Deutsche Postbank Group
Interim Report as of March 31, 2005

Postbank

Postbank in figures

		Jan. 1 – March 31	
		2005	2004
Consolidated income statement			
Balance sheet-related revenues	€m	514	493
Total income	€m	689	619
Administrative expenses	€m	476	437
Profit before tax	€m	165	143
Consolidated net profit	€m	106	92
Total cost/income ratio	%	69.1	70.6
Cost/income ratio in traditional banking business	%	66.3	–
Return on equity			
before tax	%	13.8	11.7
after tax	%	8.9	7.6
Earnings per share	€	0.65	0.56

		March 31, 2005	Dec. 31, 2004
Consolidated balance sheet			
Total assets	€m	128,790	128,119
Customer deposits	€m	70,822	71,651
Customer loans	€m	39,722	34,265
Allowance for losses on loans and advances	€m	711	667
Equity	€m	4,884	4,685
BIS regulatory indicators			
Tier 1 ratio	%	8.5	8.5
Capital ratio	%	10.3	10.9
Headcount	thousand	9.96	10.01
Long-term ratings			
Moody’s		A 1	A 1
	Outlook	stable	stable
Standard & Poor’s		A	A
	Outlook	stable	stable
Fitch		A	A
	Outlook	stable	stable
Information on Postbank shares			
Share price on March 31, 2005	€	35.50	–
Share price (January 1 to March 31)	high €	36.54	–
	low €	32.73	–
Market capitalization at the balance sheet date	€m	5,822	–
Number of shares	million	164.0	–

Ladies and Gentlemen,

After the very successful year of the IPO, our success story continued into the first quarter of 2005. We managed to increase pre-tax profit by 15.4 % year-on-year to €165 million. The return on equity before taxes rose by 2.1 percentage points to 13.8 %, and the cost/income ratio improved from 70.6 % in the previous year to 69.1 %. This performance is reflected in our share price, which advanced 9.2 % in the first three months alone.

In addition to volume growth, the focus is increasingly on expanding our customer relationships. Sales of products requiring greater advisory services, such as securities business, have been encouraging, and we have also achieved considerable growth on the financing side, particularly in our private mortgage lending business.

The influx of new customers remains strong: 190,000 people chose Postbank in the first three months of the new fiscal year. The integration of the payment transaction units of Deutsche Bank and Dresdner Bank into Transaction Banking is entirely according to plan. In addition, on January 1, 2005, we acquired ING BHF-Bank's activities in London, thereby regionally diversifying our loan portfolio, particularly in commercial real estate finance.

We acquired 9.2 % of the shares of BHW Holding from Ergo Versicherung at an attractive price, thereby securing interesting price opportunities and keeping all further options open. However, to what extent we participate in a bidding process to acquire the shares in full will depend on a number of conditions, with price also playing a decisive role.

Postbank continues to have an exciting journey ahead of it, a journey it will undertake with the help of its dedicated employees. I would therefore like to take this opportunity to extend my heartfelt thanks to them. I would be pleased if you, our shareholders, would accompany us further on this journey.

Wulf von Schimmelmann
Chairman of the Management Board

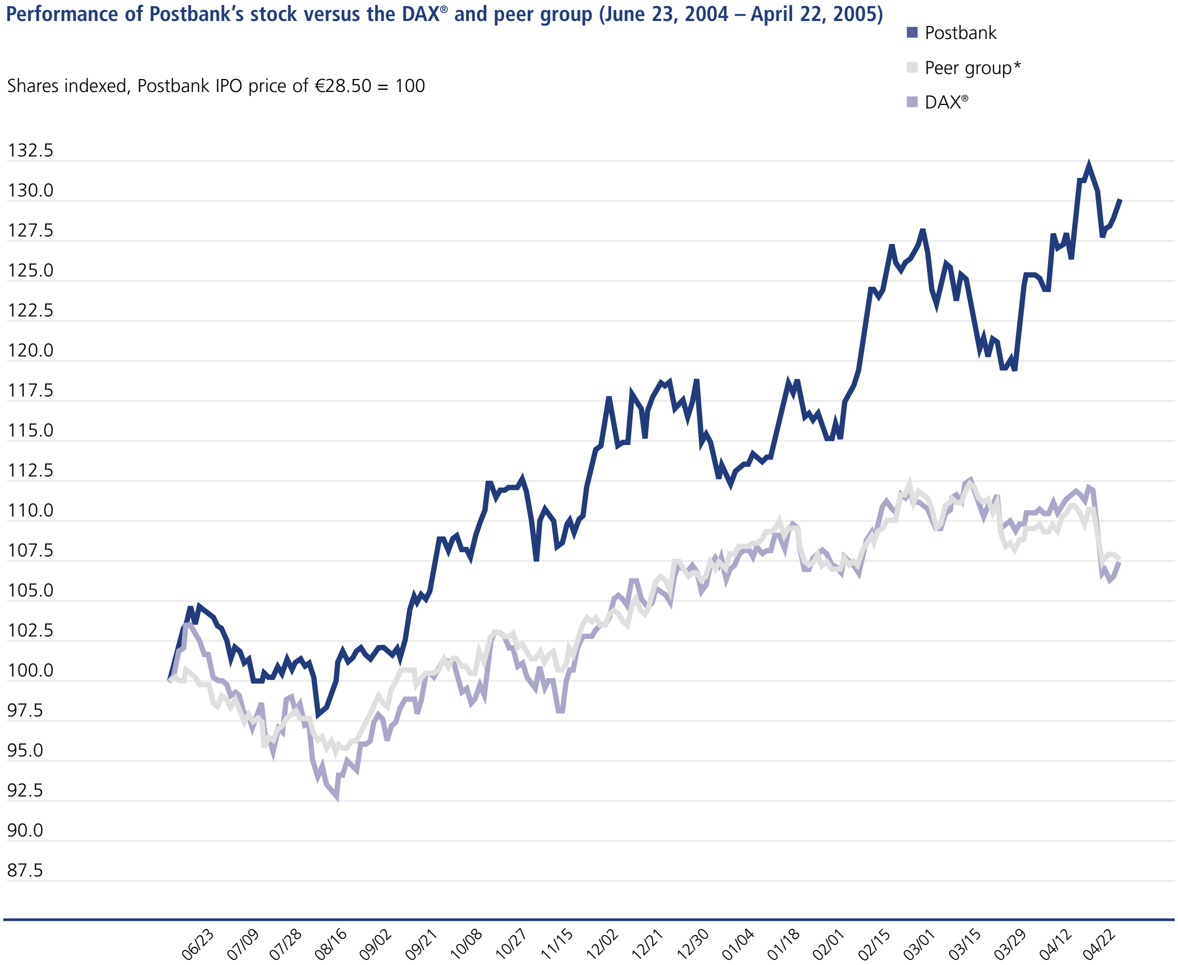
Postbank Stock

Best quarterly performance since the IPO

In Q1/2005, Postbank shares rose by 9.2 % to achieve their strongest quarterly gain since the IPO. Helped not only by the favorable market environment, they outperformed their peer group of nine leading European retail banks by a further 5.0 percentage points and beat the DAX®, the German stock index, by 6.9 percentage points.

Performance of Postbank's stock versus the DAX® and peer group (June 23, 2004 – April 22, 2005)

Shares indexed, Postbank IPO price of €28.50 = 100



*Banco Popular, Banco Populare di Verona e Novara, Forenings Sparbanken, Svenska Handelsbanken, Alliance & Leicester, Banco Espirito Santo, Erste Bank, Unicredito, RBOS

Particularly in Europe, investor interest in profiting from the continued outperformance is accordingly high. With share prices rising, turnover in Postbank shares again increased sharply. An average of 428,000 Postbank shares per day were traded via XETRA in Q1/2005, 29 % more than in Q4/2004.

Analysts raise price targets

Share analysts' ratings of Postbank also continue to be positive. Before and during the publication of our results at the end of February, twelve analysts raised their price targets and a further seven reiterated their targets. In none of the studies available to us were the price targets lowered. The overall ratings also remained positive, even though Postbank's share price has risen sharply in recent months. Only six institutions recommend underweighting or selling the stock. In contrast, eleven institutions advise holding Postbank shares and a further eleven recommend actively overweighting or buying the stock.

Postbank's stable business model is reflected in the low volatility of our shares, which react much less severely to overall market movements than do the EURO STOXX® Bank Index, the DAX® and the MDAX®. The proposed high dividend payment of €1.25 per share stands for stability and profitability.

Developments in Q1/2005

For the time being, key interest rates in Euroland are not expected to rise

Following an all in all positive start to the year, the short-term economic outlook for Germany and the euro zone has deteriorated, pointing to a slowdown in growth in the second quarter. In the second half of the year, however, the economy should pick up again due to the positive international environment and favorable monetary conditions. Global economic momentum will weaken slightly this year but still remain at a high level based on long-term comparisons. As the economic trend in the euro zone remains uncertain, the ECB is likely to wait a few more months before following the example of the US Federal Reserve and cautiously starting to raise key interest rates.

In the European banking sector, Continental European banks delivered a better share price performance overall than did UK institutions due to the good quality of their earnings. There was also fresh takeover speculation, fed by bids for banks in the comparatively ring-fenced Italian banking market.

Customer growth remains high as terms are defined with an eye toward earnings

In Q1/2005, Postbank increased the attractiveness of its core business by defining terms with an eye toward earnings. At 190,000, the number of new customers remained at a very high level. However, it failed to reach the record 263,000 new customers in the prior-year quarter, which was lifted by Postbank's IPO and the presence in the media associated with this. New customer numbers were also impacted by the fact that, in Q4/2004, the threshold for free account maintenance on "Postbank Giro plus" checking accounts – our flagship in terms of new customer acquisition – was raised by €250 to €1,250. At 124,000, the number of newly opened private checking accounts was slightly under the Q1/2004 record figure of 146,000. By contrast, market elasticity was significantly less than expected.

The savings volume increased by €214 million as against the end of 2004 to €41.1 billion. This growth was driven once again by the DAX® Sparbuch with a volume increase of around €150 million to €5.2 billion and by the SparCard direkt, a product only available online which recorded an inflow of around €550 million and increased its portfolio volume to €3.3 billion.

Therefore, the slight fall in customer deposits as against the end of 2004, by 1.3 % to €70.8 billion as of March 31, 2005, was due mainly to technical reporting date factors, in particular in the low-margin term deposit business with corporate customers. Customer loans rose to €39.7 billion at the end of Q1/2005, up from €30.1 billion at the end of Q1/2004 and €34.3 billion at the end of 2004, following adjustments to changed allocation criteria.

Securities business starts the new year with considerable growth

The volume of assets held in custody in our customers' brokerage accounts rose by 25 % from €5.5 billion in the prior-year quarter to €6.9 billion as of March 31, 2005, resulting in an average per account of €9,450. During the same period, the number of accounts fell by 8,000 to 730,000 due to the adjustment for inactive accounts. This figure includes 414,000 online accounts, almost 20,000 more than at the end of 2004.

Gross new business in the area of retail funds, including our newly issued Postbank Top Invest fund, rose by 32.5 % or €123 million year-on-year to €501 million. Postbank Top Invest invests the total amount held in various funds at regular intervals over a six-month period and pays interest on the remaining liquidity at 6 %. With this product launched in Q1/2005, we were able to generate a total of €282 million in new business within just a few weeks.

Customers purchased mainly higher-margin products such as real estate funds, which accounted for 45 %, equity funds (18 %), fixed-income funds (11 %), guarantee funds (10 %) and funds of funds (6 %).

Particularly encouraging is the recognition received by Postbank Best Invest Wachstum, a defensive fund of funds focusing on various asset classes in Europe. In handing out its annual "Fund Award", Standard & Poor's ranked this fund the best-performing fund in its peer group over a one-year period.

After barely a year on the market, Postbank Protekt Plus, a capital protection fund, reached the second level of guaranteed returns and generated an investment volume of €110 million.

Mobile sales organization continues to grow

The number of high-potential private customers receiving customer support from our mobile sales organization rose from 13,500 at the end of 2004 to 17,000 as of March 31, 2005. At the end of the quarter, Postbank had 384 experienced advisors under contract working exclusively on a commission basis to provide mobile customer services. By the end of 2005, this figure is set to rise to around 500. The success of this innovative sales channel is reflected in the key performance indicators: the gross commissions and number of products per customer are well above industry average.

Higher volume of customer loans due to record figures in private mortgage lending

In Q1/2005, Postbank achieved record growth in private mortgage lending with €4.8 billion of new business. Again, this came from two sources. Firstly, we recorded the highest quarterly volume of portfolio purchases to date at almost €3.3 billion. Secondly, we generated the strongest quarterly increase in private mortgage lending to date with new business of almost €1.5 billion, €380 million more than in the prior-year quarter. At the end of Q1/2005, the portfolio of private mortgage lending amounted to €26.1 billion as against €22.3 billion at the end of 2004.

Installment loans also recorded an encouraging trend with new business of €170 million, which led to an increase in the portfolio from €1.2 billion as of December 31, 2004 to almost €1.3 billion.

The volume of the entire customer loans business rose from €34.3 billion to €39.7 billion.

Transaction banking on schedule

The development of Postbank's transaction banking business proceeded on schedule, and the operational consolidation was completed. This involved the closure of a further four Deutsche Bank and Dresdner Bank sites. The required restructuring measures are being implemented on schedule so that the targeted headcount of both companies will be achieved in Q2/2005.

Number of employees reduced

The number of full-time equivalents within the Postbank Group fell from 10,006 on December 31, 2004 to 9,963 on March 31, 2005.

Important developments relating to the consolidated income statement

Postbank made a successful start to 2005. At €165 million, the Q1 pre-tax profit was a substantial 15.4 % up on the first quarter of the previous year, marking a further step toward meeting our targets.

Contributing to the good result was a significant increase in income accompanied by a limited rise in administrative expenses and the allowance for losses on loans and advances, which was largely due to the expansion of business.

Postbank was able to continue reducing its cost/income ratio, from 70.6 % in the prior-year quarter to 69.1 % in Q1/2005. In traditional banking business, i.e. excluding Transaction Banking, it was 66.3 %.

The successful business development is reflected in the return on equity before taxes, which rose sharply from 11.7 % in Q1/2004 to 13.8 % in Q1/2005.

Income improved significantly year-on-year, by 11.3 % to €689 million.

Balance sheet-related revenues, i.e. the total of net interest income, net trading income and net income from investment securities, rose by 4.3 % to €514 million. This positive development was supported by strong net interest income, which was able to continue its positive trend, increasing by 15.9 % to €422 million based on encouraging volume growth in customer business. Postbank was thus able to significantly overcompensate for the decrease in net trading income by 24.4 % to €31 million and net income from investment securities by 30.7 % to €61 million, as compared with the strong prior-year quarter.

The 38.9 % increase in net fee and commission income to €175 million reflects our successful private customer business and, among other aspects, the fact that the income from Transaction Banking was not included in Q1/2004.

At €51 million, the allowance for losses on loans and advances was 24.4% up on Q1/2004. This change reflects the successful expansion of the customer loan business. At around 38 basis points in Q1/2005, the ratio of the allowance for losses on loans and advances to risk-weighted assets remained stable year-on-year and therefore in line with our expectations.

We are very pleased with the change in administrative expenses. The 8.9 % year-on-year increase to €476 million is due almost exclusively to the acquisition of business units, particularly in Transaction Banking. The stable trend in our cost base once again underlines Postbank's high efficiency and our ability to expand customer business while keeping marginal costs low, based on our scalable platform model.

At €3 million in Q1/2005, net other operating income and expenses were roughly on a level with the €2 million posted in Q1/2004.

The encouraging 15.4 % increase in the pre-tax profit to €165 million can also be seen at segment level. In Retail Banking, pre-tax profit rose by 36 .4 % to €120 million. The Corporate Banking segment contributed €32 million, up 6.7 % year-on-year, while Transaction Banking, which did not exist in Q1/2004, contributed €5 million and the Financial Markets segment €29 million, a year-on-year increase of 7.4 %. The Others segment made a negative contribution of €21 million, compared with a previous loss of €2 million.

After accounting for a tax rate of around 35 %, the net profit for the period amounted to €106 million, an increase of 15.2 % on Q1/2004.

Earnings per share based on 164 million registered shares were €0.65 in Q1/2005, compared with €0.56 in the prior-year period.

Total assets

At €128.8 billion, Postbank's total assets as of March 31, 2005 were roughly on a level with the end of the previous year (€128.1 billion). The structural changes to the individual items on the assets side of the balance sheet were due to the ongoing expansion of customer loan business. Based on strong growth in private mortgage lending volumes, we were able to increase loans and advances to customers by €2.2 billion to €49.9 billion. On the other hand, we reduced investment securities, which are used mainly for investing our surplus of deposits. On the liabilities side, amounts due to customers largely remained stable, while securitized liabilities, which are a comparatively expensive form of refinancing, were reduced by a further €1.1 billion to €15.4 billion. Encouragingly, shareholders' equity grew by around €200 million to almost €4.9 billion. Individual items were adjusted in accordance with the revised IFRSs applicable from fiscal year 2005 onwards.

The BIS Tier 1 ratio was unchanged at 8.5 % as of March 31, 2005, compared to the end of the previous year.

Segment reporting

In the period under review, the segment figures for Q1/2004 were adjusted to improve comparability. This was largely due to the changed allocation criteria and the reduction in the computed interest on equity from 6 % to 5 % at the end of 2004, retrospective for the year as a whole. The following report refers to the adjusted basis. All operational segments were able to improve on their previous year's first-quarter results.

Retail Banking

We maintained our success course in Retail Banking: our pre-tax profit in Q1/2005 improved year-on-year by 36 % to €120 million. Net interest income rose by 6 % to €408 million, due above all to the increase in deposits by €1.9 billion to €57.3 billion as well as to the year-on-year increase in the volume of customer loans by €8.7 billion to €28.5 billion as of March 31, 2005. Net fee and commission income again increased by 11.5 % to €87 million year-on-year. Total income grew by 6.9 % to €495 million. Administrative expenses in this segment were reduced by 2.9% to €339 million. The cost/income ratio decreased from 75.4 % in Q1/2004 to 68.5 % in Q1/2005. At the same time, return on equity before taxes improved during the same period from 17.6 % to 21.0 %.

Corporate Banking

The pre-tax profit in Corporate Banking rose year-on-year by 6.7 % to €32 million, while total income increased by 17.1 % to €82 million. Here as well, the positive development is attributable in particular to the increase in deposits by €2.7 billion and loans by €1.0 billion as of March 31, 2005 when compared to March 31, 2004. Administrative expenses rose, also due to the expansion of business, by 28.1 % to €41 million. The cost/income ratio thus increased from 45.7 % to 50.0 % during the period under review while the return on equity before taxes improved year-on-year to 32.3 % from 27.8 %.

Transaction Banking

The Transaction Banking segment, which did not exist in Q1/2004, reported a total income of €74 million in Q1/2005 while administrative expenses were €68 million. The cost/income ratio is 91.9 %.

Financial Markets

In Q1/2005, Financial Markets was able to increase pre-tax profit by 7.4 % to €29 million and, unchanged year-on-year, report a total income of €47 million. Administrative expenses were reduced by €1.0 million to €20 million. The cost/income ratio decreased from 44.7 % to 42.6 % while return on equity significantly improved from 11.5 % in Q1/2004 to 17.9 % in the quarter under review.

Others

In the Others segment, pre-tax loss fell from €2 million in Q1/2004 to €21 million in the period under review. Compared to Q1/2004 the effects of the Transaction Banking segment, launched in mid-2004, are becoming clear: in contrast to Q1/2004, the effects due to the handling of payment transactions for internal customers were eliminated. The remaining net fee and commission income is therefore negative in Q1/2005. This results in the total income for the segment being negative at €–9 million, after €39 million in Q1/2004. Internal consolidations also distort the comparison of administrative expenses. Return on equity is –6.2 % compared with –0.8 % in Q1/2004.

Outlook

The macroeconomic situation in the USA suggests that a series of further increases in key interest rates is likely in the course of 2005. In our view, the ECB might also raise its key interest rate to 2.5 % by the end of the year. However, as the economic recovery will very probably remain moderate and a sustained acceleration in price increases is unlikely, the resulting spreads in the bond market should stay within narrow limits.

For Postbank, Q1/2005 marks a further step toward achieving our target for 2006: a return on equity before taxes of 15 % and a cost/income ratio in traditional banking business of below 65 %.

Based on a steady expansion of our customer business, we also aim to continually improve on the results for each prior-year quarter in the coming quarters of this year.

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Consolidated income statement for the period January 1 to March 31, 2005

	Note	Jan. 1 – March 31 2005 €m	2004 €m
Interest income	(4)	1,291	1,307
Interest expense	(4)	–869	–943
Net interest income	(4)	422	364
Allowance for losses on loans and advances	(5)	–51	–41
Net interest income after allowance for losses on loans and advances		371	323
Fee and commission income	(6)	196	147
Fee and commission expense	(6)	–21	–21
Net fee and commission income	(6)	175	126
Net trading income	(7)	31	41
Net income from investment securities	(8)	61	88
Administrative expenses	(9)	–476	–437
Other income	(10)	24	22
Other expenses	(11)	–21	–20
Profit before tax		165	143
Income tax expense		–58	–50
Profit from ordinary activities after tax		107	93
Minority interest		–1	–1
Consolidated net profit		**106**	**92**

Earnings per share

The average number of shares outstanding in fiscal year 2005 was 164,000,000.

	Jan. 1 – March 31 2005	2004
Basic earnings per share (€)	0.65	0.56
Diluted earnings per share (€)	0.65	0.56

The diluted earnings per share are the same as the basic earnings per share because, as in the previous year, there were no conversion or option rights outstanding at the balance sheet date, and hence there was no dilutive effect.

Consolidated income statement: quarterly overview

	2005	2004			
	Q1	Q4	Q3	Q2	Q1
	€m	€m	€m	€m	€m
Interest income	1,291	1,330	1,335	1,299	1,307
Interest expense	–869	–911	–931	–919	–943
Net interest income	422	419	404	380	364
Allowance for losses on loans and advances	–51	–59	–44	–41	–41
Net interest income after allowance for losses on loans and advances	371	360	360	339	323
Fee and commission income	196	213	189	157	147
Fee and commission expense	–21	–34	–20	–19	–21
Net fee and commission income	175	179	169	138	126
Net trading income	31	12	59	86	41
Net income from investment securities	61	120	53	36	88
Administrative expenses	–476	–514	–488	–454	–437
Other income	24	88	28	23	22
Other expenses	–21	–70	–21	–22	–20
Profit before tax	165	175	160	146	143
Income tax expense	–58	–46	–56	–51	–50
Profit from ordinary activities after tax	107	129	104	95	93
Minority interest	–1	–	–	–	–1
Consolidated net profit	**106**	**129**	**104**	**95**	**92**

Consolidated balance sheet as of March 31, 2005

Assets	Note	March 31, 2005 €m	Dec. 31, 2004 €m
Cash reserve		537	1,125
Loans and advances to other banks	(12)	23,604	23,820
Loans and advances to customers	(13)	49,893	47,739
Allowance for losses on loans and advances	(15)	–711	–667
Trading assets	(16)	12,063	9,695
Hedging derivatives		882	973
Investment securities	(17)	40,566	43,483
Property and equipment	(18)	860	926
Other assets	(19)	1,096	1,025
Total assets		**128,790**	**128,119**

Shareholders' equity and liabilities	Note	March 31, 2005 €m	Dec. 31, 2004 €m
Deposits from other banks	(20)	18,996	16,215
Due to customers	(21)	80,209	80,519
Securitized liabilities	(22)	15,381	16,490
Trading liabilities	(23)	2,250	2,702
Hedging derivatives		1,943	2,245
Provisions	(24)	1,904	1,938
Other liabilities	(25)	377	517
Subordinated debt	(26)	2,846	2,808
Shareholders' equity		4,884	4,685
a) Issued capital		410	410
b) Share premium		1,160	1,159
c) Retained earnings		3,207	2,695
d) Consolidated net profit		106	420
Minority interest		1	1
Total liabilities and shareholders' equity		**128,790**	**128,119**

Statement of changes in equity

	Issued capital	Share premium	Retained earnings	Currency translation reserve	Revaluation reserve	Consoli-dated net profit	Total	Minority interest	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at December 31, 2003	**410**	**1,159**	**3,002**	**–94**	**–200**	**589**	**4,866**	**14**	**4,880**
First-time application of IAS 39 (rev. 2003)									
Cumulative impairment			–422		422		0		0
New designation of financial instruments					–141		–141		–141
Balance at Jan. 1, 2004	**410**	**1,159**	**2,580**	**–94**	**81**	**589**	**4,725**	**14**	**4,739**
First-time application of IAS 39 (rev. 2003)									
Cumulative impairment			11		–11		0		0
New designation of financial instruments					65		65		65
Dividend payment						–589	–589		–589
Currency translation differences				7			7		7
Changes in unrealized gains and losses, net of deferred taxes					49		49		49
Consolidated net profit January 1 – March 31, 2004						92	92		92
Total of items that change share-holders' equity in accordance with IAS 1.96c (rev. 2003)							148		148
Balance at March 31, 2004	**410**	**1,159**	**2,591**	**–87**	**184**	**92**	**4,349**	**14**	**4,363**
First-time application of IAS 39 (rev. 2003)									
Cumulative impairment			2		–2		0		0
New designation of financial instruments					33		33		33
Currency translation differences				–33			–33		–33
Changes in unrealized gains and losses, net of deferred taxes					7		7		7
Consolidated net profit April 1 – Dec. 31, 2004						328	328	1	329
Total of items that change share-holders' equity in accordance with IAS 1.96c (rev. 2003)							302	1	303
Other changes								–14	–14
Balance at Dec. 31, 2004	**410**	**1,159**	**2,593**	**–120**	**222**	**420**	**4,684**	**1**	**4,685**
Currency translation differences				13			13		13
Changes in unrealized gains and losses, net of deferred taxes					79		79		79
Consolidated net profit January 1 – March 31, 2005						106	106	1	107
Total of items that change share-holders' equity in accordance with IAS 1.96c (rev. 2003)							198	1	199
Treasury shares		1					1		1
Consolidated net profit 2004			420			–420	0	–1	–1
Balance at March 31, 2005	**410**	**1,160**	**3,013**	**–107**	**301**	**106**	**4,883**	**1**	**4,884**

Consolidated cash flow statement

	Jan. 1 – March 31 2005 €m	2004 €m
Cash and cash equivalents at beginning of period	**1,125**	**1,623**
Net cash from/ used in operating activities	–3,667	5,881
Net cash from investing activities	3,077	–6,117
Net cash used in/from financing activities	5	–577
Effect of exchange differences	–3	–
Cash and cash equivalents at March 31, 2005	**537**	**810**

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

Notes to the interim financial statements

(1) Segment reporting

Segment reporting by business division

	Retail Banking		Corporate Banking		Transaction Banking		Financial Markets		Others		Group	
	Jan.1–March 31		Jan.1–March 31		Jan.1–March 31		Jan.1–March 31		Jan.1–March 31		Jan.1–March 31	
	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m
Net interest income	408	385	55	49	1	–	21	16	–63	–86	422	364
Net trading income	–	–		1	–	–	8	15	23	25	31	41
Net income from investment securities	–	–	3	1	–	–	1	1	57	86	61	88
Balance sheet-related revenues	**408**	**385**	**58**	**51**	**1**	**–**	**30**	**32**	**17**	**25**	**514**	**493**
Net fee and commission income	87	78	24	19	73	–	17	15	–26	14	175	126
Total income	**495**	**463**	**82**	**70**	**74**	**–**	**47**	**47**	**–9**	**39**	**689**	**619**
Administrative expenses	–339	–349	–41	–32	–68	–	–20	–21	–8	–35	–476	–437
Allowances for losses on loans and advances	–36	–27	–9	–8	–	–	1	1	–7	–7	–51	–41
Other income/ expense	–	1	–	–	–1	–	1	–	3	1	3	2
Profit before tax	**120**	**88**	**32**	**30**	**5**	**–**	**29**	**27**	**–21**	**–2**	**165**	**143**
Cost/income ratio (CIR)	**68.5 %**	**75.4 %**	**50.0 %**	**45.7 %**	**91.9 %**	**–**	**42.6 %**	**44.7 %**	**–**	**–**	**69.1 %**	**70.6 %**
Return on equity before taxes (RoE)	**21.1 %**	**17.6 %**	**32.3 %**	**27.8 %**	**–**	**–**	**17.9 %**	**11.5 %**	**–6.2 %**	**–0.8 %**	**13.8 %**	**11.7 %**

	March 31 2005 €m	Dec. 31 2004 €m	March 31 2005 €m	Dec. 31 2004 €m	March 31 2005 €m	Dec. 31 2004 €m	March 31 2005 €m	Dec. 31 2004 €m	March 31 2005 €m	Dec. 31 2004 €m	March 31 2005 €m	Dec. 31 2004 €m
Segment assets	**28,593**	**24,740**	**13,880**	**11,250**	**209**	**240**	**20,618**	**18,245**	**62,826**	**70,262**	**126,126**	**124,737**
Segment liabilities	**57,299**	**56,970**	**16,782**	**17,674**	**82**	**73**	**9,475**	**8,562**	**33,198**	**32,647**	**116,836**	**115,926**

The prior-period amounts were adjusted to reflect the organizational structures prevailing in 2005 as well as modified allocation criteria.

Segment reporting by geographical region

	Assets		Liabilities		Income		Profit before tax	
	March 31 2005 €m	Dec. 31 2004 €m	March 31 2005 €m	Dec. 31 2004 €m	Jan. 1 – March 31 2005 €m	Jan. 1 – March 31 2004 €m	Jan. 1 – March 31 2005 €m	Jan. 1 – March 31 2004 €m
Germany	91,004	91,457	83,156	83,707	640	586	134	122
Others	35,122	33,280	33,680	32,219	49	33	31	21
Europe	32,181	30,714	31,061	29,965	32	17	24	13
USA	2,941	2,566	2,619	2,254	17	16	7	8
Total	**126,126**	**124,737**	**116,836**	**115,926**	**689**	**619**	**165**	**143**

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

Basis of preparation

(2) Basis of accounting

The interim financial statements were prepared in accordance with EC Directives 83/349/EEC (Consolidated Accounts Directive) and 86/635/EEC (Bank Accounts Directive) on the basis of the International Financial Reporting Standards (IFRSs) approved and issued by the International Accounting Standards Board (IASB), insofar as these were applicable at the balance sheet date. In particular, the interim financial statements also comply with the IAS 34 requirements for interim financial reports.

Unless outlined separately below, the same accounting policies used in preparing the 2004 consolidated financial statements were applied in preparing the interim report as of March 31, 2005.

With the "IAS 32/39" project and the "IAS Improvements Project", the IASB revised a number of IFRSs. The revised Standards must be applied from January 1, 2005 onwards, as must the new Standards IFRS 1 to 5 with the exception of IFRS 3, which must be applied to new acquisitions effected subsequent to March 31, 2004.

The main changes resulting from the first-time application of the new Standards at Postbank relate to the following:

a) Impairment of equities

Under IAS 39.61 (rev. 2003), a significant or prolonged decline in the fair value of an equity instrument held by an enterprise below its cost now represents objective evidence of impairment. The retrospective application of this revised Standard entailed the recognition of cumulative impairment losses on equities of €409 million on January 1, 2005. This amount was reclassified in equity from the revaluation reserve to retained earnings.

b) Reclassification – New definition of the asset category "Loans and Receivables"
IAS 39.9 (rev. 2003) redefines the category "Loans and Receivables" (LaR), among other things. Instead of the criterion "direct provision to the debtor", the determining factor is now that the financial instruments are not quoted in an active market (within the meaning of IAS 39, AG 71).

The previous classifications were adjusted to reflect the new definition on January 1, 2005. The application of this revised Standard resulted in a cumulative amount arising on reclassification on January 1, 2005 of €-43 million. The revaluation reserve was reduced by this amount. In this context, loans and advances to other banks were adjusted downward by €22 million, loans and advances to customers upward by €24 million, investment securities downward by €98 million and provisions for deferred taxes downward by €53 million.

c) Amortization of goodwill
Under IFRS 3, existing goodwill ceases to be amortized from fiscal year 2005 onwards, but is instead tested annually for impairment.

The effects of the retrospective application of the new standard are contained in the "Statement of changes in equity". Henceforth, this overview also contains minority interests which, under the revised IAS 1 (rev. 2003), are reported under equity, rather than as a separate item before equity as they were previously.

Unless otherwise indicated, all amounts are shown in millions of euros (€m).

(3) Basis of consolidation
In addition to the parent company Deutsche Postbank AG, Bonn, 33 (December 31, 2004: 33) subsidiaries and 2 (December 31, 2004: 2) joint ventures, all of which are presented in the list of shareholdings (note 31), are included in the consolidated interim financial statements as of March 31, 2005.

The London branch is included in the figures of the parent company Deutsche Postbank AG for the first time.

In accordance with Interpretation SIC-12 issued by the International Financial Reporting Interpretations Committee (IFRIC), which requires the consolidation of special purpose entities under certain conditions, a total of 25 (December 31, 2004: 25) special funds were included as special purpose entities in the consolidated financial statements.

In Q1/2005, there were no changes as against December 31, 2004.

Income statement disclosures

(4) Net interest income

	Jan. 1 – March 31 2005 €m	2004 €m
Interest and current income		
Interest income from		
Lending and money market transactions	838	738
Fixed-income and book-entry securities	361	473
Trading operations	61	64
Net gains on hedges	–5	12
	1,255	**1,287**
Current income from		
Equities and other non-fixed-income securities	36	20
Investments in associates	–	–
	36	**20**
	1,291	**1,307**
Interest expense on		
Deposits	520	528
Securitized liabilities	189	273
Subordinated debt	39	24
Swaps (hedge accounting in accordance with IAS 39)	78	104
Trading operations	43	14
	869	**943**
Total	**422**	**364**

(5) Allowance for losses on loans and advances

	Jan. 1 – March 31 2005 €m	2004 €m
Cost of additions to allowance for losses on loans and advances	60	63
Direct loan write-offs	3	2
Income from reversals	11	24
Recoveries on loans previously written off	1	–
Total	**51**	**41**

(6) Net fee and commission income

	Jan. 1 – March 31 2005 €m	2004 €m
Money transmission and clearing business	83	77
Securities business	23	25
Lending and guarantee business	12	7
Other fee and commission income	57	17
Total	**175**	**126**

(7) Net trading income

	Jan. 1 – March 31 2005 €m	2004 €m
Net income from interest rate products	3	69
Net gain on derivatives carried in the trading portfolio and the banking book	26	–32
Net income from equities	1	–3
Foreign exchange income/loss	2	7
Fee and commission income – trading portfolio	–1	–
Total	**31**	**41**

(8) Net income from investment securities

	Jan. 1 – March 31 2005 €m	2004 €m
Net income from bonds and promissary note loans	26	90
Net income from equities and other non-fixed-income securities	41	–2
Impairment	–6	–
Total	**61**	**88**

(9) Administrative expenses

	Jan. 1 – March 31 2005 €m	2004 €m
Staff costs	165	142
Other administrative expenses	296	275
Depreciation and write-downs of property and equipment	15	20
Total	**476**	**437**

(10) Other income

	Jan. 1 – March 31 2005 €m	2004 €m
Income from property and equipment	14	7
Other operating income	10	15
Total	**24**	**22**

(11) Other expenses

	Jan. 1 – March 31 2005 €m	2004 €m
Amortization and write-downs of intangible assets	11	10
Miscellaneous	10	10
Total	**21**	**20**

Balance sheet disclosures

(12) Loans and advances to other banks

	March 31, 2005 €m	Dec. 31, 2004 €m
Payable on demand	1,744	2,188
Other loans and advances	21,860	21,632
Total	**23,604**	**23,820**

(13) Loans and advances to customers

	March 31, 2005 €m	Dec. 31, 2004 €m
Private mortgage lending	26,090	22,306
Public sector	10,512	11,051
Installment credits	1,265	1,193
Other loans and advances	12,026	13,189
Total	**49,893**	**47,739**

(14) Total credit extended

	March 31, 2005 €m	Dec. 31, 2004 €m
Loans and advances to other banks	23,604	23,820
Loans and advances to customers	49,893	47,739
Guarantees	1,258	1,110
Total	**74,755**	**72,669**

(15) Allowance for losses on loans and advances

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

	March 31, 2005 €m	Dec. 31, 2004 €m
Specific valuation allowances	671	627
Global valuation allowances	40	40
Allowance for losses on loans and advances	711	667
Provisions for credit risks	9	9
Total	**720**	**676**

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

	2005 €m	2004 €m
Balance at January 1	**667**	**597**
Additions		
Allowance for losses on loans and charged to the income statement	60	63
Currency translation differences	1	2
Disposals		
Utilization	6	11
Allowance for losses on loans and advances reversed to the income statement	11	24
Balance at March 31	**711**	**627**

(16) Trading assets

	March 31, 2005 €m	Dec. 31, 2004 €m
Bonds and other fixed-income securities	9,648	6,859
Equities and other non-fixed-income securities	67	82
Positive fair values of derivatives carried as trading assets	2,107	2,296
Positive fair values of banking book derivatives	241	458
Total	**12,063**	**9,695**

(17) Investment securities

	March 31, 2005 €m	Dec. 31, 2004 €m
Bonds and other fixed-income securities	37,037	40,364
Equities and other non-fixed-income securities	3,496	3,086
Investments in associates	18	18
Investments in unconsolidated subsidiaries	15	15
Total	**40,566**	**43,483**

(18) Property and equipment

	March 31, 2005 €m	Dec. 31, 2004 €m
Land and buildings	757	817
Operating and office equipment	94	100
Advance payments and assets under development	9	9
Total	**860**	**926**

(19) Other assets

	March 31, 2005 €m	Dec. 31, 2004 €m
Deferred tax assets	495	520
Intangible assets	172	168
Prepaid expenses	166	119
Receivables from tax authorities	74	81
Miscellaneous	189	137
Total	**1,096**	**1,025**

(20) Deposits from other banks

	March 31, 2005 €m	Dec. 31, 2004 €m
Payable on demand	959	916
Other deposits	18,037	15,299
Total	**18,996**	**16,215**

(21) Due to customers

	March 31, 2005 €m	Dec. 31, 2004 €m
Savings deposits	36,763	36,158
Other amounts due		
Payable on demand	21,775	21,255
With an agreed maturity or withdrawal notice	21,671	23,106
	43,446	**44,361**
Total	**80,209**	**80,519**

(22) Securitized liabilities

	March 31, 2005 €m	Dec. 31, 2004 €m
Mortgage bonds	182	181
Public-sector mortgage bonds (*Pfandbriefe*)	709	1,073
Other debt instruments	14,490	15,236
Total	**15,381**	**16,490**

(23) Trading liabilities

	March 31, 2005 €m	Dec. 31, 2004 €m
Negative fair values of trading derivatives	1,967	2,111
Negative fair values of banking book derivatives	248	540
Other trading assets (short sales of securities)	35	51
Total	**2,250**	**2,702**

(24) Provisions

	March 31, 2005 €m	Dec. 31, 2004 €m
Provisions for pensions and other employee benefits	586	584
Provisions for taxes	942	941
Other provisions	376	413
Total	**1,904**	**1,938**

(25) Other liabilities

	March 31, 2005 €m	Dec. 31, 2004 €m
Trade payables	44	56
Liabilities from other taxes	22	147
Liabilities from income taxes	–	1
Miscellaneous liabilities	301	310
Deferred income	10	3
Total	**377**	**517**

(26) Subordinated debt

	March 31, 2005 €m	Dec. 31, 2004 €m
Subordinated liabilities	1,521	1,512
Hybrid capital instruments	805	783
Profit participation certificates outstanding	464	458
Contributions by typical silent partners	56	55
Total	**2,846**	**2,808**

Other disclosures

(27) Contingencies and obligations

	March 31, 2005 €m	Dec. 31, 2004 €m
Contingent liabilities		
on guarantees and warranties	1,258	1,110
Other obligations		
Irrevocable loan commitments	13,965	13,518
Total	**15,223**	**14,628**

(28) 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:

	Nominal amounts		Positive fair values		Negative fair values	
	March 31, 2005 €m	Dec. 31, 2004 €m	March 31, 2005 €m	Dec. 31, 2004 €m	March 31, 2005 €m	Dec. 31, 2004 €m
Trading derivatives	294,275	224,044	2,348	2,754	2,215	2,651
Hedging derivatives	33,623	39,203	882	973	1,943	2,245
Total	**327,898**	**263,247**	**3,230**	**3,727**	**4,158**	**4,896**

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

			Fair Value			
	Nominal amounts		Positive fair values		Negative fair values	
	March 31, 2005 €m	Dec. 31, 2004 €m	March 31, 2005 €m	Dec. 31, 2004 €m	March 31, 2005 €m	Dec. 31, 2004 €m
Trading derivatives						
Foreign currency derivatives	13,861	13,854	198	596	188	535
Interest rate derivatives	278,267	206,286	2,114	2,129	1,955	2,055
Equity/index derivatives	1,440	1,072	15	13	55	48
Credit derivatives	707	832	21	16	17	13
Total holdings of trading derivatives	**294,275**	**224,044**	**2,348**	**2,754**	**2,215**	**2,651**
Hedging derivatives						
Fair value hedges	33,622	39,202	882	973	1,943	2,245
Cash flow hedges	1	1	–	–	–	–
Total holdings of hedging derivatives	**33,623**	**39,203**	**882**	**973**	**1,943**	**2,245**
Total holdings of derivatives	**327,898**	**263,247**	**3,230**	**3,727**	**4,158**	**4,896**

(29) Market price risk from trading activities

	Trading book March 31, 2005 €m	Trading book Dec. 31, 2004 €m
Value at risk	9.99	6.74
Minimum value at risk	5.92	4.43
Maximum value at risk	13.90	16.42
Average value at risk	**10.20**	**8.69**

The Postbank Group's values at risk assume a confidence level of 99 % and a holding period of ten trading days.

(30) Risk 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 Basel Capital Accord were as follows:

	March 31, 2005 €m	Dec. 31, 2004 €m
Risk-weighted assets	53,601	50,043
Market risk positions	6,275	5,938
Positions for which capital charges are required	59,876	55,981
Tier 1 capital	4,574	4,231
thereof: hybrid capital instruments	851	635
Tier 2 capital	1,597	1,862
Profit participation certificates outstanding	359	359
Subordinated liabilities	1,238	1,247
Other components	–	256
Tier 3 capital	–	–
Eligible own funds	6,171	6,093
Tier 1 ratio (%)	8.5	8.5
Capital ratio (%)	10.3	10.9

(31) Subsidiaries

Name and domicile	Equity interest (%) direct	Equity interest (%) indirect
1) Fully consolidated companies:		
Deutsche Postbank International S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Asset Management S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Capital Management S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Vermögens-Management S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, Bonn		90.0
Postbank Systems AG, Bonn	100.0	
Ralos Verwaltung GmbH & Co. Vermietungs KG, Munich	94.0	
DSL Finance N.V., Amsterdam, The Netherlands	100.0	
DSL Holding AG i.A., Bonn	100.0	
Deutsche Postbank Financial Services GmbH, Frankfurt/Main	100.0	
Deutsche Postbank Finance Center Objekt GmbH, Munsbach, Luxembourg		90.0
DPBI Immobilien KGaA, Munsbach, Luxembourg	10.0	0.1
Postbank Leasing GmbH, Bonn	100.0	
PB (USA) Holdings Inc., Wilmington, Delaware, USA	100.0	
PB Capital Corp., Wilmington, Delaware, USA		100.0
PB Realty Corp., New York, USA		94.7
PB Finance (Delaware) Inc., Wilmington, Delaware, USA		100.0
PB Factoring GmbH, Bonn	100.0	
Postbank Vermögensberatung AG, Bonn	100.0	
Postbank Vermögensberatung Service GmbH, Cologne	100.0	
PB Firmenkunden AG, Bonn	100.0	
Betriebs-Center für Banken Deutschland GmbH & Co. KG, Frankfurt/Main	100.0	
Betriebs-Center für Banken Verwaltungs GmbH, Frankfurt/Main	100.0	
Betriebs-Center für Banken Frankfurt am Main GmbH, Frankfurt/Main		100.0
Betriebs-Center für Banken Berlin GmbH, Frankfurt/Main		100.0
Dresdner Zahlungsverkehrsservice GmbH, Frankfurt/Main		100.0
Betriebs-Center für Banken Payments AG, Frankfurt/Main		100.0
Deutsche Postbank Funding LLC I, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding LLC II, Wilmington. Delaware, USA	100.0	
Deutsche Postbank Funding Trust I, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding Trust II, Wilmington, Delaware, USA	100.0	
2) Proportionately consolidated companies:		
PB Lebensversicherung AG, Hilden	50.0	
PB Versicherung AG, Hilden	50.0	

(32) Members of executive bodies
Management Board

The members of the Management Board are:
Wulf von Schimmelmann, Bonn (Chairman)
Dirk Berensmann, Unkel
Stefan Jütte, Bonn
Wolfgang Klein, Bonn
Loukas Rizos, Bonn
Lothar Rogg, Bonn
Ralf Stemmer, Königswinter

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

1. Shareholder representatives

Dr. Klaus Zumwinkel, Chairman of the Board of Management of Deutsche Post AG, Bonn (Chairman)	
Wilfried Boysen, Hamburg	
Dr. Edgar Ernst, Member of the Board of Management of Deutsche Post AG, Bonn	
Dr. Peter Hoch, Munich	
Prof. Dr. Ralf Krüger, management consultant, Professor at the Fachhochschule Wiesbaden, Kronberg	
Dr. Hans-Dieter Petram, Member of the Board of Management of Deutsche Post AG, Bonn	
Dr. Klaus Schlede, previously Deputy Chairman of the Management Board of Deutsche Lufthansa AG, Cologne	
Elmo von Schorlemer, lawyer, Aachen	
Dr. Manfred Schüler, State Secretary (retd.), Wachtberg	
Dr. Bernd Pfaffenbach, State Secretary, Federal Ministry of Economics and Labor, Berlin	since February 16, 2005

2. Employee representatives

Michael Sommer, Chairman of the German Trade Union Federation, Berlin (Deputy Chairman)
Marietta Auer, Head of Department, Deutsche Postbank AG, Head Office, Bonn
Rosemarie Bolte, Head of Specialist Department of the ver.di Trade Union, Stuttgart
Annette Harms, Member of Deutsche Postbank AG's Works Council, Hamburg Branch, Hamburg
Ralf Höhmann, Member of Deutsche Postbank AG's Works Council, Stuttgart Branch, Stuttgart
Elmar Kallfelz, Member of Deutsche Post AG's Group Works Council, Bonn
Harald Kuhlow, appointed expert to the General Works Council of Deutsche Postbank AG, Bonn
Sabine Schwarz, Chair of Deutsche Postbank AG's Works Council, Berlin Branch, Berlin
Christine Weiler, Chair of Deutsche Postbank AG's Works Council, Munich Branch, Munich
Christel Zobeley, trade union official, Vereinte Dienstleistungsgewerkschaft (ver.di), Berlin

Bonn, May 4, 2005
Deutsche Postbank Aktiengesellschaft

Management Board

Wulf von Schimmelmann

Dirk Berensmann | Stefan Jütte | Wolfgang Klein

Loukas Rizos | Lothar Rogg | Ralf Stemmer

Financial calendar

Fiscal year 2005

May 4, 2005	Interim Report for the first quarter, analyst conference call
May 19, 2005	Annual General Meeting in Cologne: Kölnarena, Willy-Brandt-Platz 1, 50679 Köln
July 27, 2005	Interim Report for the second quarter, analyst conference call
November 9, 2005	Interim Report for the third quarter, analyst conference call

Fiscal year 2006

May 11, 2006	Annual General Meeting in Cologne

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

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