First Choice Deka

Interim Report September 30, 2007

DekaBank Group

Finanzgruppe

DekaBank

DekaBank Group at a glance

Business development indicators		30.09.2007	31.12.2006	Change in %
Total assets	€m	103,656	104,928	– 1.2
Fund assets (according to BVI)[1]	€m	191,312	174,386	9.7
of which Asset Management Capital Markets (AMK)	€m	174,340	156,576	11.3
of which Asset Management Property (AMI)	€m	16,972	17,810	– 4.7
Number of securities accounts	thousand	5,190	5,172	0.3
		1.1.–30.09.2007	**1.1.–30.09.2006**	
Net funds inflow (according to BVI)[1]	€m	10,585	1,917	452.2
of which Asset Management Capital Markets (AMK)	€m	10,739	5,185	107.1
of which Asset Management Property (AMI)	€m	–154	– 3,268	95.3
Performance indicators				
Total income	€m	1,026.3	932.8	10.0
of which net interest income	€m	127.2	87.0	46.2
of which net commission income	€m	734.8	664.9	10.5
Total expenses	€m	504.0	482.7	4.4
of which personnel expenses	€m	239.1	222.8	7.3
of which operating expenses (incl. depreciation)	€m	239.9	236.3	1.5
Net income before tax	€m	522.3	450.1	16.0
Net income after tax	€m	414.8	344.7	20.3
Comprehensive net income for the period after tax	€m	411.7	337.3	22.1
Key ratios				
Return on equity before tax[2]	%	23.4	22.1	1.3 %-points
Return on equity after tax[2]	%	18.6	16.9	1.7 %-points
Cost/income ratio[3]	%	49.9	51.6	–1.7 %-points
		30.09.2007	**31.12.2006**	
Key regulatory figures				
Liable capital	€m	3,713	3,699	0.4
Core capital ratio[4]	%	9.0	8.1	0.9 %-points
Total capital ratio[4]	%	11.7	11.4	0.3 %-points
Total capital ratio before application of the transition rule[4]	%	12.9	–	–
Risk ratios				
Total risk-bearing capacity	€m	5,258	5,271	– 0.2
Group risk (value-at-risk)[5]	€m	2,140	2,322	– 7.8
Utilisation of risk-bearing capacity	%	40.7	44.1	– 3.4 %-points
Non-guaranteed rating (short-term/long-term)				
Moody's		P–1/Aa2	P–1/Aa3	
Standard & Poor's		A–1/A	A–1/A	
Fitch Ratings		F1/A–	F1/A–	
Key employee figures				
Employees		3,487	3,453	1.0
Average number of positions occupied		3,093	3,030	2.1

[1] Starting in 2007, the BVI net assets and net inflow of funds statistics for public securities funds also include funds of funds. The figures for the previous year were adjusted accordingly to improve comparability.
[2] Return on equity before/after tax corresponds to the comprehensive net income for the period before/after tax divided by the equity at the start of the financial year, including atypical silent capital contributions (annualised figure).
[3] Cost/income ratio corresponds to the ratio resulting from total expenses (excluding restructuring expenses) and total income (before risk provision).
[4] Calculated starting as at 30 June 2007 in accordance with the German Solvency Regulation (SolvV).
[5] Confidence level: 99.9%, holding period: 1 year.

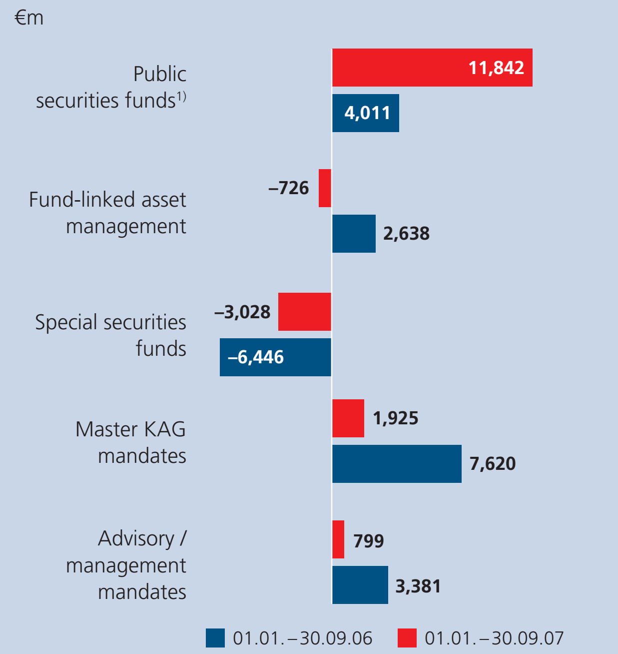
Business development and profit performance in the DekaBank Group

Business development

With a net funds inflow (according to *Bundesverband Investment und Asset Management, BVI*) of €10.6bn in the first nine months of 2007, the DekaBank Group considerably outperformed the comparative figure for the previous year (€1.9bn). As at 30 September 2007, fund assets were up 9.7% on the 2006 year-end to €191.3bn. At €844.2m, the volume of asset management services provided to our alliance partners in the German *Sparkassen-Finanzgruppe* (Savings Banks Finance Group) was €55.4m higher than in the previous year.

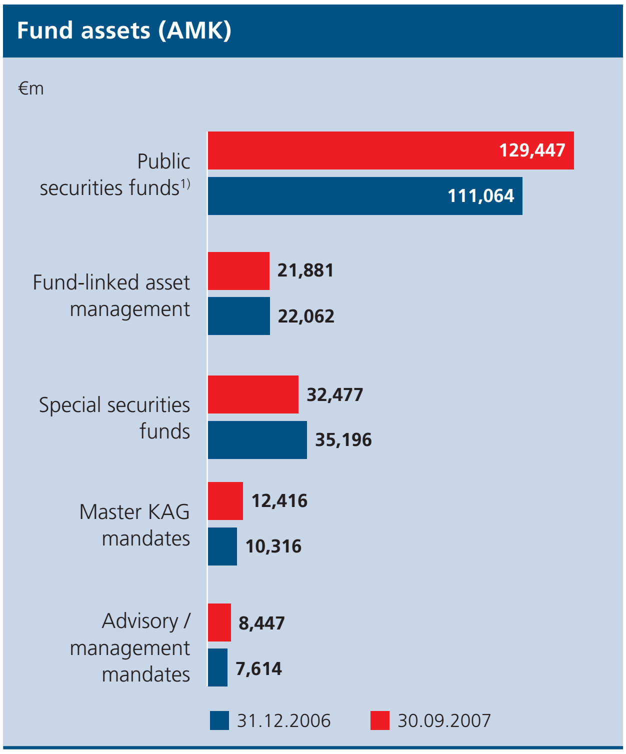
The net funds inflow in the Asset Management Capital Markets (AMK) division amounted to €10.7bn. In public securities funds, €11.8bn, or around 60%, of the total net funds inflow reported by the capital investment companies included in the BVI statistics (€19.6bn) was attributable to the DekaBank Group. The inflows centre on money market funds (€12.8bn), while our capital protection funds attracted €0.6bn during the reporting period. The fund outflows from equity funds (€2.5bn) and bond funds (€1.6bn) were in line with the industry trend. The fund assets of public securities funds rose to €129.4bn, in particular as a result of the positive performance and ongoing intensive sales activities by the German savings banks. As at 30 September 2007, our market share in public securities funds stood at 19.9%.

Net Funds Inflow (AMK)

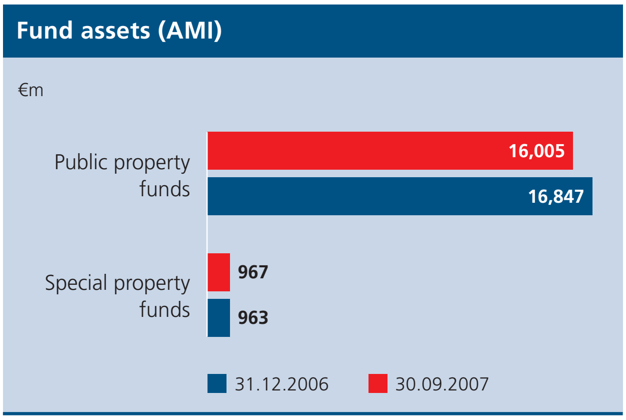


1) Including funds of funds as at 2007; figures for 2006 adjusted accordingly to improve comparability.

As at 30 September, the volume of our fund-linked asset management products totalled approximately €21.9bn and consequently, we maintained our market leadership position with a share of 65.7%. The positive sales in Master KAG (capital investment company) mandates (€1.9bn) and in advisory/management mandates (€0.8bn) largely offset the net fund outflows in special securities funds (€3.0bn). The fund assets of special securities funds totalled €32.5bn as at 30 September 2007. The volume of Master KAG mandates and advisory/management mandates amounted to €12.4bn and €8.4bn respectively.



[1)] Including funds of funds as at 2007; figures for 2006 adjusted accordingly to improve comparability.



The net fund inflow in the Asset Management Property (AMI) division amounted to €–154m (previous year: €–3.3bn). Demand for our public property funds could have led to higher sales in the first nine months of 2007. As a result of the ongoing high levels of liquidity in the funds and high prices in the international property markets, we continued to strictly ration the sale of fund units in agreement with our alliance partners in the German *Sparkassen-Finanzgruppe*, and only permitted selling to a very limited extent. Fund assets of the public property funds as at 30 September 2007 fell by €0.8bn to €16.0bn following the fund distributions in January. At the end of the first nine months, the public property funds held a market share of 19.1%. Fund assets of the special property funds amounted to €967m.

The Property Finance sub-division invested approximately €1.2bn in around 25 new loan transactions in the first nine months of the year. Of this, €513m was syndicated to institutional investors, primarily savings banks and *Landesbanken* (state banks).

Developments in the capital market in the third quarter of 2007 were dominated by the considerable turbulence in the financial markets which was triggered by the crisis in the US property market. The significant deterioration in credit quality in the US mortgage market and resultant major losses on instruments securitising such loans led to a crisis of confidence in the international credit markets. This in turn brought about considerable liquidity bottlenecks in the money market, which continue to persist, despite intervention by the central banks. As the capital market credit products are valued on a mark-to-market basis or on the basis of parameters determined by the market, the net income generated by the Corporates & Markets (C&M) division was affected by the indirect impact of generally higher volatilities, especially in liquidity and credit spreads. Given the comfortable level of liquidity, the current developments in the capital markets offer DekaBank significantly more opportunities than risks.

Profit performance

Net income before tax of €522.3m significantly outstripped the previous year's comparative figure of €450.1m, with a rise of €72.2m or 16.0%. At €249.1m, the majority of the Group's net income is attributable to the AMK division, while the AMI division contributed €199.6m to net income before tax. This includes the profit of around €146m generated by the sale of the Trianon office complex in Frankfurt in the middle of the year. The remaining income stemmed from the C&M division and Corporate Centre/Other.

At €1,026.3m, total income was up €93.5m, or 10%, on the figure for the first nine months of 2006. Net interest income accounted for €127.2m, which represents a rise of €40.2m, or 46.2%, on the previous year. The net interest margin contribution paid by customers in C&M as a central component of the net interest income generated by this division and from property financings in the AMI division was approximately on a par with the previous year's level. Another factor behind the year-on-year increase in income was the increased contribution from the investment of own funds, which was a result of higher interest rates. Moreover, refinancing costs were reduced on a sustained basis due to our successful property management.

The Bank's consistent risk management and the associated income from the reversal of valuation allowances that are no longer required led to a positive balance on risk provisions of €25.6m.

The majority of total income was generated by net commission income, which at €734.8m was up by around €70m, or 11%, on the same period in the previous year. Approximately 75% of this was contributed by the AMK division. One of the reasons for the increase in income was that assets under management were above the annual average. Growth here stemmed from successful sales as well as the good performance of the Bank's fund products. Higher income from commission business in the C&M division also continued to make a positive contribution. On the whole, the upward trend in net commission income highlights the strength of the Bank's sustainability-oriented business model.

At €58.8m, net trading income exceeded the previous year's figure by €10.1m, or 20.7%. Repo/lending transactions were the main growth drivers. Net financial income from non-trading positions amounted to €–86.4m and was adversely affected in the third quarter especially by the general liquidity crisis in the markets due to the US mortgage crisis. The resultant market turbulence led to a strong liquidity-driven credit spread and a considerable change in the correlation assumptions between the various capital market credit products. These factors had a negative impact on the interest rate risk positions in the Liquid Credits unit. DekaBank values the structured capital market credit products included in the interest rate risk positions on a mark-to-market basis or on the basis of parameters determined by the market, in line with the requirements of IAS 39. On a cumulative basis, this led to a negative valuation result in the first nine months of around €–113m.

The high level of positive net income from other financial investments reflected the income from the sale of the Trianon complex in the middle of the year.

Expenses totalled €504.0m, 4.4% up on the previous year. The increase in operating expenses (€224.8m) was moderate at 2.6%, while personnel expenses rose 7.3% to €239.1m. The average number of positions occupied increased in connection with the strategic realignment to 3,093 (31 December 2006: 3,030). Net of the income tax expense and change in the revaluation reserve after tax, at €411.7m, comprehensive net income for the period after tax outstripped the figure for the first nine months of 2006 by €74.4m, or 22.1%.

Profit performance in the DekaBank Group

	01.01.–30.09. 2007 €m	01.01.–30.09. 2006 €m	Change €m	Change %
Net interest income	127.2	87.0	40.2	46.2
Risk provision	25.6	18.9	6.7	35.4
Net commission income	734.8	664.9	69.9	10.5
Net trading income	58.8	48.7	10.1	20.7
Financial income – non-trading	–86.4	69.9	–156.0	–224.1
Income from other financial investments[1)]	151.5	25.9	125.6	(> 300)
Profit or loss on the repurchase of own issues	2.2	–2.4	4.6	191.7
Other operating income	12.6	20.2	–7.6	–37.6
Total income	**1,026.3**	**932.8**	**93.5**	**10.0**
Personnel expenses	239.1	222.8	16.3	7.3
Operating expenses	224.8	219.2	5.6	2.6
Depreciation	15.1	17.1	–2.0	–11.7
Other operating expenses	20.5	12.1	8.4	69.4
Restructuring expenses	4.5	11.5	–7.0	–60.9
Total expenses	**504.0**	**482.7**	**21.3**	**4.4**
Net income before tax	**522.3**	**450.1**	**72.2**	**16.0**
Income tax expense	107.5	105.4	2.1	2.0
Net income after tax[2)]	**414.8**	**344.7**	**70.1**	**20.3**
Change in the revaluation reserve after tax	–3.1	–7.4	4.3	58.1
Comprehensive net income for the period after tax	**411.7**	**337.3**	**74.4**	**22.1**

[1)] Including net income from investments accounted for using the equity method.
[2)] Before interest expenses for atypical silent capital contributions.

Change in regulatory capital

Capital adequacy has been determined in accordance with the German Solvency Regulation (SolvV) since 30 June 2007. In addition to risk assets and market risk positions, amounts for operational risks set out in the Solvency Regulation and additional capital requirements based on the transition rule in Section 339 SolvV were also taken into account when determining capital adequacy. Under the transition rule, the capital requirement specified in the Solvency Regulation equals 95% of the amount that would have to be maintained under Principle I. The regulatory capital requirements were consistently complied with in both the Bank and the Group in the first nine months of 2007.

Calculated in accordance with the German Liquidity Regulation, DekaBank's liquidity ratio was between 1.5 and 1.3 in the first nine months of the current financial year, remaining above the minimum requirement of 1.0 at all times. This documents the good liquidity position of DekaBank.

Breakdown of equity – DekaBank Group[1)]

	30.09.2007 €m	31.12.2006 €m	Change %
Core capital	2,116	2,110	0.3
Supplementary capital	1,640	1,625	0.9
Liable capital	**3,719**	**3,699**	**0.5**
Capital and reserves	**3,719**	**3,699**	**0.5**
Risk-weighted assets	21,188	26,176	–19.1
Market-risk positions (unweighted)	435	513	–15.2
Operational risks (unweighted)	180	–	
Additional capital requirements based on transition rule (unweighted)	239	–	
	%	**%**	**Change %-points**
Core capital ratio	**9.0**	**8.1**	**0.9**
Total capital ratio	**11.7**	**11.4**	**0.3**
Total capital ratio before application of transition rule	**12.9**	**–**	**–**

1) Calculated in accordance with the German Banking Act (KWG) and the German Solvency Regulation (SolvV).

Financial calendar		
Financial year 2008	18 March 2008	Annual press conference for financial year 2007
		Annual Report (German version)
	May 2008	Annual Report (English version)
	August 2008	Interim Report June 30, 2008 (German version)
	September 2008	Interim Report June 30, 2008 (English version)

Publication dates are preliminary and subject to change.

Contact
For information concerning the Interim Report as at September 2007, please contact

Strategy & Communication
Phone: +49 (0) 69 71 47 – 17 48
Fax: +49 (0) 69 71 47 – 27 18

Financial Reporting
Phone: +49 (0) 69 71 47 – 18 53
Fax: +49 (0) 69 71 41 – 21 26

Disclaimer

DekaBank

DekaBank
Deutsche Girozentrale
Mainzer Landstraße 16
60325 Frankfurt
P.O. Box 11 05 23
60040 Frankfurt
Germany

Phone: +49 (0) 69 71 47 – 0
Fax: +49 (0) 69 71 47 – 13 76
www.dekabank.de

Finanzgruppe