial market crisis.

Postbank's objectives

As has been previously mentioned, the final three months of 2009 are expected to be characterized by further difficult – albeit slightly better – capital market and real economic conditions.

Postbank will move forward with the focus of the business model on retail, business and corporate customers that it initiated in 2008. As a result of the solid performance of our operating customer business with its relatively stable revenue streams and our sound refinancing base, we believe that we remain well positioned. In terms of revenue, the continuing low level of interest rates poses a challenge for banks with high deposit volumes like Postbank and – compared with last year – will have a negative impact on the development of net interest income from our savings and checking account business. The steeper yield curve, however, should present opportunities for earnings. For this reason, we assume that net interest income in the final quarter of 2009 will exceed the average level generated in the second and third quarters. The gradual improvement in net fee and commission income as against the first quarter of 2009 should continue in the fourth quarter.

We will press forward with our program to enhance earnings quality, an effort that is related to a gradual reduction of capital-market-related risks and portfolios. The medium-term objective is to strengthen the customer business earnings lines of net interest income and net fee and commission income while the volatile net trading income and net income from investment securities should play a significantly smaller role than in past years. Given the continued economic pressure being applied to the revenue situation at Postbank, the management of the cost base will become an even higher priority than in the past, a change that could result in an even greater need for provisions. In addition to the on-going operating cost management, particularly non-staff operating expenses, consideration is being given to ways to achieve long-term structural cost cuts, e.g. by reducing the complexity of our processes.

The persistently tense market situation and the direction of the economy will shape our income situation for the entire year of 2009. During the fourth quarter, we especially expect setbacks in both our net trading income and our net income from investment securities. We believe that the intensity of the negative impacts peaked in the first half of 2009 and will wane during the rest of the year. Defaults or downgrades of individual issuers can have a broad impact and disturb this positive trend. Decisions related to disposals such as the sale of portfolios in the course of risk reductions could also trigger adverse effects. Given the on-going precarious business environment, another economic decline resulting in a negative impact on the income situation of banks including Postbank cannot be ruled out.

We expect allowances for losses on loans and advances to rise again in the fourth quarter of 2009 due to the state of the economy – particularly for exposures outside our domestic market. Compared with other banks, allowances for losses on loans and advances will remain at a relatively moderate level. Here, Postbank profits from a credit business that is largely focused on highly collateralized German private mortgage loans.

In summary, we assume that the overall impact will be noticeably lower in 2009 than in 2008.

Over the mid-term and once extraordinary crisis-induced effects no longer apply, we will continue our efforts to achieve a sustainable return on equity of 13 % to 15 % after tax generated on the basis of our enhanced strategic focus on business with retail, business and corporate customers.

Interim Financial Statements

Consolidated Statement of Comprehensive Income for the Period January 1 to September 30, 2009

Consolidated Income Statement

	Note	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008[1] €m
Interest income	(5)	6,113	7,302
Interest expense	(5)	– 4,335	– 5,545
Net interest income	(5)	1,778	1,757
Allowance for losses on loans and advances	(6)	–454	–304
Net interest income after allowance for losses on loans and advances		1,324	1,453
Fee and commission income	(7)	1,199	1,258
Fee and commission expense	(7)	–212	–187
Net fee and commission income	(7)	987	1,071
Net trading income	(8)	–349	17
Net income from investment securities	(9)	–103	–549
Administrative expenses	(10)	–2,099	–2,161
Other income	(11)	103	125
Other expenses	(12)	–82	–64
Loss before tax		–219	–108
Income tax		332	–2
Profit from ordinary activities after tax		113	–110
Minority interest		–1	–1
Consolidated net profit/loss		112	–111
Basic earnings per share (€)[2]		0.51	–0.68
Diluted earnings per share (€)[2]		0.51	–0.68

Condensed Statement of Comprehensive Income

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008[1] €m
Profit from ordinary activities after tax	113	–110
Other comprehensive income after tax	147	–1,374
Change in revaluation reserve	197	–1,782
thereof remeasurement losses	141	–1,901
thereof disposals and impairment	56	119
Change in currency translation reserve	–5	–3
Income tax relating to other comprehensive income	–45	411
Total comprehensive income for the period attributable to minority interest	–1	–1
Total comprehensive income	259	–1,485

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

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

[2] The average number of shares outstanding in the first nine months of 2009 was 218,800,000 (first nine months of 2008:164,000,000).

Consolidated Income Statement: Quarterly Overview

	2009			2008[1]			
	Q3 €m	Q2 €m	Q1 €m	Q4 €m	Q3 €m	Q2 €m	Q1 €m
Interest income	1,902	2,006	2,205	2,636	2,475	2,510	2,317
Interest expense	–1,323	–1,440	–1,572	–1,898	–1,897	–1,888	–1,760
Net interest income	579	566	633	738	578	622	557
Allowance for losses on loans and advances	–173	–157	–124	–104	–143	–86	–75
Net interest income after allowance for losses on loans and advances	406	409	509	634	435	536	482
Fee and commission income	412	402	385	425	421	418	419
Fee and commission expense	–70	–65	–77	–65	–59	–68	–60
Net fee and commission income	342	337	308	360	362	350	359
Net trading income	–139	–103	–107	–406	–56	61	12
Net income from investment securities	15	–14	–104	–700	–470	–80	1
Administrative expenses	–696	–719	–684	–808	–741	–718	–702
Other income	36	38	29	93	39	44	42
Other expenses	–23	–17	–42	–39	–17	–21	–26
Profit/loss before tax	–59	–69	–91	–866	–448	172	168
Income tax	101	55	176	156	99	–51	–50
Profit/loss from ordinary activities after tax	42	–14	85	–710	–349	121	118
Minority interest	0	0	–1	0	0	0	–1
Consolidated net profit/loss	42	–14	84	–710	–349	121	117

Condensed Statement of Comprehensive Income: Quarterly Overview

	2009			2008[1]			
	Q3 €m	Q2 €m	Q1 €m	Q4 €m	Q3 €m	Q2 €m	Q1 €m
Profit/loss from ordinary activities after tax	42	– 14	85	–710	–349	121	118
Other comprehensive income after tax	241	37	–131	1,206	–301	–416	–657
Change in revaluation reserve	343	49	–195	1,580	–437	–540	–805
thereof remeasurement gains/losses	344	34	–237	914	–560	–552	–789
thereof disposals and impairment	–1	15	42	666	123	12	–16
Change in currency translation reserve	–6	–7	8	3	27	–2	–28
Income tax relating to other comprehensive income	–96	–5	56	–377	109	126	176
Total comprehensive income for the period attributable to minority interest	0	0	–1	0	0	0	–1
Total comprehensive income	283	23	–47	496	–650	–295	–540

[1] Q1 to Q3 2008 restated (see Note 4)

Consolidated Balance Sheet as of September 30, 2009

Assets	Note	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Cash reserve		3,153	3,417
Loans and advances to other banks	(13)	19,653	18,684
Loans and advances to customers	(14)	110,148	105,318
Allowance for losses on loans and advances	(16)	– 1,498	– 1,232
Trading assets	(17)	22,702	16,573
Hedging derivatives		538	474
Investment securities	(18)	79,294	83,058
Intangible assets	(19)	2,367	2,371
Property and equipment	(20)	854	879
Investment property		73	73
Current tax assets		291	162
Deferred tax assets		959	835
Other assets	(21)	746	670
Total assets		239,280	231,282

Equity and Liabilities	Note	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Deposits from other banks	(22)	46,371	62,790
Due to customers	(23)	133,657	117,472
Securitized liabilities	(24)	17,792	16,342
Trading liabilities	(25)	24,712	16,987
Hedging derivatives		2,270	2,693
Provisions	(26)	2,124	2,138
Current tax liabilities		178	192
Deferred tax liabilities		868	1,087
Other liabilities	(27)	506	826
Subordinated debt	(28)	5,524	5,736
Equity		5,278	5,019
a) Issued capital		547	547
b) Share premium		2,010	2,010
c) Retained earnings		2,606	3,280
d) Consolidated net profit/loss		112	–821
Minority interest		3	3
Total equity and liabilities		239,280	231,282

Statement of Changes in Equity

	Issued capital €m	Share premium €m	Retained earnings €m	Currency translation reserve €m	Revaluation reserve €m	Consolidated net profit/loss €m	Equity before minority interest €m	Minority interest €m	Total €m
Balance at Jan. 1, 2008	410	1,160	3,502	–149	–556	856	5,223	2	5,225
Dividend payment			–205				–205		–205
Changes in retained earnings			856			–856	0		0
Total comprehensive income Jan. 1 – Sept. 30, 2008				– 3	– 1,371	– 114	– 1,488	1	– 1,487
IAS restatement						3	3		3
Treasury shares							–		–
Other changes							–		–
Balance at Sept. 30, 2008	410	1,160	4,153	–152	–1,927	–111	3,533	3	3,536
Capital increase	137	850					987		987
Total comprehensive income Oct. 1 – Dec. 31, 2008				3	1,203	–710	496		496
Treasury shares							–		–
Other changes							–		–
Balance at Dec. 31, 2008	547	2,010	4,153	–149	–724	–821	5,016	3	5,019
Dividend payment							–		–
Changes in retained earnings			–821			821	0		0
Total comprehensive income Jan. 1 – Sept. 30, 2009				–5	152	112	259	1	260
Treasury shares							–		–
Other changes							–	–1	–1
Balance at Sept. 30, 2009	547	2,010	3,332	–154	–572	112	5,275	3	5,278

Condensed Cash Flow Statement

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Cash and cash equivalents at start of period	3,417	3,352
Net cash from/used in operating activities	–4,200	12,950
Net cash from/used in investing activities	4,154	– 12,790
Net cash used in financing activities	–219	–27
Effects of exchange rate differences	1	1
Cash and cash equivalents at end of period	3,153	3,486

Reported cash and cash equivalents correspond to the cash reserve.

Notes to the Interim Financial Statements

(1) Segment reporting

Segment reporting by business division

	Retail Banking[1]		Corporate Banking[1]		Transaction Banking		Financial Markets		Others[1]		Consolidation		Group[1]	
	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Net interest income	1,590	1,686	384	272	1	3	106	103	–360	–307	57	–	1,778	1,757
Net trading income	–30	22	–108	–49	–	–	41	57	–196	–18	–56	5	–349	17
Net income from investment securities	1	–1	–12	–239	–	–	–10	–79	–82	–230	–	–	–103	–549
Net fee and commission income	817	874	87	77	239	260	22	46	–29	–22	–149	–164	987	1,071
Total income	2,378	2,581	351	61	240	263	159	127	–667	–577	–148	–159	2,313	2,296
Administrative expenses	–1,629	–1,664	–143	–128	–230	–240	–65	–66	–616	–636	584	573	–2,099	–2,161
Allowance for losses on loans and advances	–256	–220	–201	–31	–	–	3	–11	–	–42	–	–	–454	–304
Other income/expenses	10	31	3	2	26	11	1	–1	417	432	–436	–414	21	61
Profit/loss before tax	503	728	10	–96	36	34	98	49	–866	–823	0	0	–219	–108
Cost/income ratio (CIR)	68.5 %	64.5 %	40.7 %	209.8 %	95.8 %	91.3 %	40.9 %	52.0 %	–	–			90.7 %	94.1 %
Return on equity before taxes (RoE)	30.4 %	42.3 %	2.4 %	–32.2 %	–	–	18.3 %	9.9 %	–73.9 %	–86.5 %			–5.8 %	–3.1 %
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Segment assets	90,135	87,048	33,026	28,668	406	351	34,505	31,437	112,458	115,857	–31,250	–32,079	239,280	231,282
Segment liabilities	119,468	107,579	28,300	23,041	406	351	29,909	27,113	92,447	105,277	–31,250	–32,079	239,280	231,282

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

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

The result of this segment comprises the operating results of Deutsche Postbank AG's Retail Banking, the BHW subgroup, Postbank Filialvertrieb AG, and VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH. In addition, the result of purchase price allocation from the acquisition of BHW has been allocated to the Retail Banking segment for the first time in the financial statements for fiscal year 2009.

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

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

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

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

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

Intersegmental cost allocations accounted for 58 % of Transaction Banking income (previous year: 56 %).

Proprietary trading activities and Deutsche Postbank International S.A.'s activities conducted from Luxembourg (excluding corporate banking) as well as fund management in general and for a number of Postbank's retail funds and special funds (Deutsche Postbank Privat Investment Kapitalanlagegesellschaft GmbH (PPI) and Deutsche Postbank Financial Services GmbH) are allocated to the Financial Markets business division. PPI, which was sold in the third quarter of 2009, is included in the Financial Markets segment at the result generated up to this date. The Others segment includes the sale proceeds from this transaction.

Consolidation items have been reported separately in the financial statements for fiscal year 2009 for the first time. These comprise Group consolidation less intra-segment consolidation adjustments.

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

		Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008[1] €m
Net trading income		−196	−18
of which:	Net loss on embedded derivatives from structured credit products	−330	−312
	Net gain/loss on capital-guaranteed promissory note loans (CPPI structures)	21	−27
	Other promissory note loans	–	−31
	Asset/liability management	100	390
	Other items	13	−38
Net income from investment securities		−82	−230
of which:	Net loss on structured credit products	−41	−70
	Other debt instruments	−49	–
	Writedowns of retail funds	−30	−75
	Sale of BHW Bank credit portfolio	–	30
	Other items	38	−115
Administrative expenses		−616	−636
of which:	Cost of central services	−214	−158
	IT and other services	−313	−360
	Other items	−89	−118
Other income/expenses		417	432
of which:	IT and other services	317	320
	Other items	100	112

The assets and liabilities reported in the Others segment have been affected by the recognition of assets and liabilities in the Consolidation segment and the allocation of asset positions from the purchase price allocation of BHW to the Retail Banking segment.

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

In addition to the results in the income statement of the companies allocated to the business divisions, imputation procedures for the originator-based calculation of the segment results are used. The allocation of net interest income from customer products to the segments follows the market rate method, under which the customer interest rate is compared with imputed money and capital market rates at matching terms. The administrative expenses of the Postbank AG units included in the segment results are primarily based on the results of cost center accounting. The amount of the allowance for losses on loans and advances is determined for the first time on the basis of the actually recognized allowance for losses on loans and advances in the financial statements for fiscal year 2009.

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

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

The allocation of assets and liabilities to the segments is based on the segments' operating activities. The balance sheet items of the subsidiaries as well as the assets and liabilities relating to customer products are allocated to the business divisions by product/customer category. The imputed valuation rates used in the market rate method do not result in any additional imputed asset positions. As a result, the volumes of assets and liabilities recognized in the segments do not match. The Others segment comprises assets and liabilities from subsidiaries which have not been allocated to the operating segments and from Deutsche Postbank AG, e.g., from own-account transactions.

In addition to the above-mentioned modifications, the Corporate Banking and Retail Banking segments recorded a negative net interest spread resulting from cash holdings at the tellers' counters and in ATMs for the first time in the financial statements for fiscal year 2009. Further modifications have been made as part of the product/customer segment-based allocation of income from electronic cash payments and of expenses from third-party loan brokerage activities within the Retail Banking segment.

The prior-year figures were adjusted.

In the first three quarters of 2008, the above-mentioned adjustments to segment reporting resulted in the following changes to the profit before tax: Retail Banking: down €3 million, Corporate Banking: down €11 million, Others: up €14 million.

Geographical regions

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

The Others segment contains the entities from the Europe, U.S.A. (PB Capital), and Asia (Postbank Home Finance) regions. The London Branch, the Luxembourg entities Deutsche Postbank International S.A., and Deutsche Postbank Vermögensmanagement S.A., and the branches of BHW in Italy, Luxembourg, and Belgium form part of the Europe region. The prior-year figures for the Europe region were adjusted as follows: income: €25 million, profit before tax: €14 million.

Germany comprises all domestic business units including all consolidation adjustments.

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

	Assets		Liabilities		Income[1]		Profit/loss before tax[1]	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Germany	203,159	192,954	203,159	192,954	2,123	2,407	–265	79
Others	36,121	38,328	36,121	38,328	190	–111	46	–187
Europe	28,150	30,241	28,150	30,241	220	96	153	42
U.S.A.	7,378	7,523	7,378	7,523	–46	–219	–116	–236
Asia	593	564	593	564	16	12	9	7
Total	239,280	231,282	239,280	231,282	2,313	2,296	–219	–108

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

Basis of preparation

Deutsche Bank announced on March 9, 2009 that it holds a 25 % stake + one share in Postbank. The shares were primarily purchased in the initial part of the transaction with Deutsche Post AG.

(2) Basis of accounting

The interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements of German commercial law under section 315a(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code), insofar as these were applicable at the balance sheet date. In particular, the interim financial statements comply with the IAS 34 requirements for interim financial reports. In accordance with section 37y no. 3 of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) in conjunction with section 37x no. 3 of the WpHG, Postbank prepares a quarterly financial report, which also comprises an interim management report, including an interim risk report (see management report), in addition to the condensed financial statements presented here. Unless otherwise stated below, the same accounting policies used in preparing the 2008 consolidated financial statements were applied in preparing the interim financial statements as of September 30, 2009.

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

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

Postbank has observed an increase in transaction volumes on the primary and secondary markets for corporate bonds. As a result, it determined that an active market existed when valuing the relevant holdings as of September 30, 2009. Consequently, the fair values for corporate bonds are no longer determined using a valuation model, but rather on the basis of observable market prices.

Valuation techniques are used to measure the fair value of selected financial instruments (structured credit products – SCPs) such as CDOs, consumer ABSs, commercial ABSs, CMBSs, and RMBSs where indicative prices cannot be verified. To do this, Postbank uses a simulation model that is based on portfolio loss distribution and that takes the individual securitization structures into account. The cash flows resulting from such products are forecasted taking into account the respective risks from the securitized portfolios and the structure of the securitizations, and are discounted using discount rates for equivalent maturities and risks. The valuation technique makes maximum use of market inputs in accordance with IAS 39.48A. In individual cases, the actual values may differ from the assumptions and estimates made.

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

In the first quarter of 2009, Postbank altered its intention to hold a portion of the corporate bonds in its portfolio as available for sale, and now intends to hold them for the foreseeable future. It therefore reclassified bonds with a principal amount of €385 million out of the available-for-sale category to the loans and receivables category at a fair value of €320 million in accordance with IAS 39.50E. Further information can be found in Note 18 "Investment securities."

The following Standards were required to be applied for the first time in the reporting period: IFRS 8 "Operating Segments," IAS 1 "Presentation of Financial Statements (revised 2007)," IAS 23 "Borrowing Costs," IAS 32 "Financial Instruments: Presentation," and the "Annual Improvements Project 2008." Effects for Postbank resulted from IFRS 8 and IAS 1 (revised 2007). See Note 1 "Segment reporting" with regard to the effects of IFRS 8. The core element of the amendments to IAS 1 is the extension of the existing income statement to include gains and losses recognized directly in equity to produce a statement of comprehensive income. Information on components of the statement of changes in equity was shortened accordingly.

Positive special factors amounting to €270 million resulted from the reversal of deferred taxes now that the underlying facts have been clarified and a tax charge is no longer to be expected, as well as from tax-free income.

(3) Basis of consolidation

In addition to the parent company Deutsche Postbank AG, 46 (December 31, 2008: 43) subsidiaries that are presented in the following overview are included in the consolidated financial statements as of September 30, 2009.

Consolidated companies

Name and domicile	Equity interest direct (%)	Equity interest indirect (%)
Betriebs-Center für Banken AG, Frankfurt/Main	100.0	
BHW Holding AG, Berlin/Hamelin	100.0	
Deutsche Postbank Financial Services GmbH, Frankfurt/Main	100.0	
Deutsche Postbank Funding LLC I, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding LLC II, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding LLC III, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding LLC IV, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust I, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust II, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust III, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust IV, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank International S.A., Munsbach, Luxembourg	100.0	
DSL Holding AG i.A., Bonn	100.0	
DSL Portfolio GmbH & Co. KG, Bonn	100.0	
DSL Portfolio Verwaltungs GmbH, Bonn	100.0	
PB (USA) Holdings Inc., Wilmington, Delaware, U.S.A.	100.0	
PB Factoring GmbH, Bonn	100.0	
PB Firmenkunden AG, Bonn	100.0	
PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt/Main (TGV 1–24)	100.0	
Postbank Beteiligungen GmbH, Bonn	100.0	
Postbank Filialvertrieb AG, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	
Postbank Leasing GmbH, Bonn	100.0	
Postbank Systems AG, Bonn	100.0	
Betriebs-Center für Banken Processing GmbH, Frankfurt/Main		100.0
BHW Bausparkasse AG, Hamelin		100.0
BHW Gesellschaft für Vorsorge mbH, Hamelin		100.0
BHW Gesellschaft für Wohnungswirtschaft mbH & Co. Immobilienverwaltungs KG, Hamelin		100.0
BHW Gesellschaft für Wohnungswirtschaft mbH, Hamelin		100.0
BHW Immobilien GmbH, Hamelin		100.0
Deutsche Postbank Home Finance Ltd., Gurgaon, India		100.0
Deutsche Postbank Vermögens-Management S.A., Munsbach, Luxembourg		100.0
Miami MEI LLC, Dover, Delaware, U.S.A.		100.0
PB Capital Corp., Wilmington, Delaware, U.S.A.		100.0
PB Finance (Delaware), Inc., Wilmington, Delaware, U.S.A.		100.0
PB Hollywood II Lofts LLC, Dover, Delaware, U.S.A.		100.0
PBC Carnegie LLC, Wilmington, Delaware, U.S.A.		100.0
Postbank Support GmbH, Cologne		100.0
Postbank Versicherungsvermittlung GmbH, Bonn		100.0
2650 Virginia Avenue NW LLC, Dover, Delaware, U.S.A.		100.0
Postbank Finanzberatung AG, Hamelin	23.3	76.7
PB Realty Corp., New York, U.S.A.		94.7
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, Bonn		90.0
Deutsche Postbank Finance Center Objekt GmbH, Munsbach, Luxembourg		90.0
VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn	75.0	
DPBI Immobilien KGaA, Munsbach, Luxembourg		10.01

Betriebs-Center für Banken Processing GmbH was included in the consolidated financial statements for the first time as of March 2009.

Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH was sold by way of an agreement dated July 15, 2009. At the time of sale, the Company's loss after tax was €19 thousand. The deconsolidation led to the disposal of assets amounting to €12 million and liabilities and provisions amounting to €2 million. The gain on the sale of €3 million is reported as net income from investments in associates under net income from investments securities.

In September 2009, the companies 2650 Virginia Avenue NW LLC, PB Hollywood II Lofts LLC, and Miami MEI LLC were included in the consolidated financial statements for the first time as wholly owned subsidiaries of PB Capital Corporation.

In accordance with Interpretation SIC-12 issued by the International Financial Reporting Interpretations Committee (IFRIC), which requires the consolidation of special purpose entities under certain conditions, two special purpose entities formed to securitize installment loans were consolidated. The special fund launched in the previous year was closed and deconsolidated in March 2009.

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

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

In the previous fiscal year, adjustments were made which change the prior-quarter figures of these interim financial statements retrospectively. These relate among other things to earnings per share and segment reporting.

Additional measurement parameters were employed for the fair value measurement of mortgage loans. The retrospective adjustments performed in fiscal year 2008 led to a reduction in loans and advances to customers and in deferred tax liabilities.

The changes in the measurement methodology resulted in an increase of €8.7 million in net trading income and of €2.6 million in the deferred tax expense in the first nine months of 2008, increasing net profit for the first nine months of 2008 by €6.1 million overall.

Postbank's acquisition of BHW led to the identification of hidden liabilities for intangible assets (liabilities whose carrying amount is lower than their negative fair value) during purchase price allocation in accordance with IFRS 3. These amounts had to be restated. As a result, impairment losses of €5.4 million on intangible assets were recognized as an expense in the first nine months of 2008.

With regard to securitization exposures, synthetic CDOs were allocated to cash CDOs in a few isolated cases. The reallocation led to a decrease in net trading income of €1 million in the first nine months of 2008.

Statement of comprehensive income disclosures

(5) Net interest income

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Interest and current income		
Interest income from:		
Lending and money market transactions	4,116	4,614
Fixed-income and book-entry securities	1,985	2,460
Trading operations	4	186
Net gains/losses on hedges	1	–11
	6,106	7,249
Current income from:		
Equities and other non-fixed income securities	1	44
Investments in associates	6	9
	7	53
	6,113	7,302
Interest expense on:		
Deposits	3,187	4,662
Securitized liabilities	443	443
Subordinated debt	203	234
Swaps	502	21
Trading operations	–	185
	4,335	5,545
Total	1,778	1,757

€5,775 million (previous year: €5,364 million) of interest income relates to financial instruments classified as loans and receivables, €14 million (previous year: €37 million) to financial instruments classified as held to maturity, and €312 million (previous year: €1,673 million) to financial instruments classified as available for sale.

Interest income from lending and money market transactions includes €31 million (previous year: €25 million) of interest income accrued on impaired assets (unwinding in accordance with IAS 39).

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

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Gains on the fair value remeasurement of hedged items	381	455
Losses on the fair value remeasurement of hedging instruments	–380	–466
Total	1	–11

(6) Allowance for losses on loans and advances

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Cost of additions to allowance for losses on loans and advances		
Specific valuation allowances	518	319
Portfolio-based valuation allowances	26	36
Cost of additions to provisions for credit risks	10	20
Direct loan write-offs	32	23
Income from the reversal of the allowance for losses on loans and advances		
Specific valuation allowances	107	73
Portfolio-based valuation allowances	2	5
Income from the reversal of provisions for credit risks	11	3
Recoveries on loans previously written off	12	13
Total	454	304

€456 million (previous year: €287 million) of the allowance for losses on loans and advances relates to the loans and receivables category. €2 million of the allowance for losses on loans and advances for guarantees, warranties, and irrevocable loan commitments was reversed (previous year: addition of €17 million).

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

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Additions		
Private mortgage lending	174	133
Home savings loans	4	4
Commercial loans	195	37
Public sector	–	–
Installment credits	58	31
Other loans and advances	82	57
Portfolio-based valuation allowances	26	36
Total	539	298

€3 million (previous year: €57 million) of the cost of additions to the allowance for losses on loans and advances relates to loans and advances to other banks.

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Reversal		
Private mortgage lending	52	42
Home savings loans	2	1
Commercial loans	32	17
Public sector	–	–
Installment credits	1	1
Other loans and advances	16	12
Portfolio-based valuation allowances	2	5
Total	105	78

€4 million of the income from the reversal of the allowance for losses on loans and advances relates to loans and advances to other banks (previous year: €0 million).

(7) Net fee and commission income

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Giro business	272	269
Securities business	99	123
Lending and guarantee business	109	91
Branch business	330	351
Other fee and commission income	177	237
Total	987	1,071

(8) Net trading income

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008[1] €m
Net income from interest rate products	65	–13
Net gain/loss on derivatives carried in the trading portfolio and the banking book	–447	11
Net gain/loss from application of the fair value option	–19	10
Net income from equities	6	2
Foreign exchange gain	51	10
Net fee and commission income in the trading portfolio	–5	–3
Total	–349	17

The net loss on derivatives in the trading portfolio and the banking book includes income from asset/liability management amounting to €100 million (previous year: €390 million).

The net loss on derivatives also includes losses on the measurement of embedded derivatives from structured credit products of €472 million (previous year: losses of €367 million), gains on capital-guaranteed promissory note loans (CPPIs) of €21 million (previous year: losses of €27 million) and gains on other promissory note loans of €0 million (previous year: losses of €31 million).

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

(9) Net income from investment securities

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Net income from loans-and-receivables investment securities	–65	–459
thereof: net income from sale	33	6
Gains on sale	95	24
Losses on sale	62	18
thereof: net impairment loss	–98	–465
Net income from available-for-sale investment securities	–55	–119
thereof: net income from sale	2	–34
Gains on sale	38	154
Losses on sale	36	188
thereof: net impairment loss	–57	–85
Net income from loans to other banks	–5	–
thereof: net income from sale of loans and receivables	–5	–
Net income from loans to customers	18	29
thereof: net income from sale of loans and receivables	18	29
Net income from investments in associates	4	–
Total	–103	–549

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Net income from bonds and promissory note loans	38	33
Net income from equities and other non-fixed-income securities	10	–32
Net income from investments in associates	4	–
Impairment	–155	–550
Total	–103	–549

€49 million (previous year: €137 million) of net impairment loss on investment securities relates to writedowns of structured credit products, €72 million (previous year: €0 million) to writedowns of other debt instruments, and €34 million (previous year: €75 million) to retail funds and investments.

(10) Administrative expenses

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008[1] €m
Staff costs	1,051	1,037
Other administrative expenses	946	1,012
Amortization of intangible assets	56	60
Depreciation and writedowns of property and equipment	46	52
Total	2,099	2,161

(11) Other income

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Income from property and equipment	19	27
Miscellaneous	84	98
Total	103	125

(12) Other expenses

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008[1] €m
Other taxes	8	9
Expenses for property and equipment	1	4
Miscellaneous	73	51
Total	82	64

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

Balance sheet disclosures

(13) Loans and advances to other banks

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Payable on demand	4,106	3,176
Other loans and advances	15,547	15,508
Total	19,653	18,684

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

€4,633 million (December 31, 2008: €5,220 million) of loans and advances to other banks is due after more than 12 months.

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

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Securities repurchase agreements	10,347	7,846
Overnight money	3,982	3,010
Loans	4,299	5,548
Registered bonds	421	765
Term deposits	255	280
Other loans and advances	349	1,235
Total	19,653	18,684

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, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Financial collateral	13,283	10,136	1,299	2,855
Non-financial collateral	–	–	–	–
Total	13,283	10,136	1,299	2,855

(14) Loans and advances to customers

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Private mortgage lending	69,938	69,370
Home savings loans	3,768	3,581
Commercial loans	28,803	24,277
Public sector	1,549	2,182
Installment credits	3,573	2,973
Other loans and advances	2,517	2,935
Total	110,148	105,318

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

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Loans and receivables	101,015	96,373
Held to maturity	261	340
Fair value option	8,872	8,605
Total	110,148	105,318

€82,935 million (December 31, 2008: €78,577 million) of loans and advances to customers is due after more than 12 months.

(15) Total credit extended

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Loans and advances to other banks	19,653	18,684
Loans and advances to customers	110,148	105,318
Guarantees	1,124	1,296
Total	130,925	125,298

(16) Allowance for losses on loans and advances

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

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Specific valuation allowances	1,360	1,118
Portfolio-based valuation allowances	138	114
Total allowances for losses on loans and advances	1,498	1,232
Provisions for credit risks	41	48
Total	1,539	1,280

€51 million of the allowance for losses on loans and advances relates to loans and advances to other banks and €1,447 million to loans and advances to customers classified as loans and receivables. Collective specific valuation allowances are also reported under the specific valuation allowances.

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

	Specific valuation allowances		Portfolio-based valuation allowances		Total	
	2009 €m	2008 €m	2009 €m	2008 €m	2009 €m	2008 €m
Balance at Jan. 1	1,118	1,071	114	83	1,232	1,154
Additions						
Allowance charged to the income statement	518	319	26	36	544	355
Disposals						
Utilization	133	92	–	1	133	93
Allowance reversed to the income statement	107	73	2	5	109	78
Unwinding	31	25	–	–	31	25
Currency translation differences	5	0	–	–	5	0
Balance at Sept. 30	1,360	1,200	138	113	1,498	1,313

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

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Specific valuation allowances		
Private mortgage lending	439	394
Home savings loans	11	12
Commercial loans	314	222
Public sector	–	–
Installment credits	174	118
Other loans and advances	371	320
Portfolio-based valuation allowances	138	114
Total	1,447	1,180

(17) Trading assets

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Bonds and other fixed-income securities	792	486
Equities and other non-fixed-income securities	17	18
Building loans held for trading	215	216
Positive fair values of derivatives carried as trading assets	20,885	15,209
Positive fair values of banking book derivatives	564	459
Positive fair values from derivatives relating to hedged items accounted for under the fair value option	229	185
Total	22,702	16,573

€17,325 million (December 31, 2008: €13,211 million) of trading assets is due after more than 12 months.

(18) Investment securities

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Bonds and other fixed-income securities		
Loans and receivables	66,610	68,859
Held to maturity	72	186
Available for sale	12,084	13,427
	78,766	82,472
Investment fund shares (available for sale)	459	475
Investments in associates (available for sale)	18	19
Investments in unconsolidated subsidiaries (available for sale)	51	92
Total	79,294	83,058

Investment securities amounting to €67,695 million (December 31, 2008: €70,654 million) are due after more than 12 months.

Investment securities were furnished as collateral for the following liabilities:

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Liabilities	24,068	40,800
Contingent liabilities	–	–
Total	24,068	40,800

In the third quarter of 2008, Postbank reclassified bonds with a principal amount of €1.6 billion and a fair value of €1.5 billion out of the available-for-sale category to the loans and receivables category due to a change in its intention to hold the bonds. It also reclassified securities with a nominal amount of €33.2 billion and a fair value of €32.9 billion out of the available-for-sale category to the loans and receivables category in the fourth quarter of 2008.

In the first quarter of 2009, Postbank altered its intention to hold a portion of the corporate bonds in its portfolio as available for sale, and now intends to hold them for the foreseeable future. It therefore reclassified corporate bonds with a principal amount of €385 million out of the available-for-sale category to the loans and receivables category as of January 28, 2009 at a fair value of €320 million.

As of September 30, 2009, the total amount of securities reclassified in accordance with IAS 39.50E had a fair value of €34.0 billion and a carrying amount of €34.5 billion.

Prior to the three above-mentioned reclassification dates, the changes in fair value recognized in the revaluation reserve for the securities that were reclassified amounted to €–469 million before tax. €–64 million of this amount relates to reclassifications in 2009 (previous year: €–73 million). Had Postbank not changed its intention to hold the securities, the loss recognized in the revaluation reserve would have increased by a further €467 million up to September 30, 2009.

Given a nominal weighting of the reclassified securities, the effective interest rate calculated on the basis of their restated cost as of the date of the reclassifications in the first nine months of 2009 was 9.4 % (range of effective interest rates: 3.7 % to 34.5 %). The estimated cash flows that Postbank expects as of the date of the reclassifications in the first nine months of 2009 amount to €534 million. Interest amounting to €17 million accrued from the date of the reclassifications in the first nine months of 2009.

€29 million of impairments were charged for all reclassified securities as of September 30, 2009, as were disposal gains of €27 million on reclassified securities.

Interest amounting to €935 million accrued for the reclassifications in fiscal year 2008.

(19) Intangible assets

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Acquired goodwill	1,651	1,631
Acquired software, concessions, industrial rights	626	649
Internally generated intangible assets and software	70	80
Advance payments on intangible assets and in-process intangible assets	20	11
Total	2,367	2,371

Acquired goodwill increased by €20 million in Q1 2009 due to the initial consolidation of Betriebs-Center für Banken Processing GmbH.

The acquired software, concessions, industrial rights item includes the capitalized BHW brand in the amount of €319 million. The capitalized amounts for customer relationships amounted to €83 million (December 31, 2008: €86 million); those for beneficial contracts amounted to €54 million (December 31, 2008: €59 million).

(20) Property and equipment

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Land and buildings	708	721
Operating and office equipment	133	141
Advance payments and assets under development	13	17
Total	854	879

(21) Other assets

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Prepaid expenses	500	452
Trade receivables	121	116
Advances to members of the mobile sales force	15	12
Receivables from tax authorities	5	12
Miscellaneous	105	78
Total	746	670

Other assets amounting to €443 million (December 31, 2008: €377 million) have a maturity of more than 12 months.

(22) Deposits from other banks

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Payable on demand	2,592	3,576
With an agreed maturity or withdrawal notice	43,779	59,214
Total	46,371	62,790

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

€11,016 million (December 31, 2008: €10,689 million) of deposits from other banks is due after more than 12 months.

(23) Due to customers

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Savings deposits	47,278	35,024
Home savings deposits	16,124	16,196
Other amounts due		
Payable on demand	32,127	26,891
With an agreed maturity or withdrawal notice	38,128	39,361
	70,255	66,252
Total	133,657	117,472

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

€35,085 million (December 31, 2008: €32,729 million) of amounts due to customers is due after more than 12 months.

(24) Securitized liabilities

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Public-sector mortgage bonds (*Pfandbriefe*)	1,670	–
Mortgage bonds (*Hypothekenpfandbriefe*)	4,204	3,675
Other debt instruments	11,918	12,667
Total	17,792	16,342

The public-sector mortgage bonds (*öffentliche Pfandbriefe*) item consists of the initial issue in the principal amount of €1.0 billion.

The mortgage bonds (*Hypothekenpfandbriefe*) item includes the new issues in the principal amount of €1.0 billion.

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

€8,188 million (December 31, 2008: €6,897 million) of securitized liabilities is due after more than 12 months.

(25) Trading liabilities

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Negative fair values of trading derivatives	21,298	14,638
Negative fair values of banking book derivatives	2,234	1,577
Negative fair values from derivatives relating to hedged items accounted for under the fair value option	1,093	772
Delivery obligations under securities sold short	87	–
Total	24,712	16,987

€18,895 million (December 31, 2008: €11,335 million) of trading liabilities is due after more than 12 months.

(26) Provisions

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Provisions for pensions and other employee benefits	1,109	1,149
Provisions for home savings business	742	715
Other provisions	273	274
Total	2,124	2,138

€1,745 million (December 31, 2008: €1,779 million) of recognized provisions is due after more than 12 months.

(27) Other liabilities

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Liabilities from expenses for management bonuses	84	79
Trade payables	80	189
Liabilities from expenses for outstanding invoices	49	56
Liabilities from expenses for commissions and premiums	49	52
Liabilities from expenses for outstanding vacation entitlements and other compensated absences	47	54
Deferred income	43	45
Liabilities from other taxes	37	243
Miscellaneous liabilities	117	108
Total	506	826

In the previous year, trade payables due to Deutsche Post AG were recognized separately.

€44 million (December 31, 2008: €64 million) of other liabilities is due after more than 12 months.

(28) Subordinated debt

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Subordinated liabilities	2,591	2,774
Hybrid capital instruments	1,692	1,687
Profit participation certificates outstanding	1,225	1,237
Contributions by typical silent partners	16	38
Total	5,524	5,736

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

€5,282 million (December 31, 2008: €5,426 million) of subordinated debt is due after more than 12 months.

Other disclosures

(29) Contingencies and other obligations

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Contingent liabilities		
on guarantees and warranties	1,124	1,296
Other obligations		
Irrevocable loan commitments	22,213	23,205
of which: building loans provided	4,721	5,426
Total	23,337	24,501

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

	Sept. 30, 2009		Dec. 31, 2008	
	Carrying amount €m	Full fair value €m	Carrying amount €m	Full fair value €m
Assets				
Cash reserve	3,153	3,153	3,417	3,417
Loans and advances to other banks (loans and receivables)	19,653	19,504	18,616	18,424
Loans and advances to customers (loans and receivables)	101,015	106,103	96,373	99,759
Loans and advances to customers (held to maturity)	261	261	340	340
Allowance for losses on loans and advances	–1,498	–1,498	–1,232	–1,232
Investment securities (loans and receivables)	66,610	65,566	68,859	67,754
Investment securities (held to maturity)	72	72	186	186
	189,266	193,161	186,559	188,648
Liabilities				
Deposits from other banks (liabilities at amortized cost)	46,371	46,152	62,790	62,476
Due to customers (liabilities at amortized cost)	133,657	134,416	117,472	118,009
Securitized liabilities and subordinated debt	23,316	22,689	22,078	20,496
	203,344	203,257	202,340	200,981

(31) 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, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Trading derivatives	838,628	665,517	21,678	15,853	24,625	16,987
Hedging derivatives	40,676	46,557	538	474	2,270	2,693
Total	879,304	712,074	22,216	16,327	26,895	19,680

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

	Notional amounts		Fair Value			
			Positive fair values		Negative fair values	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Trading derivatives						
Foreign currency derivatives	26,738	36,987	368	1,075	321	965
Interest rate derivatives	805,402	620,143	21,166	14,486	23,070	15,059
Equity/index derivatives	521	367	8	21	20	11
Credit derivatives	5,967	8,020	136	271	1,214	952
Total holdings of trading derivatives	838,628	665,517	21,678	15,853	24,625	16,987
Hedging derivatives						
Fair value hedges	40,676	46,557	538	474	2,270	2,693
Total holdings of hedging derivatives	40,676	46,557	538	474	2,270	2,693
Total holdings of derivatives	879,304	712,074	22,216	16,327	26,895	19,680

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

(32) Risk-weighted assets and capital ratio

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

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Credit and counterparty risk	61,875	61,038
Market risk positions	10,038	9,100
Operational risk	6,538	6,450
Total capital charge	78,451	76,588
Tier 1 capital	5,481	4,997
thereof: hybrid capital instruments	1,615	1,615
Tier 2 capital	2,723	3,155
thereof: profit participation certificates outstanding	1,081	1,152
thereof: subordinated liabilities	2,368	2,445
Tier 3 capital	0	0
Eligible own funds	8,204	8,152
Tier 1 ratio in %	8.0	7.4
Capital ratio in %	10.5	10.6

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

The Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority) published an amendment to the *Konzernabschlussüberleitungsverordnung* (KonÜV) – Consolidated Financial Statements Reconciliation Regulation) in the Federal Law Gazette on July 24, 2009. According to this, unrealized gains and losses on debt instruments are to be disregarded when calculating regulatory capital pursuant to sections 10 and 10a of the *Kreditwesengesetz* (KWG – German Banking Act). This amendment has been required to be applied since the reporting date of June 30, 2009.

(33) Risk capital

The following table shows the allocation of the Postbank Group's risk cover amount, broken down by risk types on the basis of the authorized risk capital, before and after factoring in correlation effects and the unallocated risk cover amount, as of September 30, 2009 compared with December 31, 2008.

Risk capital by risk types

Capital and risk components	Allocated risk capital	
	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Market risk	2,781	2,884
Credit risk	2,200	1,191
Operational risk	560	635
Investment and real estate risk	126	126
Collective risk	1,000	1,000
Business risk	1,893	1,893
Total before diversification	8,560	7,729
Diversification effects	1,456	1,332
Total after diversification	7,104	6,397
Unallocated risk cover amount	5,648	4,358
Total risk cover amount	12,752	10,755

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

(34) Related party disclosures

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

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

Related party receivables

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Loans and advances to other banks		
Companies with a significant influence	503	–
	503	–
Loans and advances to customers		
Deutsche Post AG	–	130
Companies with a significant influence	90	–
Subsidiaries	11	12
	101	142

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

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

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

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Trading assets		
Companies with a significant influence	2,786	–
	2,786	–
Hedging derivatives		
Companies with a significant influence	31	–
	31	–

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

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Investment securities		
Companies with a significant influence	319	–
	319	–

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

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Other assets		
Deutsche Post AG	–	35
Companies with a significant influence	10	–
Subsidiaries	–	1
Other related parties	–	2
	10	38

€10 million of the other assets attributable to companies with a significant influence relates to Deutsche Post AG.

Related party payables

	Sept. 30, 2009 €m	Dec. 31, 2008 €m
Deposits from other banks		
Companies with a significant influence	–	–
	–	–
Due to customers		
Deutsche Post AG	–	37
Subsidiaries	73	56
Other related parties	–	44
	73	137
Trading liabilities		
Companies with a significant influence	3,266	–
	3,266	–
Hedging derivatives		
Companies with a significant influence	31	–
	31	–
Other liabilities		
Deutsche Post AG	–	80
Companies with a significant influence	32	–
Subsidiaries	2	2
Other related parties	–	8
	34	90
Subordinated debt		
Subsidiaries	101	101
	101	101

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

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

€32 million of the other liabilities to companies with a significant influence relates to Deutsche Post AG; this concerns in particular liabilities from the retail outlet business as stipulated in the cooperation agreement.

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

As of the end of the reporting period, contingent liabilities from guarantees and warranty obligations to Deutsche Post AG amounted to €4 million (December 31, 2008: €7 million). There are no contingent liabilities from other obligations, i. e., from irrevocable loan commitments or similar obligations to subsidiaries and associates.

Income and expenses from related parties

	Jan. 1 – Sept. 30, 2009 €m	Jan. 1 – Sept. 30, 2008 €m
Interest income		
Deutsche Post AG	3	27
Companies with a significant influence	12	–
Subsidiaries	7	9
Other related parties	–	2
	22	38
Interest expense		
Deutsche Post AG	1	–
Companies with a significant influence	20	–
Subsidiaries	4	7
Other related parties	–	1
	25	8
Fee and commission income		
Deutsche Post AG	76	358
Companies with a significant influence	31	–
Subsidiaries	2	1
	109	359
Fee and commission expense		
Subsidiaries	14	9
	14	9
Net trading income		
Companies with a significant influence	– 146	–
	– 146	–
Net income from investment securities		
Subsidiaries	–	1
	–	1
Administrative expenses		
Deutsche Post AG	45	235
Companies with a significant influence	127	–
Subsidiaries	16	17
Other related parties	26	119
	214	371
Other income		
Deutsche Post AG	–	2
Subsidiaries	4	3
Other related parties	3	19
	7	24
Other expenses		
Deutsche Post AG	–	1
Companies with a significant influence	3	–
	3	1

€9 million of the interest income from companies with a significant influence relates to Deutsche Bank AG and €3 million to Deutsche Post AG.

The €20 million interest expense to companies with a significant influence relates to Deutsche Bank AG.

The fee and commission income from companies with a significant influence in the amount of €31 million mainly relates to income from Deutsche Post AG for the postal services provided in Deutsche Postbank AG's branches.

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

The administrative expenses attributable to companies with a significant influence in the amount of €127 million relate to payments to Deutsche Post AG for the financial services provided in its retail outlets and for postage expenses.

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

(35) Members of executive bodies

Management Board

The members of the Management Board of Deutsche Postbank AG are:	
Stefan Jütte, Bonn (Chairman since July 1, 2009)	
Wolfgang Klein, Bonn (Chairman)	until June 30, 2009
Dirk Berensmann, Unkel	until May 29, 2009
Mario Daberkow, Bonn	since May 30, 2009
Marc Hess, Bonn	since January 1, 2009
Horst Küpker, Bad Honnef	
Michael Meyer, Bonn	
Hans-Peter Schmid, Baldham	
Ralf Stemmer, Königswinter	

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

1. Shareholder representatives	
Frank Appel, Chairman of the Board of Management of Deutsche Post AG, Königswinter (Chairman)	
John Allan, Member of the Board of Management of Deutsche Post AG, Bonn	until September 1, 2009
Wilfried Boysen, Managing Director of Asklepios Kliniken GmbH (Holding), Hamburg	
Henry B. Cordes, *Ministerialdirektor*, Federal Ministry of Finance, Berlin	
Edgar Ernst, previously Member of the Board of Management of Deutsche Post AG, Bonn	
Tessen von Heydebreck, previously Member of the Board of Management of Deutsche Bank AG and current Chairman of the Board of Deutsche Bank Foundation, Berlin	since April 22, 2009
Peter Hoch, previously Member of the Executive Management Committee, Mastercard International, Munich	
Ralf Krüger, management consultant, Kronberg	
Hans-Dieter Petram, previously Member of the Board of Management of Deutsche Post AG, Inning	
Bernd Pfaffenbach, State Secretary, Federal Ministry of Economics and Technology, Wachtberg-Pech	until April 22, 2009
Lawrence Rosen, Member of the Board of Management of Deutsche Post AG, Bonn	since September 10, 2009
Elmo von Schorlemer, lawyer, Aachen	until April 22, 2009
Werner Steinmüller, Managing Director, Head of Global Transaction Banking, Deutsche Bank AG, Dreieich	since April 22, 2009

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

Responsibility Statement

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

Bonn, November 4, 2009
Deutsche Postbank Aktiengesellschaft

The Management Board

Stefan Jütte

Mario Daberkow

Marc Hess

Horst Küpker

Michael Meyer

Hans-Peter Schmid

Ralf Stemmer

Review Report

To Deutsche Postbank AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, statement of comprehensive income, condensed statement of cash flows, statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Postbank AG, Bonn for the period from January 1 to September 30, 2009, 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, November 4, 2009

PricewaterhouseCoopers
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

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

Financial Calendar

Fiscal year 2009

November 5, 2009	Interim Report as of September 30, 2009, analyst conference call

Fiscal year 2010

February 25, 2010	Publication of preliminary results 2009, analyst conference call and press conference
March 15, 2010	Publication of Group Annual Report 2009
April 29, 2010	Annual General Meeting
May 12, 2010	Interim Report as of March 31, 2010, analyst conference call
August 4, 2010	Interim Report as of June 30, 2010, analyst conference call
November 11, 2010	Interim Report as of September 30, 2010, analyst conference call

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

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Design and layout

EGGERT GROUP, Düsseldorf

Coordination/editing

Postbank
Investor Relations

Translation

Deutsche Post Foreign Language Service et al.

This Interim Report is printed on 100 % recycled paper.