

08



Quarterly Report Q3 2008

DAB bank
Die DirektAnlageBank

Key Figures of DAB bank Group (IFRS)

		Q3 2007	Q2 2008	Q3 2008
Results				
Net commission income	k€	34,295	27,030	23,182
Net financial income	k€	11,057	11,497	-14,355
Administrative expenses	k€	34,574	31,022	30,408
Result before taxes	k€	11,140	9,046	-21,052
Net profit	k€	4,328	5,934	-14,230
Cost-income ratio	in %	75.6	77.4	325.0
Balance sheet				
Total assets	€ mn	4,555.4	3,946.8	3,997.4
Shareholders' equity	€ mn	174.5	170.8	157,255
Capital ratio (German Banking Act)	in %	11.3	13.7	12,1
Share				
Earnings per share	€	0.06	0.08	3.52
End of quarter share price (Xetra)	€	6.26	4.80	
Key operating figures				
Securities accounts	number	1,094,959	1,095,198	26.33
Volume of securities accounts and deposits	€ bn	32.79	29.04	1,977,271
Trades	number	2,677,190	2,054,783	7.27
Trades per securities account per year	number	9.82	7.48	
Employees				
Employees (headcount)	number	700	713	651
Employees (full-time basis)	number	637	654	

The direct
bank for
investment
services

To our shareholders		Company		Quarterly Report	
>> Letter to our shareholders	4	>> Business developments	8	>> Financial statements	16
>> DAB bank share	6	Development of the economy	8	Consolidated Income Statement	16
Stock market environment	6	Developments at DAB bank	8	Consolidated Balance Sheet	17
DAB bank share	7	Development of securities accounts, trades executed and customer assets under custody	9	Consolidated Statement of Changes in Equity	18
		>> Operating results	13	Consolidated Cash Flow Statement	18
		Review of the third quarter	13	Quarterly Summary	19
		Net commission income	13	Segment Report	20
		Net financial income	13	Further particulars by region	21
		Administrative expenses	14	Contingent liabilities and other obligations	21
		Balance sheet indicators and regulatory ratios	14	>> Other disclosures	22
		Employees	14		
		>> Outlook	15		



Dear shareholders, customers and business partners:

The crisis in the financial markets has kept the financial services industry on edge for more than a year now. Originally focused on the U.S. financial and real estate markets, the crisis has increasingly spilled over to Europe in the last few months. And in recent weeks, the crisis hit a new peak, triggered by the bankruptcy filing of the U.S. investment bank Lehman Brothers on September 15. These developments led to a massive widening of credit spreads.

Until mid-September, the only impact the financial crisis had on DAB bank was to reduce the level of our customers' trading activity. Since the collapse of Lehman Brothers, however, it has not been possible to insulate DAB bank completely from the massive distortions roiling the markets. Although DAB bank generated an operating profit of approximately €7 million in the third quarter. Although DAB generated an operating profit of approximately €7 million in the third quarter, the mark-to-market valuation of the conservatively composed investment portfolio of DAB bank reduced the value of that portfolio at September 30, 2008 by €28.08 million. As a result of this correction, DAB bank's pretax profit for the first nine months of 2008 fell to €1.5 million.



Well positioned for the future

We measured the value of our investment portfolio strictly on the basis of current market values. Now as before, DAB bank is well capitalized and possesses ample liquidity. DAB bank's equity ratio rose from 10.90% at December 31, 2007 to 11.18% at September 30, 2008, which is significantly higher than the minimum required regulatory ratio of 8%. Also at September 30, the liquidity ratio, which is calculated in accordance with the German Liquidity Regulation, came to 3.98 (December 31, 2007: 4.88), well above the minimum required regulatory ratio of 1.0.

By virtue of our focus on individual investors, which we serve directly in our B2C segment, and indirectly via financial intermediaries in our B2B and FondsServiceBank segments, DAB bank is ideally positioned for the future. In the fourth quarter, we expect that our net commission income will show a significantly positive development. In terms of customer trading activity, October has already been one of the strongest months in the history of DAB bank. That gives us confidence that DAB bank will again generate a solid profit in the fourth quarter.



Best service for satisfied customers

The continual improvements to our services and product offerings are likewise having a positive impact on the business performance of DAB bank. DAB bank is known for excellent service and for its outstanding product selection. And we received numerous awards for these attributes in the third quarter. The German Institute for Service Quality named DAB bank the "Best Bank for Index Funds." The consulting firm cerasus consulting conducted a study of the e-mail service of 37 German banks. Which bank answers its customers' e-mails the fastest, with the highest level of quality? The winner was DAB bank.

The response to our DAB Profi Trader system, which has been used by our top customers since the beginning of the third quarter, has been overwhelmingly positive. Compared with conventional trading applications, the DAB Profi Trader offers numerous advantages to our active traders. In the medium-term future, we intend to make the DAB Profi Trader available to all our customers served by our VIP Trader Team.

DAB bank continued to offer unbeatable interest rates in the third quarter. All new customers can earn interest of 5.5% on their overnight deposits. And those customers who transfer securities to their account with DAB bank or execute a certain number of securities trades by December 15, 2008 can qualify for an interest rate bonus of up to 2.5%, making it possible for them to earn up to 8.0% interest on their overnight deposits.

Events for independent financial intermediaries

On October 1 in Munich, nearly 1,000 financial professionals attended the 11th Investment Congress of DAB bank, which has become one of the most important forums for independent financial services providers and institutional investors in Germany. At this year's event, Wolfgang Clement, the former Federal Minister of Economics and Labor, spoke on the subject of "Our Country in the Grips of Globalization and Demographic Transformation." The participants also attended specialized workshops led by prominent industry leaders and conversed with more than 60 exhibitors.

Outlook for the fourth quarter

The fourth quarter will be dominated by the flat-rate capital gains tax. Despite the turbulence of the last few months, we anticipate that many customers will reallocate their portfolios by the end of this year in preparation for the new tax. To help our customers in their selection of products that are optimized with a view to the flat-rate capital gains tax, DAB bank has assembled investment packages consisting of various different mutual funds and an attractive term deposit offering.

Besides merely converting our internal systems to accommodate the new legislative requirements, we are developing intelligent solutions with which our customers can optimally prepare their investments for the new tax.



Markus Gunter



Alexander von Uslar



Dr. Markus Walch

DAB bank share

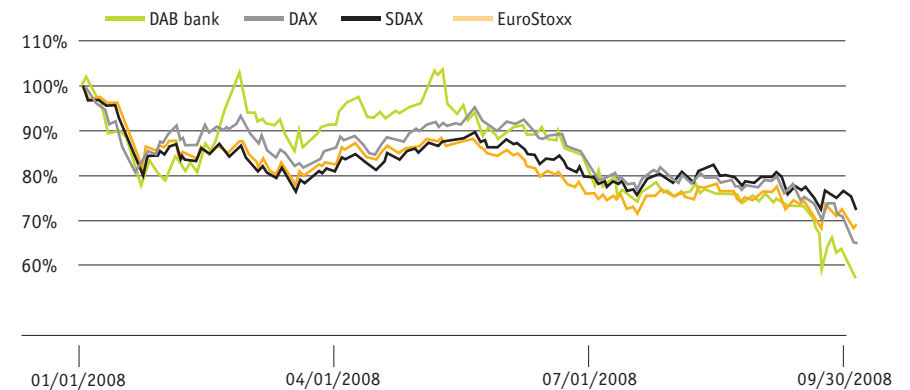
Stock market environment

In the first half of the third quarter, the German stock indexes showed a moderately positive development. Having started the third quarter at 6,315.94 points, the DAX reached its quarterly high of 6,626.70 on August 12. After an interim phase of volatility, the DAX came under considerable pressure, first on September 15, in response to the news about Lehman Brothers, and then especially on September 29 and 30, in response to the rejection of the rescue package by the U.S. Congress and the bad news regarding Hypo Real Estate. On September 30, the last day of the third quarter, the DAX fell to its lowest level of the quarter, 5,658.20 points. It closed the third quarter at 5,831.02, that being 8% less than its reading at the start of the third quarter. Other German indexes fared even worse. The MDAX fell 20%, from 8,790.08 to 6,956.77, and the SDAX lost 18%, from 4,164.58 to 3,396.37.

The global stock indexes suffered a similar reaction to the bad news in the second half of September. The Dow Jones Industrial Index closed the third quarter with a loss of more than 4%, not as bad as the leading German index. The Japanese Nikkei suffered a bigger hit, losing about 20% from its reading of 13,514.86 points on July 1 to 11,259.84 points on September 30.

The uncertainty sweeping the markets was reflected in the trading activity and volumes in the German stock exchanges, which had been rather subdued in July and August, with an average of 24.5 million trades executed. But the situation in September was completely different. Following the news that Lehman Brothers and Washington Mutual had failed, the stock markets were gripped by a sense of alarm. In September alone, a total of 32.92 million trades were executed on all the German stock exchanges. And the order volume of €1.47 trillion was higher than the second quarter (€1.41 trillion).

Comparison of DAB bank share with DAX, SDAX and EuroStoxx



The DAB bank share

The difficult situation of U.S. banks, which became evident with the failures of Lehman Brothers and Washington Mutual, exerted considerable downward pressure on global stock prices, especially starting in mid-September. The growing number of reports that banks are in trouble and the news about possible rescue packages caused considerable unease among investors and fueled extreme volatility in the markets.

The price of the DAB bank share held up very well until the middle of September. The share started the third quarter on July 1 at €4.80 and remained very close to that level, aside from minimal fluctuations, until mid-September. But on September 15, when it was announced that the U.S. investment bank Lehman Brothers would be filing for bankruptcy, the price of the DAB bank share plummeted to €3.60. Despite high liquidity, the share recovered only slowly from that drop, reaching €4.12 on September 23.

Right before the end of the third quarter, the global stock markets plunged, in some cases dramatically, in response to a fresh round of bad news. The announcement that Washington Mutual would be taken over, the news concerning Hypo Real Estate and the preliminary rejection of the 700 billion-dollar rescue package by the U.S. Congress caused widespread alarm in the stock markets. And once again, the DAB bank share was dragged down by the widespread sell-off. The share hit its low for the quarter of €3.22 on September 30 and ended the quarter only slightly higher, at €3.52. The goal of the capital market communications of DAB bank AG is to main-

DAB bank share price development in the first quarter 2008 in €

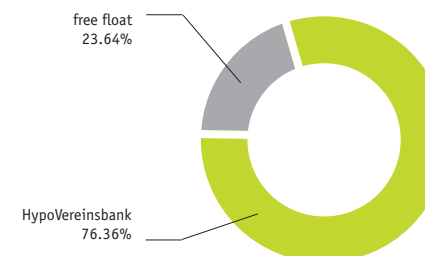


tain a continuous, open dialog with shareholders, potential investors and stock analysts, in order to create the right conditions for a fair and realistic valuation of the DAB share in the capital markets. To this end, we again held numerous one-on-one meetings with investors in the third quarter, and presented the company's strategy and goals at road shows and at the UniCredit German Investment Conference in Munich.

Key figures on the DAB bank share

Opening price, Xetra (07/01/2008)	4.80 €
Highest price, Xetra (07/02/2008)	5.04 €
Lowest price, Xetra (09/30/2008)	3.22 €
Closing price, Xetra (09/30/2008)	3.52 €
Market capitalization (09/30/2008)	264.7 mn €
Earnings per share	-019 €
WKN	507230
SICOVAM	22040
Reuters Code	DRNG
Bloomberg Ticker	DRN GR
ISIN Code	DE0005072300
Shares outstanding	75,187,007
Stock exchange segments	Prime Standard, Frankfurt; Nouveau Marché, Paris
Stock exchanges	Xetra, Frankfurt, Munich, Stuttgart, Berlin, Duesseldorf, Hamburg, Hanover, Bremen, Paris
Designated Sponsor	HSBC Trinkaus & Burkhard AG Lang & Schwarz Wertpapierhandels AG

Shareholder Structure at September 30, 2008



Business developments

General economic situation and developments in the financial services industry

The economic outlook on both sides of the Atlantic has worsened even further in the current quarter. The Ifo Business Climate Index, which mirrors the outlook for economic growth in Germany, fell to 86.5 points, its lowest level since March 1993. The Purchasing Managers Index also pointed to economic weakness. For the manufacturing sector, this index slid 2.3 points to 45.3, the lowest reading since the end of 2001. In the services sector, the index declined 0.3 points to 48.2. The Composite PMI, in which both sectors are combined, retreated from 48.2 to 47.0 points, still below the growth-relevant threshold of 50 points.

The United States is faced with even more serious problems. Although the precipitous drop in oil prices since mid-July has brightened consumer sentiment somewhat, declining retail sales make it clear that this most important growth driver of the U.S. economy is in trouble. Furthermore, the quick rise in the unemployment rate and the more restrictive lending policies of banks, combined with declining asset prices, will leave the U.S. consumer very little room to spend also in the coming months. And there would appear to be no relief in sight for the U.S. real estate market, as the source of the financial markets crisis. Thus, home prices have fallen by substantial double-digit percentages from the year-ago values.

In this quarter, the events in the U.S. banking market have been the leading determinants for the money markets and the decisions of central banks. Once Lehman Brothers filed for protection from its creditors, the interest rates for overnight deposits jumped sharply in the United States, and somewhat less sharply in the euro zone and the United Kingdom. Although the central banks are not able to completely calm the markets, they are nonetheless attempting to alleviate the crisis by means of targeted measures, such

as the injection of fresh liquidity. At the end of September, the U.S. Congress initially rejected a 700 billion-dollar rescue package for the banking sector.

Amid this environment, the United States can hardly be expected to raise interest rates. Considering the appreciable deterioration of the employment market, the possibility of an interest rate decrease is increasingly likely. In such a scenario, the central bankers, as protectors of the currency, will likely benefit from the diminishing inflation pressures. In fact, the recent drop in oil prices has not only dampened the outlook for inflation, but has actually helped to reduce prices around the world already.

In this environment, the European Central Bank (ECB) continues to proclaim the imminent risk of a wage-price spiral and has threatened further monetary measures to again achieve the goal of price stability. But in view of the weakening economic data, we consider the probability of a further interest rate hike to be low.

Developments at DAB bank

Until mid-September, the only impact the financial crisis had on DAB bank was to reduce the level of our customers' trading activity. Since the collapse of Lehman Brothers, however, it has not been possible to insulate DAB bank completely from the massive distortions roiling the markets. Although DAB generated an operating profit of approximately €7 million in the third quarter, the mark-to-market valuation of the conservatively composed investment portfolio of DAB bank reduced the value of that portfolio at September 30, 2008 by €28.08 million. As a result of this correction, DAB bank's pretax profit for the first nine months of 2008 fell to €1.5 million.

We measured the value of our investment portfolio strictly on the basis of current market values. Now as before, DAB bank is well capitalized and possesses ample liquidity.

In the third quarter, DAB bank's customers were extremely restrained in their trading activity until mid-September, due in part to the weak markets, but also due to the fact that investors are traditionally less active in the summer months. However, their trading activity picked up again in the second half of September. DAB bank executed a total of 1,977,271 trades for its customers in the third quarter, 3.8% less than in the preceding quarter.

Securities accounts, trades executed and customer assets

Securities accounts

In the third quarter of 2008, the Groupwide number of securities accounts declined slightly from the previous quarter, by a net total of 8,253, so that DAB bank administered 1,086,945 securities accounts at September 30, 2008 (Q2 2008: 1,095,198). There was little change in the number of securities accounts carried in the individual investors segment (B2C), that being 486,863 at the end of the third quarter (Q2 2008: 487,214), and in the business customers segment (B2B), that being 112,491 at the end of the third quarter (Q2 2008: 112,676). As planned, the number of securities accounts was affected by the previously announced decrease of 7,717 securities deposits in the FondsServiceBank (FSB) segment, as a result of which FSB administered 487,591 securities accounts at the end of the third quarter.

Securities accounts

		Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008
Securities accounts	No.	1,094,959	1,106,322	1,107,685	1,095,198	1,086,945
Germany	No.	1,045,757	1,055,359	1,056,573	1,043,632	1,035,214
Austria	No.	49,202	50,963	51,112	51,566	51,731

Trades executed

The ongoing crisis in the financial markets again soured the mood of global stock markets in the third quarter of 2008. Our customers were noticeably anxious and restrained in their trading activity. On a Groupwide basis, DAB bank executed 1,977,271 trades in the third quarter of 2008, indicative of a slight 3.8% decrease (77,512 trades) from the second quarter of this year and a 26.1% decrease (699,919 trades) from the third quarter of the previous year. This decrease can be attributed to FSB in particular, for which 831,651 trades were executed in the third quarter, 133,254 trades fewer than in the second quarter. Disregarding FSB, 5.1% more trades were executed in the B2C and B2B segments in the third quarter. In the B2C segment, a total of 975,946 trades were executed, 52,619 more than in the preceding quarter, while in the B2B segment, 169,674 trades were executed, 3,123 more than in the preceding quarter.

On a country-by-country basis, the trades executed in Germany were lower than the comparison figures. A total of 1,739,170 securities trades were executed in Germany, that being 5.0% or 91,249 trades fewer than the corresponding figure for the second quarter of 2008. In Austria, on the other hand, a total of 238,101 trades were executed, that being 6.1% or 13,737 trades more than the corresponding figure for the second quarter of 2008.

On a Groupwide basis, the annualized number of trades executed per securities account was slightly lower, at 7.27 (Q2 2008: 7.48). In Germany, this key indicator came to 6.71 (Q2 2008: 6.99) – or 6.66 excluding FondsServiceBank (Q2 2008: 6.34), while in Austria this key indicator came to 18.44 (Q2 2008: 17.48).

Trades		Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008
Trades	No.	2,677,190	2,910,234	2,381,226	2,054,783	1,977,271
Germany	No.	2,386,922	2,625,965	2,100,920	1,830,419	1,739,170
Austria	No.	290,268	284,269	280,306	224,364	238,101

Customer assets

Due to the continuing trend of falling share prices in stock markets around the world, the volume of customer assets under administration shrank from €29.04 billion at the end of the second quarter to €26.33 billion at the end of the third quarter 2008. In Germany, the volume of customer assets under administration amounted to €23.96 billion at the end of the third quarter, 9.2% less than the previous quarter. In Austria, the volume of customer assets under administration amounted to €2.37 billion, 10.2% less than the previous quarter. On a Groupwide basis, the volume of customer assets in securities accounts amounted to €22.75 billion, that being 10.8% or €2.76 billion less than the previous quarter (€25.51 billion). The volume of customer assets in investment funds came to €14.22 billion, that being €1.61 billion less than the previous quarter (€15.83 billion). In Germany, the volume of customer assets in investment funds amounted to €13.44 billion, less than the corresponding figure for the second quarter of 2008 (Q2 2008: €14.99 billion), and in Austria, this figure came to €0.78 billion, also less than the previous quarter (Q2 2008: €0.84 billion).

Volume of securities accounts and deposits

		Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008
Securities accounts and deposits	€ bn	32.79	32.82	29.48	29.04	26.33
Germany	€ bn	29.84	29.87	26.88	26.40	23.96
Austria	€ bn	2.95	2.95	2.60	2.64	2.37
Volume of securities accounts	€ bn	28.77	29.03	25.71	25.51	22.75
Germany	€ bn	26.32	26.56	23.54	23.28	20.80
Austria	€ bn	2.45	2.47	2.17	2.23	1.95
therof in investment funds	€ bn	17.82	18.12	15.92	15.83	14.22
Germany	€ bn	16.92	17.20	15.11	14.99	13.44
Austria	€ bn	0.90	0.92	0.81	0.84	0.78
Deposits	€ bn	4.02	3.79	3.77	3.53	3.58
Germany	€ bn	3.52	3.31	3.34	3.12	3.16
Austria	€ bn	0.50	0.48	0.43	0.41	0.42

At €3.58 billion, the volume of customer assets in deposit accounts was €50 million higher than the previous quarter (Q2 2008: €3.53 billion), but 10.9% less than the corresponding year-ago quarter (Q3 2007: €4.02 billion).

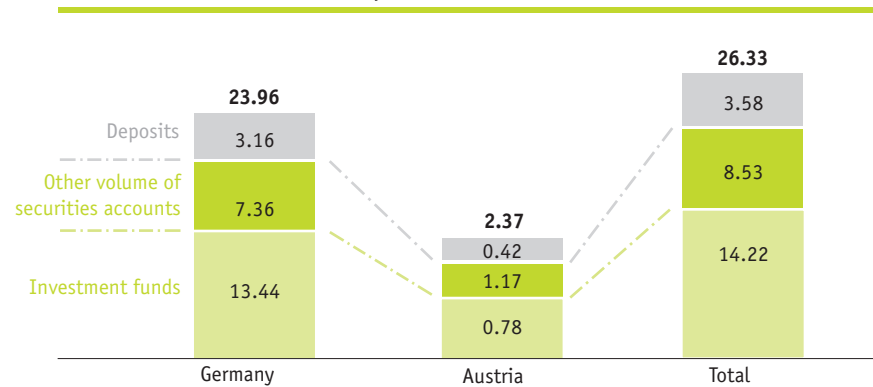
B2C (business-to-consumer)

		Q3 2007	Q2 2008	Q3 2008
Securities accounts	No.	482,532	487,214	486,863
Germany	No.	445,900	450,151	450,109
Austria	No.	36,632	37,063	36,754
Trades executed	No.	1,257,980	923,327	975,946
Germany	No.	1,014,392	740,501	780,380
Austria	No.	243,588	182,826	195,566
Securities accounts and deposits	€ bn	11.81	10.17	8.87
Germany	€ bn	9.74	8.39	7.34
Austria	€ bn	2.07	1.78	1.53
Volume of securities accounts	€ bn	9.92	8.48	7.23
Germany	€ bn	8.26	7.01	6.00
Austria	€ bn	1.66	1.47	1.23
therof in investment funds	€ bn	2.92	2.49	2.18
Germany	€ bn	2.50	2.13	1.86
Austria	€ bn	0.42	0.36	0.32
Deposits	€ bn	1.89	1.69	1.64
Germany	€ bn	1.48	1.38	1.34
Austria	€ bn	0.41	0.31	0.30

B2B (business-to-business)

		Q3 2007	Q2 2008	Q3 2008
Financial intermediaries	No.	1,031	1,060	1,071
Germany	No.	865	874	882
Austria	No.	166	186	189
Securities accounts	No.	110,618	112,676	112,491
Germany	No.	98,048	98,173	97,514
Austria	No.	12,570	14,503	14,977
Trades executed	No.	249,145	166,551	169,674
Germany	No.	202,465	125,013	127,139
Austria	No.	46,680	41,538	42,535
Securities accounts and deposits	€ bn	14.49	13.25	12.35
Germany	€ bn	13.61	12.39	11.51
Austria	€ bn	0.88	0.86	0.84
Volume of securities accounts	€ bn	12.37	11.44	10.44
Germany	€ bn	11.58	10.68	9.72
Austria	€ bn	0.79	0.76	0.72
therof in investment funds	€ bn	8.42	8.24	7.47
Germany	€ bn	7.94	7.76	7.01
Austria	€ bn	0.48	0.48	0.46
Deposits	€ bn	2.12	1.81	1.91
Germany	€ bn	2.03	1.71	1.79
Austria	€ bn	0.09	0.10	0.12

Volume of securities accounts and deposits in € bn



SRQ FinanzPartner AG

		Q3 2007	Q2 2008	Q3 2008
Assets under custody	€ bn	0.98	1.12	1.09
thereof securities accounts and cash deposits	€ bn	0.59	0.63	0.58
thereof other volume	€ bn	0.39	0.49	0.51
Customers	No.	7,909	9,565	9,967
thereof customers with securities account	No.	5,616	6,427	6,477
Employees	No.	124	128	119
Financial planners	No.	115	116	105
Result before taxes	k€	70	177	-110

FondsServiceBank

		Q3 2007	Q2 2008	Q3 2008
Germany				
Financial intermediaries	No.	34	35	35
Securities accounts	No.	501,809	495,308	487,591
Trades executed	No.	1,170,065	964,905	831,651
Securities accounts and deposits	€ bn	6.49	5.13	4.60
Volume of securities accounts	€ bn	6.48	5.10	4.57
therof in investment funds	€ bn	6.48	5.10	4.57
Deposits	€ bn	0.01	0.03	0.03

Operating results

Review of the third quarter

Considering the situation of the markets and the trading restraint showed by our customers in July and August, DAB bank earned a good operating profit of €7,031 thousand in the third quarter of this year. However, the crisis in the financial markets worsened further as a result of the bankruptcy filing of the U.S. investment bank Lehman Brothers on September 15, which caused global stock markets to plunge. The widening of credit spreads and the insolvency of Lehman Brothers brought down the value of even very conservative investments, leading to a negative financial result for DAB bank. Aside from that, the number of trades executed for customers and DAB bank's net commission income were both lower in the third quarter.

As a result of the adjustments to the bank's investment portfolio totaling €28,083 thousand, DAB bank reported a pretax loss of €21,052 thousand for the third quarter of 2008. Including the pretax profit of €22,535 thousand for the first six months of 2008, the pretax profit for the first nine months of 2008 came to €1,481 thousand. It should be noted in this regard that DAB bank again measured the value of its securities "at fair value through profit and loss".

The Germany segment (DAB bank AG, SRQ Finanzpartner AG) contributed minus €7,464 thousand (PY: €22,056 thousand) and the Austria segment (direktanlage.at AG) contributed €8,945 thousand (PY: €11,756 thousand) to the year-to-date pretax profit at September 30, 2008. The Germany segment contributed minus €23,638 thousand (PY: €7,263 thousand) and the Austria segment contributed €2,586 thousand (PY: €3,877 thousand) to the third-quarter result.

Thus, the pretax profit of DAB bank AG for the first nine months of 2008 can be explained as follows:

1. Despite the turbulence in the financial markets, DAB bank earned a positive profit of €1,481 thousand at September 30, 2008.
2. The valuation of securities holdings "at fair value through profit and loss" according to IFRS necessitated writedowns of €28,083 thousand.
3. The administrative expenses were reduced even further.

Net commission income

Due to the restrained trading activity of our customers, the net commission income for the third quarter amounted to €23,182 thousand, that being 32.4% less than the corresponding year-ago figure (Q3 2007: €34,295 thousand) and 14.2% less than the corresponding figure for the preceding quarter (Q2 2008: €27,030 thousand). The Germany segment contributed €19,313 thousand (PY €27,866 thousand) and the Austria segment contributed €3,869 thousand (PY €6,429 thousand) to the net commission income.

Net financial result

At €13,613 thousand, the net interest income contained in the net financial result of DAB bank held up well in the third quarter (Q2 2008: €12,101 thousand). However, the net financial result (composed of the net interest income before credit risk provisions, the profit/loss from investments and the trading profit/loss) was mainly affected by the revaluation of the investment portfolio in the third quarter. Because the revaluation result is recognized directly in the profit or loss from investments, due to the attribution of our securities holdings to the category of "at fair value through profit and loss" according to IFRS, DAB bank's net financial result fell to minus €14,355 thousand in the third quarter (PY: €11,057 thousand). On a year-to-date basis, the net financial result is still positive, at €12,595 thousand. If and when the financial markets settle down again, we believe the value of our investment portfolio will rise again as a result of the narrowing credit spreads.

Administrative expenses

The trend of customer trading activity and the net commission income generated on that activity compelled us to reduce our costs further in the third quarter. Having reduced the administrative expenses 7.5% from the year-ago figure to €95,109 thousand in the first nine months of this year, we laid the basis for earning a solid operating profit before taxes, despite the difficult market environment. At €30,408 thousand, the administrative expenses in the third quarter were slightly less than the corresponding figure for the second quarter (€31,022 thousand) and well below the administrative expenses for the third quarter of 2007 (€34,574 thousand).

The personnel expenses amounted to €9,740 thousand in the third quarter, that being slightly less than the corresponding year-ago figure of €10,367 thousand. The other administrative expenses amounted to €18,298 thousand, well below the year-ago figure (Q3 2007 €22,029 thousand). The depreciation, amortization and impairments amounted to €2,370 thousand at September 30, 2008, slightly higher than the year-ago figure (PY: €2,178 thousand).

The cost-income ratio, a productivity indicator which we define as the ratio of administrative expenses to the sum of net interest income after credit risk provisions, plus the net commission income, the profit/loss from investments, the trading profit/loss, the net other operating income/expenses and the net other income/expenses, came to 98.5% at September 30, 2008, much higher than the corresponding year-ago value (75.3%). This development was caused exclusively by the reported loss on investments.

Balance sheet indicators and regulatory ratios

At September 30, 2008, the total assets of the DAB bank Group amounted to €3,997.4 million, 6.9% less than the corresponding figure at December 31, 2007 (€4,294.6 million). This decline resulted mainly from a decrease in sight deposits compared to December 31, 2007.

DAB bank AG monitors its key regulatory ratios on the level of the parent company only. The Group-level monitoring is performed by Bayerische Hypo- und Vereinsbank AG, Munich, the company that owns DAB bank AG.

The risk assets of DAB bank AG amounted to €688 million at September 30, 2008, higher than the corresponding figure for the preceding quarter (€610 million). At €9.2 million, the capital charge for the market risk positions was likewise higher than the preceding quarter (€6.7 million). Due to a change in the computation method applied, the capital charge for operational risks came to €210 million at September 30, as compared with €198 million in the preceding quarter. Consequently, the total amount of risk capital charges increased from €814.9 million to €907.2 million.

Due to adjustments in the intangible assets, the liable equity of DAB bank fell slightly from €102.5 million at December 31, 2007 to €101.5 million at September 30, 2008. The equity ratio calculated in accordance with the statutory requirements came to 11.18% at September 30, 2008, as compared with 10.90% at December 31, 2007. This ratio is still well above the minimum required regulatory ratio of 8%.

Since January 1, 2008, bank liquidity is evaluated for regulatory purposes on the basis of the liquidity ratio prescribed by the Liquidity Regulation. For DAB bank AG, this ratio came to 3.98 at September 30, 2008 (June 30, 2008: 4.66; December 31, 2007: 4.88) and was therefore well above the minimum required value of 1.0.

Employees

At the end of September 2008, the DAB bank Group had a total of 714 employees (Q2 2008: 713 employees). Of this number, 587 employees worked in the Germany segment and 127 employees in the Austria segment.

Employees		Q3 2007	Q2 2008	Q3 2008
Employees (headcount)	No.	700	713	714
Germany	No.	577	588	587
Austria	No.	123	125	127
Employees (full-time)	No.	637	654	651
Germany	No.	523	538	537
Austria	No.	114	116	114

Outlook

Despite the turbulence in the international financial markets, which was exacerbated by the bankruptcy filing of Lehman Brothers, DAB bank earned a positive pretax profit at the end of the third quarter of 2008. Moreover, this result already contains the effect of measuring the value of our securities portfolio at prices that reflect the uncertainty in the financial markets.

We do not expect to see a significant improvement in the financial markets in the fourth quarter of 2008. Due to the high volatility of stock markets, the brisk trading activity of our customers since mid-September 2008 and the positive effects to result from the upcoming introduction of the flat-rate capital gains tax, we anticipate that DAB bank will again generate a positive profit in the fourth quarter, to the advantage of the full-year profit figure.

Despite the increasing level of income and the strict cost discipline practiced on our part, the cost-income ratio for the fourth quarter will be significantly higher than the corresponding year-ago value, due to the negative effects resulting from the revaluation of the investment portfolio. Nonetheless, we are confident of being able to achieve a cost-income ratio of around 70% in the fourth quarter.

In view of the current market situation, we believe that it will not be possible to achieve the full-year increase in the customer assets under administration that we had predicted at the start of this year. Despite the positive net inflows, we will not be able to offset the effects of the substantial write-downs in the value of our securities holdings.

In order to operate successfully even in this continued difficult market environment, in which the future trend of customer trading activity is difficult to predict, we will continue to place a high priority on cost management.

The business model of DAB bank poses both opportunities and risks.

The business strategy of DAB bank is geared to profitable growth. Among the opportunities that could favor our business in the fourth quarter would be a continuation of volatile stock markets, which would have a positive impact on our net commission income, and a moderate calming of the financial markets, which could lead to a positive profit from investments in the fourth

quarter. Assuming that interest rates will fall and the yield curve will return to a more normal state, we believe there is a good chance of achieving moderately positive effects in the bank's net financial result.

As part of our bankwide risk management process, we are continuously engaged in the identification, measurement, limitation, management, supervision and reporting of all typical banking risks, such as counterparty default risk, market price risk, operational risk, reputation risk, liquidity risk, business risk and strategy risk. With respect to all these risks, the detailed assessment provided in the Risk Report contained in the 2007 Annual Report (p. 62 ff.) is still valid.

With regard to the next three months, we can identify the following potential risks in particular:

The scaled-back growth expectations for the overall economy and the related danger of a recession could have a negative impact on the investment behavior of our customers and partners. Furthermore, continued negative developments or a stagnation in the stock and bond markets could cause wide fluctuations or even deeper reductions in the trading activity of our customers, which would have a direct impact on the revenues generated in this business. Even though some of the lost revenues would be offset by cost savings in securities clearing and settlement and in the bank's commission expenses, such a scenario could nonetheless have a lasting negative impact on the company's earnings performance. Also, any unexpected development of interest rates in the euro zone could have the effect of reducing our net financial income/expenses.

Despite the rescue packages that have been adopted on the national and international levels, the possibility of further problems, including higher credit spreads or even the failure of more financial institutions in the fourth quarter, cannot be ruled out in view of the prevailing trend in the financial markets. Such developments could possibly necessitate further adjustment in the investment portfolio of DAB bank.

Consolidated Income Statement (IFRS)
for the period
January 1 to September 30, 2008

in k€	Quarterly Report 01/01/2008 - 09/30/2008	Quarterly Report 01/01/2007 - 09/30/2007	Year to date 01/01/2008 - 09/30/2008	Year to date 01/01/2007 - 09/30/2007
Interest income	42,420	41,253	126,297	107,171
Interest expenses	28,807	30,773	87,167	76,207
Net interest income	13,613	10,480	39,130	30,964
Provisions for possible losses	3	-146	-7	-202
Net interest income after provisions for possible losses	13,610	10,626	39,137	31,166
Commission income	46,797	68,424	151,746	212,553
Commission expenses	23,615	34,129	72,537	104,896
Net commission income	23,182	34,295	79,209	107,657
Trading profit/loss	-151	-605	183	489
Profit/loss from investments	-27,817	1,182	-26,718	-6,918
Personnel expenses	9,740	10,367	29,856	30,228
Other administrative expenses	18,298	22,029	58,293	66,356
Depreciation/amortization of property, plant and equipment and intangible assets	2,370	2,178	6,960	6,282
Administrative expenses	30,408	34,574	95,109	102,866
Net other operating income/expenses	532	219	4,802	4,303
Net other income/expenses	-	-3	-23	-19
Result before taxes	-21,052	11,140	1,481	33,812
Income taxes	-6,786	6,812	472	14,890
Unappropriated net profit	-14,266	4,328	1,009	18,922
Minority interests in net profit	-36	39	69	137
Net profit/loss	-14,230	4,289	940	18,785
Allocation of net profit/loss to retained earnings	-	-	-	-
Consolidated net profit/loss	-14,230	4,289	940	18,785
Earnings per share (basic)	-0.19	0.06	0.01	0.25
Earnings per share (diluted)	-	0.06	0.01	0.25
Weighted average shares outstanding (basic)	75,187,007	75,187,007	75,187,007	75,187,007
Weighted average shares outstanding (diluted)	75,187,007	75,187,007	75,187,007	75,187,007

Assets

in k€	Quarterly Report 09/30/2008	Annual Report 12/31/2007
Cash reserve	63,385	115,951
Receivables from banks	1,310,431	1,055,324
Receivables from customers	359,399	421,402
Provisions for possible losses	-1,449	-1,511
Trading assets	13,570	12,167
Financial assets	2,111,271	2,561,722
Property, plant and equipment	11,051	11,503
Intangible assets	66,952	67,903
Income tax assets (current)	-	63
Income tax assets (deferred)	16,504	16,564
Other assets	46,319	33,557
Total assets	3,997,433	4,294,645

**Consolidated
Balance Sheet (IFRS)**
at September 30, 2008

Equity and liabilities

in k€	Quarterly Report 09/30/2008	Annual Report 12/31/2007
Liabilities to banks	169,641	108,083
Liabilities to customers	3,572,730	3,899,576
Trading liabilities	11,801	10,204
Provisions	4,741	4,755
Income tax liabilities (current)	6,057	6,254
Income tax liabilities (deferred)	6,556	6,654
Other liabilities	48,621	57,206
Subordinated capital	20,031	20,032
Liabilities	3,840,178	4,112,764
Subscribed capital	75,187	75,187
Additional paid-in capital	59,769	59,769
Retained earnings	21,634	21,634
Accumulated other comprehensive income/loss	-1,652	-1,581
Consolidated net profit/loss	940	25,564
Shareholders' equity before minority interests	155,878	180,573
Minority interests	1,377	1,308
Shareholders' equity	157,255	181,881
Total liabilities and shareholders' equity	3,997,433	4,294,645

Consolidated Statement of Changes in Equity (IFRS)

for the period
January 1 to September 30, 2008

in k€	2008	2007
Shareholders' equity at January 1	181,881	177,584
Changes 01/01 - 09/30		
Subscribed capital	-	-
Additional paid-in capital	-	-
Retained earnings	-	-
Accumulated other comprehensive income/loss	-71	-1,051
Consolidated net profit/loss	-24,624	-7,308
Shareholders' equity before minority interests	157,186	169,225
Minority interests	69	1,246
Shareholders' equity at September 30	157,255	170,471

Consolidated Cash Flow Statement (IFRS)

for the period
January 1 to September 30, 2008

in k€	2008	2007
Cash and cash equivalents at January 1	115,951	74,371
Cash flow from operating activities	-445,106	948,548
Cash flow from investing activities	418,176	-924,002
Cash flow from financing activities	-25,636	-23,154
Foreign exchange-induced changes in cash and cash equivalents	-	-
Cash and cash equivalents at September 30	63,385	75,763

in k€	3rd quarter 2007	4th quarter 2007	1st quarter 2008	2nd quarter 2008	3rd quarter 2008
Interest income	41,253	43,542	42,906	40,971	42,420
Interest expenses	30,773	31,625	29,486	28,874	28,807
Net interest income	10,480	11,917	13,420	12,097	13,613
Provisions for possible losses	-146	-26	-1	-9	3
Net interest income after provisions for possible losses	10,626	11,943	13,421	12,106	13,610
Commission income	68,424	68,234	53,057	51,892	46,797
Commission expenses	34,129	32,911	24,060	24,862	23,615
Net commission income	34,295	35,323	28,997	27,030	23,182
Trading profit	-605	460	96	238	-151
Profit/loss from investments	1,182	-24	1,937	-838	-27,817
Personnel expenses	10,367	11,210	10,450	9,666	9,740
Other administrative expenses	22,029	24,624	20,950	19,045	18,298
Depreciation/amortization of property, plant and equipment and intangible assets	2,178	2,319	2,279	2,311	2,370
Administrative expenses	34,574	38,153	33,679	31,022	30,408
Net other operating income/expenses	219	2,154	2,732	1,538	532
Net other income/expenses	-3	-	-17	-6	-
Result before taxes	11,140	11,703	13,487	9,046	-21,052
Income taxes	6,812	4,807	4,202	3,056	-6,786
Unappropriated net profit	4,328	6,896	9,285	5,990	-14,266
Minority interests in net profit	39	-30	49	56	-36
Net profit/loss	4,289	6,926	9,236	5,934	-14,230
Appropriation of net/profit loss to retained earnings	-	147	-	-	-
Consolidated profit/loss	4,289	6,779	9,236	5,934	-14,230

Quarterly summary of consolidated income statements (IFRS)

Segment Report (IFRS)
for the period
January 1 to September 30, 2008

Income Statement by region

in k€	Germany	Austria	Consolidation	Group
Net interest income				
01/01/2008 - 09/30/2008	31,794	7,336	-	39,130
01/01/2007 - 09/30/2007	23,836	7,128	-	30,964
Provisions for possible losses				
01/01/2008 - 09/30/2008	-13	6	-	-7
01/01/2007 - 09/30/2007	-337	135	-	-202
Net interest income after provisions for possible losses				
01/01/2008 - 09/30/2008	31,807	7,330	-	39,137
01/01/2007 - 09/30/2007	24,173	6,993	-	31,166
Net commission income				
01/01/2008 - 09/30/2008	65,768	13,441	-	79,209
01/01/2007 - 09/30/2007	89,909	17,748	-	107,657
Trading profit/loss				
01/01/2008 - 09/30/2008	103	80	-	183
01/01/2007 - 09/30/2007	501	-12	-	489
Profit/loss from investments				
01/01/2008 - 09/30/2008	-26,901	183	-	-26,718
01/01/2007 - 09/30/2007	-7,499	581	-	-6,918
Personnel expenses				
01/01/2008 - 09/30/2008	23,946	5,910	-	29,856
01/01/2007 - 09/30/2007	25,101	5,127	-	30,228
Other administrative expenses				
01/01/2008 - 09/30/2008	51,870	6,423	-	58,293
01/01/2007 - 09/30/2007	58,569	7,787	-	66,356
Depreciation/amortization of property, plant and equipment and intangible assets				
01/01/2008 - 09/30/2008	6,341	619	-	6,960
01/01/2007 - 09/30/2007	5,660	622	-	6,282
Administrative expenses				
01/01/2008 - 09/30/2008	82,157	12,952	-	95,109
01/01/2007 - 09/30/2007	89,330	13,536	-	102,866
Net other operating income/expenses				
01/01/2008 - 09/30/2008	3,916	886	-	4,802
01/01/2007 - 09/30/2007	4,302	1	-	4,303
Net other income/expenses				
01/01/2008 - 09/30/2008	-	-23	-	-23
01/01/2007 - 09/30/2007	-	-19	-	-19
Result before taxes				
01/01/2008 - 09/30/2008	-7,464	8,945	-	1,481
01/01/2007 - 09/30/2007	22,056	11,756	-	33,812

Further particulars by region

	Germany	Austria	Group
Cost-income ratio (in%)			
01/01/2008 - 09/30/2008	110.0	59.1	98.5
01/01/2007 - 09/30/2007	80.2	53.5	75.3
Employees (headcount)			
09/30/2008	587	127	714
09/30/2007	577	123	700
Trades (number)			
01/01/2008 - 09/30/2008	5,670,509	742,771	6,413,280
01/01/2007 - 09/30/2007	7,756,578	840,205	8,596,783
Securities accounts (number)			
09/30/2008	1,035,214	51,731	1,086,945
09/30/2007	1,045,757	49,202	1,094,959

in k€	09/30/2008	12/31/2007
Contingent liabilities		
from guaranties and warranty agreements	767	1,022
Other obligations		
from rental agreements	32,099	34,602
from leasing agreements	18,370	20,575
Total	51,236	56,199

Contingent liabilities and other obligations

at September 30, 2008

Other disclosures

Legal bases

The present interim report was prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 Interim Financial Reporting, in particular. The same accounting, valuation and presentation methods applied in the consolidated financial statements for 2007 (described in detail in the Annual Report 2007, pp. 99 ff.) were applied in the present interim financial statements.

Income taxes are calculated on the basis of the best estimate of the weighted average income tax rate that can be expected for the full year.

A segment report by geographical markets, based on the same structure that was applied in the consolidated financial statements for 2007, is presented on page 20 of the present interim report.

The present interim report is based on the unaudited quarterly financial statements according to IFRS of DAB bank AG, direktanlage.at AG and SRQ FinanzPartner AG.

Significant dealings with related parties

As before, the compensation granted to the members of the Supervisory Board and the Management Board of DAB bank AG in the period covered by this report consisted of a fixed component and a success-dependent component. As before, all such compensation consisted of short-term employee benefits according to the definition of IAS 24.16.

In the third quarter of 2008, significant business dealings were conducted with Bayerische Hypo- und Vereinsbank AG, Munich, Pioneer Investments Kapitalanlagegesellschaft mbH, Unterföhring, Pioneer Asset Management SA, Luxembourg, Pioneer Investments Austria GmbH, Vienna, Nordinvest Norddeutsche Investment-Gesellschaft mbH, Hamburg, and HVB Information Services GmbH, Munich. The total income from these dealings amounted to €5,199 thousand and the total expenses amounted to €920 thousand. At September 30, 2008, the receivables due from the related parties mentioned above totaled €122,165 thousand and the payables due to those companies totaled €31,203 thousand.

All such dealings were conducted under ordinary market terms and conditions.

In both qualitative and quantitative respects, the dealings with related parties were not materially different from the dealings described in the relevant section of the Annual Report for 2007 (p. 132 ff.). Therefore, in consideration of the natural and/or seasonal variations within the overall economic assessment, no changes that could be deemed material occurred within the period covered by this report.

Shareholdings of members of the Management Board and Supervisory Board

	Shares held at 09/30/2008	Options held at 09/30/2008
Management Board	-	-
Markus Gunter	-	-
Alexander von Uslar	-	-
Dr. Markus Walch	-	-
Supervisory Board	-	-
Werner Allwang	1,001	-
Nikolaus Barthold	-	-
Gunter Ernst	-	-
Dr. Volker Jung	-	-
Jan Wohlschiess	-	-
Andreas Wölfer	-	-
Treasury stock	-	-

Share purchases and sales in the reporting period

No purchases or sales of DAB shares or derivatives on DAB shares were effected in the reporting period by members of the Supervisory Board or Management Board.

Financial calendar

provisional date

Annual Report 2008	03/17/2009
1st quarter report 2009	04/28/2009
Annual shareholders' meeting	05/14/2009
2nd quarter report 2009	07/28/2009
3rd quarter report 2009	10/27/2009

Management Board

Markus Gunter
Alexander von Uslar
Dr. Markus Walch

Supervisory Board

Andreas Wölfer
(Chairman)
Jan Wohlschiess
(Vice Chairman)
Nikolaus Barthold
Gunter Ernst
Dr. Volker Jung
Johannes Maret

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