2015

POSTBANK GROUP ANNUAL REPORT

Postbank

POSTBANK GROUP IN FIGURES 2015

		Jan. 1 – Dec. 31, 2015	Jan. 1 – Dec. 31, 2014[1, 2]
Consolidated income statement			
Total income	€m	3,272	3,845
Administrative expenses	€m	−2,724	−2,754
Profit before tax	€m	582	432
Consolidated net profit	€m	608	259
Total cost/income ratio	%	81.0	83.5
Return on equity			
before tax	%	8.8	6.9
after tax	%	9.2	4.2
Earnings per share[3]	€	2.78	1.18

		Dec. 31, 2015	Dec. 31, 2014
Information on Postbank shares			
Share price at the balance sheet date	€	35.73[7]	35.14
Share price	high €	37.00[8]	38.50
	low €	31.99[8]	33.75
Market capitalization	€m	7,818[7]	7,688
Number of shares	million	218.8	218.8

		Dec. 31, 2015	Dec. 31, 2014
Consolidated balance sheet			
Total assets[1]	€m	150,597	155,397
Customer deposits[1]	€m	102,341	102,911
Customer loans[1]	€m	92,821	92,485
Allowance for losses on loans and advances[1]	€m	923	1,361
Equity[1]	€m	7,158	6,461
Common Equity Tier 1 capital ratio[4] regular phased-in	%	13.7[5]	10.7[6]
Common Equity Tier 1 capital ratio[4] fully phased-in	%	11.4[5]	10.2[6]
Leverage ratio regular phased-in	%	4.1	–
Leverage ratio fully phased-in	%	3.4	–
Headcount (FTEs)	thousand	14.76	14.77
Long-term rating			
Fitch		BBB+/outlook rating watch evolving	A+/outlook negative

[1] Figures adjusted (see Note 6 of the Notes to the Consolidated Financial Statements)

[2] Including the discontinued operation

[3] Based on 218.8 million shares

[4] The calculations are based on the new regulatory requirements of the Commission Delegated Regulation (EU)

[5] Based on the Consolidated Financial Statements as of December 31, 2015, subject to approval

[6] Based on the Consolidated Financial Statements as of December 31, 2014, including the adjustments to capital referred to in Note (6)

[7] In 2015, the balance sheet date refers to December 21, 2015. After that date trade in Postbank shares was suspended on all stock exchanges due to the entry of the squeeze-out in the commercial register.

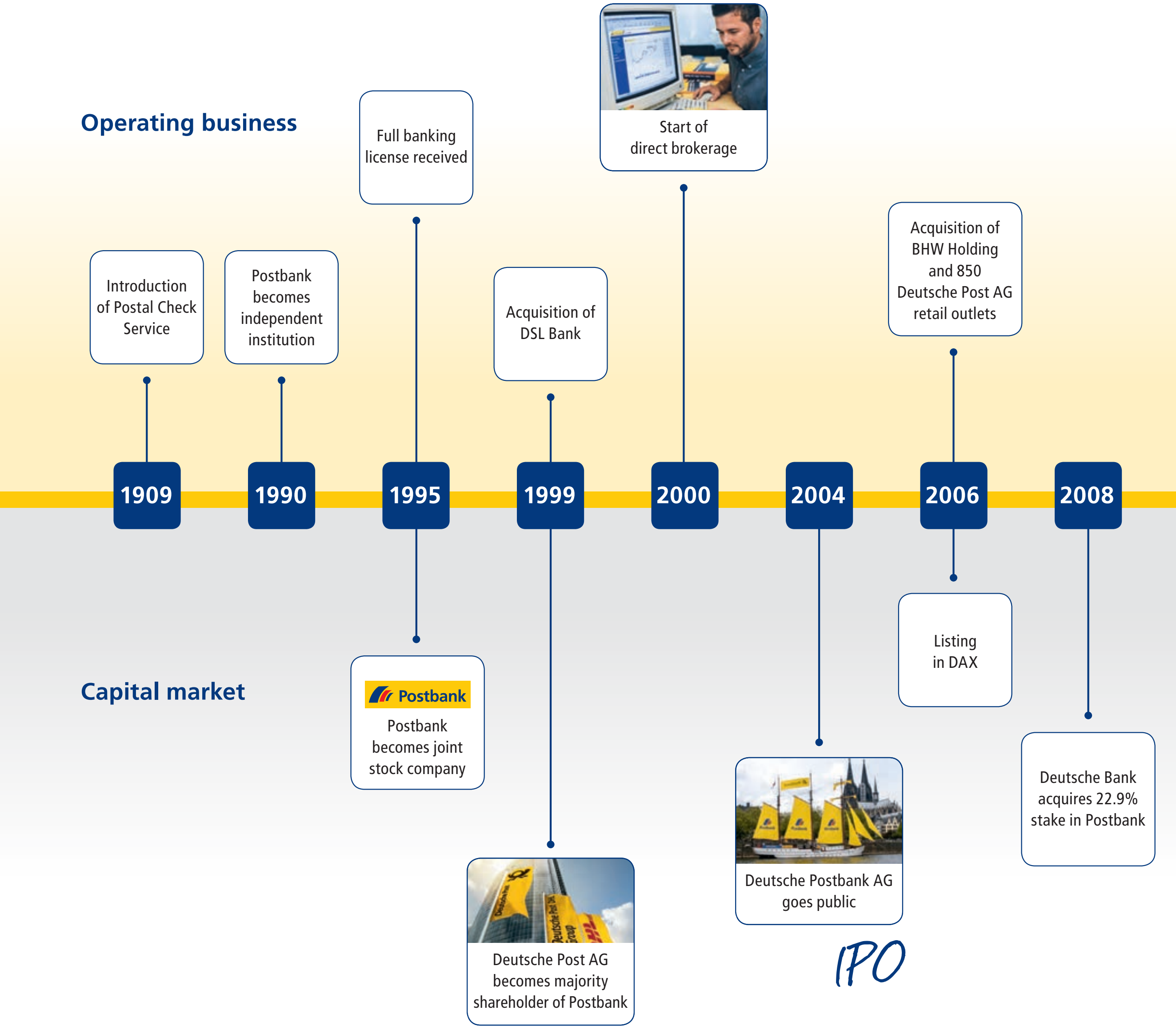
[8] Period from January 1 to December 21, 2015

POSITIONS AND PERSPECTIVES

digital & personal

Postbank

Where you’re from helps you know where to go



Operating business

1909
Introduction of Postal Check Service

1990
Postbank becomes independent institution

1995
Full banking license received

1999
Acquisition of DSL Bank

2000
Start of direct brokerage

2006
Acquisition of BHW Holding and 850 Deutsche Post AG retail outlets

Capital market

1995
Postbank
Postbank becomes joint stock company

1999
Deutsche Post AG becomes majority shareholder of Postbank

2004
Deutsche Postbank AG goes public

IPO

2006
Listing in DAX

2008
Deutsche Bank acquires 22.9% stake in Postbank

100 years

100 years of Postbank

2009

Retail Banking realigned, with significant de-risking

2010

Deutsche Bank becomes majority shareholder

2011

Over 5 million private checking accounts at Postbank

2012

Reconfiguration of business model and sales channels

Deutsche Bank increases shareholding to 93.7%

Conclusion of control and profit and loss transfer agreement

2013

Integration into Deutsche Bank Group as brand and retail bank

2014

Reconfiguration of cooperation with Deutsche Post until 2020

digital & personal

Postbank's digitization strategy

2015

Deutsche Bank's strategic decision for deconsolidation – preferably via an IPO

Deutsche Bank holds 100% of shares after entry of squeeze-out

Trading of Deutsche Postbank AG shares halted on December 21, 2015

2016

New Future Agenda with independent business model

Preparations for independence

Postbank looks back at 106 years of company history.
These selected milestones show how the Bank has developed from 1909 until today into the leading retail bank in Germany.

Clear goals determine the direction

> „Our clear positioning as both
> digital & personal
> and our unique business model
> as a secure customer bank
> are mainstays on which we
> will rely in the future as well."

Frank Strauss (CEO)

ir.postbank.com

Postbank milestones

“We have successfully forged ahead on our chosen path”

Interview with Frank Strauss, Chairman of the Management Board

Mr. Strauss, how would you assess fiscal year 2015?

The past year was once again challenging in a variety of ways. Because of that we are pleased with our adjusted profit before tax, which improved approximately 10% to reach €522 million. The challenges were a market environment with low interest rates, stricter regulatory requirements and the tense situation on financial markets which fluctuated markedly. These factors not only affected us; they hit the entire financial industry. In addition, the extension of our contract with Deutsche Post reduced our earnings by around €110 million. The fact that on balance we were able to offset that reduction and even earn more in 2015 shows that we have successfully forged ahead on our chosen path and demonstrated once again just how powerful and robust our business model actually is.

On the other hand, it was also a turbulent year for us given Deutsche Bank’s announcement of its intention to deconsolidate Postbank. We have already systematically begun making the necessary preparations for that step while simultaneously operating our business. We have made numerous changes and adapted our strategy to our future independence. The year 2015 was thus a year of great change for us. And that has made my Management Board colleagues and me even prouder of our Postbank employees. It is not a commonplace for a company to face these kinds of challenges and be economically successful at the same time.

You mentioned low interest rates. They still pose a challenge for banks like Postbank in particular, which have a strong deposit business. How do you intend to increase Postbank’s profitability in this kind of environment?

For a start let me say this: Postbank is profitable. In fiscal year 2015, we had a return on equity before tax of 8.8%. The return on tangible equity after tax was 13.0%. That is quite a respectable figure compared with the rest of the industry. The goal is to earn our costs of capital – and for the first time we are now within striking range. It is also clear that we must and will become more profitable, and that we still have homework to do to achieve that aim. Our deposit surplus has created an opportunity for us to further grow our lending business.

Our new business in mortgage lending, and in our corporate loans and consumer credits, is already having a positive impact on our profitability. We intend to further accelerate this business with the goal of a balanced balance sheet based on our customer business. Our business model is a strong one, strong despite interest rate conditions. And that strength is on display not least of all in our high volumes of new customer business. We will continue to work on our efficiency and invest in digitization and SMEs. And in these low interest environment times we will also not be able to avoid addressing the issue of pricing for our services. All of that, in our view, will have a positive effect on profitability.

More viable and more profitable often means more fraught with risk. What is your assessment of Postbank's risk profile?

Postbank is a bank with a conservative risk profile. We have systematically reduced risks and have good credit quality in the lending business. In the NCOU segment we continue to decrease some legacy issues that we still have – that step minimizes our risks even further, reduces our risk capital and also has a positive impact on earnings. Our allowance for losses on loans and advances, as one can see, has once again dropped in the past fiscal year. It was already at a historical low for us despite growth in the customer loans business, and it fell further from that point than we expected, some 21%, to €209 million. Moreover, our focus on the lending business brings us even closer to our goal of a balanced balance sheet in the customer business and thus reduces our need for investment securities even further. Overall, it is abundantly clear that Postbank has evolved into a comparatively low-risk bank that is well-fortified against crises. And we will continue to do even more in this area.

Speaking of risk profiles:
How is the Bank's capitalization?

We are now adequately capitalized, much better than we were several years ago. Over the past years, Postbank has undergone a fundamental transformation. We have reduced total assets by almost €80 billion since the beginning of 2008. In fiscal year 2015, we increased our fully-phased in Common Equity Tier 1 capital ratio by 1.2% to 11.4%. Given our comparatively low-risk business model in particular, that is a good value in my opinion. In fact that figure is quite satisfying in comparison with the rest of the industry. At 3.4%, our leverage ratio has reached a solid level. That figure is markedly, and for the first time, above the 3% mark required by new regulatory requirements. What makes me particularly happy is that we have independently achieved these major improvements by reducing risks and retaining profits, and we did that despite growth in the customer loans business.

What about your costs – aren't they still much too high? Postbank has a cost/income ratio of 81%.

Cost management receives a great deal of attention at Postbank. We are already very disciplined when it comes to costs. As a result, we have been able to keep administrative expenses nearly unchanged in the past fiscal year and slightly improved the cost/income ratio – and we have done that despite substantial additional costs arising from tightening regulatory requirements and non-recurring effects like deconsolidation from Deutsche Bank, in which on balance we have shared in 2015. I do have to say, however, that this metric does not reflect risk content. If, for example, you compare a bank balance sheet that is focused on pure consumer loans with ours, which is focused on lower-risk mortgage lending, the cost/income ratio in and of itself will give you a distorted image since it does not take risk costs into consideration. But those costs are of fundamental significance for assessing the long-term earnings power of a bank. To that extent, you are comparing apples and oranges if you only look at the cost/income ratio. But you are right to suggest that we need to become even more efficient. We will continue to do our homework on the cost side.

One major cost area is Postbank's branch network. Isn't it the best place to start if you want to reduce costs?

Our dense branch network is a competitive advantage and thus a fundamental component of our strategy for the coming years. We want to be there for our customers both digitally and personally, and they value our widespread local presence.

The partnership with Deutsche Post puts us in a unique position. That applies not only to the cost structure. It puts us in a position in which we have basic utilization of capacities as a rule even in the smaller branches. That is why it is possible as well as sensible for us to maintain our nationwide branch network.

Nevertheless, we still want to make our branch network markedly more efficient in the future through such measures as more automation, more self-service options and new branch formats at smaller locations. To achieve that, we plan on investing a significant amount in our branches in the coming years.

And we will of course continue to optimize the branch network and do so with prudence as we have done in past years. In places where there are several branches very close to one another, we want to examine whether or not they should be combined, as we have done earlier.

Does that mean you plan to cut staff?

Over the past few years we have cut around 3,500 positions without a fuss and in a manner that is socially responsible. We will continue to handle things that way. We will persist in our efforts and use sound judgment. The age structure is helpful here, given the relatively high average age of our branch employees. That is why we are focusing on retirement, early-retirement schemes and expiring contracts.

"We are one of the leading digital banks in Germany."

How does Postbank plan to increase its profitability in this persistently challenging environment?

Cost management is an important lever, but it is of course not the only one. We have a clear vision and a plan for Postbank. We want to be successful and grow with our unique business model. What does that mean concretely? We have 14 million retail, business and corporate customers. For them, we want to be "the bank for life," i.e., a fair and reliable partner in financial and postal issues. For our staff we want to be an attractive employer that offers a corporate culture of appreciation and partnership. To achieve that we will continue to focus on the mainstay of our orientation and our positioning as a bank that is both "digital and personal."

The Postbank Future Agenda gives us a clear line of approach with its six strategic measures: Expanding our lending business as a way of balancing our deposits, having an independent investment plan for more efficiency and growth, refining our business model, transforming digitally, strengthening our brand positioning, and enhancing our culture and identity in a way that can be characterized with the words: "We are Postbank." We are now carrying out this plan step by step.

Speaking of "digital and personal": You are building a foundation that combines these two different worlds. What kind of progress are you making?

From our point of view, they are not two worlds, but one – this simply reflects living reality as experienced by our customers. Today, they want products that meet their needs and good services that are available across all channels at any time.

Digitization is the key to Postbank's successful further evolution. We are convinced that our business model and positioning gives us a competitive advantage here. We are one of the leading digital banks in Germany, with the most visited financial services website. Our task is to apply this competency and experience to the entire Bank in the coming months and years. Further developing the services for our customers will have just as much priority as improving the efficiency of internal bank processes.

Today, we offer video conferencing services for corporate customers upon request in order to integrate additional specialists into the process. In mortgage lending, we have created a digital process called "Building – Buying – Living," which we use to link online information and personal advisory services for the benefit of customers. This service has been extraordinarily well-received by our customers.

New digital business is also growing in such areas as consumer credit and checking accounts. And we have already gotten several digital innovations off the ground, with more to follow. But it is important to make a distinction here: Digitization means more than just online and mobile banking, apps and other digital services. Digitization means much more.

Such as?

We are undergoing a fundamental digital transformation and orienting the entire organization systematically on the digital age. Digitization understood in that way has several dimensions: Growth of the business, processes clearly defined in light of customer needs, a modern and high-performance IT infrastructure as well as changes to the workstation equipment of our employees. That impacts not only our direct banking and online business; these changes are being implemented throughout the entire Bank. To do that, we have created a Chief Digital Office, which will coordinate the digital transformation process in the coming years and provide support in the form of content. Digitization must first of all happen in people's minds.

That sounds like the bank is only oriented on digitization now.

For the reasons mentioned above, digitization is of fundamental significance. But of course we will also invest in personal services for our customers. I have already mentioned self-service and automation. We also want to offer our customers better linked services in the future. Examples here are the new Postbank sales centers where Postbank enables customers to experience the entire service range right there on-site, optimizes the way we approach them, and can offer an improved service experience. Four of these sales centers had already been opened by the end of 2015. Not only will our retail customers find the advisory services they need there but so will our corporate customers in particular – all from a single source. Our experiences with the first locations have been very promising. We want to have opened a total of 50 sales centers by the end of 2017.

That seems like a lot of change for your employees. Are they going along with it?

Yes, definitely. Postbank, as an organization, is absolutely ready to change and able to change. Even our people survey provides tangible evidence of that capacity when you look at the results for the dimension "ability to change": 75% of employees agree. That is something special and the reason my colleagues on the Management Board and I are so thankful for our employees. Postbank has already successfully undergone a number of fundamental transformations. That means we are able to evolve and that we have demonstrated that ability multiple times. However, change only succeeds if it is based on a corresponding culture and identity, things we continue to ascribe high priority. And that is why a change culture is an integral component of our Postbank Future Agenda. I am convinced that our business performance can be improved only if we work simultaneously on our culture and interactions with one another.

Postbank has a strong identity. We stand together, and the employees actively help determine Postbank's further evolution. That is why I remain confident about everything that concerns Postbank's future.

Deutsche Bank intends to deconsolidate Postbank. The preferred solution is to go public a second time. What does that mean for Postbank and how far along are you with the preparations?

We are beginning the next major chapter in the long history of Postbank. Systematic preparations for turning that page have already begun, and they didn't start yesterday either. We have been working with great diligence since Deutsche Bank's announcement earlier last year. In many areas we have to unravel what we knit together over the last few years. Major, important steps have already been taken, such as the squeeze-out of minority shareholders. We have reintegrated our service companies into Postbank early in 2016. Substantial progress has also been made with the disentanglement of our IT systems. Numerous staff have been working day and night on a variety of projects so that we can quickly become independent. Our goal is to be structurally independent once again by mid-2016. And we will accomplish that even if there is still quite a ways to go. For the rest, time will tell once we have laid the necessary groundwork.

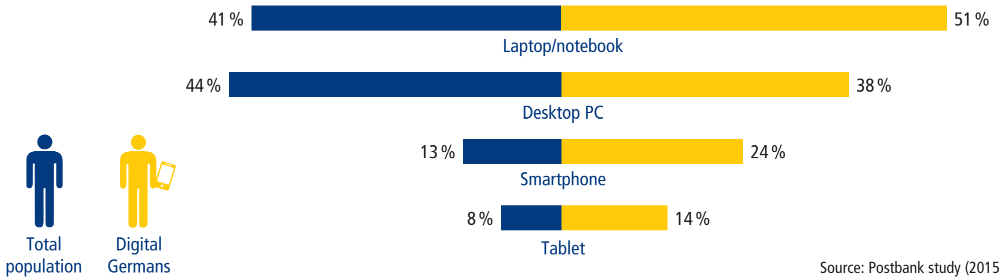
What are your plans up to and including a possible stock market launch?

We have a clear vision, and we have been working non-stop to make that vision a reality for some years now. The Postbank Future Agenda gives us a clear program with which we intend to grow, improve our efficiency and be successful. We are executing the Future Agenda with concentrated effort step by step and in the process will deliver what we promise.

Mr. Strauss, thank you for your time.

Postbank:
digital & personal

Devices used for online banking



Source: Postbank study (2015) "Money and the Digital German"

With 14 million customers, Postbank is the largest retail bank in Germany. With some five million online customers, it is also one of the country's largest direct banks. These figures show that Postbank today has already succeeded in creating a unique synthesis of digital offers and personal contact.

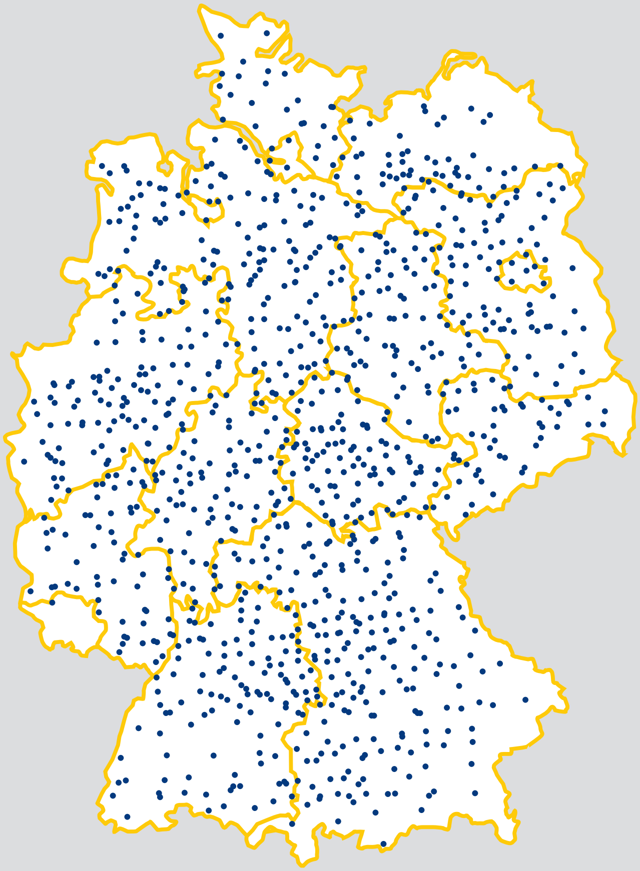
The best of both worlds – the successful realization of this maxim is the result of Postbank's pioneering strategy and proof of its transformation on behalf of its customers from a tradition-steeped bank into a bank of the digital age.

Occupying center stage in this strategy are customers and their desires, needs and plans for their lives. Postbank's promise is for them, the promise of a cross-channel advisory and service offer – whenever and wherever they need their bank. Here, the Bank is fusing online services and its personal advisory offers into integrated and efficient customer support. Whether customers visit a branch, use a personal computer, tablet or smartphone, or issue instructions via telephone banking, they experience a "customer journey" geared specifically to their needs.

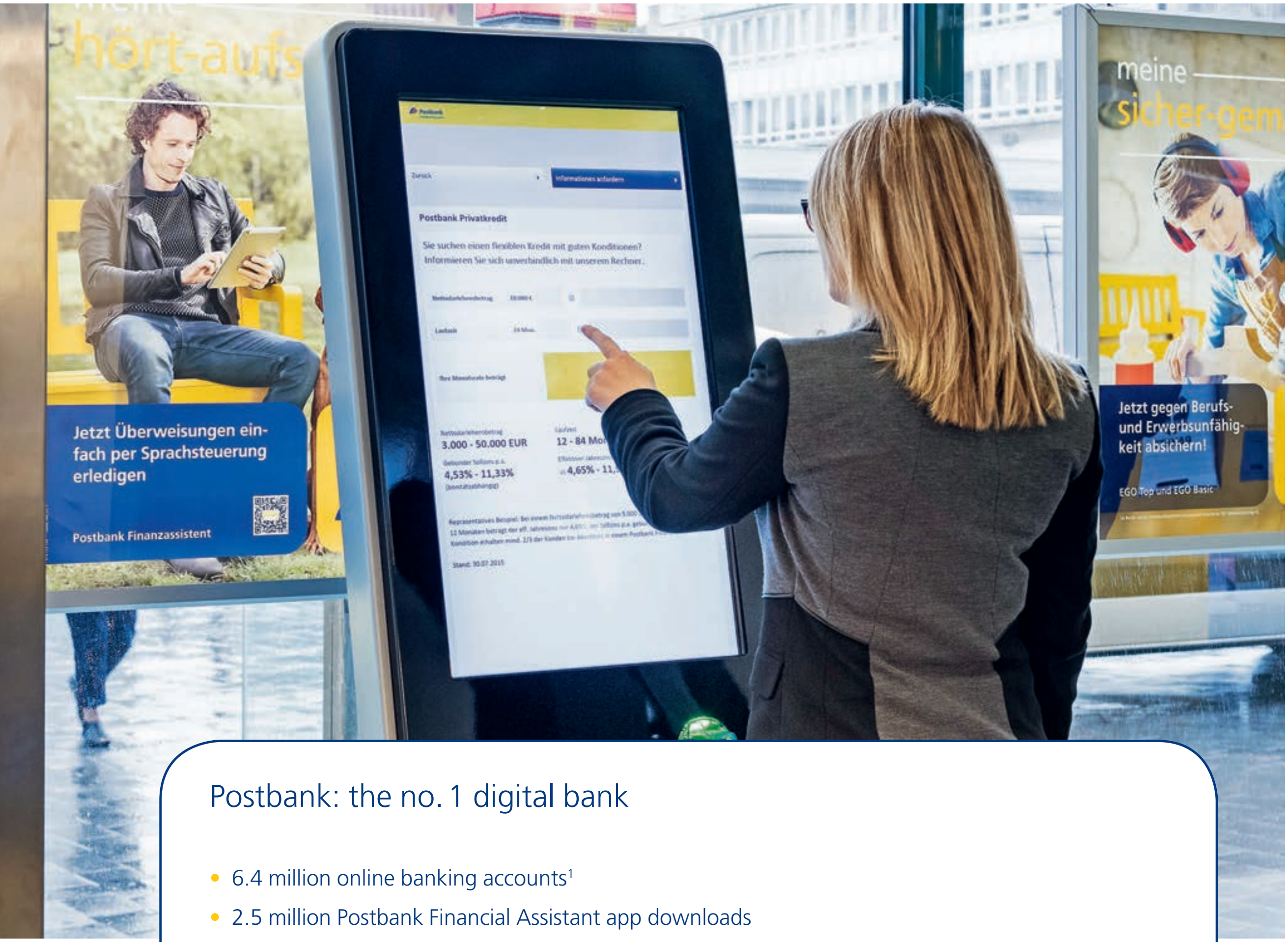
The history of Postbank itself is another aspect that offers ideal prerequisites for such a service. Since its founding in 1909, Postbank has stood for security and trust in Germany when it comes to financial services. Its brand enjoys supported name recognition of nearly 100% and its nationwide presence is unique on the market. In addition to more than 1,000 Postbank Finance Centers, the Bank today also has an additional 4,500 points of contact for customers thanks to the partner outlets of Deutsche Post. With an eye toward the future, Postbank has also begun supplementing its branch network with 50 sales centers, places where customers can find the Bank's entire product portfolio under one roof. The offer includes financial services for retail customers such as opening checking or savings accounts, advisory services for home savings, consumer credits and real estate finance as well as tailored offers for business and corporate customers, real estate brokerage, and services of Deutsche Post DHL. Postbank's nationwide presence is supplemented with its network of self-service devices such as ATMs, account statement printers and service terminals. Across Germany, customers can use some 5,000 automated self-service points free of charge. The offer is rounded out with more than 1,300 Shell Stations where Postbank customers can conveniently withdraw cash from their accounts.

6,000

points of contact



This massive presence gives the Company multiple opportunities to make contact with their customers via digital channels, too. The reason? People who have a successful working relationship with Postbank in the real world also trust it to handle their online transactions. The Bank has “one face” for customers; it is “within reach” in the truest sense of the words. Everyday some one million people personally visit “their” Postbank branch and more than four million unique users access the www.postbank.de website per month. That makes Postbank the market leader in this combination of “digital and personal” banking. Postbank is always there for its customers wherever and whenever they need it.



Postbank: the no. 1 digital bank

- 6.4 million online banking accounts[1]
- 2.5 million Postbank Financial Assistant app downloads
- 4.2 million website visitors per month
- 1st bank in Germany with fingerprint authorization for transactions
- 1st bank in Germany with money transfers by e-mail
- Multiple awards as the most secure and user-friendly online bank

DEUTSCHLAND TEST
FOCUS MONEY
SICHERSTE ONLINE-BANK
1. PLATZ
TEST FOCUS 2015
www.deutschlandtest.de

CHIP
Beste Online-Bank bundesweit 2015
2011 – 2015
CHIP 08/2015
Postbank
Unabhängige Tests seit 1978
chip.de

[1] Including checking accounts, online SparCard accounts and securities deposit accounts

Digitization as source of growth

In the age of smartphones, tablets, apps and the like, digital media for most people has now become a part of everyday life. According to a recent Postbank study[1], six out of ten people in Germany own smartphones. A good 95% use them to access the Internet. And this trend will continue. Experts believe that smartphone coverage will reach almost 100% in this decade.

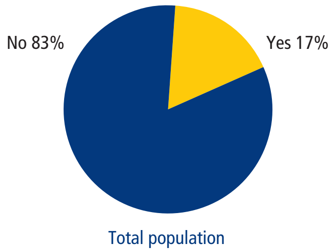
It is thus not very surprising that online banking also has significant growth rates. Postbank now registers more than 600 million log-ins per year in secured customer areas. That makes our website the most widely used financial site in Germany. For Postbank, such facts serve as more than just a confirmation of its digital strategy. They also clearly reveal the potential offered by systematic advancement in the digitization of business processes in this area. Today, a little more than one out of four consumer credits is transacted on the Postbank website. For many business areas, our performance here is a clear representation of the success of the Bank-wide digitization strategy.

In the coming years, Postbank will invest an amount in the high double-digit million euro range so that retail, business and corporate customers can experience the rapid progress in digitization in their immediate environment. A prominent role will be played here by the efficient synthesis of online and offline offers.

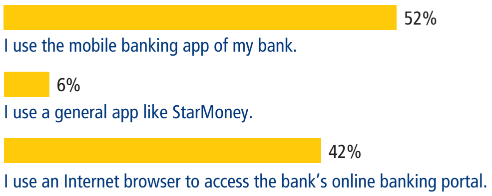
According to a Postbank study, even customers with the greatest affinity for "everything Internet" value face-to-face conversation with their banking advisors just as much as your "average" person. And they want the same range of products and services. For advisors in the branches, digital services give them the opportunity to make their advisory sessions with customers more efficient and more successful.

How online banking is accessed[1]

Use of online banking



Access to mobile banking



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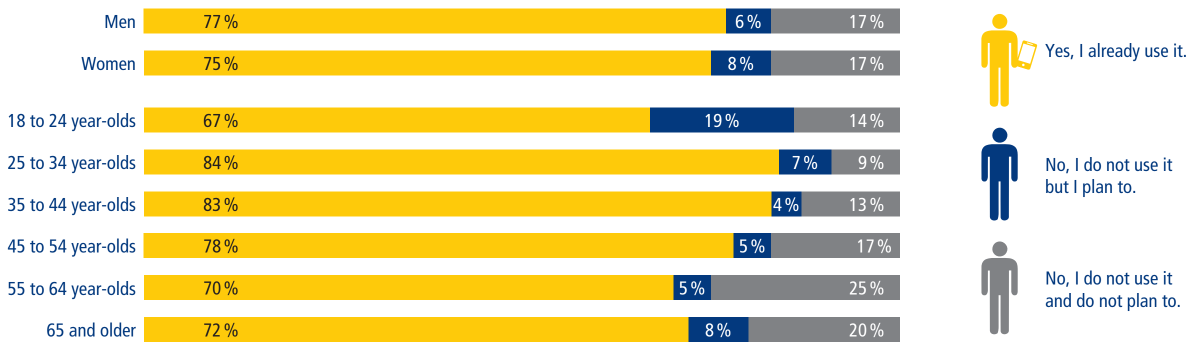
[1] Source: Postbank study (2015) "Money and the Digital German"

Real added-value for customers

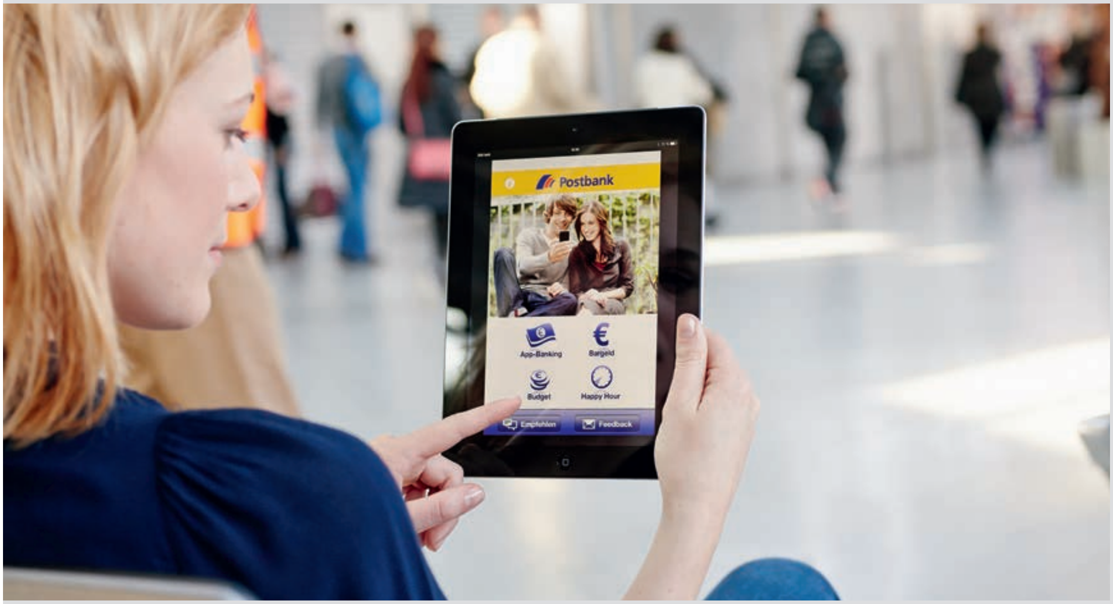
Postbank's nationwide branch presence is unique in Germany. The Bank's long-standing relationship with Deutsche Post offers customers a convenient combination of banking and postal services from a single source. The partnership creates synergy effects for Postbank and enhances the efficiency of its comprehensive branch network thanks to de facto cost sharing. At the same time, Postbank makes annual investments in the triple-digit million euro range in its branches. Multifunction terminals, closed cash systems at the counters, interactive touch-screen displays, dialog terminals, ATMs with deposit options (cash recyclers), free WiFi – these are just a few examples of how customers benefit from technical innovations in the branches. At the same time, bridges are built in this way between digital and personal customer service.

Postbank gives customers the opportunity to obtain information both online as well as in on-site advisory sessions, and to select the channel that best suits their needs. Our advisors in the branches increasingly serve as coaches for digital banking applications. Survey results show that customers value support from an advisor in direct proportion to the significance of the financial decision for the customer. The video chat solution creates a direct link between online and personal advice for business customers, and makes customers and advisors increasingly independent of traditional appointments and meeting places. Automated order options such as "Google Wallet" or fingerprint transactions are also pioneering. Today, customers can authorize the transfer of money with confidence using the Postbank Financial Assistant app. The app is available for mobile phones and features a fingerprint recognition system.

Use of online banking among the German population



Source: Postbank study (2015) "Money and the Digital German"

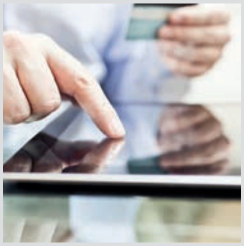


„Our goal is to create a link between local service
in the branch and the digital world
by systematically expanding our online activities.”

Frank Strauss (CEO)

Digital expert unit

In 2015, Postbank established a Chief Digital Office. The specialized unit with a direct connection to the Management Board Chair initiates, monitors and implements the Bank’s digital transformation program across all of Postbank fields of activity. The goal is to digitize internal bank processes, improve the customer experience, implement new technologies, and advance the evolution of the corporate culture. The starting point for any type of consideration in this context is the added-value for Postbank customers.



Lending business

as growth driver

For some years now the economic performance of Germany has been stable and positive. Real wages are growing and the employment rate is higher than it has ever been in the history of the Federal Republic. Interest rates have reached a historic low and the German economy has the potential to benefit from persistent competitive advantages associated with the euro exchange rate. While the interest rate environment poses challenges to deposit-rich banks in particular, it also makes it possible to transform terms and conditions attractive to borrowers into growth in the lending business with retail, business and corporate customers.

At the end of 2015, Postbank had a deposit surplus of around €10 billion. The goal, however, is to achieve balanced assets and liabilities in the customer business. To that effect, Postbank's balance sheet structure offers rich potential to expand the lending business. Three selected business areas are of obvious significance in this regard.

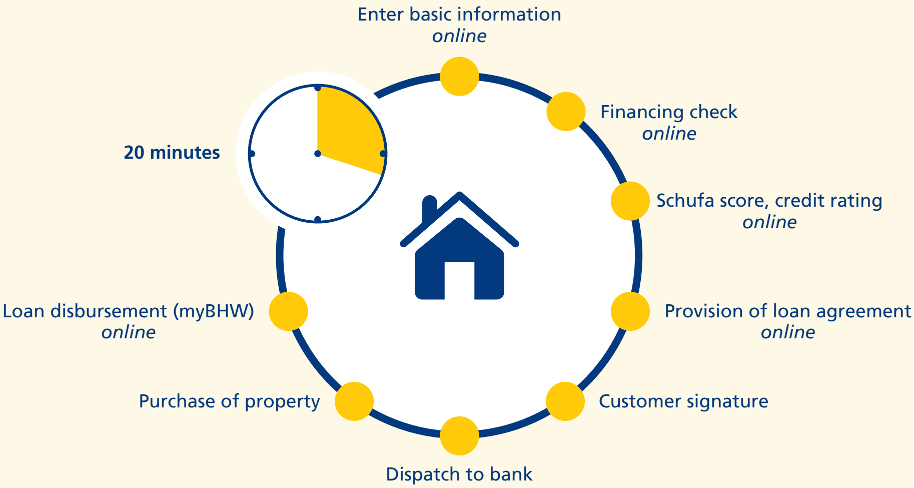
1. Real estate finance

The largest mortgage lender in Germany today is Postbank together with its DSL Bank and BHW brands.

Thanks to the continuous rise in the number of new residential construction since 2010, Postbank has been able to increase its volumes in the real estate loan business markedly. Portfolio volumes for private mortgage lending currently lie at around €70 billion. In 2015 alone, new business including disbursed home savings loans amounted to some €10.5 billion. This positive performance is to be exceeded. Germany's metropolitan regions in particular still evince a strong need for new construction despite a recent rise in the completion of new residential properties. Experts believe that at least 300,000 new residences will be needed annually given the recent influx of migrants.

Building – Buying – Living

The perfect combination of personal advice and digital offers in real estate finance



In 2015, Postbank launched a pilot project dedicated to linking digital information offers with individual personal advisory services, called "Building – Buying – Living."

The idea was to enable Postbank customers to obtain a real estate loan quickly and easily at any time day or night while simultaneously ensuring that they receive the comprehensive and detailed information required by law. Postbank's response: "Building – Buying – Living", a digital and personal tool, unique in its form, that is currently available on the Internet at www.postbank.de and www.bhw.de. The tool is incredibly easy for customers to use. First, customers indicate what they want to finance – a new construction project or the purchase or modernization of an existing property. Then, once they have entered the desired credit volume and their own available funds, the tool displays a variety of repayment and interest rate combinations that potential borrowers can examine in relation to personal circumstances, desires and financial liquidity.

If they indicate an interest in a personal advisory session, the online process can be supplemented by requesting personal telephone contact with the Bank. Following this "welcome call", the Postbank mortgage lending advisor responsible for the region receives information about the general parameters of the financing desired by the interested party. An appointment can thus immediately be made for a next-step advisory session to be held over the phone, at a branch office or even at the potential customer's own home.

In the first months of testing the "Building – Buying – Living" tool, Postbank was able to generate several thousand customer contacts with potential home savings and mortgage lending volumes in the triple-digit million euro range. Such success with this combination of digital contact with personal advice is an indication of the substantial long-term growth potential in combined "digital & personal" real estate finance at Postbank and BHW should the pilot project be expanded.

2. SME financing and commercial real estate

Since its founding, Postbank has always been an important partner for corporate customers in Germany. With more than 300,000 customers and a loan portfolio of around €8 billion, Postbank's business with small and medium-sized companies now stands on a strong foundation. The service offer ranges from payment transactions (0.8 billion transactions annually) through interest rate and currency management and Postbank's own leasing and factoring companies to SME loans and commercial real estate finance. Postbank's goal is to expand its position as the primary bank for German SMEs. The creation of a board department dedicated to this customer group at the end of 2015 underscores the strategic significance of this business area to the Bank's future performance.

In the lending business with SME customers, Postbank was able to grow new business by 9% in 2015. Postbank advises and supports its corporate and business customers upon request through the complete process in such things as investment financing.

In addition, Postbank benefited from rising demand in commercial real estate finance. In 2015 alone, new business volumes rose more than €2 billion to reach a double-digit percentage. Here Postbank markedly outperformed the overall market. A further expansion of sales will stabilize and extend this growth. The Bank also supports real estate financing outside of Germany in such things as the construction of production, shipping or sales locations in new markets. In the process it can offer customers comprehensive interest rate and currency management.

To ensure optimal accessibility for its corporate and business customers, Postbank is currently opening sales centers in numerous conurbations. The centers bring together the Bank's entire product and service portfolio under a single roof, and banking experts on-site ensure that customers receive competent and comprehensive advice.

3. Consumer credit

Thanks to positive economic conditions and a historically high level of employment, the consumer credit business experienced strong growth in the past few years.

Postbank currently has some €10 billion at its disposal in its portfolio of private loans. In 2015, high-margin new business with consumer credits reached €2.6 billion. Remarkably, customers have taken their solid trust in Postbank and transferred it almost seamlessly into the digital world. More than 4 million people visit Postbank's website per month, and one out of every four consumer credits at Postbank is now transacted online.

„We need a bank that understands what we do.“

From left to right: Michael Piersina (Key Account Manager), Taleb Katta (Managing Director and company co-founder of atb systemetiketten)

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The Postbank Group is a major financial services provider in Germany, with some 14 million customers, more than 14,000 employees and total assets of €151 billion. The heart of our commercial activities is our business with retail, business and corporate customers. Money market and capital market activities complete the Bank's profile.

What makes us particularly successful is our customer proximity that is unique in the market. We are there for our customers whenever and wherever they need us to be – for their private and business needs, digitally and in person.

That makes Postbank a bank for life.

6.4 million online banking accounts[1]

Fast, convenient and whenever you want it. Today, online banking is a normal part of everyday life for many people. Nearly 80% of Postbank checking accounts have been cleared for online banking, and that figure is rising. We are successful in this area because we combine high security with real innovation. For the former, we have been regularly praised by trade magazines like CHIP and FOCUS-MONEY. For the latter, we have reaped the enthusiasm of our customers.

[1] Including checking accounts, online SparCard accounts and securities deposit accounts

FOR OUR STAKEHOLDERS

01

Ladies and gentlemen,

In fiscal year 2015, Postbank maintained its strategy under persistently difficult market conditions. Despite the low interest rate environment, more stringent regulatory requirements and an overall volatile situation for the financial industry, we managed to achieve profit before tax of €582 million, following €213 million (excluding the discontinued operation) in the prior year. Adjusted for significant non-recurring effects, profit before tax rose palpably by nearly 10 % to reach €522 million. These results are satisfying given the aforementioned conditions. The first people we have to thank for this success are our 14,000-plus employees and some 3,000 independent sales agents who again have done their best for Postbank this past year.

The fact that Postbank has remained on course despite heavy financial seas underscores once again the robustness and power of our business model. Our business with retail, business and corporate customers has proven itself to possess long-term stability. Growth momentum comes from the heart of our core business, where we saw gains for example in new lending business volumes. Mortgage lending rose 16 % year-on-year; new consumer credit business increased by 12 %; corporate lending grew by 17 %; commercial real estate finance was up 15 %. Postbank's digitization strategy is paying off – a fact readily seen in new business transacted over digital channels, which continues to develop encouragingly. The number of checking accounts opened online rose by around 19 %, the volume of digitally transacted consumer credits by more than 8 %. We want to further expand the high-margin lending business in particular and use our deposit surplus – moving toward balanced assets and liabilities in the customer business – for additional growth.

In the past fiscal year, Postbank was able to extend the positive performance of its key financial and balance sheet indicators thanks to the healthy course of its business. The return on tangible equity after tax grew from 6.1 % to 13.0 %. Return on equity before tax climbed from 6.9 % to 8.8 %. Postbank is profitable, and is making good progress earning its cost of capital. At the same time, we have further improved our risk profile as a bank. The allowance for losses on loans and advances declined by an additional 21.1 % year-on-year to reach a historic low as a result of our continued efforts to reduce risk despite the expansion of such areas as our consumer credit business. We continued to scale back investment securities as well. Capital ratios also show a marked improvement. Postbank's fully phased-in Common Equity Tier 1 capital ratio rose to 11.4 %; the fully phased-in leverage ratio is 3.4 %, a figure appreciably, and for the first time, above the 3 % mark. Thanks to strict cost discipline we were also able to reduce administrative expenses further to €2,724 million despite increasing negative effects arising from the fulfillment of regulatory requirements and additional expenses for the deconsolidation from Deutsche Bank. The upshot is that Postbank today is a cost-conscious, comparatively low-risk and comfortably capitalized bank, and has become so under its own power. We will continue to work with discipline and unflagging effort on improving these metrics.

We believe Postbank is well-armed to meet the challenges that lie ahead. One direct challenge is currently posed by the deconsolidation from Deutsche Bank. Since Deutsche Bank's public announcement early last year, we have been making systematic preparations. Important steps have already been taken such as the squeeze-out cash compensation paid to minority shareholders. The next-stage goal consists of Postbank's complete deconsolidation, which we hope to have accomplished mid-2016. Measures necessary to do that – such as the reintegration of our service companies – have already made good progress.

Postbank has a vision and clear plan for achieving an independent future. It is still our goal to be "a bank for life" for our customers. We want to be a fair and reliable partner for them, in terms of both financial and postal services. For our staff we are an attractive employer that offers a corporate culture of appreciation. But what we want most is to be successful and grow. As a company that will soon be independent once again, we have been getting in shape for the stock market and have defined six strategic measures that will make Postbank more efficient overall and generate growth. During all of this change, we continue to rely on continuity, i.e., on those factors that have made us strong and successful in past years: Our unique business model, our vision and mission, and our positioning as a "digital and personal" bank remain the mainstays of our activities. In order to gear the organization toward the implementation of the Postbank Future Agenda, the Supervisory Board of Deutsche Postbank AG resolved a change in the Management Board effective December 2015. With the creation of the new Corporates and Markets board department, a focus on business with SMEs, real estate finance as well as engagement on financial markets has been established in the Management Board. As part of efforts to disentangle from Deutsche Bank, Postbank also created the new IT/Operations board department into which our service companies have been reintegrated alongside our IT and other functions. In addition, we have set up the Chief Digital Office, which will drive the digitization of Postbank as a whole.

This fundamental transformation can only be successfully accomplished because Postbank can rely on its employees: Satisfied, dedicated people who all pull together and who, most importantly, are ready and able to change. My Management Board colleagues and I are particularly pleased about all of this. We are proud of our Postbank staff and the way they positively embrace and actively shape both our current transformation and the changes to come, in addition to their performing their everyday jobs.

We will have to do our homework with purpose and method if we are going to be ready for the stock market. Overall, the results of fiscal year 2015 reinforce the reason why my Management Board colleagues and I have such confidence in the future of Postbank: The Bank has set out on a positive and promising course under difficult conditions – heading toward a future where Postbank is strong, improved and independent, a bank that creates added-value for all stakeholders – customers, employees, owners, and the community in which we operate.

Bonn, March 23, 2016

Frank Strauss
Chairman of the Management Board

POSTBANK MANAGEMENT BOARD MEETING, FEBRUARY 2016

From left to right: Frank Strauss (CEO), Marc Hess (CFO), Hans-Peter Schmid (Branch Sales), Susanne Klöss-Braekler (Products),
Ralph Müller (Corporates and Markets), Zvezdana Seeger (Executive Manager, IT/Operations),
Ralf Stemmer (Resources, CAO), Hanns-Peter Storr (CRO)

DEVELOPMENTS IN OUR BUSINESS DIVISIONS

LENDING BUSINESS AND DIGITIZATION SERVE AS DRIVERS OF GROWTH

Postbank was able to further expand its already high level of new lending business and achieve significantly improved margins in 2015. With nearly 380,000 newly opened private accounts, the Bank saw continued success in the checking business. A long-term positive performance for Postbank has been ensured thanks to the expansion of our strong market position both in digital banking as well as in personal contact with customers.

Consumer credit business outperforms the market

New consumer credit business performed very well in 2015. New business volumes reached some €2.6 billion and thus exceeded the corresponding prior-year figure by 11 %. The Internet sales channel once again proved to be of special significance by generating a large percentage of new business, approximately 25 %.

Total installment loans (consumer credits) also continued to increase without compromising high portfolio quality. At €6.3 billion as of December 31, 2015, they were up approximately €0.6 billion or 11 % over the corresponding prior-year figure. The Deutsche Bundesbank reported growth in consumer credits of 3.0 % as per the end of 2015 for the German banking market as a whole. Thus, Postbank continued to outperform the market. The Bank invests long-term in the digitization of its customer processes in order to improve the customer experience and increase the efficiency of its consumer credit business. The goal is to offer immediate loan approval and disbursement in all sales channels, a service already available in branch sales.

In the consumer credit test conducted by the financial publication FOCUS-MONEY and the Deutsches Finanz-Service Institut (DFSI – German Financial Services Institute), Postbank was once again named overall winner. The test compared the costs of consumer credits offered nationwide by 27 banks.

New home savings business slightly above prior-year level

The home savings business, which we operate under the BHW brand, generated volumes of around €10.4 billion in new total home savings written, which slightly exceeded the prior-year level. Business here was fueled primarily by €5.9 billion generated by Postbank Finanzberatung and €2.3 billion from the Postbank branches, which were once again able to increase their new business in year-on-year comparison. In the Postbank cooperation business, new business of €1.8 billion also represented an appreciable expansion.

In a recent study conducted by FOCUS-MONEY (21/2015 edition), our subsidiary BHW Bausparkasse AG was rated as “very good” overall when it comes to customer satisfaction.

New business in mortgage lending hits record level

Including disbursed home savings loans, our customers borrowed some €10.5 billion in financial resources for private construction projects by the end of 2015 despite tough competition, 16 % more than the high level of the previous year. New business acquired under the BHW brand contributed around €4.0 billion to that amount (including disbursed home savings loans). In our brokerage business, in which we are positioned as a “partner bank to financial service providers” under the DSL Bank brand, we were able to boost volumes by almost 30 % to €6.4 billion. Such outstanding new business can be attributed in particular to extraordinarily favorable financing terms and conditions for private mortgage lending in 2015.

The mortgage loan portfolio as of December 31, 2015, totaled around €70.9 billion, some €1.0 billion below the year-end value for 2014. The drop is primarily a result of the reduction of earlier purchased portfolios. As in past years, our customers took extensive advantage of contractual early loan repayment rights and increasingly used their monetary means for the repayment of loans.

The Bank has continued to expand its interwoven combination of digital offers and personal advisory services in mortgage lending. In 2015, it established an online process for submitting financing inquiries in 12 pilot regions and with 250 mortgage lending experts, which helped to grow new business. By ensuring that customer inquiries reach advisors quickly, the Bank achieves a high appointment rate. As a major player in the private mortgage lending business, Postbank was also the first pilot partner to be linked to the new online application platform for promotional loans offered by Kreditanstalt für Wiederaufbau (KfW). The platform has allowed customers since mid-2014 to benefit from an end-to-end online application and approval process for residential KfW promotional loans. Since then, other KfW development products and functionalities have also been finalized, making it possible to realize additional process advantages. Through the DSL Bank and BHW brands, Postbank acquired KfW loans in the amount of approximately €940 million by December 31, 2015.

The checking account – digital and otherwise – as a key to Postbank

At 5.25 million, Postbank's book of private checking accounts abided at the prior-year level as of December 31, 2015. As a result, Postbank remained unchallenged as the largest provider on the German market. Demand deposits held in private checking accounts rose 13 % in 2015 to reach €29.1 billion. Some 380,000 newly opened private checking accounts once again demonstrated the selling power of Postbank in the period under review, with the proportion of accounts opened online continuing to gain in significance. Around 23 % of all accounts were opened on the Internet in 2015, following 15 % in the prior year. Meanwhile, almost 80 % of checking accounts have been authorized for online banking and the percentage of customers who make digital banking transactions is rising steadily. In response, we plan to focus even more strongly on the digital accounts process in the future, and the Bank's power of innovation will be on display in 2016 in this area as well: The new account will offer a fully digital process for opening an account and proving identity, making it possible to immediately use it for such things as money transfers.

Savings deposits on a downward trend in low interest rate environment

In line with our strategy, the volume of retail savings products decreased by around 5.5 % to €46.0 billion year-on-year. Since mid-2014, the focal points of the Bank's product range in this area have been the "Postbank SparCard Rendite plus," a traditional and transparent savings offer in card form, and its corresponding online product "Postbank SparCard Rendite plus *direkt*." Both have generated positive momentum since their launch.

Subdued securities and retirement provision business

The situation on capital markets and the low interest rate level benefited the investment funds business but dampened the business with bonds. The Bank was able to increase new business by 11.3 % to around €1.8 billion compared with the prior year. Overall, assets under administration, at €13.9 billion, remained nearly unchanged compared with the same prior-year period.

An altered legal landscape (keyword: the German Life Insurance Reform Act – *Lebensversicherungsreformgesetz*, LVRG) as well as the sustained low level of interest rates are necessitating a fundamental reorientation in the insurance segment for retirement provision schemes. The Bank will streamline its product portfolio and optimize its sales processes. It also launched a new product line on January 1, 2016: "PB Privat Rente Zukunft" offers attractive opportunities for returns despite the low interest rate environment and should in combination with further optimizations contribute to a revival of the life insurance business in 2016.

More efficient processes in our advisory services and offer optimizations for the future in the non-life insurance business with our cooperation partner HUK-COBURG insurance group should generate a markedly positive business performance. At the start of 2015, the Postbank car loan was successfully introduced. This loan rounds off the product and service portfolio of HUK-COBURG, Germany's largest automobile insurance agency.

Portfolio of loans to corporate customers sees positive performance

The long-term strategy of our corporate banking business continues to target German SMEs. In this segment, our aim is to establish Postbank as the primary bank for basic daily needs and to gain new market shares.

As part of this strategy, the lending business is focused on small and mid-sized corporate customers. Here we continue to utilize the underlying risk-conscious lending policy that had already been implemented, while seeking an optimal employment of capital. New business in corporate lending including factoring, leasing and commercial real estate finance performed very well compared with the prior year, rising 9.5 % to €4.6 billion. The Bank was able to increase its portfolio of loans to corporate customers markedly by €0.8 billion to reach €14.8 billion by the end of 2015. This outcome is primarily attributable to strong new business and a rise in overdrafts and money market loans. Factoring was able to improve income by €0.2 billion in increased volumes by further optimizing the portfolio.

In commercial real estate finance, after successful consolidation of the portfolio and as part of our established business and risk strategy, we are focusing our new business on the financing of existing properties and supplementing it with the selective financing of project developments for professional real estate investors. We were able to stabilize the portfolio of loans while maintaining the conservative orientation of our portfolio, thanks primarily to an appreciable rise in new business volumes and despite high unscheduled repayments. Portfolio volumes for commercial mortgages, at €6.7 billion as of December 31, 2015, remained at the prior-year level.

The number of payment transactions we processed could be held constant at 0.8 billion compared with the prior year. As a consequence of the challenging low interest rate environment, the deposit volumes of our corporate customers have been scaled back. They ended the 2015 fiscal year at €4.1 billion, a figure that as expected was lower than the €5.0 billion at the end of 2014.

Challenge of negative money market interest rates

The Financial Markets segment performs the Postbank Group’s money market and capital market activities. Its responsibilities include hedging net interest margin contributions from the customer business by managing interest rate risk and market risk and managing the liquidity position of the Postbank Group. In so doing, the division supports efforts related to further reducing risk and total assets with the aim of improving metrics that will be relevant in the future (e. g., the leverage ratio). Total assets fell by 3.1 % to €150.6 billion overall.

The investment of money market assets has been a major challenge for the Financial Markets segment, given the negative interest rates generated by ECB policies since the end of 2014. Those rates sank to –0.30 % over the course of the year under review, leading us to place a particular focus on the disposal of short-term money market investments such as loans and advances to other banks. We were able to reduce these items successfully year-on-year by €3.8 billion to €15.9 billion. The holdings of investment securities dropped by €0.9 billion (from €26.3 billion in the prior year to €25.4 billion); in contrast, the public-sector lending business (loans and advances to customers) expanded by €1.2 billion to €4.3 billion.

Non-Core Operating Unit sees further volume reduction

The Non-Core Operating Unit (NCOU) covers the portfolios and activities that in line with the Bank’s current strategy are no longer part of the core business. They were separated from the original segments for the purpose of managing them more purposefully. They include selected investment securities portfolios and corporate loans, specific foreign activities, discontinued products in the customer business, and collateralized and uncollateralized issuances.

Year-on-year, portfolios in the Non-Core Operating Unit were further scaled down by December 31, 2015. This development can be attributed in particular to maturities in the remaining portfolio and the sale of two non-performing loan portfolios in Italy. Overall, assets were reduced by €2.1 billion to €9.0 billion while liabilities amounted to €25.8 billion in 2015.

REPORT OF THE SUPERVISORY BOARD

Ladies and gentlemen,

During fiscal year 2015, Deutsche Postbank AG (hereinafter also referred to as Postbank) performed very well against its competitors despite challenging business conditions. As in past years, the continuing pressure on interest rates and margins posed a major challenge for the banking industry. The European Central Bank expects interest rates to remain consistently low in the coming years. Historically low yield levels, narrow margins, even more regulatory requirements, and costs for the reimbursement of consumer loan processing fees had a negative impact on the business performance of the German banking and financial services industry in the past fiscal year as well. Following the introduction of the liquidity coverage ratio and the targets for the Common Equity Tier 1 capital ratios, additional regulatory requirements are already in the preparatory stage. Increasing consumer protection requirements, new regulatory specifications and the efforts needed for their implementation combined with the low yield level and continuing high pressure on margins will once again pose major challenges to the German financial services industry in 2016.

Postbank's business model has continued to prove itself to be stable under these difficult conditions. A markedly improved allowance for losses on loans and advances and slightly lower administrative expenses made essential contributions to the good result in this tough market environment.

During the past fiscal year, the Bank reached key milestones on the road to independence. The deconsolidation project has already made rapid progress since its start in 2015. In addition, the implementation of the new schedule of responsibilities has created a structural basis for Postbank to become independent as a bank, even more efficient as a company and even more successful as a competitor.

As part of our intensive and constructive working relationship, the Management Board informed us in a regular, timely and comprehensive manner during fiscal year 2015 about all issues concerning the Company's strategy, planning, the financial and economic performance of the Bank, the risk position, the risk management system, the internal control system and compliance. Together with the Management Board, we also discussed changes to the remuneration system, strategic measures and regulatory developments as well as important business transactions and projects. Deviations between the course of business and the plans and targets in individual segments were explained to us and reasons given. We discussed at length the Company's strategic focus as well as all measures requiring the approval of the Supervisory Board that were presented to us. Where required by law, the Articles of Association or the Bylaws, we voted and passed resolutions after thorough examination and discussion. When it was necessary to consider issues outside regularly scheduled meetings, decisions were made by means of written procedures. In addition, the Chairmen of the Supervisory Board, the Audit Committee and the Risk Committee were also informed by the Management Board about important business transactions and forthcoming decisions between meetings of the Supervisory Board. The Chairman of the Supervisory Board also stayed in constant touch with the Chairman of the Management Board.

Main subjects of discussion by the Supervisory Board

The Supervisory Board held a total of eight regularly scheduled meetings and three extraordinary meetings during fiscal year 2015. In all meetings of the Supervisory Board, we were informed by the Management Board about the Bank's current economic and business situation, the performance of the individual business divisions, risk development and risk management as well as new statutory and regulatory requirements. During a one-day closed meeting, we joined the Management Board in taking a close look at Postbank's business and risk strategies and then thoroughly discussed these issues.

Other focal points of discussions during the year under review were Postbank's risk structure, the impact of current and future regulatory changes and the restructuring of the Management Board's remuneration system. We also held detailed discussions on measures to move forward with the purposed deconsolidation from the Deutsche Bank Group as well as about the new schedule of responsibilities. The members of the Supervisory Board regularly received information about the Company's current situation.

In fiscal year 2015, all Supervisory Board members attended at least half of the meetings held by the Supervisory Board and its committees.

During the regularly scheduled meeting on February 4, 2015, we resolved on the Management Board's target achievement in fiscal year 2014 and approved the planning submitted for fiscal year 2015. We also received information about the current status of the closed-end funds. Moreover, the Management Board informed us about the status of preparations of the Company's annual financial statements.

During the financial statements meeting held on March 23, 2015, we approved the 2014 annual and consolidated financial statements of Postbank. This step was taken after our own thorough deliberation, examination and earlier discussion with the auditor, and reflects the recommendation of the Audit Committee. To that end, the Management Board and the auditor also informed us during the meeting about key findings in 2014. In addition, we resolved on the Report of the Supervisory Board to the Annual General Meeting in accordance with sections 171(2) and 314(2) of the *Aktiengesetz* (AktG – German Stock Corporation Act) and the Annual Corporate Governance Statement as well as the Corporate Governance Report. Using updated mid-term planning as our basis, we passed a resolution on the 2015 targets of the Management Board. As part of equity investment-related issues, a decision was made in accordance with section 32 of the *Mitbestimmungsgesetz* (MitbestG – German Co-Determination Act) to formally approve the conduct of office of the Management Board and Supervisory Board of Postbank Filialvertrieb AG. Other issues addressed by the Supervisory Board during the meeting included the risk position of the Bank as a whole and the human resources and social report. The Supervisory Board and the Management Board also jointly examined and discussed the status of key ongoing projects. At this meeting we also passed motions on the agenda items for the Annual General Meeting on May 28, 2015.

During the regularly scheduled meeting held on July 14, 2015, we updated the Declaration of Conformity in line with section 161 of the AktG and held detailed discussions and passed resolutions related to the agenda items for the Annual General Meeting postponed until August 28. Moreover, the Management Board reported on the Bank's business performance for the first quarter of 2015. In view of the upcoming deconsolidation from Deutsche Bank Group, the Management Board informed us about Postbank's further course of action following the strategic decision of the principal shareholder as well as about the Postbank agenda and priorities.

In connection with the 2015 Annual General Meeting, the Supervisory Board held two regularly scheduled meetings on August 27 and 28. In the meeting held on August 27, we received information on the organizational details of the Annual General Meeting. We were also informed by the Management Board of the 2015 half-yearly figures and discussed these results with its members.

The meeting of August 28, 2015, which immediately followed the Annual General Meeting, focused on new appointments and/or reappointments for committees due to the change on the Supervisory Board.

During its meeting of September 9, 2015, the Supervisory Board issued new Bylaws for itself, set a target for the percentage of women on the Management Board and resolved a deadline for implementation of that ratio; it also confirmed the minimum quota of 30 % of female representation on the Supervisory Board. In addition, the Management Board presented the human resources and social report, the report on the overall bank risk, and an update on the Postbank agenda.

In our extraordinary meeting on October 5, 2015, following detailed discussion, we issued a new schedule of responsibilities effective December 1, 2015. In addition, we resolved to apply for an application for clearance, which argues that the actions for annulment and avoidance filed against the resolutions passed by the Annual General Meeting on August 28, 2015, pose no obstacle to entry of the squeeze-out resolution in the commercial register for Postbank and indicates which law firm would provide representation in the clearance proceedings.

We also received detailed information about the proposed changes to the remuneration structure and revision clauses in Management Board employment contracts.

During the extraordinary meeting of November 4, 2015, the elections of the Chairman of the Supervisory Board and of the Deputy Chairman of the Human Resources Committee took place.

In the meeting of November 5, 2015, we discussed and passed resolutions regarding modifications of the remuneration system of Management Board members, targets of the Management Board and amendments to Management Board employment contracts. The Management Board informed us about business developments and the risk position of Postbank as part of its regular reporting responsibilities.

In the extraordinary meeting of December 2, 2015, we resolved additional amendments to Management Board employment contracts and updated the Declaration of Conformity in accordance with section 161 of the AktG. The Supervisory Board and the Management Board also jointly examined and discussed the status of key ongoing projects.

In its last meeting of the year held on December 17, 2015, the Supervisory Board focused on business performance, business planning for 2016, Postbank's business and risk strategy, and the Declaration of Conformity in accordance with section 161 of the AktG. We also resolved a "regular limit of length of membership" for Supervisory Board members and an amendment of the Bylaws of the Supervisory Board. The Management Board informed us about the Company's current financial situation. Together with the Management Board, we discussed business planning for 2016 and Postbank's business and risk strategies for 2016. After extensive discussion, we approved the submitted business plan for 2016. With regard to remuneration of Management Board members, we passed resolutions on the remuneration comparison and modified the Management Board remuneration system.

In the past fiscal year, we exercised our voting authority twice by means of written procedures.

Conflict of interest

Besides the conflicts of interest listed and proactively reported in the Declaration of Conformity, no additional conflicts of interest of Supervisory Board members were reported in fiscal year 2015. The Supervisory Board is also not aware of any additional ones.

Work of the committees

To carry out its work in fiscal year 2015, the Supervisory Board of Postbank formed seven committees. The following members serve on the Supervisory Board and its committees:

Members of the Deutsche Postbank AG Supervisory Board and its committees

Supervisory Board

Werner Steinmüller (Chair)
Frank Bsirske (Deputy Chair)
Rolf Bauermeister
Susanne Bleidt
Edgar Ernst
Stefanie Heberling
Timo Heider
Tessen von Heydebreck
Hans-Jürgen Kummetat
Katja Langenbucher
Karen Meyer
Christiana Riley
Karl von Rohr
Bernd Rose
Christian Sewing
Michael Spiegel
Eric Stadler
Gerd Tausendfreund
Renate Treis
Wolfgang Zimny

Executive Committee
(section 11 of the Supervisory Board Bylaws)

Werner Steinmüller (Chair)
Frank Bsirske (Deputy Chair)
Tessen von Heydebreck
Eric Stadler

Human Resources Committee
(section 14 of the Supervisory Board Bylaws)

Frank Bsirske (Chair)
Werner Steinmüller (Deputy Chair)
Susanne Bleidt
Stefanie Heberling
Tessen von Heydebreck
Renate Treis

Risk Committee
(section 12 of the Supervisory Board Bylaws)

Michael Spiegel (Chair)
Edgar Ernst (Deputy Chair)
Stefanie Heberling
Bernd Rose
Renate Treis
Wolfgang Zimny

Nomination Committee
(section 15 of the Supervisory Board Bylaws)

Werner Steinmüller (Chair)
Tessen von Heydebreck (Deputy Chair)
Frank Bsirske
Eric Stadler

Audit Committee
(section 13 of the Supervisory Board Bylaws)

Christiana Riley (Chair)
Edgar Ernst (Deputy Chair)
Timo Heider
Karl von Rohr
Bernd Rose
Gerd Tausendfreund

Compensation Control Committee
(section 16 of the Supervisory Board Bylaws)

Werner Steinmüller (Chair)
Frank Bsirske (Deputy Chair)
Tessen von Heydebreck
Eric Stadler

Mediation Committee
(section 17 of the Supervisory Board Bylaws)

Werner Steinmüller (Chair)
Frank Bsirske (Deputy Chair)
Tessen von Heydebreck
Eric Stadler

The Executive Committee is responsible for, among other things, preparing the appointment and withdrawal of members of the Management Board with due consideration for the recommendations of the Nomination Committee, preparing the financial statements, amending and terminating the employment contracts for members of the Management Board, and granting loans to members of the Management Board and Supervisory Board. It is also responsible for preparing decisions related to corporate governance, the monitoring of compliance with the Declaration of Conformity, special issues of overriding importance, and fundamental questions about the Company's strategic direction. The committee met five times during the year under review. The meetings focused on the structure of Management Board contracts, further development of governance, and loans to members of executive bodies of the Postbank Group. During its meetings, the Executive Committee also prepared resolutions for the Supervisory Board and approved the assumption of offices by Management Board members in other companies.

The Risk Committee is responsible for monitoring risk appetite, profile and strategy as well as consultation related to these areas. It also addresses fundamental questions related to the remuneration system and the setting of terms and conditions in the customer business. Its decisions touch on the issuance of loans to members of executive bodies, key loan decisions, special investment decisions and fundamental issues related to the issuance of loans. The Risk Committee met four times in 2015, with one meeting held together with the Audit Committee. During those meetings in the past fiscal year, the Management Board provided regular comprehensive information to the Risk Committee on developments related to key financial figures and risk indicators. In line with its remits, the committee discussed the current market environment and the respective risk situation and made decisions on the approval of new loans, the extension of existing loans and increases in the lending limits for various individual loans and credit facilities. The Risk Committee also conferred with the Management Board on the risk strategy, the portfolio strategy and structures as well as measures to manage risks. Moreover, the committee intensively discussed changes to regulatory requirements in order to derive measures to improve risk management and risk culture. In this context, the committee examined the way in which remuneration system incentives take into account the risk, capital and liquidity structures and discussed whether terms had been defined adequately in the customer business. To be able to efficiently advise the Supervisory Board and the Management Board with regard to overarching topics, the Risk Committee worked closely with the Audit Committee.

The Audit Committee is assigned the issues of accounting, risk management, compliance, internal audit, the internal control system and audit of the financial statements. It met seven times in the period under review. One committee meeting was held jointly with the Risk Committee. The meetings – at which the auditor was present – focused on providing extensive support to the examination of the annual and consolidated financial statements for 2014 and interim reports as well as discussions of accounting. The half-yearly report and the interim management statement/interim report for 2015 were discussed with the Management Board before their release in accordance with the recommendations in section 7.1.2 of the German Corporate Governance Code (DCGK). During the period under review, the Audit Committee examined the effectiveness of Postbank's risk management system, the internal control system and the audit system. The committee was involved in the issuance of audit contracts and defined the focal points for the audit of the annual financial statements for the fiscal year. In the process, the committee assured itself of the autonomy of the auditor pursuant to the guidelines of the DCGK. During its seven meetings in 2015, the committee also conducted a thorough examination of the findings of the auditor, the work of Internal Audit, questions regarding compliance, accounting and legal risks, as well as of special reviews that had been conducted and objections raised by supervisory authorities. The committee intensely supported the handling of the examination findings during the entire reporting year. The Management Board regularly informed the Audit Committee about changes in regulatory conditions and their impact on Postbank as well as about the implementation status of projects launched in connection with these issues. The committee prepared its own resolutions when necessary or submitted a resolution recommendation to the Supervisory Board.

The Human Resources Committee addresses the structures of Deutsche Postbank AG's human resources activities and the principles of human resources development. The committee met twice in fiscal year 2015. In those meetings, the human resources reports of the Management Board focused on the human resources strategy and development within the Group. In this regard, issues such as diversity, the age structure and demography at Deutsche Postbank AG, planned educational and training concepts including talent management, and information on personnel cost and workforce management were addressed.

The Nomination Committee prepares the recommendation of the Supervisory Board for the election or appointment of shareholder representatives to the Supervisory Board by the Annual General Meeting. The committee also assists the Supervisory Board with the task of identifying candidates for the Management Board and senior management positions as well as of complying with related principles. It defines the goals related to the composition of the Supervisory Board and monitors the achievement of these goals. In addition, the Nomination Committee regularly examines the structure, size and composition of the Management Board and Supervisory Board. It also evaluates the expertise, skills and experience of individual board members as well as the respective board as a whole. In fiscal year 2014, the Nomination Committee met seven times. The meetings focused on the preparation of election proposals for the Annual General Meeting for the election of shareholder representatives to the Supervisory Board as well as succession planning of the Supervisory Board and the Management Board including proposals for the appointment of a new Executive Manager in connection with the introduction of a new schedule of responsibilities. As part of an evaluation and an examination of efficiency, the committee focused intently on the structure, size and composition of the Management Board and Supervisory Board as well as the expertise, skills and experience of individual board members and the respective board as a whole.

The Mediation Committee is a committee required by the provisions of the MitbestG. It submits personnel recommendations to the Supervisory Board in case the statutorily required two-thirds majority in the Supervisory Board is not achieved for the appointment or dismissal of Management Board members. The past fiscal year evinced no need here. For that reason, the Mediation Committee did not meet in the period under review.

The Compensation Control Committee helps the Supervisory Board monitor the appropriate structure of the remuneration systems for the Management Board and employees and in particular compensation received by the heads of the Risk Control and Compliance functions. Furthermore, it prepares proposals for resolutions on the remuneration of senior managers in terms of the impact these decisions will have on Postbank's risk position and risk management. It ensures that the internal control units and all other important units are included in the structuring of remuneration systems. The committee met five times in the fiscal year. The discussions focused on new requirements for the structure of Management Board and employee remuneration systems, based on regulatory and statutory amendments in connection with the *Institutsvergütungsverordnung* (InstVergV – Regulation

Governing Supervisory Requirements for Remuneration Systems of Institutions). The committee also extensively discussed the reports of the Remuneration Officer. In addition to discussing the target achievement of the Management Board for fiscal year 2014 and the Management Board targets for fiscal year 2015, the committee also intensively deliberated the remuneration of the Management Board members as well as the standards of the German Corporate Governance Code for comparing remuneration.

The chairs of the committees regularly reported to the full Supervisory Board about the work of the committees.

Audit of the annual and consolidated financial statements

The auditor elected by the previous year's Annual General Meeting – Pricewaterhouse-Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf – audited the accounting, the annual financial statements of Deutsche Postbank AG and the consolidated financial statements, including the respective management reports, for fiscal year 2015 and issued an unqualified audit opinion for each one.

In accordance with section 317(4) of the *Handelsgesetzbuch* (HGB – German Commercial Code), the auditor performed an audit of the early-warning system for risks to be set up in accordance with section 91(2) of the AktG and confirmed that the Management Board had taken measures to satisfy the requirements associated with risk strategy, risk-bearing capacity, risk management and risk monitoring, including the establishment of a suitable early-warning system for risks that is able to recognize developments early on that could jeopardize Postbank's existence as a going concern.

Deutsche Postbank AG's annual financial statements, the consolidated financial statements, the management reports, the Management Board's dependent company report and the auditors' reports were made available to all Supervisory Board members and were examined by us. Since there was no distributable net retained profit for the year under review, the Management Board did not submit to the Supervisory Board a proposal for the appropriation of that profit. Rather the net profit for the period as reported in the single-entity financial statements on the basis of the HGB had already been transferred to DB Finanz-Holding GmbH pursuant to the control and profit and loss transfer agreement.

The discussions were conducted in the presence of representatives of the auditor. They reported on the execution and key findings of the audit during the Supervisory Board meeting on March 22, 2016, and were available to provide supplemental information and answer questions. During that meeting, the Chairman of the Audit Committee reported on the results of that committee's examination of the annual and consolidated financial statements from March 16, 2016. We concurred with the results of the audit of the annual financial statements and the consolidated financial statements. The final results of our own examination did not give rise to any objections to Deutsche Postbank AG's annual financial statements or the consolidated financial statements.

The Supervisory Board approved the annual financial statements of Deutsche Postbank AG that had been put forward by the Management Board as well as the consolidated financial statements. The annual financial statements of Deutsche Postbank AG are thus adopted.

Changes in the Management Board and Supervisory Board

In fiscal year 2015, there were no personnel changes on the Management Board.

The following changes were made to the Supervisory Board:

On June 26, 2015, Stefan Krause was appointed to the Supervisory Board by the Bonn Local Court (Amtsgericht Bonn), elected as chairman on July 14, 2015, and confirmed by the Annual General Meeting on August 28, 2015. On the shareholder side, Christiana Riley was elected by the Annual General Meeting. Werner Steinmüller has been Chair of the Supervisory Board since November 4, 2015. Michael Spiegel was appointed to the Supervisory Board by the Bonn Local Court (Amtsgericht Bonn) on November 17, 2015. He was confirmed as a member of that body by the Annual General Meeting on February 1, 2016, and Karen Meyer was elected to the Supervisory Board as a shareholder representative.

The following members resigned from the Supervisory Board of Deutsche Postbank AG: Rainer Neske as of June 25, 2015, Lawrence A. Rosen as of August 28, 2015, Stefan Krause as of October 31, 2015, and Christian Ricken as of the end of January 31, 2016.

We would like to thank our departing members of the Supervisory Board – Stefan Krause, Rainer Neske, Christian Ricken and Lawrence A. Rosen – for their dedicated work and the constructive support they provided to the Company in the past months and years.

Corporate governance

The Management Board and the Supervisory Board of Deutsche Postbank AG also dedicated efforts to the German Corporate Governance Code during the reporting year. The last annual Declaration of Conformity, dated December 17, 2014, was updated on July 14 and December 2, 2015, and is available on the Company's website. The annual Declaration of Conformity in accordance with section 161 of the AktG was last issued by the Management Board and the Supervisory Board of Deutsche Postbank AG on December 17, 2015, and was made available to Postbank shareholders on the Company's website. With the exception of the declared deviations, Postbank has been in compliance with all recommendations made by the Government Commission on the German Corporate Governance Code first in the version dated June 24, 2014, and recently in the version dated May 5, 2015. Deutsche Postbank AG has not been listed since January 14, 2016. Since that date, the Management Board and the Supervisory Board of Deutsche Postbank AG are no longer required to make a Declaration of Conformity. For that reason, the last joint Declaration of Conformity, made by the Management Board and Supervisory Board on December 17, 2015, and the rationales contained therein, is no longer being updated.

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Detailed information about corporate governance and the text of the Declaration of Conformity dated December 17, 2015, can be found in the Corporate Governance Report, including the Annual Corporate Governance Statement, starting on page 24.

We would like to thank the Management Board, employee representatives and all Group employees for their successful work.

Bonn, March 22, 2016

The Supervisory Board

Werner Steinmüller
Chairman

Mortgage lender no. 1

In a world of constant change, some things never do – like the yearning to own your own home. Postbank has been helping people do that for years and reaping new business in its real estate loan portfolio, which has risen recently. More growth is to be expected given the strong need for new residential construction in metropolitan areas in particular. Postbank is turning this good opportunity into even better offers for its customers – and, together with its BHW and DSL Bank brands, expanding its position as the largest mortgage lender in Germany.

OUR RESPONSIBILITY

02

CORPORATE GOVERNANCE REPORT

INCLUDING THE ANNUAL CORPORATE GOVERNANCE STATEMENT

In this statement, Deutsche Postbank AG (hereinafter also referred to as Postbank) reports on its principles of corporate governance pursuant to section 289a of the *Handelsgesetzbuch* (HGB – German Commercial Code) and/or section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act) and section 3.10 of the *Deutsche Corporate Governance Kodex* (DCGK – German Corporate Governance Code). This statement includes the Declaration of Conformity, statements on corporate governance practices, and information on where these can be publicly accessed, a description of the operating principles and composition of the Management Board, Supervisory Board and the relevant committees as well as fundamental corporate governance structures. Our position on the suggestions of the Code will also be indicated.

Implementation of the German Corporate Governance Code

At Postbank, good corporate governance is the prerequisite for the responsible, values-oriented management of companies. In this respect, the executive bodies at Postbank attach importance to implementing the DCGK as comprehensively as possible.

The Management Board and the Supervisory Board of Postbank have devoted efforts to meeting the requirements of the DCGK – particularly its amendments – in the version dated May 5, 2015. After extensive deliberation they issued a joint Declaration of Conformity on December 17, 2015. This declaration and past declarations of conformity can be found on the Postbank website at https://www.postbank.com/postbank/en/au_corporate_governance.html.

Declaration of Conformity

On December 17, 2015, the Management Board and the Supervisory Board of Deutsche Postbank AG made the following joint declaration pursuant to section 161 of the AktG:

"I. The last annual Declaration of Conformity was made on December 17, 2014. The rationale for this declaration was updated on July 14, 2015, and on December 2, 2015. The Management Board and the Supervisory Board of Deutsche Postbank AG declare that since the last Declaration of Conformity on December 17, 2014, the Bank has complied with all recommendations made by the Government Commission of the German Corporate Governance Code in the version dated June 24, 2014, and published in the Federal Gazette on September 30, 2014, as well as the version dated May 5, 2015, and published in the Federal Gazette on June 12, 2015, with the following exceptions:

1. Pursuant to section 5.4.2 sentence 4 of the DCGK, members of supervisory boards shall not perform advisory tasks or exercise directorships with important competitors of the Company. As of December 3, 2010, Deutsche Bank AG holds more than 50 % of Postbank shares and is thus the parent company of Deutsche Postbank AG. Two members of the Deutsche Bank AG Management Board are members of the Supervisory Board of Deutsche Postbank AG: Karl von Rohr and Christian Sewing. Moreover, Stefan Krause was also at one point simultaneously a member of both the Deutsche Bank AG Management Board and the Supervisory Board of Deutsche Postbank AG. From the point of view of the Company, it is reasonable to allow mandate holders of the majority shareholder or its subsidiaries to serve on the Supervisory Board even if these are supposed to be important competitors of the Company. In intragroup relations, it is without exception a customary practice for representatives of the parent company to be members of the Supervisory Board of the company.

It is the judgment of the Management Board and the Supervisory Board of Deutsche Postbank AG that section 5.4.2 sentence 4 of the DCGK does not address intragroup relations. Rather, the meaning of that section applies to representatives of an enterprise's external competitors. The Management Board and the Supervisory Board have nevertheless decided as a precaution to make a declaration of deviation from section 5.4.2 sentence 4 of the DCGK.

2. In accordance with section 4.2.3(2) sentence 6 of the DCGK, remuneration shall have caps relating to amount, both overall and for variable remuneration components. Employment contracts of current Management Board members provide for maximum limits on remuneration components that in part do not fully comply with the recommendations of the Code. The Bank, however, does intend to amend the corresponding existing contracts so that they comply with Code requirements. In this context, the opinion has been voiced that the maximum amounts must not only relate to the granting and allotment of remuneration components but also to the later accrual of the same. Although Deutsche Postbank AG considers this view unconvincing, we have nevertheless decided as a precaution to declare that a cap related to amount has not been set for the accrual of deferred share-based remuneration. As a result, Deutsche Postbank AG has not complied with the recommendation in section 4.2.3(2) sentence 6 to the required extent.

3. In accordance with section 4.2.3(3) of the DCGK, for pension schemes, the Supervisory Board shall establish the level of provision aimed for in each case – also considering the length of time for which the individual has been a Management Board member – and take into account the resulting annual and long-term expense for the Company. However, defined contribution plans that due to their structure do not aim at a specific level of provision and/or from which no specific level can be derived apply to the majority of Management Board members. As a result, the Supervisory Board does not assign a targeted level of provision for these pension schemes. A change to this customary scheme structure is not sought. A maximum level of provision has been established for the pensionable basic pay for pension schemes that depend on remuneration. The Supervisory Board deems the maximum level of provision established in this context as sufficient.

4. In accordance with section 5.3.3 of the DCGK, the Nomination Committee shall be composed exclusively of shareholder representatives. Pursuant to section 25d(11) of the *Kreditwesengesetz* (KWG – German Banking Act), the Nomination Committee of the Supervisory Board must assume additional duties that should not be the exclusive province of shareholder representatives on the Supervisory Board. For that reason, the Nomination Committee of Deutsche Postbank AG also includes employee representatives. It is ensured, however, that election proposals to the Annual General Meeting are made only by shareholder representatives in the Committee.

5. In accordance with section 5.3.2 sentence 3 of the DCGK, the Chairman of the Audit Committee shall be independent. On July 9, 2014, the Supervisory Board elected Christian Ricken to be the new Chairman of the Audit Committee. Mr. Ricken is Chief Operating Officer of the Private & Business Clients corporate division of Deutsche Bank AG (COO PBC). Deutsche Bank AG currently holds both directly and indirectly approximately 96.80 % of the shares in Deutsche Postbank AG and is thus the controlling shareholder within the meaning of section 5.4.2 sentence 2 of the DCGK. As a result of his work as COO PBC of Deutsche Bank AG, Mr. Ricken is in a business relationship with the controlling shareholder of Deutsche Postbank AG, a relationship that could form the basis of a substantial and not merely temporary conflict of interest. As a result, he is not independent within the meaning of section 5.4.2 sentence 2 of the DCGK. Despite his executive position at Deutsche Bank AG, the Supervisory Board considers Mr. Ricken to be a suitable Chairman of the Audit Committee. Thanks to his work as COO PBC of Deutsche Bank AG and in other professional activities over the years, Mr. Ricken has gained extensive experience in finance/commercial banking. In particular, he possesses the necessary expertise in accounting and auditing as well as the required experience in leading committees. The Supervisory Board expects Mr. Ricken to be in the position to devote sufficient time to his responsibilities as Chairman of the Audit Committee and to perform these activities while protecting the interests of the parties involved. He can also ensure long-term continuity in this key position.

6. In accordance with section 2.2.1(2) sentence 2 of the DCGK, fundamental amendments to the Management Board's remuneration system must be submitted to the Annual General Meeting for authorization. The remuneration system of Postbank Management Board Members was amended with effect for fiscal year 2014. In light of other amendments that had to be made following the announcement of Postbank's deconsolidation from Deutsche Bank Group, the amended system, which is valid only in the interim period, was not submitted to the 2015 Annual General Meeting.

7. In accordance with the recently revised section 5.4.1(2) sentence 1 of the DCGK, supervisory boards shall also specify a "regular limit of length of membership" for their members that is to be taken into consideration during the composition of said boards. Following the required detailed discussion, in its meeting of December 17, 2015, the Supervisory Board resolved such a limit for its members, thus bringing it into compliance with the new version of section 5.4.1(2) sentence 1 of the DCGK from that date.

II. Moreover, the Management Board and the Supervisory Board of Deutsche Postbank AG declare that the Bank intends to comply in the future with the recommendations of the German Corporate Governance Code in the current version of May 5, 2015, with the exception of the following recommendations:

1. Section 5.4.2 sentence 4 of the DCGK with the rationale indicated under I.1

2. Section 4.2.3(2) sentence 6 of the DCGK with the rationale indicated under I.2

3. Section 4.2.3(3) of the DCGK with the rationale indicated under I.3

4. Section 5.3.3 of the DCGK with the rationale indicated under I.4

5. Section 5.3.2 sentence 3 of the DCGK with the rationale indicated under I.5."

The suggestions of the DCGK have also been implemented with the exception that the Annual General Meeting is not broadcast on the Internet (section 2.3.3 of the DCGK) and that the Company proxies for shareholders unable to personally attend the Annual General Meeting for technical reasons can be reached up until the evening before the Annual General Meeting, but not during the Annual General Meeting (section 2.3.2 of the DCGK). For shareholders or shareholder representatives who participate in the Annual General Meeting, Company proxies may be contacted until the vote is taken.

Deutsche Postbank AG has not been listed since January 14, 2016. Since that date, the Management Board and the Supervisory Board of Deutsche Postbank AG are no longer required to make a so-called Declaration of Conformity pursuant to section 161 of the AktG. For that reason, the last Declaration of Conformity, made by the Management Board and Supervisory Board on December 17, 2015, and the rationales contained therein, are no longer being updated.

Corporate governance practices

To implement corporate governance practices, Postbank has formulated a company vision and mission as well as corporate values that are meant to serve as guiding principles for determining the long-term orientation of company policy. The Bank's vision and mission specify a normative framework for strategic and operational corporate governance and thus serve as a model in equal measure for the Management Board, executives and employees.

Postbank's values and principles are recorded in the "Postbank Mission Statement" and are meant to guide the business activities of employees throughout the Postbank Group. The statement utilizes vision and mission to put the strategic orientation of Postbank into concrete terms. Six values define the proposed course. The letter and spirit of these values and principles are reflected in the Postbank guidelines and provisions that determine daily work and business life (such as organizational manuals and working instructions). They reflect Postbank's obligation to act responsibly, ethically and lawfully. The mission statement is binding for all executive employees of the Postbank Group and is reflected in the Bank's target agreements. The status of implementation is reviewed as part of the annual people survey.

The following values of the Postbank Group form the cornerstones of our corporate culture:

- Customer orientation
- Integrity
- Sustainable performance
- Innovation
- Partnership
- Discipline

All employees of the Postbank Group are subject to the Code of Business Conduct and Ethics for Deutsche Bank Group. In addition, the Code of Ethics, which contains special obligations for the senior financial officers of Deutsche Bank, applies to the Chief Financial Officer of Postbank, the heads of the Finance board department of Postbank and the Chief Financial Officer of the Postbank subsidiary BHW Bausparkasse AG.

Furthermore, Postbank places a high value on the issue of sustainability. In its policy "Principles of Corporate Responsibility for the Postbank Group," the Bank has defined the targets, roles, requirements and responsibilities of sustainable business management. These principles are also binding for Postbank's executive employees.

For Postbank, sustainability involves the responsible use of social, ecologic and economic resources to ensure a lasting worthwhile future for coming generations. As an integral component of the business strategy, the principle of sustainability is put actively into practice in our daily work. In addition, our "Supplier Code of Conduct" also requires the Bank's suppliers to observe these values.

Making active contributions to the protection of natural living conditions on the planet and to our social environment are part of Postbank's value system. Through these contributions we hope to ensure our long-term commercial success and help every individual employee understand our guiding principle of sustainability. We are committed to providing our employees with attractive and safe working conditions as well as to conserving natural resources. As a company, we are an integral part of the society in which we operate. Our goal is thus to generate added value for our stakeholders.

In a reflection of section 4.1.1 of the DCGK, company management is focused in particular on the sustained creation of value. These efforts are based on clear values and minimum standards for behavior in day-to-day business as well as the structuring of remuneration for employees, managers, and Management and Supervisory Board members in accordance with the required sustainable company-performance standards. (Additional information can be found online at www.postbank.com/postbank/en/csr_sustainability_report.html.)

Establishment of target values for percentages of women on the Supervisory Board, the Management Board and management levels

The issue of diversity plays a role in decisions related to the filling of managerial positions in the Company (section 4.1.5 of the DCGK), the appointment of individuals to the Management Board (section 5.1.2 of the DCGK) and the composition of the Supervisory Board (section 5.4.1 of the DCGK). In line with statutory requirements, women are appropriately considered at the Bank.

As of January 1, 2016, legislation requiring a fixed percentage of at least 30 % of women has applied to the composition of the Supervisory Board. As part of its efforts to implement the specifications for complying with the *Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst* (German Act on the Equal Participation of Women and Men in Management Positions in the Private Sector and Civil Service), the Supervisory Board resolved on September 9, 2015, to continue to have at least one woman on the Management Board. Moreover, on August 18, 2015, the Management Board resolved binding target values for percentages of women in the first two management levels: 20 % each for 2017 and 25 % each for 2020.

Target values were also set for subsidiaries that are subject to this law.

Operating principles of the Management Board and the Supervisory Board

The Management Board and the Supervisory Board work closely together for the collective good of the Company. In keeping with its responsibilities outlined in stock corporation law, the Management Board performs corporate management duties. The Supervisory Board fulfills its supervisory, monitoring and advisory duties. The shareholders – that is, the owners of Postbank – exercise their rights prior to or during the Annual General Meeting.

Management Board

The Management Board heads Deutsche Postbank AG and represents the Bank externally. The Management Board members share joint responsibility for the entirety of corporate management. In addition to their overall responsibility for the Bank, each member of the Management Board assumes individual responsibility for the board department that he or she oversees.

In the collective interest of the Company, the members of the Management Board ensure that uniform objectives are pursued. Coordinating and determining joint plans, goals and the measures to realize them are a matter of course as are developing and implementing binding Company-wide policies. The Management Board develops the business goals, basic strategic focus, corporate policy, and organizational structure of the Group. It is responsible for the preparation of quarterly and half-yearly reports, and the annual financial statements of Deutsche Postbank AG as well as the consolidated financial statements for the Group, including the Management Reports. Furthermore, the Management Board ensures that the Company complies with laws and governmental regulations.

The Management Board regularly consults with the Supervisory Board about the Company’s strategic direction and business planning as well as informs it about strategy implementation and the progress being made toward achieving these goals.

The Management Board holds regular meetings called by the Board’s Chairman, who coordinates the work of the Management Board. The calling of an unscheduled meeting by the Management Board Chairman can be done for urgent reasons or upon the request of two Board members. The majorities required for adopting resolutions within the Management Board, the issues whose discussion is the responsibility of the entire Management Board, and the current assignments of board departments to individual Management Board members are governed by the Bylaws of the Management Board.

To promote efficient decision management, the Management Board has established committees that have the power to make their own decisions or the authorization to make preparations for decisions. These committees serve as vehicles for exchanging information on significant issues relevant to management as well as for preparing decisions of the Management Board. The composition of these committees and their areas of responsibility are governed by their own bylaws. Changes to these bylaws require the approval of the entire Group Management Board. The committees are required to report to the Group Management Board.

The Operating Committee's responsibilities comprise cost, resource and infrastructure management. The Operating Committee also oversees capital investments and projects, and monitors and oversees outsourcing issues.

The work of the Reputation Committee involves developing guidelines and evaluation criteria for products and processes designed to recognize, review and escalate any potential reputational damage as well as overseeing these guidelines.

The Bank Risk Committee ensures management and planning for all material and immaterial risks in the Postbank Group across the various types of risk. The committee is responsible for strategic overall management of the risk situation and risk profile of the Postbank Group within the context of the framework conditions laid down by the Group Management Board. In carrying out its responsibilities, the Bank Risk Committee is supported by the Market Risk Committee, the Operational Risk Committee, the Cover Business Committee, the Model and Validation Committee and the Credit Risk Committee. The Asset Liability Committee, Non-Core Operating Unit Committee and the Data Quality Committee perform their work in close coordination with the Bank Risk Committee.

The Consumer Banking Executive Committee assumes an advisory, coordination and decision-preparation role for Postbank's Management Board and the Global Executive Committee in the Private & Business Clients corporate division of the Deutsche Bank Group. It develops the sales strategy and regularly monitors sales channels and product activities, and offers ideas aimed at improving products and creating new ones.

Adequate human and financial resources are made available for facilitating induction and for advanced training.

Supervisory Board

The Supervisory Board appoints, monitors and advises the Management Board. Its members meet the personal and professional requirements needed to properly carry out their responsibilities. They also devote sufficient time to those responsibilities. Adequate human and financial resources are made available for the induction process and for advanced training. The Supervisory Board is directly involved in decisions of fundamental importance for the Company, including matters subject to approval by the Supervisory Board in accordance with the Articles of Association or as set out in the Bylaws of the Supervisory Board. The Chairman of the Supervisory Board coordinates the work of the 20-member Supervisory Board. Ten of them are elected by the Annual General Meeting in individual elections or appointed by the courts as replacements until the next election by the next Annual General Meeting, in accordance with the provisions of the AktG. Ten further members are elected by the employees in accordance with the provisions of the *Mitbestimmungsgesetz* (MitbestG – Co-Determination Act) of 1976. Seven of these members of the Supervisory Board are employees of the Company, including one executive employee. Three additional members of the Supervisory Board are representatives of unions represented at the Company.

To support it in its duties, the Supervisory Board has established seven committees that report to it on their work at regular intervals. These are the Executive Committee, Audit Committee, Human Resources Committee, Risk Committee, Compensation Control Committee, Nomination Committee, and Mediation Committee.

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The Report of the Supervisory Board contains further details on the composition, function and meeting agendas of the Supervisory Board and its committees (see page 12).

For the purpose of filling positions on Postbank's Supervisory Board, objectives were formulated to ensure that its members as a whole have the requisite knowledge, skills and professional experience to supervise and advise the Management Board competently. With regard to individuals proposed for election, particular attention is to be paid to their integrity, personality, motivation, professionalism and independence. As defined in section 5.4.2 of the Corporate Governance Code, the Supervisory Board shall be composed of at least eleven independent members. It is assumed that the circumstance of employee representation and an employment relationship does not cast doubt on the independence as such of employee representatives. In particular, members of the Supervisory Board shall not perform advisory tasks or exercise directorships with important competitors of the Company. Fundamental conflicts of interest, and not only temporary ones, are to be avoided. A standard age limit of 72 years and a standard membership limit of 20 years exist for Supervisory Board members. With regard to the composition of the Supervisory Board, it is also important that members possess international experience.

When examining potential candidates for new election or appointment of replacements for Supervisory Board positions that have become vacant, qualified women are to be included in the selection process and given appropriate consideration in election proposals. Since the Supervisory Board elections in 2003, between 15 % and 25 % of the members of our Supervisory Board have been women. Currently, five women serve on the Supervisory Board, which corresponds to 25 %. The Supervisory Board will strive to maintain this figure at minimum and to increase it to 30 % by 2017. The latter target value was achieved recently as a result of the election of another woman to the Supervisory Board. It should be noted that the Supervisory Board can only influence its own composition by means of election proposals to the Annual General Meeting.

The efficacy of the Supervisory Board's work is reviewed on a regular basis and at minimum annually within the scope of an efficiency audit. In 2015, the evaluation once again addressed the structure, size, composition, and performance of the Management Board and the Supervisory Board and the knowledge, skills, and experience of members of both executive bodies as well as the bodies in their totality. The current structure, size, composition, and performance of the Management Board and the Supervisory Board as well as their committees received positive evaluations. The discussions, however, focused on the extent to which individual issues are handled as well as cooperation with the second management level. Members of both bodies have the fundamental knowledge, experience and skills to effectively perform their managerial tasks and oversight responsibilities at Postbank.
If replacements need to be appointed, the insights into the knowledge, skills, and experience gained from the examination of efficiency are to be taken into consideration.

Interaction between the Management Board and the Supervisory Board

Effective cooperation between the Management Board and the Supervisory Board rests on the sufficient flow of information about company matters to the Supervisory Board. Ensuring this exchange is the responsibility and common objective of the Management Board and the Supervisory Board.

The cooperation of the executive bodies is governed by the Company's Articles of Association as resolved by the Annual General Meeting, the Bylaws of the Supervisory Board – as well as its committees – and the Management Board, and by the resolutions of the executive bodies in line with the relevant legal provisions. These lay down how the Supervisory Board should perform its supervisory, monitoring and advisory duties. The Bylaws of the Supervisory Board contain a list of transactions requiring approval.

The Management Board's information and reporting duties are laid down in both the Bylaws of the Management Board and those of the Supervisory Board.

To promote good corporate governance and to achieve sustained growth in enterprise value, the Management Board and the Supervisory Board are in regular close communication with regard to relevant questions of planning, business development, risk exposure, the internal control system, risk management, compliance, and strategic measures. The Chairmen of the Supervisory Board and the Management Board in particular are in regular contact.

The members of the Management Board and the Supervisory Board are obliged to act in the Company's interests and may not pursue any personal interests in their decisions. Any conflicts of interest are to be disclosed to the Supervisory Board. Material conflicts of interest, and not only temporary ones, in the person of a Supervisory Board member normally lead to a termination of the mandate. The Supervisory Board reports to the Annual General Meeting on any conflicts of interest that have arisen and how they were addressed.

Outside activities pursued by the Management Board members have to be approved by the Supervisory Board and/or the Executive Committee.

Annual General Meeting and shareholders

The shareholders exercise their rights before or during the Annual General Meeting; as a rule, the Annual General Meeting is convened once a year by the Management Board, which also circulates the agenda and publishes the required reports and documents. The essential documents and the notice convening the Annual General Meeting are available for downloading on the Internet. Every no-par value share entitles its holder to one vote. Shareholders may exercise their voting rights themselves, via a proxy of their choice, or via a Company proxy acting on their instructions. Provided that shareholders have registered in time for the Annual General Meeting, they may appoint Company proxies up until the evening before the Annual General Meeting. On the day of the Annual General Meeting, the entry and exit control points are available for providing, revoking or amending instructions vis-à-vis Company proxies. The resolutions by the Annual General Meeting are adopted by a simple majority of the votes cast, in the absence of binding legal requirements to the contrary.

Pursuant to section 3(2) of the Articles of Association, “information intended for the bearers of securities of the Company admitted to trading may also be transmitted by remote data transfer subject to the legal requirements.”

If all shareholders are present or duly represented (plenary meeting), the Annual General Meeting is still permitted to adopt valid resolutions even if the formal requirements of the convocation have not been met, provided that no shareholder objects to the resolution.

Squeeze-out

On August 28, 2015, the Annual General Meeting of the Company resolved the squeeze-out of its external shareholders with a majority of 99.6 % of the represented capital.

Seven actions for annulment and avoidance have been brought against the resolution passed by the Annual General Meeting on August 28, 2015, on the transfer of the shares held by the minority shareholders of Deutsche Postbank AG to Deutsche Bank Aktiengesellschaft in return for payment of an appropriate cash settlement. In Deutsche Postbank AG’s opinion, the actions for annulment and avoidance are unfounded. Consequently, on October 15, 2015, Deutsche Postbank AG applied to the courts for an application for clearance to ensure a timely entry of the transfer resolution in the commercial register. The Cologne Higher Regional Court complied on December 18, 2015, and the transfer resolution was entered into the commercial register on December 21, 2015.

As a result, all minority interest shares were transferred by operation of law to the majority shareholder, Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany. Since that time, Deutsche Bank Aktiengesellschaft has held 100 % of the shares in Deutsche Postbank AG.

The trading of Postbank shares was halted with immediate effect on all stock exchanges. The last admission to listing was effectively revoked as of the end of January 13, 2016. As a result, Deutsche Postbank AG has not been listed since January 14, 2016.

Other corporate governance principles

Transparency

Postbank strives to provide its customers, shareholders, employees and the public with comprehensive and up-to-date information. It does this on a regular basis using appropriate communication channels. To guarantee maximum transparency and to justify the public’s trust, new information is provided to stakeholders in the interest of fair disclosure. To this end, Postbank publishes annual and half-yearly reports as well as interim reports and interim management statements. Postbank communicates through news conferences, press releases, Investor Relations releases, ad hoc disclosures, disclosures required by section 15a of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act (directors‘ dealings)) where necessary, Company reports, and the Company’s Internet site (www.postbank.com). Both current and historical data in German and English are available on the website. The dates of the principal recurring publications are published well in advance in the Financial Calendar on the Company’s website.

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A list of the positions held by members of the Management Board and the Supervisory Board can be found on page 188, Note 5.

Accounting and auditing

The Postbank Group prepares its accounts in accordance with the International Financial Reporting Standards (IFRSs). Postbank's Annual Reports are issued within 90 days; they are prepared, reviewed, and made available to the general public by the Management Board. Half-yearly reports are published within 45 days of being discussed by the Audit Committee with the Management Board. Interim reports and interim management statements are published within the statutorily prescribed time periods. Deutsche Postbank AG's annual financial statements are prepared in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code).

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft was elected as the auditor for fiscal year 2015 by last year's Annual General Meeting. The auditors' independence has been reviewed and ensured, including for services already delivered or agreed. The Postbank auditors are also subject to internal rotation. In addition, the auditors are required to inform the Company's executive bodies directly of any anomalies and to document any errors in their audit. In particular, they must report immediately any grounds for partiality during the audit and any findings that affect the Supervisory Board or indicate inaccuracies in the Declaration of Conformity. Details of the auditors' total fee can be found on page 192, Note 59.

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Compliance

In the financial industry, trust among market players is of utmost importance. For this reason, business and services in financial services must be characterized by fairness in relation to other market players and, in particular, to our customers. Our success in business depends not least on maintaining a solid, trustful relationship among our customers, the Bank itself and our employees. Conduct that is detrimental to our customers, unfairly influences the capital market or tarnishes the Bank's reputation must be avoided. To this end, our Company has steadily refined the consistent understanding of compliance and the existing internal monitoring system. "Compliance" means "acting in accordance with applicable laws, regulatory rules and internal guidelines." At Deutsche Postbank AG, compliance is understood as interaction among customers, the Bank and employees that is based on fairness, integrity and trust as well as on due regard for applicable laws and other regulations designed to protect customers and avoid conflicts of interest. In addition, ensuring adequate compliance also serves to reduce risks to the Bank that can arise from non-compliance with regulations.

The Compliance function, by advising and supporting the business divisions as well as performing other duties – notably regular risk analyses as well as control and monitoring activities –, contributes to a company organization that prevents the breach of prevailing laws and regulations and, thus, observes legal and other statutory requirements. Through these actions, the Bank reduces compliance risks, i.e., the risks of statutory or regulatory sanctions, financial losses or reputational damage that could occur if the Bank failed to comply with prevailing laws, regulations, codes of conduct or accepted standards.

Risk management

The Postbank Group monitors and manages its risks through Group-wide risk management. Deutsche Postbank AG is fully integrated into these processes.

The principles of responsible business conduct are also applied at Postbank in dealing with risks. In line with the requirements of company and banking supervisory law, Postbank has installed an extensive risk management system in order to recognize, analyze, monitor and manage in due time risks material to it that arise from its business activities. In addition to these principles, strategies are also used to set guidelines and define the risk appetite and relevant limits to the various risk types. These are discussed with the Risk Committee and the Supervisory Board.

Material risks are managed within Postbank at the individual and portfolio levels – this includes the management of concentration risks. In the process, the particular risks throughout the risk strategy, the risk appetite and the risk-bearing capacity are limited and monitored. The risk management system is continuously reviewed on the basis of current developments and adapted if necessary.

With respect to risk management and monitoring, all levels of the Bank are incorporated into risk management: The Supervisory Board, Risk Committee, Management Board, risk committees and operating units, all of which receive the reports relevant for the performance of their tasks as required by the provisions of the *Mindestanforderungen an das Risikomanagement* (MaRisk – Minimum Requirements for Risk Management). The integration of Postbank into the risk management activities of the Deutsche Bank Group is accomplished by means of the mutual interconnectedness of the bodies and the functional reporting lines between Postbank and Deutsche Bank. In addition, regular risk reports are submitted to Deutsche Bank to ensure comprehensive capture and management of the key risks. The key management reports and core ratios are analyzed and reported together. The effectiveness of the system is reviewed by Internal Audit and the Audit Committee.

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For further explanations and information on risk management, please see the Risk Report on page 61.

SUSTAINABILITY

ASSUMING RESPONSIBILITY FOR FUTURE GENERATIONS

Postbank is actively committed to promoting the well-being of its employees and the good of the society in which it operates. It assumes responsibility for the natural basis of life and strives to be a reliable partner to its customers. Postbank has undertaken to do its part to create a sustainable future worth living in for subsequent generations. The Bank reports on its targets and its progress annually in its Sustainability Report.

Sustainability in the banking business

Postbank strives to create sustainable value for its customers, business partners and shareholders and to serve as a reliable partner to them. This philosophy is also summed up in the slogan "A bank for life," which is an integral component of the brand presentation. It stands for business activities oriented to the wishes and concerns of the Bank's stakeholders. Feedback from the Postbank Customer Advisory Committee is therefore especially valuable. Founded in 2006, this committee is tasked with critically monitoring Postbank's service and products, offering suggestions for improvement and helping to develop new service offers. In this way, the customer perspective can be used to help continually improve Postbank products and services, making them less complicated and easier to understand and thus enhancing the quality of the customer experience. The Customer Advisory Committee consists of a 30-member core body and a larger committee of some 3,000 members. Participation in the committee is voluntary. The focal points of the committee's work in 2015 included digitization of banking transactions, security in online and telephone banking, the Postbank Customer Advantage Program and on-site tests in selected Postbank Finance Centers with the goal of increasing quality of service.

Risks are inherent to the banking business. Postbank has established an independent board department, the Chief Risk Office, to ensure responsible handling of the economic, social and environmental risks associated with its core business. The Chief Risk Office operates according to ethical principles laid down as binding for all employees in the Bank's policies. The competencies of the Chief Risk Office were once again expanded in 2015. Social and environmental risks associated with the banking business are assessed and managed on the basis of an independent reputational risk policy in collaboration with the Resources board department.

Social sustainability

Postbank assumes responsibility for the well-being of its employees and for the good of the society in which it operates. The Bank helps its employees achieve a better work-life balance through initiatives such as child daycare, consulting and support services for family caregivers, etc. In 2015, Postbank successfully tested a flextime concept in which employees can work from home or from another location outside of the Company for up to 20 % of their working hours. To improve employee health, Postbank hired numerous external health consultants in 2015. These consultants offer training programs to improve physical fitness, advise employees on work ergonomics and answer all questions related to health.

In addition to projects in the field of education, Postbank supports social integration and is committed to providing aid for refugees. Guided by the motto "Our commitment to children," the Bank is actively involved in promoting the well-being of children in Germany. Together with the children's rights organization Save the Children, it supports an educational project in German elementary schools and kindergartens. The goal of this child-parent school project is to lastingly enhance educational opportunities in Germany as well as to improve communication within families and between families and schools. As part of this project, Postbank employees have the opportunity to volunteer as school ambassadors in the participating educational institutions.

In addition to the collaboration with Save the Children, Postbank encourages social commitment by its employees within the scope of days of action. Projects developed by employees to benefit children in Germany are granted financial support and implemented by teams from Postbank. On special days of action, employees are given time off to volunteer for these projects. Since September 2015, Postbank has also supported its employees' voluntary commitment to providing aid for refugees. Related initiatives are provided with monetary support and employees are given time off to volunteer their services on special days of action for refugee aid. Furthermore, all employees can introduce initiatives, launch appeals and search for colleagues interested in lending a helping hand via a "support exchange" created especially for this purpose. We want people who have lost so much and suffered incredible hardships to feel comfortable and welcome here.

Environmental sustainability

Postbank has fully embraced the goals of the United Nations Climate Change Conference laid out in December 2015. In fact, the Bank is committed to proportionately exceed Germany's reduction targets for greenhouse gases within its area of responsibility: By 2020, Postbank wants to reduce its greenhouse gas emissions by well over 40 % as compared to 2007. To this end, the Bank has implemented a certified environmental management system that satisfies the environmental management standard ISO 14001. Its effectiveness was once again confirmed in November 2015 by the independent auditing firm DNV GL – Business Assurance.

In order to further reduce its energy consumption, the Bank has decided to establish an energy management system in accordance with ISO 50001 by late 2016. Postbank has significantly reduced its net emissions of greenhouse gases in the past several years. This was accomplished through energy-saving measures in property management as well as use of electricity generated from renewable sources and reduction of business travel activity, e.g., with the help of video conference technology. The Postbank lighting concept implemented by the multi-technical services provider SPIE was honored with the European Energy Service Award 2015. When sending employees on long-distance business trips with Deutsche Bahn, Postbank generally uses a CO2-neutral fare. Company cars are selected in keeping with environmental criteria. As a result, the average consumption of the company car fleet in 2015 sank 6 % as compared to 2007, reaching 6.8 l/100 km.

Sustainability reporting

Postbank reports openly on its targets, activities and results in the area of sustainability. Its annual Sustainability Report has met the newly implemented G4 standards set by the Global Reporting Initiative since 2014. Postbank offers an overview of its sustainability practices online at www.postbank.com/postbank/en/csr_sustainability_report.html.

6,000 locations, all local

"Nearby" for Postbank means easy for customers to reach using whatever channel they want. All the digital ones – as well as those that are personal. That's why we do more than just hold tight to our nationwide presence in Germany; we also invest in our local service offers. Such as expanded self-service offers or our new sales centers, where customers will find the full range of Postbank products and services under a single roof. That lets customers get what they need fast and yet still have what in many ways they can't do without – competent personal advice.

GROUP MANAGEMENT REPORT

DEUTSCHE POSTBANK AG

03

GROUP MANAGEMENT REPORT

BUSINESS AND ENVIRONMENT

Corporate profile and business model of the Group

Corporate profile

Postbank has been part of the Deutsche Bank Group, Frankfurt am Main, since December 3, 2010.

The Annual General Meeting of Deutsche Postbank AG approved a control and profit and loss transfer agreement on June 5, 2012, between DB Finanz-Holding GmbH, Frankfurt am Main (a wholly-owned subsidiary of Deutsche Bank AG), and Deutsche Postbank AG. The agreement came into force upon entry into the commercial register on June 20, 2012. On September 11, 2012, the Cologne Higher Regional Court confirmed the validity of the agreement. It is concluded for an indefinite period of time and can be duly terminated at the end of any fiscal year, starting December 31, 2016.

On April 27, 2015, Deutsche Bank AG acquired an additional 5,934,243 shares of Deutsche Postbank AG and as a result increased its direct and indirect holdings from 94.09 % to 96.80 %, thus exceeding the 95 % threshold. 38,754,243 of Deutsche Postbank shares (corresponding to a participation of 17.71 % of voting rights) are held directly by Deutsche Bank AG for its own account and 173,053,126 of Deutsche Postbank shares (corresponding to a participation of 79.09 % of voting rights) are held indirectly through DB Finanz-Holding GmbH. Likewise on April 27, 2015, Deutsche Bank AG requested that the Management Board of Deutsche Postbank AG take the necessary steps to prepare a squeeze-out of its minority shareholders in accordance with section 327a ff. of the *Aktiengesetz* (AktG – German Stock Corporation Act). For this reason, Deutsche Postbank AG's Annual General Meeting, which was originally due to take place on May 28, 2015, was postponed until August 28, 2015. The Annual General Meeting resolved the squeeze-out of its minority shareholders with a majority of 99.6 % of the represented capital. After entry of the resolution into commercial register B, the Bonn Local Court (Amtsgericht Bonn – HRB 6793) confirmed its validity on December 21, 2015. Since then Deutsche Bank AG holds both directly and indirectly 100 % of the shares in Deutsche Postbank AG.

A key reason for the exclusion of minority shareholders is found in the implementation of Deutsche Bank AG's new strategy announced on April 27, 2015. As a result of its strategy process, Deutsche Bank AG made six key decisions, one of them being to focus its private and corporate customer business on market-leading customer advisory services. Deutsche Postbank AG, as a consequence, shall also be deconsolidated. In the execution of this strategy Deutsche Bank AG would prefer to float Deutsche Postbank AG on the stock market after a delisting in connection with an exclusion of minority interests. As an alternative, the disposal of the stake in Deutsche Postbank AG is also under consideration.

Deutsche Postbank AG is currently working on an organizational and technical deconsolidation from Deutsche Bank, a necessary condition for deconsolidation on the balance sheet. Deutsche Postbank AG currently seeks to be in a position to operate independently by mid-2016.

Business model

The Deutsche Postbank Group (Postbank) provides financial services for retail, business and corporate customers as well as for other financial service providers primarily in Germany. Its business activities are focused on retail banking and corporate banking (payment transactions and financing). The Bank's work is rounded out by money market and capital market activities.

Postbank has organized its activities into the business divisions of Retail Banking, Corporate Banking, Financial Markets and the Non-Core Operating Unit (NCOU):

- In the Retail Banking division, Postbank offers retail and business customers standardized, reasonably priced banking and financial service products designed to meet typical needs. The focal point is placed on the traditional checking account and savings deposit business, home savings and mortgage lending products as well as personal loans. The product range is complemented by offerings of securities (particularly investment funds) and insurance. As a multi-channel bank, Postbank offers its products in branches (Postbank's own as well as agency partners of Deutsche Post AG), through mobile sales, direct banking (Internet and mailings) and call centers as well as in third-party sales through agents and cooperation partners. In a partnership with Deutsche Post AG, Postbank offers postal services in its network of branches. The resultant increase in customer traffic offers opportunities to approach new customers with Postbank products and generates fee and commission income.

- The Corporate Banking division provides Postbank's corporate customers with services for payment transactions and corporate loans, commercial real estate finance, factoring, and leasing. Cash investments as well as interest rate and currency management offers complete the range of products and services.

- The Financial Markets division conducts Postbank's money market and capital market activities. Its responsibilities include hedging net interest margin contributions from the customer business by controlling interest rate risk and market risk. The Financial Markets division also manages Postbank's liquidity position.

- The NCOU division manages those portfolios and activities at Postbank that are no longer part of its core strategic direction going forward. To manage these activities in a target-oriented manner, they have been transferred from their original segments into the NCOU segment with its own management responsibility.

Details can be found in the Segment reporting.

Key locations

The head office of Postbank is located in Bonn. In addition, Postbank operates a nation-wide network of branches that had 1,066 locations in Germany at the end of 2015, as well as a branch in Luxembourg.

The subsidiary BHW Bausparkasse Aktiengesellschaft is domiciled in Hameln.

Fundamental sales markets and competitive position

In retail banking, Postbank conducts its business almost exclusively in Germany and is one of the largest financial service providers in the country. Its major product fields are savings, checking accounts, private mortgage lending, home savings as well as retail lending. Postbank is among the leaders in Germany in each of these areas, based on balance-sheet volumes. Private retirement provision solutions, diverse insurance products and the securities business round out the product range for retail customers. In all these areas, Postbank offers some products and services as part of partnerships with fund companies, banks and insurance companies. In its own Finance Centers, of which there are currently some 1,100, it offers both comprehensive financial services as well as Deutsche Post AG services. Finally the Bank has more than 4,500 Deutsche Post AG partner retail outlets, where customers can access select Postbank financial services, as well as 700 Postbank Finanzberatung AG advisory centers. Postbank's major competitors in the retail banking business in Germany are providers from the sector of savings banks and cooperative banks as well as several major banks.

In addition to retail banking, Postbank is involved in the corporate banking business. As a mid-sized market player in this area, it focuses particularly on German SMEs and major payment transaction addresses. Postbank's most significant competitors also in this business area are providers from the sector of savings banks and cooperative banks as well as several major banks.

Group management at Postbank

Non-financial key performance indicators at Postbank

In its Group management, Postbank makes use of financial as well as non-financial key performance indicators. The essential non-financial key performance indicators are measures of employee and customer satisfaction. Both are Group targets within the target system and as such were relevant to the remuneration of all Management Board members in 2015.

Employee satisfaction is measured by evaluating the results of Postbank's annual people survey. It poses a number of questions related to the dimensions of identification, leadership, business success/targets, customer orientation, productivity and efficiency, vision and mission, ability to change and communication. Employees indicate their approval ratings on a five-point scale. The degree of employee satisfaction is primarily derived from the results from the "identification" dimension, which consists of various questions used to determine workforce loyalty to the Company.

Customer satisfaction is measured quarterly in telephone interviews using questionnaires that are mostly identical in structure. The underlying random sample is representative of the Postbank customer population. The research design makes it possible to conduct systematic time series analyses and causal analyses. The questions probe both the overall satisfaction of customers with the Postbank products and services as well as satisfaction with the Bank's central performance factors (accessibility, speed, friendliness, propriety, professional advice, satisfaction with sales channels, complaints management, etc.). Satisfaction is measured using a verbalized scale from one to five (1 = completely satisfied, 5 = dissatisfied). The study is conducted with due regard for quality standards by a renowned external market research institute.

The target system for executive employees also includes target dimensions that make it possible to derive targets for Postbank executives from the non-financial key performance indicators at the Group level. Apart from the targets in the cost/finance dimension as an individual financial target, each executive employee is assigned targets for the dimensions markets/customers, process/quality, and employees/team, which are relevant to the individual's own area of responsibility. This creates a consistent system that facilitates Group-wide management in accord with essential non-financial key performance indicators.

Financial key performance indicators

Management at Postbank is based on an integrated and consistent system of key performance indicators that is used throughout the Group. The system links targets, planning, operational management, performance measurement, and remuneration. The objective of this management approach is a balanced optimization of profitability, efficiency and capital resources and/or the leverage ratio.

Profit before tax, as the most important metric used to judge and manage the performance of Postbank, contains all of the components of the consolidated income statement before taxation. Total income (consisting of net interest income, net fee and commission income, net income from investment securities and net trading income), the allowance for losses on loans and advances, administrative expenses (consisting of staff costs, other administrative expenses and writedowns) and other comprehensive income (net other income and expenses) are taken into consideration here.

The central profitability target for the capital market-oriented management of Postbank is the expectation of returns on equity in accordance with IFRSs, as measured by return on equity (RoE) before tax. The value is calculated as the ratio of profit before tax to the average time-weighted equity in the reporting period.

Efficiency is measured by the cost/income ratio (CIR) – the ratio of administrative expenses plus other expenses to total income plus other income before the allowance for losses on loans and advances – as the central metric for income and productivity management.

In light of factors including changing regulatory requirements, Postbank identified other key metrics during 2015 that are measured and managed at the overall bank level. They are the leverage ratio and the Common Equity Tier 1 capital ratio (CET1 ratio).

The CET1 ratio is determined as the ratio of Common Equity Tier 1 capital, which meets the toughest requirements for capital positions posited by the Capital Requirements Regulation (CRR), to risk weighted assets. The leverage ratio is the ratio of Tier 1 capital to total exposure measures (leverage exposure). The latter corresponds to the total of all on- and off-balance sheet items using regulatory valuation adjustments. Both are calculated as part of management activities as fully phased-in metrics and the leverage ratio is also calculated on the basis of the new regulatory requirements of the Commission Delegated Regulation (EU) 2015/62.

Management process

On the segment level, Postbank directs its activities on the basis of a management information system whose core component is management accounting by business division. In general, management is performed much the way it is on the Postbank Group level, with the exception of the metric for capital resources (CET1 ratio) and the leverage ratio. The latter two metrics are managed at the Group level. The allocation of equity to the segments is based on their risk capital requirements.

The above-mentioned indicators serve as operational management parameters on the segment level. In the core business, the income drivers of volume, margins and risk as well as the contribution margins are also taken into account in management.

For operational management, the strategic and operational targets are further defined as key performance indicators (KPIs) and subjected to regular reviews. This assures that all business activities are focused on achieving company objectives.

The Bank continually refines the process used to conduct these regular reviews. Other specific occasions for revision have arisen from modifications to the Management Board's schedule of responsibilities in the fourth quarter of 2015 as well as the expanded committee structure at Postbank introduced as part of the Bank's integration into the Deutsche Bank Group. This structure will be revised during deconsolidation from Deutsche Bank and be adapted to the needs of Postbank as an independent institute.

In addition to the established management parameters that were previously mentioned, Postbank uses return indicators in internal management based on the underlying total assets (return on assets – RoA) as well as the risk capital employed. Similar to return on equity, the return is calculated on the basis of regulatory capital and capital requirements (in particular return on regulatory capital – RoReC – and return on total capital demand – RoTCD) and forms a basis for decision-making on the individual transaction level and the aggregate level. Information on the management of the return on the basis of economic capital (return on risk-adjusted capital – RoRaC) is also provided at the overall bank, segments and management portfolio levels. The economic capital requirement is determined by the use of relevant types of risk depending on the management level (e.g., credit risk, market risk, operational risk). Both resources – regulatory capital and economic capital – are expected to yield an appropriate return in the form of hurdle rates, which are derived from the return expectations of the capital market and are to be generated by Postbank as a whole. As a supplement to RoE, return on tangible equity (RoTE) is also calculated, using average time-weighted equity in the reporting period minus the average intangible assets at the level of the Bank as a whole in that same period.

In order to take other key requirements into account from a capital market perspective, Postbank has defined specific target values for the leverage ratio and the Common Equity Tier 1 capital ratio (CET1 ratio); the Postbank Group's mid-term planning is systematically oriented on achieving these target values.

In light of the persistent low interest rate environment as well as investment opportunities of limited profitability for surplus liquidity and/or limited opportunity for transfer to the Deutsche Bank Group, Postbank has also defined a target value for the loan-to-deposit ratio (LtD) for the purpose of optimizing asset/liability management. Here Postbank is striving for a balanced ratio of customer loans to customer deposits.

The variable remuneration of Management Board members, executives and employees at Postbank is closely linked to this management system. It is based on individual targets, divisional targets and Postbank Group targets measured against an adjusted profit before tax and the associated CIR. As a result of regulatory requirements and the company goal of sustainable success, a sustainability factor is used to calculate the long-term portion of the variable remuneration of the Management Board, risk takers (persons with substantial influence on the Bank's overall risk profile) and our other executives (long-term component). Additional details are provided in the section "Remuneration of the Management Board and the Supervisory Board" and in Note 56 (Related party disclosures) of the Notes to the Consolidated Financial Statements.

The sustainability factor is based on the concept of Economic Value Added and anchors value-focused sustainability thinking in the incentive system of Postbank.

DISCLOSURES IN ACCORDANCE WITH SECTION 315(4) OF THE *HANDELSGESETZBUCH* (HGB – GERMAN COMMERCIAL CODE) AND EXPLANATORY REPORT

Composition of issued capital

Postbank's share capital amounted to €547,000,000 as of December 31, 2015, and is composed of 218,800,000 no-par value registered shares. Each share conveys the same statutory rights and obligations and grants the holder one vote at the Annual General Meeting.

Restrictions that affect voting rights or the transfer of shares

Article 17 of the Articles of Association determines the requirements that must be met to attend the Annual General Meeting and exercise the right to vote as a shareholder. The Company only regards as shareholders those persons entered as such in the share register. Voting rights that arise from the shares in question are excluded by law in those cases described in section 136 of the *Aktiengesetz* (AktG – German Stock Corporation Act). According to section 71b of the AktG, companies derive no rights that may be exercised from the holding of own shares. The Management Board is not aware of any agreements between shareholders that restrict voting rights or the transfer of shares.

Equity interests in excess of 10 % of voting rights

On December 31, 2015, Deutsche Bank AG, Frankfurt am Main, held directly and indirectly 100 % of Postbank shares, 79.09 % indirectly through DB Finanz-Holding GmbH.

Shareholders with special rights

No shares with special rights conveying powers of control were issued.

Type of voting rights control when employees with equity interests do not exercise their control rights directly

If an employee holds shares of Deutsche Postbank AG, he or she exercises their rights of control like other shareholders in accordance with statutory provisions and the Articles of Association.

Provisions concerning the appointment and dismissal of Management Board members and amendments to the Articles of Association

The members of the Company's Management Board are appointed by the Supervisory Board for a maximum term of five years in accordance with section 84 of the AktG and section 31 of the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act). According to statutory provisions, members may be reappointed or their term extended, for a maximum of five years in each case. Under Article 5 of the Company's Articles of Association, the Management Board consists of at least two members. Moreover, the Supervisory Board determines the number of members of the Management Board and can also appoint a Chairperson of the Management Board and a Deputy Chairperson of the Management Board as well as deputy members.

Under sections 24(1) no. 1 and 25c(1) of the *Kreditwesengesetz* (KWG – German Banking Act), the Bank must demonstrate to the German Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank in advance of any purposed Management Board appointments that the proposed members are trustworthy, professionally qualified and will devote adequate time to the performance of board duties. To be considered professionally qualified, such candidates must have managerial experience and sufficient theoretical and practical knowledge of the relevant business areas of the Bank. The national supervisory authority forwards this information, in connection with the professional qualifications and the appointment of Management Board members, to the European Central Bank (ECB) so that it may perform its duties.

The Supervisory Board, under section 84(3) of the AktG, is entitled to revoke the appointment of Management Board members or the appointment of a chairperson of the Management Board if there is good cause. Good cause includes in particular gross breach of duties, inability to manage the company properly or a vote of no confidence by the Annual General Meeting, unless such a vote of no confidence was made for manifestly arbitrary reasons.

Pursuant to section 45c(1) to (3) of the KWG, BaFin may appoint a special representative and entrust him/her with the tasks and powers of one or more members of the Management Board if such members are untrustworthy or lack the requisite professional expertise or if the lending institution no longer has the requisite number of Management Board members. If members of the Management Board are not trustworthy or lack the requisite knowledge, or if violations of the principles of the proper conduct of business remain concealed from them or if they have failed to eliminate the ascertained infringements, BaFin can also transfer the tasks and powers of the Management Board as a whole to the special representative. In all these cases, the tasks and powers of the Management Board or the Management Board member concerned are suspended.

If a lending institution is in danger of failing to discharge its obligations to its creditors or there are grounds for suspecting that effective supervision of the bank is not possible, BaFin can take temporary measures to avert the danger pursuant to section 46(1) of the KWG. In the exercise of this duty, it can also prohibit or limit Management Board members from performing their office. In this case, their function can be fulfilled by the special representative pursuant to section 45c of the KWG.

The Articles of Association of Deutsche Postbank AG may be amended in accordance with the provisions of section 119(1) no. 5 and section 179 of the AktG. Under these provisions, amendments to the Articles of Association require a resolution by the Annual General Meeting. Moreover, under Article 19(3) of the Articles of Association, the Supervisory Board is permitted to make amendments to the Articles of Association that relate exclusively to their wording. Under Article 19(2), the resolutions by the Annual General Meeting are passed by a simple majority of the votes cast, in the absence of binding legal requirements to the contrary. Where the law prescribes a shareholding majority in addition to a voting majority, resolutions are passed by a simple majority of the share capital represented during the vote. Amendments to the Articles of Association enter into force upon entry into the commercial register (section 181(3) of the AktG).

Powers of the Management Board to issue or repurchase shares

The Management Board is authorized, with the consent of the Supervisory Board, to increase the Bank's share capital on one or more occasions in whole or in part by up to a total of €218.8 million up to May 27, 2018, by issuing new no-par value registered shares against cash and non-cash contributions, including mixed non-cash contributions (Authorized Capital I). The shareholders are generally granted preemptive rights. The Management Board is authorized, with the consent of the Supervisory Board, to determine the additional details of the capital increase and its implementation.

The Management Board is also authorized, with the consent of the Supervisory Board, to increase the share capital on one or more occasions in whole or in part by up to a total of €54.7 million in the period up to May 27, 2018, by issuing new no-par value registered shares against cash contributions (Authorized Capital II).

The shareholders are generally granted preemptive rights. The resolution also provides the opportunity for simplified disapplication of preemptive rights in accordance with section 186(3) sentence 4 of the AktG. The Management Board is authorized, with the consent of the Supervisory Board, to determine the additional details of the capital increase and its implementation.

More details on Authorized Capital I and II can be found in Article 4(6) and (7) of the Articles of Association.

Pursuant to a resolution of the Annual General Meeting on July 9, 2014, the Management Board is authorized under agenda item 9a and the conditions described in detail therein to issue profit participation certificates, hybrid bonds, bonds with warrants and convertible bonds, on one or more occasions, up until July 8, 2019. The aggregate principal amount may not exceed a total of €3 billion. Options or conversion rights may only be issued for shares of the Company with a notional interest in the share capital of up to €273.5 million.

The share capital has been contingently increased by up to €273.5 million by the issue of up to 109.4 million new no-par value registered shares (Contingent Capital). The purpose of the contingent capital increase is to grant rights to the holders of profit participation certificates with warrants or convertible profit participation certificates, bonds with warrants and convertible bonds attached to profit participation certificates, convertible bonds, or bonds with warrants to be issued under agenda item 9a by the Company or by its affiliated companies, on the basis of the authorization granted to the Management Board by resolution of the Annual General Meeting on July 9, 2014. The contingent capital increase can be carried out until July 8, 2019, to the degree that use is made of these rights or that holders with a conversion obligation fulfill that obligation. The new shares shall be issued at the option or conversion prices to be calculated in each case in accordance with the aforementioned authorization. The new registered shares shall carry dividend rights from the beginning of the fiscal year in which they are created as a result of conversion or option rights being exercised or conversion obligations being fulfilled. The Management Board is authorized to determine the further details of the implementation of the contingent capital increase. More details on Contingent Capital can be found in Article 4(8) of the Articles of Association.

Material agreements that take effect in the event of a change of control following a takeover bid

No material agreements that take effect in the event of a change of control following a takeover bid have been concluded.

Compensation agreements in cases of a change of control

No company compensation agreements in the case of a takeover bid have been concluded with members of the Management Board or employees.

Section 289a of the HGB: Corporate Governance Statement

The Corporate Governance Statement can be found on the Internet at https://www.postbank.com/postbank/en/au_corporate_governance_annual_governance_statement.html

REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Deutsche Postbank AG (Postbank) hereby publishes the principles used to determine the remuneration of the Management Board and the Supervisory Board. The report also explains the amount of remuneration and structure of the remuneration in accordance with the statutory provisions, German Accounting Standard (GAS) 17 "Reporting on the Remuneration of Members of Governing Bodies," and the recommendations of the German Corporate Governance Code.

Remuneration system for members of the Management Board

Responsibility

The full Supervisory Board is responsible for designing the remuneration system and for setting the remuneration of the individual members of the Management Board. It has been supported in these matters by the Compensation Control Committee since fiscal year 2014. The Committee is primarily responsible for monitoring the appropriate design of the remuneration systems for senior managers and employees, and in particular for the heads of the Risk Control and Compliance units, as well as employees who have a material influence on the Bank's overall risk profile. The Compensation Control Committee assesses the impact of the remuneration systems on risk, capital, and liquidity management, prepares the Supervisory Board resolutions on the remuneration of the senior managers, and assists the Supervisory Board in monitoring the proper integration of the internal control functions and all other relevant functions in the design of the remuneration systems.

Structure of the remuneration of the Management Board in fiscal year 2015

The overall structure of the remuneration of the Management Board and the principal components of Management Board contracts are stipulated and regularly reviewed by Postbank's Supervisory Board. This review focuses in particular on the appropriateness of the system's design and on changes that become necessary in response to new legislative and regulatory requirements.

The main goal for the design of the remuneration system and the amount of Management Board remuneration is to remunerate Management Board members appropriately in line with the market and competitors and in accordance with all statutory and regulatory requirements, taking into account members' areas of activity and responsibility, Postbank's overall long-term performance, and the collective and individual performance of the members of the Management Board. The appropriateness of the remuneration of the Management Board in both market terms and within the Postbank Group was confirmed in a horizontal and vertical remuneration comparison conducted on the basis of the recommendations of the German Corporate Governance Code for fiscal year 2014. A vertical remuneration comparison was performed within the Postbank Group for fiscal year 2015 which likewise confirmed the appropriateness of the remuneration.

The aim is for the system to be designed in a way that generates incentive for the members of the Management Board to meet the Bank's objectives, to permanently promote positive corporate development and to avoid disproportionately high risks. To this extent, the Supervisory Board had already capped the ratio of variable remuneration to fixed remuneration before the statutory maximum ratio was introduced. Postbank's Annual General Meeting approved a ratio for fixed to variable remuneration of 1:2 for the members of the Management Board in the light of the requirements prescribed by section 25a(5) of the *Kreditwesengesetz* (KWG – German Banking Act).

In line with the recommendation of the Compensation Control Committee, the Supervisory Board had passed a resolution to adjust the grant[1] of the variable remuneration calculated and to bring it into line with the rules applicable within the Deutsche Bank Group effective January 1, 2014. After the announcement by Deutsche Bank AG of its strategy 2020 and related plans to deconsolidate Postbank from the Deutsche Bank Group, the rules governing the grant of variable remuneration were modified by the Supervisory Board once again with effect from fiscal year 2015. The purpose of these modifications is to position Postbank as a banking institution independent of the Deutsche Bank Group in the future and, in this connection, to establish the right incentives in the structure of the deferral system. This has been agreed with the individual members of the Management Board by amending their employment contracts accordingly.

The main features of the Management Board's remuneration system for fiscal year 2015 are described in detail below. This will be followed by a separate analysis of the differences existing for 2015 as compared to the rules applicable for 2014 which have a continuing effect and of the remuneration system for earlier years (2013 and before) from which remuneration is still accruing in the years under review.

The total remuneration awarded to the members of the Management Board is broken down into non-performance-related and performance-related components.

Non-performance-related components

The non-performance-related components are the base pay (fixed remuneration) and incidental benefits. The base pay is paid out monthly in twelve equal installments. Incidental benefits mainly comprise non-cash benefits in the form of company cars, the payment of insurance premiums, and the reimbursement of business-related expenses including any taxes on these items. Incidental benefits are available to all members of the Management Board equally; however, the amount may vary depending on their individual personal circumstances.

Performance-related component (variable remuneration)

The performance-related component is the variable remuneration. The amount of the variable remuneration awarded to the members of the Management Board is dependent on the achievement of quantitative and qualitative Postbank Group, board department, and individual goals defined as an agreed target for variable remuneration and is determined on the basis of key performance indicators. For this purpose, performance measurement is predominantly weighted toward uniform Postbank Group goals. The goals are laid down in a target agreement entered into at the start of each fiscal year (base year). The maximum variable remuneration is capped in individual contracts at 150 % of the agreed target.

Variable remuneration for 2015: grant, performance, deferral, and forfeiture provisions

The grant, i.e., the award arrangements for the variable remuneration fixed for each previous fiscal year, was modified with effect on the variable remuneration for 2014 and modified again for 2015 due to Deutsche Bank's changed strategic plans with respect to Postbank's positioning. Payment and allocation of the outstanding remuneration components arising in the years prior to 2014 are still subject to the previously applicable remuneration model.

Variable remuneration is largely granted in deferred form and spread over several years in accordance with the regulatory and bank-specific requirements applicable in each case. This ensures a long-term incentive effect over a period of several years.

In accordance with the requirements of the *Institutsvergütungsverordnung* (InstVergV – Regulation Governing Supervisory Requirements for Remuneration Systems of Institutions), at least 60 % of the total variable remuneration is granted on a deferred basis. Furthermore, the deferral matrix established in the Deutsche Bank Group, which may lead to a higher percentage of deferred remuneration depending on the amount of the variable remuneration, is applied. In line with this, the upfront portion of the variable remuneration is capped at a total of €225,000.

Half of the upfront portion of the variable remuneration is awarded in the form of a share-based remuneration component (equity upfront award) and the other half is paid out directly (cash bonus). Half of the deferred portion of the variable remuneration comprises share-based remuneration components (restricted equity award), while the remaining half is granted as a deferred cash payment (restricted incentive award). The value of the share-based remuneration components depends on the performance of Deutsche Bank's shares during the deferral and holding periods. In connection with the share-based remuneration components to be granted for fiscal year 2015, contracts have already been signed providing for the Deutsche Bank share awards which have not yet been allocated as of that date to be converted into Postbank share awards or another value-based remuneration component after Postbank has been deconsolidated from the Deutsche Bank Group. In this way, the performance of the deferred remuneration components will be linked as closely as possible to the performance contribution made by the members of the Management Board. The date of conversion becomes effective at the beginning of the month following the expiry of a period of three months after deconsolidation. The Deutsche Bank share awards will be converted on the basis of the average Xetra closing prices during the last ten trading days prior to the date of conversion.

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[1] In this connection, "grant" refers to the splitting of the variable remuneration defined for the year under review into separate remuneration components and the prospect of the defined variable remuneration in these remuneration components.

Equity upfront award

The non-deferred component of the share-based remuneration is awarded to members of the Management Board in the form of an equity upfront award (EUA). The EUA vests immediately but is subject to a further holding period during which the performance, deferral, and forfeiture provisions outlined below apply. The holding period for the EUA granted for fiscal year 2015 is twelve months. At time of publication, the EUA is granted as Deutsche Bank shares on the expiry of the holding period.

Restricted equity award

The deferred component of the share-based remuneration takes the form of a restricted equity award (REA). To place greater emphasis on the overall responsibility held by members of the Management Board during the process of Postbank's deconsolidation from the Deutsche Bank Group, a uniform deferral period of three years after which the awards vest in a single tranche ("cliff vesting") has been adopted for the REA for fiscal year 2015.

Following the above deferral period, there is a twelve-month holding period for all members of the Management Board before the share-based remuneration components at time of publication are granted as Deutsche Bank shares. Special performance, deferral, and forfeiture provisions, which are described separately below, apply during the deferral period and, where applicable, the holding period.

For fiscal year 2015 this means that, in light of the performance, deferral, and forfeiture provisions, none of the members of the Management Board may realize the value of the REA granted for 2015 until 2020 at the earliest (four years after it was defined).

The number of share awards granted to members of the Management Board in 2016 for fiscal year 2015 in the form of EUA and REA will be calculated by dividing the respective euro amounts by the average of the Xetra closing prices for Deutsche Bank shares on the last ten trading days of February 2016.

Restricted incentive award

The non-share-based component of the deferred remuneration is granted as a deferred cash payment (restricted incentive award – RIA); this vests in three equal tranches over a period of three years. Special performance, deferral, and forfeiture provisions apply during the deferral period. The final tranche of the RIA awarded to members of the Management Board for 2015 will be paid out in 2019 at the earliest.

The above-mentioned awards do not entail entitlements to interest or dividend payments.

Performance, deferral, and forfeiture provisions

The EUA, RIA and REA remuneration components are subject to certain performance, deferral, and forfeiture provisions during the deferral and holding periods. These provisions and periods form a core element of the structure of deferred remuneration. They ensure that the awards are aligned with future behavior and performance, and that certain events are also accounted for appropriately in remuneration over the long term. The REA and RIA remuneration components granted on a deferred basis are subject to performance conditions, i.e., clawback provisions linked to the performance of the Postbank Group or the Deutsche Bank Group. Under these provisions, up to 100 % of the outstanding RIA and REA tranches may be forfeited if the Postbank Group and/or the Deutsche Bank Group fail to satisfy the performance conditions relating to profit before tax. Up to one third of the REA for 2015 is forfeited if the performance conditions are not met in a given year within the deferral period. A further performance condition is the Common Equity Tier 1 provision, under which up to 100 % of the REA which has not yet vested is forfeited if at the end of any given quarter prior to the expiry of the deferral period the Common Equity Tier 1 ratio of the Deutsche Bank Group or of the Postbank Group drops below the applicable regulatory minimum capital (including an additional risk buffer of 200 basis points). Reflecting the plans to deconsolidate Postbank from the Deutsche Bank Group, the measurement of compliance with the performance conditions relating to Deutsche Bank's performance is no longer intended from 2017. Postbank's profit and the performance of the members of its Management Board will no longer have any (notable) effect on Deutsche Bank's profit after it has been deconsolidated from the Deutsche Bank Group.

In addition, all remuneration components granted on a deferred basis (REA, RIA) as well as EUA and REA during their holding period are subject to a (partial) clawback, for example if the member of the Management Board breaches internal guidelines or regulatory requirements, or if the conditions for performance are no longer met.

Variable remuneration for 2014: grant, performance, deferral, and forfeiture provisions

In line with the recommendation of the Compensation Control Committee, the Supervisory Board had passed a resolution to adjust the grant of the variable remuneration calculated and to bring it into line with the rules applicable within the Deutsche Bank Group effective January 1, 2014. After the announcement by Deutsche Bank AG of its strategy 2020 and related plans to deconsolidate Postbank from the Deutsche Bank Group, the rules governing the grant of variable remuneration were modified by the Supervisory Board again with effect from fiscal year 2015, although no changes were made to the underlying structures. Accordingly, the explanations provided for fiscal year 2015 largely also apply to the conditions for the grant, performance, deferral and forfeiture of variable remuneration entitlement for fiscal year 2014. This applies above all to the division of the variable remuneration into the remuneration components cash bonus, equity upfront award (EUA), restricted incentive award (RIA) and restricted equity award (REA).

In contrast to the remuneration system modified with effect from fiscal year 2015, the holding period for share-based payments in the fiscal year 2014 (EUA, REA) is uniformly six months. The number of share awards granted to members of the Management Board in 2015 for fiscal year 2014 in the form of EUA and REA was calculated by dividing the respective euro amounts by the average of the Xetra closing prices for Deutsche Bank shares on the first ten trading days of February 2015 (€27.1080). Following the planned deconsolidation of Postbank from the Deutsche Bank Group, no provision has been made for the automatic conversion of the share awards.

Reflecting the responsibilities within the Group structure, different deferral periods apply to the deferred share-based remuneration (REA). As a general rule, the REA granted for fiscal year 2014 vests ratably in three equal tranches over a period of three years. Special rules apply to the members of the Management Board who were also members of Deutsche Bank Group's Senior Management Group in fiscal year 2014 (i.e., Susanne Klöss-Braekler, Frank Strauss, Marc Hess, and Hanns-Peter Storr); contrary to the above, a 4.5-year deferral period applies, after which the awards vest in a single tranche ("cliff vesting").

For fiscal year 2014 this means that, in light of the performance, deferral, and forfeiture provisions, members of the Management Board who were members of the Senior Management Group cannot realize the value of the REA granted for 2014 until 2020 at the earliest (i.e., five years after it was granted). For the remaining members of the Management Board, the value of the final tranche of the REA can be realized in 2018 at the earliest (i.e., 3.5 years after the REA was granted).

The following (interest) premiums were added to the remuneration components for fiscal year 2014:

- Equity upfront award:
  A dividend equivalent is granted during the holding period.
- Restricted equity award:
  A one-time premium of 5 % is added when the award is granted. Members of the so-called Senior Management Group receive a dividend equivalent.
- Restricted incentive award:
  A one-time premium of 2 % is added when the award is granted.

The forfeiture conditions for the RIA and REA deferred remuneration components provide for benchmarking against the consolidated profit of both the Postbank Group and the Deutsche Bank Group.

Granting and payment of variable remuneration until the end of 2013

Under the remuneration system valid until the end of 2013, the variable remuneration was split into a short-term component (40 %) and a long-term component (60 %). It was not fully paid out in cash, even if the agreed targets were met. There were still outstanding remuneration components in 2015 for the remuneration years 2010 to 2013; payment is and/or was due on the agreed dates in accordance with the contractual provisions applicable at the time the components were granted.

Half of the short-term component was paid out directly in cash in the following year after it has been determined that the targets had been reached (short-term component I). The second half of the short-term component (short-term component II) was converted into phantom shares of Deutsche Bank AG. For this purpose, the euro amount of short-term component II was divided by the average of the Xetra closing prices for Deutsche Bank AG shares on the last ten trading days preceding the date on which the Supervisory Board determined that the targets had been met. After a one-year lock-up period, these phantom shares were converted on the basis of the then current share price and paid out. During the lock-up period, the phantom shares attracted dividend equivalents in the amount of the actual dividend paid. The short-term component II for 2013 was paid out in 2015. Following the expiry of the one-year lock-up period, the payment amount was calculated by multiplying the number of phantom shares by the average price (Xetra closing price) of Deutsche Bank shares over the ten trading days preceding the expiry of the lock-up period (€30.89).

The entire long-term component was granted conditionally in accordance with the Postbank Group's sustainable performance, which was determined subject to a sustainability criterion being satisfied during the subsequent three-year assessment period (three calendar years following the base year). This is still to be assessed for the years 2012 and 2013. In the year immediately following the fiscal year for which the remuneration was to be granted, the Supervisory Board examined and determined whether the targets had been met for that year, and stipulated the sustainability criterion for the assessment period. In the case of the variable remuneration until 2013, this was defined as the adjusted profit after cost of capital (APACC). Sustainable Group performance and the sustainability criterion will have been achieved if the value of the APACC is equal to, or exceeds, or at the end of the sustainability phase cumulatively exceeds on average, the value of the APACC in the base year.

In line with the three-year sustainability phase, the long-term component was divided into three equal tranches. In turn, half of each tranche was paid out in cash (long-term component I) and half was converted into phantom shares (long-term component II), or is still to be converted for the years 2012 to 2013. The conversion and valuation procedure for the phantom shares was and/or is as outlined above.

If, at the end of each of the years in the three-year assessment period for the remuneration components still outstanding, the Supervisory Board determines that the sustainability criterion has been met, the proportionate cash component (long-term component I) is paid out immediately, and the remainder converted into phantom shares (long-term component II), which are converted into a euro amount after the expiry of the twelve-month lock-up period.

If the sustainability criterion is not met for a particular year in the assessment period, payment of the corresponding tranches of the long-term component is deferred to the following year for a renewed examination based on the sustainability criterion. If the sustainability criterion has not been met at the end of the assessment period, the payment of all deferred long-term components lapses without compensation. In this way, remuneration of the Management Board is affected by any negative Company performance during the entire measurement period (negative bonus system). Under an additional negative bonus system, payment for outstanding tranches can be retroactively reduced or canceled completely based on the overall performance of the Management Board member concerned during the assessment period.

These remuneration mechanisms still affect the deferred remuneration components granted in the years 2010 to 2013 and continue to apply to this extent.

The long-term component II for 2010 (Tranche 3), 2011 (Tranche 2), and 2012 (Tranche 1) was paid out in 2015 after the expiry of the lock-up period. For this purpose, the remuneration components that were converted into phantom shares of Deutsche Bank AG in 2014 were multiplied by the average share price (€30.89, see above). In addition, the long-term component I for 2011 (Tranche 3), 2012 (Tranche 2), and 2013 (Tranche 1) was paid out in 2015 upon the sustainability criteria being satisfied. The other halves of the above tranches (long-term component II) were converted into phantom shares of Deutsche Bank AG on the basis of the average share price (Xetra closing price) on the ten trading days preceding March 23, 2015, (€30.30) and are due for payment in 2016 upon expiry of the lock-up period.

A dividend equivalent was calculated for the phantom shares that were blocked on the date of the Annual General Meeting of Deutsche Bank AG in 2015 on the basis of the €0.75 dividend paid for Deutsche Bank AG; the phantom share components were increased accordingly.

Other provisions

The members of the Management Board are not permitted to use hedging transactions or other countermeasures to mitigate or offset the risk orientation of deferred remuneration components.

The Supervisory Board may award an appropriate special bonus in recognition of exceptional performance, the amount of which is capped by the maximum variable remuneration (150 % of the agreed target).

In accordance with the recommendation of the German Corporate Governance Code, Postbank will provide compensation for no more than the remaining term of the contract in cases in which the contract of a member of the Management Board is terminated prematurely other than for good cause, and will limit the payment to a maximum of two annual salaries (severance payment cap).

If the contract of a Management Board member is terminated prematurely as a result of permanent incapacity to work or death, the remuneration (basic remuneration plus variable remuneration) is paid pro rata up to the end of the agreed term of the contract, for a maximum of six months.

Remuneration of the Supervisory Board in 2015

The remuneration system is laid down in Article 15 of the Articles of Association of Deutsche Postbank AG. In accordance with this article, the annual remuneration of members of the Supervisory Board comprises fixed, non-performance-related remuneration only. The positions of Chairman and Deputy Chairman as well as the membership of committees are reflected in the remuneration.

The fixed annual remuneration (base pay) for each member of the Supervisory Board is €40,000. The Chairman of the Supervisory Board receives double, and the Deputy Chairman receives one-and-a-half times the base pay.

The base pay increases by the following fixed additional annual remuneration for members and chairs of Supervisory Board committees:

Members of the Audit Committee and the Risk Committee receive an additional €30,000 each; the chairs of these committees receive an additional €60,000 in each case. Members of the Executive Committee, the Human Resources Committee, the Compensation Control Committee, and the Nomination Committee each receive an additional €20,000; the chairs of these committees receive an additional €40,000 in each case. No additional fixed remuneration is granted to the members and the chair of the Mediation Committee.

Under the remuneration rules valid until December 31, 2013, members of the Supervisory Board are still entitled to performance-related annual remuneration with a long-term incentive effect amounting to €300 for each 1 % by which the consolidated net profit per share for the second fiscal year following the fiscal year under review (reference year) exceeds the consolidated net profit per share of the fiscal year preceding the fiscal year under review. The Chairman of the Supervisory Board receives double the remuneration of a full member of the Supervisory Board, while the Deputy Chairman receives one-and-a-half times the remuneration. The chairmanship of a Supervisory Board committee is remunerated by an additional sum in the amount of the remuneration, while members of the Supervisory Board committees additionally receive half this amount for each such position held. This does not apply to membership of the Mediation Committee and the Nomination Committee. The amount of the Supervisory Board's variable remuneration is capped in two ways: It may not exceed the amount of the fixed annual remuneration and remuneration of committee members may not exceed twice the remuneration of the Supervisory Board member concerned.

For further information on and explanations of the remuneration of both the Management Board and Supervisory Board, please see the Corporate Governance Report and Note 56 of the Notes to the Consolidated Financial Statements.

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EMPLOYEES

The number of employees was nearly the same as last year: the Postbank Group employed 14,758 full-time equivalents, 16 fewer than the 14,774 employed as of December 31, 2014.

The workforce also included 4,786 civil servants on a full-time equivalent basis, or about 32 % of the headcount. About 24 % of our employees work part time.

Our external turnover in 2015 was around 7 %. The reasons for that figure can primarily be found in early retirement agreements, the start of legal retirement as well the year-end expiration of fixed-term employment contracts in the branches. The average length of a person's employment at the Bank was approximately 21 years. Postbank remunerates almost all of its employees on the basis of performance and profit-related criteria that flow into a variable remuneration component.

SIGNIFICANT EVENTS AT POSTBANK IN 2015

Squeeze-out

On April 27, 2015, Deutsche Bank AG acquired an additional 5,934,243 shares of Deutsche Postbank AG, thereby increasing its direct and indirect holdings to 96.80 % in connection with the exceedance of the 95 % threshold.

Likewise on April 27, 2015, Deutsche Bank AG requested that the Management Board of Deutsche Postbank AG take the necessary steps to prepare a squeeze-out of its minority shareholders in accordance with section 327a ff. of the *Aktiengesetz* (AktG – German Stock Corporation Act). The Annual General Meeting, as a result of being postponed to August 28, 2015, resolved the squeeze-out of its minority shareholders with a majority of 99.6 % of the represented capital.

A key reason for the exclusion of minority shareholders is found in the implementation of Deutsche Bank AG's new strategy announced on April 27, 2015. In the execution of this strategy, Deutsche Bank AG would prefer to float Deutsche Postbank AG on the stock market after a delisting in connection with an exclusion of minority interests. As an alternative, the disposal of the stake in Deutsche Postbank AG is also under consideration.

Seven actions for annulment and avoidance have been brought by a total of seven Deutsche Postbank AG shareholders against the resolution on the transfer of the shares held by the minority shareholders of Deutsche Postbank AG to Deutsche Bank Aktiengesellschaft in return for payment of an appropriate cash settlement passed by the Annual General Meeting on August 28, 2015. In Deutsche Postbank AG's opinion, the actions for annulment and avoidance are unfounded. Consequently, on October 15, 2015, Deutsche Postbank AG then applied to the courts for an application for clearance to ensure a timely entry of the transfer resolution in the commercial register. The Cologne Higher Regional Court complied on December 18, 2015.

The transfer resolution was entered into the commercial register for Postbank at the Bonn Local Court (Amtsgericht Bonn) on December 21, 2015. As a result, all minority interest shares were transferred by operation of law to the majority shareholder, Deutsche Bank AG, Frankfurt am Main, Germany.

The trading of Postbank shares was halted with immediate effect on all stock exchanges.

Executive bodies

On May 28, 2015, Rainer Neske resigned from his office on the Supervisory Board of Deutsche Postbank AG effective as of the end of June 25, 2015. By resolution on June 26, 2015, Stefan Krause was appointed as a new member of the Supervisory Board of Deutsche Postbank AG by the Bonn Local Court (Amtsgericht Bonn) until the conclusion of the next Annual General Meeting. The Supervisory Board elected Stefan Krause as its Chairman in the meeting of July 14, 2015.

On August 28, 2015, Christiana Riley and Stefan Krause were elected to serve as members of the Supervisory Board by the Annual General Meeting of Deutsche Postbank AG. They have replaced Lawrence A. Rosen and Rainer Neske on that board. In the meeting of August 28, 2015, Stefan Krause was elected by the Supervisory Board of Deutsche Postbank AG to be its Chairman.

Stefan Krause stepped down from the Supervisory Board of Deutsche Postbank AG effective October 31, 2015. The Supervisory Board elected Werner Steinmüller as Chairman effective November 4, 2015. Michael Spiegel was appointed as a new member of the Supervisory Board by the Bonn Local Court (Amtsgericht Bonn) on November 17, 2015.

Changes in the Group

In the second quarter of 2015, an agreement was reached regarding the disposal of the subsidiary Postbank P.O.S. Transact GmbH, Eschborn, a provider of cashless and card-based payment transactions. The disposal took place in the third quarter of 2015.

On December 10, 2015, Deutsche Postbank AG repurchased from Deutsche Bank AG the following entities and reconsolidated them from that date: Deutsche Postbank Funding Trusts I–IV (Deutsche Postbank Funding Trust I, Wilmington, Delaware, U.S.A., Deutsche Postbank Funding Trust II, Wilmington, Delaware, U.S.A., Deutsche Postbank Funding Trust III, Wilmington, Delaware, U.S.A., Deutsche Postbank Funding Trust IV, Wilmington, Delaware, U.S.A.) and Deutsche Postbank Funding LLCs I-IV (Deutsche Postbank Funding LLC I, Wilmington, Delaware, U.S.A. , Deutsche Postbank Funding LLC II, Wilmington, Delaware, U.S.A., Deutsche Postbank Funding LLC III, Wilmington, Delaware, U.S.A., Deutsche Postbank Funding LLC IV, Wilmington, Delaware, U.S.A.).

Deutsche Postbank Funding Trusts I–IV and Deutsche Postbank Funding LLCs I-IV were originally set up for raising regulatory own funds. Here Postbank issued a total of four bonds, each of which are held by a limited liability company (LLC). The LLCs for their part each issued Class B Preferred Securities that are held by the trust companies. The Trust companies for their part utilized issues of trust preferred securities to refinance externally on the market.

Under the transitional provisions for instruments eligible for grandfathering, the trust preferred securities of the Trusts I-III are counted toward the Postbank subgroup's Additional Tier 1 capital. During the transitional period, which runs until December 31, 2021, the amount that shall qualify as Additional Tier 1 capital but not at the level specified in the transitional provisions according to Article 486(5) of the Capital Requirements Regulation (CRR) is counted toward Tier 2 capital. Upon expiration of the transitional provisions, the trust preferred securities of Trusts I–III are counted toward Tier 2 capital. The transitional provisions for instruments eligible for grandfathering permit the trust preferred securities of Trust IV to be counted toward Additional Tier 1 capital of the Postbank subgroup up until June 29, 2017, the earliest possible date of termination. The transitional provisions for instruments eligible for grandfathering permit the amount that shall qualify as Additional Tier 1 capital but not at the level specified in the transitional provisions according to Article 486(5) of the CRR to be counted toward Tier 2 capital up until the earliest possible date of termination. Beginning at the earliest possible date of termination, the trust preferred securities of Trust IV are no longer taken into account in regulatory own funds.

In December 2015, Postbank signed a purchase agreement with PBC Banking Services GmbH for the reacquisition of its service companies (Betriebs-Center für Banken AG, VÖB-ZVD Processing GmbH, Postbank Direkt GmbH, Postbank Service GmbH and BHW Kreditservice GmbH) and at the same time with Deutsche Bank Privat- und Geschäftskunden AG for the disposal of Postbank's stake in PBC Banking Services GmbH. The acquisition and disposal took place as of January 1, 2016.

REPORT ON ECONOMIC POSITION

OVERALL ECONOMIC PARAMETERS IN 2015

Macroeconomic environment

Weak global economic growth

Global economic growth slowed in 2015. While the economic recovery in the industrialized countries slightly accelerated once again with gross domestic product rising (GDP) rising by an average of 1.9 %, growth in the emerging markets fell clearly short of the previous year's level. At just 4.0 %, it was the lowest rate since the crisis year 2009. This was attributable mainly to severe recessions in several of the large emerging markets as the result of decreasing raw material prices and international conflicts. Overall, global economic activity rose by just 3.1 % in 2015 as compared to 3.4 % in previous year. The International Monetary Fund (IMF) had predicted growth of 3.5 % at the start of the year.

The economic upswing in the United States continued at a solid pace in 2015, spurred on by development in domestic demand. Private consumption was especially robust with the strongest growth in ten years, driven in large part by the sharp decline in energy prices. Government spending increased as well after decreasing slightly in the previous year. Investments in machinery, equipment and construction also rose once again. In contrast, foreign trade had a negative impact on growth. While exports suffered from the weak global economy and the strong U.S. dollar, imports rose sharply as a result of strong domestic demand. At 2.4 %, overall GDP growth was on a par with the result for the previous year, and thus well behind the 3.7 % we anticipated at the beginning of the year. The solid economic upturn was nonetheless reflected in a strong rise in employment, accompanied by a noticeable drop in the unemployment rate.

The emerging countries of Asia remained the leading economic powerhouses. At 6.6 %, however, GDP growth was somewhat lower than in the previous year. Economic growth continued to slow in particular in China, due in large part to the decrease in exports as compared to the previous year. GDP growth fell to 6.9 %, the lowest level since the early 1990s. In Japan, recovery from the prior year's economic slowdown was very muted. The clear drop in private consumption was a major weak point. At the same time, gross capital expenditures barely rose above stagnation, and the increase in exports was limited due to strong appreciation of the yen. In summary, GDP grew a modest 0.5 % as compared to the 1.3 % growth we had anticipated.

The economy in the eurozone stabilized noticeably in 2015, in particular with regard to domestic demand. According to the available data private consumption rose 1.7 %, the strongest growth in eight years. Government spending rose by 1.2 %. Gross capital expenditures rose by approximately 2.0 %. Foreign trade picked up as well, driven almost equally by exports and imports. In summary, this led to GDP growth of 1.5 % following a 0.9 % rise in the previous year. The developments in the individual countries in the eurozone continued to vary, with all of the countries except Greece reporting positive growth rates. Unemployment declined noticeably as a result. Nonetheless, the average unemployment rate remained at a very high level of 10.4 % at year's end.

Europe's economic performance thus largely lived up to our expectations, although GDP rose more sharply than we had projected at the beginning of the year.

Solid upturn in Germany

The German economy grew continuously at a solid pace in 2015. Despite the weak global economy, exports climbed by more than 5 %. The German export industry benefited from the weak euro as well as from a significant rise in demand from the eurozone. At the same time, however, imports grew as well so that all in all foreign trade made only a moderate contribution to growth. Private consumption was the most important vehicle of growth, rising 1.9 % or more than twice as much as in the previous year. This acceleration was boosted by a noticeable increase in disposable income paired with a simultaneous decrease in the inflation rate from 0.9 % to 0.3 %. The resulting strong upturn in real income also fueled a minimal increase in the savings rate. Government spending rose 2.8 % due to the increasing expenditures including those associated with the influx of refugees. In contrast, growth in gross capital expenditures slowed to 1.7 %. Investments in machinery and equipment jumped at an above-average rate of 3.6 %. Investments in construction, on the other hand, rose by just 0.2 %, with solid growth in residential construction offset by decreases in public-sector and commercial construction. Overall GDP growth of 1.7 % was minimally stronger than in the previous year. The robust and broad upswing had a positive impact on the German labor market. On average, the number of unemployed persons fell by 104,000 to 2.8 million, causing the unemployment rate to drop from 6.7 % to 6.4 %. At the same time, the number of people in the workforce jumped by 329,000 to 43.03 million.

In summary, macroeconomic performance in Germany in 2015 was largely in line with our expectations at the time of our last Annual Report, although GDP growth was actually stronger than we projected.

Market developments

In 2015, the global financial markets were heavily shaped by the different monetary policies pursued by the European Central Bank (ECB) and the U.S. Federal Reserve (Fed). While the ECB significantly increased the expansiveness of its monetary policy, the Fed initiated an increase in federal funds rates. The slowdown in growth in the emerging economies also played a major role in market development. In the second half of the year, increasing concerns regarding a sustained slowdown in China's GDP growth and turbulence on the Chinese stock markets led to a negative underlying atmosphere and caused strong fluctuations on the markets.

The German stock market went for a roller coaster ride in 2015. Prices rose sharply until April. At its peak, the DAX climbed 26 % above its closing level for 2014. The driving forces in this phase were the expansionary monetary steps taken by the ECB, the resulting significant decrease in capital market interest rates and marked depreciation of the euro. Some of this ground was once again lost later in the year, however. From August onward, massive turbulence on the Chinese stock markets led to steep declines in stock prices that pushed Germany's blue-chip index to its yearly low in September. Stock prices recovered, however, aided by signs of renewed easing of monetary policy by the ECB. Given the sustained uncertainty among investors, however, some of these gains were also lost by the end of the year. The DAX nevertheless climbed 9.6 % above its year-end level for 2014. The EURO STOXX 50, on the other hand, generated a gain of just 3.8 %. Stock price performance in the United States was much weaker, with the strong U.S. dollar exerting a negative impact on corporate profits. The S&P 500 dropped 0.7 %. The increasing uncertainty over the course of the year was reflected in the corporate bond markets as well. Risk premiums for bonds in the non-investment-grade category rose sharply in comparison to the previous year. Highly rated bonds in the investment-grade category performed better, but risk premiums rose noticeably here as well.

The turbulence rocking government bonds issued by members of the European Monetary Union initially continued to calm at the start of 2015. The yield spreads of Italian, Spanish and Portuguese government bonds over German Bunds dropped markedly through March and reached their lowest values since the first half of 2010. At the same time, the yields in these countries fell to historic lows. This development was driven in particular by the ECB's announcement of its intention to include the purchasing of government bonds in its program in the future. A supporting role was also played by improvements in the fundamental economic conditions in the countries concerned. However, a distinct countermovement was to follow. Yield spreads again broadened mildly at first. Difficult negotiations with Greece regarding additional financial aid then created uncertainty and drove yield spreads higher once again. Signs of an agreement on a third financial assistance program for Greece caused another dip after the start of the second half-year. This was followed by disparate development with an overall positive underlying trend. At the end of the year, yield spreads for Italian and Portuguese government bonds were considerably below the previous year's figures, while yield spreads for Spanish bonds were slightly up in year-on-year comparison as a result of political uncertainty.

The ECB, motivated by a low inflation rate that dropped markedly below zero at the start of the year and by the continuing low level of lending in the eurozone, decided to massively expand its existing purchasing program for asset-backed securities and covered bonds in January of 2015. Since March of this year, it has also been acquiring bonds on the secondary market that were issued by eurozone central governments, agencies, and European institutions. The program, with a monthly purchasing volume of a total of €60 billion, was originally intended to run until at least September 2016. In December 2015, the ECB extended the term until at least March 2017. It reserves the right to continue its bond purchasing program until the inflation trend once again matches its mid-term target of an inflation rate of just under 2 %. In addition, it expanded the range of securities that can be purchased through the program to include bonds from regional and local authorities and also decided to reinvest inflows from bond purchases. The ECB furthermore reduced its deposit facility rate by 0.1 percentage points in December to –0.30 %, while keeping its main refinancing rate constant at 0.05 % throughout the entire year. All in all, the monetary policy pursued by the ECB became significantly more expansive in 2015. Consequently, money market rates dropped markedly. At the end of 2015, the three-month Euribor was –0.13 %, 0.21 percentage points lower than at the prior-year end.

In December the U.S. Federal Reserve raised its federal funds rate by 0.25 percentage points to a range of 0.25 % to 0.50 %. The rate had previously hovered at 0 % to 0.25 % for seven years.

Bond markets in the eurozone were strongly influenced by monetary policy in the first several months of 2015. In the course of the expansion of the bond purchasing program by the ECB, capital market interest rates fell sharply. The yields of 10-year German Bunds dropped to a historic low of 0.07 % in April. This proved to be exaggerated, however, especially with the strengthening of the economic recovery in the eurozone and the approach of an initial federal funds rate hike in the United States. Sharp correction of the yields of 10-year German Bunds to just under 1 % then occurred well into June. This was followed by a further decrease in yields on the German capital market due to uncertainty created by strong price losses on the stock markets as well as foreseeable further easing of monetary policy by the ECB. At the end of the year, yields of 10-year German Bunds were at 0.63 % (prior year: 0.54 %). Paired with a simultaneous decrease in money market rates, this led to the yield curve in Germany becoming somewhat steeper. In the United States, the yield of 10-year Treasuries also rose slightly. By the end of the year they had reached 2.27 %, 0.10 percentage points under the corresponding prior-year figure. The U.S. yield curve nevertheless flattened out somewhat as a result of the sharper rise in money market rates.

The divergent monetary policies being implemented by the ECB and the Fed had a major impact on the euro-dollar exchange rate. Expansionary measures by the ECB brought the euro under pressure, in particular in the first several months of the year. After reaching US$1.21 at the end of 2014, the euro fell to its yearly low of US$1.05 in March. The euro made a subsequent recovery, but came under downward pressure once again in the fall. By the end of 2015 it was trading at just under US$1.09, a loss in value of 10.2 % as compared to the prior year.

The market developments reflected our expectations only in part at the time of our last Annual Report. We expected the yields of 10-year German Bunds to end 2015 at approximately the same level as they began it. At the same time, we also assumed that ECB key interest rates would remain constant and that the yield curve would stay flat.

Sector situation

The low interest rate environment and regulatory requirements remained the dominant themes for the European banking sector through 2015.

In June 2015, the 28 European Union finance ministers agreed on a draft regulation that separates risky banking operations from deposit and lending activities and presented it to the European Parliament for adoption. The draft regulation has not yet been adopted, however.

The first step in introducing the liquidity coverage ratio (LCR) as a metric for assessing the short-term liquidity risk of banks was implemented in October 2015. It is designed to ensure that every bank is able to independently cover its own liquidity requirements over a period of 30 calendar days even in a difficult liquidity stress scenario.

Binding percentage thresholds and a timetable for implementation of total loss absorbency capacity (TLAC) were adopted at the G20 Summit in Antalya in November 2015. Starting in 2019, 30 banks worldwide considered as being systemically important must have 16 % of their respective risk-weighted assets backed by liable capital. This figure will increase to 18 % in 2022. In Germany, only Deutsche Bank is among the group of 30 systemically important global banks.

In November 2015, the ECB announced that it has prescribed individual Common Equity Tier 1 capital ratios for the banks it directly supervises in the eurozone. The individual rates were set on the basis of a supervisory review and evaluation process (SREP) conducted by the ECB in 2015. For the first time, the respective Common Equity Tier 1 capital ratios were calculated using a single methodology for all of Europe. The ECB did not publish the individual rates.

In late November 2015, the European Banking Authority (EBA) published the results of the transparency exercise in which 105 banks from 21 EU countries took part. The review was based on the banks' balance sheets as of June 30, 2015. The EBA was able to confirm that the quality of the banks' balance sheets had generally improved. All 105 banks exceeded the respective minimum requirements.

The leverage ratio is currently being tested by the Basel Committee as a further regulatory instrument. Banks must initially have a minimum ratio of 3 %. The mechanism of the ratio will be analyzed until late 2017 and the level adapted if needed. A minimum level will be then established prior to implementation in early 2018.

On December 30, 2015, the recommendations of the European Central Bank (ECB) on dividend distribution policies were published in the Official Journal of the European Union. The ECB once again recommends that the significant banks it supervises pursue a conservative distribution policy in order to strengthen their capital base. Criteria for calculation of distributions are compliance with capital requirements with regard to the current requirements of the CRR, the individually valid buffers set by the supervisory authority as well as the generally valid buffers pursuant to the *Kreditwesengesetz* (KWG – German Banking Act) as well as a possible SREP buffer and compliance with capital requirements in the case of non-application of the CRR transitional arrangements. The recommendation is not legally binding.

The German banking landscape continues to feature a three-pillar structure consisting of private, public and cooperative banks. In 2015, there were no significant developments between the individual pillars to report. However, the merger of the two leading banks in the cooperative sector is now underway and scheduled to be completed in mid-2016.

The volume of loans issued to domestic companies and private individuals in Germany increased by 2.3 % to €2,440 billion in 2015. Lending growth thus rose slightly above the previous year's level. Growth in lending volumes to companies was stronger than in the previous year, increasing by 1.9 % to €919 billion. Loans to self-employed private individuals rose by 1.5 % to €396 billion following only very slight growth in the previous year. Loans issued to non-self-employed persons and other private individuals rose by 3.1 % to €1,112 billion in 2015, representing significantly stronger growth than in 2014. In this category, residential construction loans climbed by 3.5 % to €887 billion. New business with residential construction loans for private individuals rose sharply by 22.0 % in the first eleven months of 2015. The overall moderate improvement of the lending business was primarily fueled by the continuation of the economic upswing. The massive increase in new business with residential construction loans was attributable primarily to exceptionally favorable financing conditions.

Between January and November of 2015, the number of bankruptcies in Germany fell sharply by 5.8 % compared with the previous year's total. The number of business bankruptcies dropped by 3.9 %. Accordingly, the positive trend seen in previous years continued. The economic improvement and the very low level of interest rates may have contributed to this development. The number of consumer bankruptcies (including the bankruptcies of formerly self-employed individuals and other bankruptcies) dropped by 6.2 %, a continuation of the sharp decrease seen in recent years. The continued improvement of employment may have had a positive impact here once again.

In analyzing the business performance of German banks, we considered the banks listed in the industry index – Deutsche Börse's Prime Standard – and Deutsche Postbank AG, as we have done in the past. We compared the banks' results for the period of January through September 2015 with the previous year's results. Four of the five banks generated net income both before and after tax. Three banks managed to increase their net income for both parameters in comparison to the same prior-year period. One bank posted a loss both before and after tax. Two of the banks improved both their cost/income ratio and their return on equity after tax. Despite low interest rates and a tough competitive environment in Germany, all five generated higher net interest income after allowance for losses on loans and advances than in the same period last year; four of them also generated higher net fee and commission income than in the first three quarters of 2014. All of the banks increased their net trading income as well. However, three of the banks saw a rise in administrative expenses during the indicated time period.

The DAX rose 9.6 % in 2015. In contrast, both banks listed in Germany's blue-chip index saw stock price drops in the period under review.

COURSE OF BUSINESS

Results of operations, financial position, and net assets

Postbank generated a profit before tax of €582 million from continuing operations in fiscal year 2015 (previous year: €213 million) despite persistently difficult market conditions. In 2014, profit, including the Transaction Banking division that was discontinued as of the third quarter of 2014 and thus no longer contributed to profit in 2015, had amounted to €432 million.

Adjusted for significant non-recurring effects, profit before tax rose significantly year-on-year, climbing by 9.6 % from €477 million to €522 million.

The following items were adjusted for fiscal year 2015: gains from the initial measurement of Deutsche Postbank Funding Trusts I–IV (€280 million), compensatory payments received and associated expenditure arising from the termination of the IT cooperation agreement with Deutsche Bank (€124 million), expenses in connection with the integration into and deconsolidation from Deutsche Bank (€–204 million), expenses due to the non-scheduled adjustment of extrapolated hidden reserves on loans and advances to customers and an impairment on beneficial contracts arising from the acquisition of BHW Bausparkasse AG (€–62 million), an impairment of €38 million and the effects from discontinued subsequent measurement in accordance with IAS 28 (€–2 million) related to PBC Banking Services GmbH, and expenses incurred to cover legal risks related to consumer protection rulings (€–39 million).

Adjustments in the prior year related to the deconsolidation of the service companies (€361 million), expenses in connection with the integration into Deutsche Bank (€–147 million), expenses to cover legal risks related to consumer protection rulings (€–215 million), interest on an additional tax payment for previous fiscal years (€–35 million), and an additional payment under the bank levy (€– 9 million).

Consolidated net profit after tax rose by 134.7 % from €259 million in the previous year to €608 million, although the positive tax effect of €27 million in the reporting year can essentially be attributed to writedowns.

The solid operational development is largely attributable to our business with retail, business and corporate customers, which is characterized by long-term stability. Given the continuing low level of interest rates, net interest income at €2,403 million was slightly below the previous year's level (€2,485 million). Net fee and commission income from continuing operations declined substantially by 15.2 % from €927 million to €786 million. This was due to the new contractual terms applicable to the cooperation with Deutsche Post AG that came into force at the beginning of 2015, which provide for lower administrative expenses and lower fee and commission income for the provision of postal services. The lower fee and commission income was partially offset by additional income due to the change in recognition of fee and commission income from insurance brokerage.

Combined net trading income and net income from investment securities generated by continuing operations declined substantially by 60.5 % from €210 million to €83 million. The transfer of the service companies had generated positive effects of €162 million in continuing operations in 2014.

The allowance for losses on loans and advances further declined by 21.1 % from the previous year's very low level of €265 million to €209 million. Our portfolio primarily comprises highly collateralized German mortgage loans and benefits both from the sound German real estate market and the ongoing healthy labor market situation in the country.

Given continuing pressure on income, we have focused on cost management and have thus been able to keep administrative expenses almost constant. Administrative expenses in the Retail Banking, Corporate Banking, Financial Markets and NCOU segments performed well, while administrative expenses in the Cost Centers/Consolidation segment increased due to forward-looking investments as well as non-recurring expenses to prepare for deconsolidation from Deutsche Bank. The overall slight decline in administrative expenses can be attributed to increased expenditure related to the fulfillment of regulatory requirements as well as expenses related to deconsolidation from Deutsche Bank, which we expect to peak in 2016 and which we will continue to counteract by stringently managing costs.

RESULTS OF OPERATIONS

The individual income and balance sheet items are explained in detail as follows. Unless otherwise stated, the comments on individual income statement items relate to the comparison of the results in continuing operations with the overall figures for fiscal year 2014, which are stated in Note 41 in the “Total of continued operations” column.

Net interest income

Net interest income declined slightly from €2,485 million in the previous year to €2,403 million, contrary to expectations. Continued low interest rate levels represent a challenge for all banks with high deposit volumes, but also had a positive effect on interest expense which decreased by €328 million or 14.6 % year-on-year. The reduction of high-interest liabilities in the NCOU segment had a particularly positive effect. The Retail Banking segment also saw a positive development, mainly due to strong new lending business. Margins achieved through new business are higher than those achieved in the past few years. Accordingly, portfolio margins are performing positively.

Net trading income

Net trading income increased from €–6 million in the previous year to €56 million, more than expected. This development can be mainly attributed to substantial measurement gains relating to the mortgage loan portfolio, to which the fair value option is applied, and related interest rate derivatives.

Net income from investment securities

Net income from investment securities decreased by 87.5 % from €216 million to €27 million in the year under review. This substantial decrease, which was in line with our expectations, was due to the previous year's deconsolidation gain of €162 million from the bundling of our service companies in the Deutsche Bank Group, which was attributable to continuing operations. In addition, an impairment of €38 million and the discontinuation of subsequent measurement in accordance with IAS 28 (€–2 million) in relation to PBC Banking Services GmbH had a negative impact on net income from investment securities in the year under review.

Net fee and commission income

As expected, net fee and commission income declined by 15.2 % from €927 million to €786 million. This was due to the new contractual terms applicable to the cooperation with Deutsche Post AG that came into force at the beginning of 2015, which provide for lower administrative expenses for the services supplied by the postal agencies and other services as well as for lower fee and commission income for the provision of postal services (decrease of around €180 million). The lower fee and commission income was partially offset by additional income in the amount of €58 million, due to the change in recognition of fee and commission income from insurance brokerage.

Total income

Postbank’s total income from continuing operations declined by 9.7 % from €3,622 million in 2014 to €3,272 million in the year under review. The main reasons for this were the development of net fee and commission income and substantial non-recurring effects resulting from the bundling of the service companies in the previous year.

Allowance for losses on loans and advances

Despite the historically low level of €265 million in the previous year, the allowance for losses on loans and advances further declined by 21.1 % to €209 million, more than expected. On the one hand, this reflects the positive performance in our customer business, and particularly the high degree of stability of our retail lending business with its significant proportion of highly collateralized German real estate loans, and on the other the favorable macroeconomic environment. This performance was further boosted by an agreement in the first half of 2015 to sell two non-performing loan portfolios, which resulted in a €32 million reversal in the allowance for losses on loans and advances. Conversely, the adjustment of the parameters used to calculate portfolio-based valuation allowances negatively affected the allowance for losses on loans and advances in the amount of €27 million.

Due to this reversal, among other things, the annualized net additions ratio for the customer loan portfolio, at 22 basis points, was significantly lower than in the previous year (28 basis points).

Administrative expenses

In line with expectations, administrative expenses, at €2,724 million, were slightly below the previous year's figure of €2,729 million. If various non-recurring effects had not been factored in, stringent cost discipline would have had an even more positive impact on administrative expenses.

Staff costs increased by 5.3 % from €1,131 million to €1,191 million, due to higher non-recurring expenses in connection with the deconsolidation from Deutsche Bank as well as provisions for early retirement schemes and severance payments.

Other administrative expenses included in particular non-recurring effects due to non-staff operating expenses incurred in connection with the deconsolidation from Deutsche Bank as well as writedowns of IT projects previously co-planned with Deutsche Bank.

Factoring in the forward-looking investments made – for example in increasing efficiency and further digitization of the business model – and increased expenditure of meeting more stringent regulatory requirements, we were able to achieve a satisfactory improvement in administrative expenses overall.

Other income and expenses

Net other income and expenses amounted to €243 million in fiscal year 2015, following €–415 million in the previous year. The prior-year figure included charges from, among other things, the early repurchasing of liabilities as well as expenses of €129 million for the expected and actual reimbursement of consumer loan processing fees. As expected, there were no further major negative effects in 2015. Expenses relating to litigation and complaints about investment advice decreased from €79 million to €13 million. On the other hand, gains resulting from the initial measurement of Deutsche Postbank Funding Trusts I–IV (€280 million), as well as from compensation payments received and associated expenses in connection with the termination of the IT cooperation agreement with Deutsche Bank (€124 million) were recognized in 2015.

Profit before tax and consolidated net profit

Profit before tax increased by 34.7 % to €582 million in fiscal year 2015, compared to €432 million (including the discontinued operation) in the previous year. This was essentially driven by steady operational performance as well as by positive effects due to the initial measurement of Deutsche Postbank Funding Trusts I–IV (€280 million), compensation payments received and associated expenses in connection with the termination of the IT cooperation agreement with Deutsche Bank (€124 million), and the absence of expenses to cover legal risks relating to consumer protection rulings (€215 million in 2014). In 2015, the discontinued operation did not contribute to profits, as against a contribution of €219 million in the previous year.

A tax income in the amount of €27 million resulted primarily from expenses incurred as a result of the non-scheduled adjustment of extrapolated hidden reserves on loans and advances to customers arising from the acquisition of BHW Bausparkasse AG.

After adjustment for the €1 million attributable to non-controlling interests, consolidated net profit for fiscal year 2015 rose to €608 million, following €259 million in the previous year.

Postbank's total comprehensive income, including changes in valuation reserves, rose by 51.7 % to €698 million in 2015, as against €460 million in the previous year. Essential drivers here were both consolidated net profit and remeasurement gains from defined benefit pension plans in the amount of €108 million.

Based on tangible equity, the return on tangible equity (RoTE) after tax was 13.0 % in fiscal year 2015, compared with 6.1 % (including the discontinued operation) in the previous year.

Earnings per share

Earnings per share were €2.78 (previous year: €1.18). In the previous year, €0.67 had been attributable to the discontinued operation.

SEGMENT REPORTING

Retail Banking

In fiscal year 2015, profit before tax in the Retail Banking segment did not rise by a low three-digit million euro amount year-on-year, as expected, but by €87 million or 16.4 % to €616 million. Given the moderate 2.5 % decrease in total income, this is primarily due to a decline in administrative expenses and in the significantly lower allowance for losses on loans and advances.

As expected, net interest income again rose slightly, by 0.7 % to €2,608 million. The low interest rate environment continues to represent a particular challenge in terms of investing customer deposits, however, Postbank benefited from high-margin new lending business coupled with lower interest expense.

Net trading income was up €32 million year-on-year at €22 million. The encouraging net trading income, which is essentially generated by our BHW Bausparkasse AG subsidiary that has been allocated to this segment, can be attributed to substantial measurement gains relating to the mortgage loan portfolio, to which the fair value option is applied, and related interest rate derivatives.

As expected, net fee and commission income declined significantly by 15.5 % to €741 million. This decrease was mainly due to the amendments to the contract with Deutsche Post AG, which provides for lower fee and commission income from the provision of postal services and a simultaneous reduction in administrative expenses, which on balance had a negative effect. This was partially offset by additional income due to the change in recognition of fee and commission income from insurance brokerage.

Contrary to our forecasts, the allowance for losses on loans and advances continued to decrease considerably from €221 million to €174 million year-on-year, despite an increase in lending volumes and the adjustment of the parameters used to calculate portfolio-based valuation allowances that negatively affected the allowance for losses on loans and advances. The allowance for losses on loans and advances was thus at a historically low level. The moderate increase in the allowance for losses on loans and advances that we had anticipated at the start of the year did not occur. On the one hand, this positive trend was boosted by the agreement to sell non-performing loans reached in the first half of 2015 and the associated €32 million reversal of the allowance for losses on loans and advances. On the other, this is due to the ongoing stable development of the German labor market and to the high level of credit quality throughout the entire retail banking business which is dominated by our very granular and highly collateralized retail mortgage lending business.

Administrative expenses decreased by €114 million or 6.7 % to €1,593 million, more than expected. The decline is due to a change in the allocation of costs for services that the service companies provide for the Retail Banking segment and to the amended contract with Deutsche Post AG. Although fees for Transaction Banking services are no longer recorded in non-staff operating expenses, they are still included in the segment results, since they form part of internal cost allocation. Compared with 2014, internal cost allocations increased by €108 million to €891 million.

Net other income and expenses amounted to €–97 million, after €–218 million in the previous year. In the first quarter of 2014, expenses for payment transaction services and other services had still been included in the consolidated service companies' administrative expenses. Following the bundling of the service companies in the second quarter of 2014, these have been recognized as service cost allocation items under "Other expenses." In addition, expenses for expected and actual reimbursements of consumer loan processing fees had been recognized in fiscal year 2014.

The cost/income ratio for the segment improved from 79.8 % to 78.9 %. The return on equity before tax amounted to 20.4 %, following 19.9 % in the previous year.

Corporate Banking

Profit before tax in the Corporate Banking segment increased noticeably by €13 million or 8.6 % to €164 million, more than expected. Net interest income at €267 million was €10 million less than we had forecast due primarily to lower volumes in the short-term deposit business and maturing high-margin transactions on the assets side. However, this decline was more than offset by scheduled reductions in administrative expenses. At moderately lower net fee and commission income of €80 million, steady net trading income of €1 million and net income from investment securities in the amount of €–2 million (an improvement of €8 million), total income amounted to €346 million in 2015, compared to €351 million in the previous year.

Contrary to our expectations, the allowance for losses on loans and advances, at €34 million, decreased year-on-year, following €37 million in the previous year. This trend was boosted by the favorable macroeconomic environment, and sales of credits and associated reversals of the allowance for losses on loans and advances.

Administrative expenses declined as expected by €20 million to €59 million, largely as a result of lower non-staff operating expenses (€13 million), staff costs (€4 million), and restructuring expenses (€3 million). This in turn was primarily due to the transfer of the service companies, the cost allocations for which have since been recognized as other expenses in this segment.

Allocated items amounted to €–90 million, compared with €–99 million in the previous year. The cost/income ratio also improved perceptibly (decrease from 51.2 % to 46.0 %) as did return on equity before tax (increase from 25.2 % to 33.4 %).

Financial Markets

Profit before tax recorded by the Financial Markets segment decreased by €86 million year-on-year to €–91 million, due to unfavorable interest rate trends and, as expected, lower realized gains in net income from investment securities. Thus, profit before tax was not in the negative low three-digit million euro range, as we had anticipated.

The segment’s net interest income was negative in line with our forecast, declining by €95 million to €–48 million year-on-year. This can essentially be attributed to lower money market interest rates resulting from the ECB's expansionary monetary policy.

At €33 million, net trading income was noticeably more positive after €3 million in the previous year. This was due to credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs), as well as to foreign exchange gains.

Net fee and commission income declined from €–15 million in the previous year to €–21 million. Administrative expenses were down €7 million to €44 million as a result of the measures taken to sharpen the focus of the business. At €1 million, other income and expenses were positive, compared with €–2 million in the previous year. This was primarily driven by the transfer of the Luxembourg business from a subsidiary (PBI) to a branch, which led in particular to a reduction in costs relating to corporate law requirements and regulatory expenses.

Allocated items amounted to €–42 million, following €–38 million in the prior-year period, due to higher allocated items at BHW Bausparkasse AG.

The cost/income ratio and the return on equity before tax were both negative.

Non-Core Operating Unit (NCOU)

As expected, the Non-Core Operating Unit (NCOU) segment recorded a significantly narrower loss before tax of €415 million, compared with a loss of €604 million in the previous year.

Net interest income rose as expected by €65 million to €–365 million. This is primarily due to a reduction in high-interest liabilities, after a €1.5 billion jumbo bond issue had matured in 2014, among other things.

Net trading income remained unchanged at €0 million.

Net income from investment securities improved from €–10 million in the previous year to €13 million. This was due on the one hand to gains realized in 2015 on the sale of peripheral Eurozone bonds. On the other, there were no longer any negative effects from brokered closed-end funds.

Administrative expenses were down by €8 million to €17 million, primarily due to the closure of operations at the London branch.

Given the positive market environment in 2015, there was no need to recognize larger additional allowances for risk positions in the NCOU segment, meaning that, at €2 million compared with €8 million in the previous year, allowance for losses on loans and advances was reduced year-on-year.

Significantly lower expenses were recorded in other expenses for products that are no longer sold and for the repurchase of liabilities. As a result, net other income and expenses improved to €–12 million from €–97 million in the previous year.

The cost/income ratio and the return on equity before tax were both negative.

Cost Centers/Consolidation

This segment comprises Group consolidation adjustments, the profit/loss of the cost centers, the profit/loss of the subsidiaries allocated to this segment (see Note 41 to the Consolidated Financial Statements), and the reconciliation to consolidated profit. In principle, all income and expenses are allocated to the operating segments.

Gains and losses can be attributed in particular to nonrecurring effects, such as the initial measurement of Deutsche Postbank Funding Trusts I–IV (€280 million), compensatory payments received and associated expenditure arising from the termination of the IT cooperation agreement with Deutsche Bank (€124 million), an impairment of €38 million and the effects from the discontinuation of subsequent measurement in accordance with IAS 28 (€–2 million) relating to PBC Banking Services GmbH, expenses incurred by a non-scheduled adjustment of extrapolated hidden reserves on loans and advances to customers and an impairment on beneficial contracts arising from the acquisition of BHW Bausparkasse AG (€–62 million), and the deconsolidation of Postbank P.O.S. Transact GmbH, Eschborn (€5 million).

The segment's profit before tax amounted to €308 million, compared to €361 million in the prior-year period and was therefore well above our break-even forecast. This was mainly due to a deconsolidation gain of €349 million from the bundling of the service companies in the Deutsche Bank Group as of April 1, 2014, and the derecognition of pension obligations for these companies in the amount of €12 million.

Net fee and commission income declined substantially from €0 million to €–59 million year-on-year. The reason for this was expenditure related to the non-scheduled adjustment of extrapolated hidden reserves on loans and receivables from customers arising from the acquisition of BHW Bausparkasse AG.

Net income from investment securities amounted to €–13 million, following €385 million in the previous year. This is mainly attributable to the above-mentioned non-recurring effect from the bundling of the service companies in 2014. Administrative expenses rose by €119 million to €1,011 million. This was primarily due to forward-looking investments and non-recurring expenses incurred in the course of deconsolidation from the Deutsche Bank Group.

At €1,061 million, the allocated items from the other segments, which are included at fully absorbed cost, had a positive impact. This figure equates to the negative effect of the items allocated to the other segments, i.e., €–1,061 million.

Net other income and expenses amounted to €350 million, following €–92 million in the prior-year period. The change can be attributed primarily to non-recurring effects, such as gains from the initial measurement of Deutsche Postbank Funding Trusts I–IV in the amount of €280 million, compensatory payments received and associated expenditure arising from the termination of the IT cooperation agreement with Deutsche Bank in the amount of €124 million, as well as the absence of non-recurring negative effects, primarily for tax charges in 2014 relating to previous years.

NET ASSETS AND FINANCIAL POSITION

Total assets

At €150.6 billion, Postbank’s total assets as of December 31, 2015, were down 3.1 % on the prior-year figure (€155.4 billion). On the assets side of the balance sheet, we continued to scale back investment securities. The structure of the liabilities side has been adjusted accordingly. In addition to the debt securities in issue, customer deposits also declined.

Loans and advances to customers

Loans and advances to customers, which also include securitized assets such as promissory note loans, increased by €0.4 billion as against year-end 2014, to €98.4 billion. This is primarily due to an increase in installment loans.

Private mortgage lending was down year-on-year and amounted to €68.3 billion (previous year: €69.3 billion), mainly due to expiries of €0.7 billion in purchased mortgage loan portfolios as well as of €0.6 billion in portfolios allocated to the NCOU segment. While BHW recorded a high level of loan expiries due to the currently increased tendency for repayment, this could partially be offset by increased portfolios in the mortgage lending business under the DSL Bank brand thanks to its continued strong levels of new business. The installment loan business grew substantially by €355 million or 5.8 % to approximately €6.5 billion.

Money and capital market investments

Money and capital market investments, comprising investment securities, trading assets, and loans and advances to other banks, declined by €6.5 billion to €47.3 billion in the year under review.

In line with our de-risking strategy, we reduced our holdings of investment securities by an additional €2.7 billion in fiscal year 2015, to €30.8 billion.

Loans and advances to other banks decreased by €3.7 billion to €15.9 billion due to a further reduction in securities repurchase transactions.

Trading assets attributable to the positive fair values of derivatives in the trading portfolio decreased from €697 million to €647 million, in particular because of maturities in BHW Bausparkasse AG's loans classified as held for trading (€–48 million).

Due to customers

On the liabilities side of the balance sheet, amounts due to customers, at €119.1 billion, were down €1.4 billion compared with 2014. Savings deposits declined by 6.1 % from €44.5 billion in the previous year to €41.8 billion in the year under review, while home savings deposits dipped slightly by €0.8 billion to €19.3 billion. The decrease in savings deposits is mainly due to the historically low level of interest rates and the resulting preference of consumers for spending over saving. Other liabilities increased from €55.9 billion to €58.0 billion, largely as a result of a higher volume of demand deposits.

Money and capital market liabilities

Money and capital market liabilities, comprising deposits from other banks, debt securities in issue and trading liabilities, declined by 14.4 % or €3.3 billion in fiscal year 2015, to €19.6 billion.

Deposits from other banks, including earmarked refinancing funds provided by Kreditanstalt für Wiederaufbau (KfW), decreased by €2.2 billion year-on-year to €15.4 billion. The decline is primarily attributable to a lower volume of securities repurchase transactions.

Our strong liquidity position, combined with the low need for new issues as well as maturing positions led to a further €1.2 billion decline in debt securities in issue to €3.4 billion at the end of the year under review.

Trading liabilities decreased from €767 million as of December 31, 2014, to €665 million, largely in line with trading assets.

Equity

Recognized capital in the year under review was up €697 million compared to the adjusted prior-year figure, to reach €7,158 million. This can be attributed primarily to the consolidated net profit of €609 million and revaluation gains from defined benefit pension plans.

Compared to the figure at year-end 2014, the regular phased-in Common Equity Tier 1 capital ratio rose from 10.7[1] % to 13.7 %[2]. This increase is essentially attributable to increased profit and the repurchase of Deutsche Postbank Funding Trusts I–IV[3], which under the transitional provisions can be partially included in the Additional Tier 1 capital, thus making it possible to allocate amounts to be deducted from Common Equity Tier 1 capital under the transitional provisions to Additional Tier 1 capital. This indirect effect causes an increase in the regular phased-in Common Equity Tier 1 capital ratio. The simultaneous increase in risk-weighted assets was more than offset by these effects.

The fully phased-in Common Equity Tier 1 capital ratio increased from 10.2 %[4] at the end of 2014, to 11.4 %[5]. This positive change was essentially driven by higher profit.

The regular phased-in leverage ratio was 4.1 % as of December 31, 2015, while the fully phased-in leverage ratio was 3.4 %. The calculations are based on the new regulatory requirements as laid out in the Commission Delegated Regulation (EU) 2015/62. Both figures are based on the consolidated financial statements as of December 31, 2015, subject to approval.

For information on the financial position, please see the "Monitoring and managing liquidity risk" section of the Risk Report.

Postbank's investment focuses in 2015

Postbank's investments in 2015 were strongly influenced by regulatory requirements, the directional switch from integration to deconsolidation in relation to Deutsche Bank and strategic investments to expand the Bank's competitiveness.

In 2015, investments related to legal requirements were a notable focal point at the Bank. These included measures to minimize risk and comply with quality standards pursuant to the requirements of the European Central Bank (ECB) and the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Federal Financial Supervisory Authority) as well as Basel III and amendments to the *Pfandbriefgesetz* (PfandBG – German Pfandbrief Act). Investments in connection with the integration into Deutsche Bank and/or the organizational and technical deconsolidation from Deutsche Bank were also focuses.

The Bank's efforts to heighten competitiveness notably included investments in the digitization of business processes (e.g., end-to-end optimization), increasing the level of automation in the banking business (e.g., self-service terminals, ATMs) and new modern branch formats that support the Bank's "digital & personal" strategic orientation.

The continuation of measures from prior years to enhance the closed cash cycle in the branches is another investment focal point that contributes to improving efficiency.

Overall assessment of business performance in 2015

Postbank's net assets, financial position, and results of operations remained stable despite the ongoing difficult conditions. This development is largely attributable to the focusing and development of our retail, business and corporate banking businesses, which remain relatively immune to fluctuation. The lending business continued to have the greatest influence on net assets. Our customer business developed steadily. In line with our de-risking strategy, we further reduced our holdings of investment securities and debt securities in issue and again appreciably increased our fully phased-in Common Equity Tier 1 capital ratio, this time from 10.2 %[4] to 11.4 %[5].

Financial and non-financial key performance indicators

Profit before tax rose by 34.7 %, from €432 million (including the discontinued operation) to €582 million in fiscal year 2015. Key drivers here were the stable operational performance as well as positive effects from the initial measurement of Deutsche Postbank Funding Trusts I–IV (€280 million), compensatory payments received and associated expenses from the termination of the IT cooperation agreement with Deutsche Bank (€124 million), and the absence of expenses for legal risks arising from consumer protection rulings (€215 million in 2014). Because of the above-mentioned positive non-recurring effects in the fourth quarter of 2015, in particular gains from the initial measurement of Deutsche Postbank Funding Trusts I–IV, we did not see the development we expected, which implied a decline of profit before tax in the higher two-digit million euro range.

Return on equity before tax including the discontinued operation was 8.8 % compared with 6.9 % in the previous year. Because of the above-mentioned positive non-recurring effects in the fourth quarter, in particular the gain from the initial measurement of Deutsche Postbank Funding Trusts I–IV, we did not see the development we expected, which implied a decline of return on equity in the range of one to two percentage points.

The cost/income ratio, as expected, was 81.0 %, after 83.5 % (including the discontinued operation in the previous year).

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[1] On the basis of the consolidated financial statements as of December 31, 2014, after factoring in the adjustments to capital in accordance with Note 6

[2] On the basis of the consolidated financial statements as of December 31, 2015, pending approval

[3] For further information, see the "Significant events at Postbank in 2015" section.

[4] Pro forma figures in accordance with CRR/CRD IV on the basis of the consolidated financial statements as of December 31, 2014, in the approved version

[5] On the basis of the consolidated financial statements as of December 31, 2015, pending approval

The fully phased-in Common Equity Tier 1 capital ratio rose from 10.2 %[1] at the 2014 year-end to 11.4 %[2]. The key driver of this positive change was higher profit.

The fully phased-in leverage ratio was 3.4 % as of December 31, 2015. These calculations are based on the new regulatory requirements of the Commission Delegated Regulation (EU) 2015/62.

The following will address the development of key non-financial indicators year-on-year.

The results of the people survey carried out in 2015 on the "commitment" dimension were an improvement on the corresponding results for 2014. Approval ratings were up considerably, meaning that employee satisfaction has once again risen more than expected. We attribute this improvement especially to the range of measures put in place to realize Postbank's mission statement and values as well as the Postbank Agenda in 2015.

The satisfaction scores from the ongoing survey of retail customers reveal an expected stable sideward trend, moving at the level of the long-time average, despite a low interest rate environment that is currently difficult for Postbank (measures required to increase profitability such as price increases for paper-based transactions). For business and corporate customers, the positive development in customer satisfaction confirms the Bank's adopted course of orienting on SME customers.

REPORT ON POST-BALANCE SHEET DATE EVENTS

Upon successful entry of the squeeze-out in the commercial register on December 21, 2015, all shares held by the minority shareholders of Deutsche Postbank AG were transferred to Deutsche Bank by operation of law. The trading of Postbank shares was halted with immediate effect on all stock exchanges.

The last admission to listing was effectively revoked as of the end of January 13, 2016. As a result, Deutsche Postbank AG has not been listed since January 14, 2016.

In December 2015, Postbank signed a purchase agreement with PBC Banking Services GmbH for the reacquisition of its service companies and with Deutsche Bank Privat- und Geschäftskunden AG for the disposal of Postbank's stake in PBC Banking Services GmbH. The acquisition and disposal took effect as of January 1, 2016. Since that date, the following five service companies once again belong to the Postbank Group: Postbank Direkt GmbH, Postbank Service GmbH, Betriebs-Center für Banken AG, VÖB-ZVD Processing GmbH and BHW Kreditservice GmbH. Around 6,000 colleagues currently work at the service companies. Organizationally, these companies have been assigned to the IT/Operations board department established as of December 1, 2015, with the exception of Postbank Direkt GmbH, which is managed in the Products board department.

During an extraordinary Annual General Meeting on February 1, 2016, Karen Meyer and Michael Spiegel were elected as shareholder representatives to the Supervisory Board with immediate effect until the end of the Annual General Meeting that will make the resolution to formally approve the conduct of office for fiscal year 2020. Karen Meyer succeeds Christian Ricken, who resigned from office as of the end of January 31, 2016. The designated deputy, Roland Manfred Folz, had decided to resign from his office as deputy and not join the Supervisory Board. Michael Spiegel was appointed as a new member of the Supervisory Board by the Bonn Local Court (Amtsgericht Bonn) on November 17, 2015, pursuant to section 104(2) in conjunction with 104(3) no. 2 of the AktG. He replaces Stefan Krause, who resigned as a shareholder representative from the Supervisory Board.

Deutsche Bank AG has terminated its Declaration of Backing on behalf of Deutsche Postbank AG, last made public in the 2014 Annual Report of Deutsche Bank, effective as of the end of June 30, 2016.

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[1] Pro forma figures in accordance with CRR/CRD IV on the basis of the consolidated financial statements as of December 31, 2014, in the approved version
[2] On the basis of the consolidated financial statements as of December 31, 2015, pending approval

OPPORTUNITY REPORT

Low interest rates stimulate private demand for loans

Today's historically low interest rates have prompted retail customers to step up their spending. The low rates are also spurring demand for private residential mortgages. In 2015, Postbank continued to profit from these trends, with new business for consumer loans (€2.6 billion) and for residential mortgages (€10.5 billion) remaining brisk. In contrast, the volume of savings deposits at Postbank continued its decline, at –5.9 %, whereas the volume of demand deposits rose further. In turn, the Bank is in a position to achieve markedly improved margins, primarily in its new lending business.

Purchasing power in Germany may continue to grow

A number of factors could further bolster the purchasing power of the German population and as a result benefit Postbank's retail banking business. The introduction of a statutory minimum wage and an anticipated improvement in collective agreements, in connection with low energy prices, could in the short term lead to a palpable increase of real income and greater confidence in Germany. However, in the medium to long term, these factors could also have a retarding effect on employment trends.

Reversal of monetary policy unlikely in the short run

It is unlikely that the European Central Bank (ECB) will reverse its current course in the short term and introduce a more restrictive interest rate policy given its decisions of January 22, 2015. Instead, a substantially more expansive monetary policy has been initiated for the foreseeable future. But this scenario could be altered drastically by decisions related to the future structure of the eurozone and particularly to the long-term refinancing of the union or its member countries if eurobonds or similar instruments should be considered as an option for the collective (partial) refinancing of eurozone member countries.

Joint (partial) funding in the eurozone would immediately drive up interest rates for and in Germany. Over the short term, this could stimulate demand for private lending, particularly residential mortgages with longer-term fixed interest rates in the assumption of further interest rate rises.

In addition, a reversal of European monetary policy, acting as an altered macroeconomic scenario, would cause private investors to rethink their positioning in terms of asset allocation going forward. This, in turn, would fuel commission business.

The short-term opportunities for improved income and expenses at Postbank that would be created by these developments are counterposed in the medium and long term by risks that will arise in the areas of credit, interest rate and liquidity risks in particular.

Digitization in the banking sector continues

As a bank positioned to be available to customers, whether digitally or in person, Postbank began early on to follow the trend toward electronic banking and has been awarded multiple times for its digital offers. The trend has gained additional momentum thanks to the strongly increasing number of users accessing banking services via mobile devices. Existing customers want a secure, fast and uncomplicated way to carry out their banking business; new customers are increasingly being attracted to the Bank's impressive array of information and account-opening opportunities. Digitization offers Postbank additional opportunities to make its business processes more efficient.

RISK REPORT

Summary overview of risk exposure

The focus of Postbank's risk profile is on lending and deposit business with retail and corporate customers. Risk management at Postbank in 2015 primarily addressed business risk and operational risk. In particular, the low interest rate policy of the European Central Bank (ECB) was monitored on an ongoing basis for its effects on the business model. In the second quarter of 2015, indications of a turnaround in interest rates in the U.S. focused attention on market risk for a short period of time.

Postbank's operational risk profile is largely defined by its strategic positioning as a multi-channel bank with a comprehensive branch and service network and a leading position in electronic banking in Germany. This exposes Postbank to an increased latent risk of external fraud attacks.

At the close of 2015, the Bank's market risk capital requirement resulting from its banking book was down year-on-year due to a slight decrease in the interest rate risk position and lower credit spread sensitivity in the portfolio compared with the prior-year closing date. There were no trading book activities in 2015. Both the economic situation and the outlook for the macroeconomic environment in which Postbank operates remain solid. The healthy state of the labor market in 2015, as documented by falling unemployment coupled with a rise in the number of people in work, the upwards trend in real estate prices, and the upbeat performance by German industry spawn opportunities for expanding lending to retail and business customers. At the same time, the macroeconomic environment in Germany has a positive effect on credit risk for our existing business. The measures taken by the Bank to permanently reduce risk also contributed to a positive trend in the allowance for losses on loans and advances.

No risks that could impair the development of Postbank and its subsidiaries, or that could even jeopardize its existence as a going concern, are discernible at present. However, downside variance in our current assumptions with regard to the development of European sovereign debt or a sustained low level of interest rates, coupled with a tangible downturn in macroeconomic conditions, could negatively impact the performance of the banking sector as a whole, and hence Postbank's performance as well.

Overall bank risk

Taking risks in order to generate earnings is a core function of Postbank's business activities. Risks entered into are regularly identified, measured, monitored, and allocated limits using the ICAAP (Internal Capital Adequacy Assessment Process), and are incorporated in the overall management of the Bank via the assessment of the Bank's risk-bearing capacity. Group limits for market, credit, and operational risks were complied with consistently throughout 2015. The Group's risk-bearing capacity was ensured at all times.

Credit risk

In the year under review, the allowance for losses on loans and advances was well below the prior-year level due to the ongoing positive trend in Postbank's customer business. This was also attributable to the persistently favorable macroeconomic environment in which the Bank operates, strong proceeds from collateral realization in the mortgage lending area, and systematic risk management. The sale of non-performing loans also helped to reduce risk costs.

For 2016, we are expecting the risk situation to continue on a positive footing and the economic environment to remain solid, fueled by an increased pace of economic growth and a stable labor market development.

Market risk

Postbank's market risk is influenced in particular by interest rate and credit spread trends in the European capital markets. The money market remained at a historically low level with negative yields in some cases, reflecting the continued expansionary monetary policy being pursued by the European Central Bank (ECB). In contrast, the capital markets saw an increase in interest rate and spread volatility and a slight steepening of the yield curve in 2015. In this environment, operational value at risk (VaR) in the banking book also increased in the reporting period.

The market risk capital requirement, which is calculated on the basis of a stressed VaR approach, contracted in comparison with the prior-year closing date. This was essentially due to the Bank reducing its credit spread exposure with respect to government bonds and *Pfandbrief* issues, among other things. Looking to the future, Postbank expects market risk utilization for 2016 to remain at the same level as at present.

Liquidity risk

Postbank's liquidity situation is solid and expected to remain very sound going forward thanks to its stable refinancing basis in the form of customer deposits and its extensive holdings of highly liquid securities.

The Bank has been endeavoring to reduce the high level of surplus liquidity since 2014 and further measures were taken in this regard in 2015. The development of surplus liquidity in 2015 is presented in the table of the same name in the section entitled "Monitoring and managing liquidity risk."

Operational risk

Postbank's operational risk loss profile primarily reflects its strategic focus as a retail bank. One consistent focus over recent years has been on high frequency/low impact losses, i.e., loss events that individually are only minor but that occur repeatedly during a year.

In addition, recent years saw an increase in litigation and complaints about investment advice. Most of these related to advice provided and transactions entered into in the area of closed-end funds, the distribution of which was discontinued in 2012. The volume of litigation and the number of complaints relating to investment advice contracted in the year under review, whereas cases associated with the provision of information on rights of withdrawal in the area of mortgage lending increased.

Postbank assumes that operational risk losses will gradually decline over the coming years as a result of measures that have been initiated or already implemented.

The following sections describe in detail Postbank's risk position and risk management, and the measures taken.

New developments in risk management

During the reporting period, Postbank pushed ahead with the project work needed to implement banking supervision requirements, in particular the extended requirements for the reporting of risk-bearing capacity, the liquidity coverage ratio (LCR) in line with the delegated act (Commission Delegated Regulation 2015/61), and the leverage ratio.

In addition to using the Basic IRB Approach and the IRB Approach to calculate the capital requirements for its retail business, Postbank uses the Advanced IRB Approach (A-IRBA) to calculate the capital requirements for its corporates, banks, and domestic and UK commercial real estate finance portfolios. Subject to obtaining the necessary approval, the Bank plans to transfer the rating system for its PK-Dispo overdraft facility to the A-IRBA in 2016.

Postbank calculates its regulatory capital requirements for operational risks using the Standardized Approach.

Postbank has been continuously implementing liquidity risk management projects designed to meet new/more specific regulatory requirements since 2011. The focus of current project activities in the liquidity area is on enhancing the data basis, systems, and processes for implementing the requirements for the additional liquidity monitoring metrics (ALMM), the EBA funding plan, and the changes to the liquidity coverage ratio (LCR) in line with the delegated act. The main focus in 2015 was on the introduction of reporting software for the above-mentioned liquidity reports. In addition to generating LCR reports in accordance with the delegated act (initial reporting in October 2015) and the Capital Requirements Regulation (CRR), the program also ensures that the reports are delivered in good time to the supervisory authority or Deutsche Bank. Depending on whether deconsolidation of Postbank goes ahead or not, 2016 may well see the implementation of further regulatory requirements concerning liquidity risk.

Postbank is integrated with Deutsche Bank's risk management activities via established structural links between the relevant bodies and the functional reporting lines between Postbank and Deutsche Bank. Postbank submits regular risk reports to Deutsche Bank, ensuring that risks are comprehensively captured and managed. A joint reporting system has been drawn up for the key management reports and core ratios.

The entry into force of the Single Supervisory Mechanism Regulation established a single supervisory mechanism for banks under the auspices of the ECB. Postbank is part of Deutsche Bank and as such is included in banking supervisory inquiries addressed to Deutsche Bank.

Postbank faces extensive regulatory changes beyond 2015 as well. These changes include the principles for effective risk data aggregation and risk reporting issued by the Basel Committee on Banking Supervision (BCBS; consultative document 239), the Analytical Credit Dataset project (AnaCredit project) launched by the ECB, and various new regulatory proposals submitted by the Basel Committee on Banking Supervision.

Risk management within the Deutsche Bank Group

Subject to the applicable company law and supervisory law requirements, Postbank is integrated into Deutsche Bank AG's risk management system, the aim being to guarantee uniform, appropriate, and effective risk management at the level of the Deutsche Bank Group. To this end, Postbank is integrated in a suitable system for identifying, assessing, managing, monitoring, and communicating risk that permits an end-to-end overview of the risk situation and the institutional protection system as a whole, and that allows the Group to exert a corresponding influence. In addition, an established, uniform risk governance structure ensures a common risk culture is put into practice.

Postbank is also integrated with the Deutsche Bank Group's risk management with respect to activities relating to the Single Supervisory Mechanism (SSM). In addition, Postbank cultivates close links to national supervisors and will continue to do so in the future.

Deutsche Bank's announcement of its strategy as Postbank's shareholder is also being examined for its effects on risk management, and preparations are being made for group risk management functions to be performed completely independently again, i.e. on a parallel basis.

Risk types

The risk types that are tracked within Postbank are determined on the basis of a Group-wide risk inventory.

The annual risk inventory reviews the materiality of the risk types and the existence of additional, previously untracked risks. When performing the risk inventory, Postbank uses instruments that, in the aggregate, cover all material organizational units and risk areas within the Bank. The risk types identified as material in the risk inventory are quantified during the risk-bearing capacity assessment and backed by risk capital. They are monitored on a regular basis. The risk definitions were neither adjusted nor modified in the period under review. For details of the quantification procedure, please see Note 50 of the Notes to the Consolidated Financial Statements.

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Postbank distinguishes between the following risk types:

- Market risk
  Market risk is the result of uncertainty regarding changes in market prices and factors determining fair value (e.g., interest rates, credit spreads, exchange rates), the correlations between them, and the specific volatilities.

  Postbank is exposed to market risk in the narrower sense of the term from its banking book positions and from its defined benefit pension plans. Postbank defines market risk in the broader sense of the word as also including:

  a) Rental default risk, risk related to writedowns to the lower current value under the going concern principle, and risk associated with losses on sales relating to properties owned by Postbank (real estate risk)

  b) Potential losses due to fluctuations in the fair value of strategic equity investments, to the extent that these are not already included in the other risk types (investment risk).

- Credit risk
  Credit risk arises in the case of transactions founding actual, contingent, or future claims against counterparties, borrowers, or debtors, including receivables intended for resale. These transactions generally relate to our traditional, non-trading lending activities (such as loans and contingent liabilities) or to direct trading activities with customers (such as OTC derivatives, currency forwards and interest rate forwards). Postbank distinguishes between three different types of credit risk:

  a) Counterparty credit risk and credit quality risk: Whereas credit quality risk measures the deterioration of a counterparty’s credit quality, counterparty credit risk is the risk that counterparties will not meet their contractual obligations in respect of the above-mentioned claims.

  b) Settlement risk arises when the settlement or netting of transactions is unsuccessful. It represents potential losses arising in the case of counterparty default when cash and cash equivalents, securities, or other assets are not exchanged simultaneously.

  c) Country risk arises in the context of a variety of macroeconomic or social events as a result of unexpected default or settlement risks, accompanied by corresponding losses, in specific countries; these risks primarily impact the counterparties in the jurisdictions concerned. The risks include a deterioration in the overall macroeconomic framework, political unrest, the nationalization and appropriation of assets, the refusal by governments to honor foreign debts, or an extreme devaluation of national currencies. Country risk also includes transfer risk. This arises when debtors are unable to transfer assets to non-residents to meet their obligations due to direct state intervention.

- Liquidity risk
  When managing liquidity risk, Postbank makes a distinction between two types of funding risk: illiquidity risk and liquidity maturity transformation risk:

  a) Illiquidity risk is the volume risk associated with being unable to meet current or future payment obligations in the full amount due or as they fall due.

  b) Liquidity maturity transformation (LMT) risk is the cost risk arising from higher refinancing costs when remedying the maturity mismatch due to an increase in the Bank’s funding spreads on the swap rate.

- Operational risk
  The likelihood of losses that could be incurred as a result of inadequate or failed internal processes and systems, people, or external events. Legal risk is part of operational risk. It consists among other things of the potential requirement to pay administrative or other fines, or other penalties resulting from supervisory measures or private law agreements. Legal risk can also arise as a result of changes in the legal situation following new rulings or of legislative amendments affecting transactions that have already been entered into. It does not include the costs of modifying processes to implement changes in the framework.

- Business risk
  Business risk covers savings and checking account risk, collective risk, reputational risk and residual business risk:

  a) Savings and checking account risk: Potential losses that can occur as a result of volume or margin changes and that are triggered by the unexpected behavior of savings and checking account customers.

  b) Collective risk – the specific business risk associated with BHW Bausparkasse AG’s home savings business – comprises potential negative effects on the net assets, risk position, and results of operations due to variances between the actual and the forecast behavior of the home savings collective.

  c) Reputational risk: The risk of events that damage Postbank’s reputation among its stakeholders in such a way that this may result in indirect or direct financial loss for Postbank.

  d) Residual business risk is the risk of a decline in earnings due to unexpected variances in income and associated expenses compared with the original planning that are not caused by other risks.

Risk capital is allocated at segment level for all quantified risk types as part of the internal management process. Internal transfer pricing is used to transfer all market risks with the exception of credit spread risks in the Non-Core Operating Unit (NCOU) to the Financial Markets segment. NCOU securities holdings that are exposed to market risk are to be reduced.

This Risk Report discusses in detail the market, credit, operational and liquidity risks that can be managed in the course of business operations.

Organization of risk management

Postbank has a risk management organization that serves as the basis for risk- and earnings-oriented management of the Bank as a whole by identifying all key risks and risk drivers, and measuring and evaluating these independently. Risks are limited and managed using the ICAAP while strictly reflecting the Bank's risk-bearing capacity, with the aim of generating a corresponding return and exploiting market opportunities.

Risk management within the Group is the responsibility of the units at head office and the local units networked with these. Unless otherwise noted, all items in the Risk Report specifically relate to these Group functions. Subsidiaries are included in risk management in line with their materiality for the Group. Compliance with specific regulatory requirements relating to subsidiaries is always assured.

The internal risk management system that has been established at Postbank ensures that the risks associated with the individual business segments are identified, assessed, managed, and monitored. The goal of the relevant processes is to ensure a permanent improvement in the management of earnings, capital, and risk, with continuous quality enhancements being considered a cross-divisional task. In this context, the portfolios are also subjected to a risk-return analysis as part of the Bank's overall management, so as to identify opportunities to enhance the business and risk strategy for the individual business divisions in a more risk-appropriate manner.

Responsibilities and risk strategy

The Group Management Board is responsible for the Bank's risk profile and capital profile, its risk strategy, its risk-bearing capacity concept, and the appropriate organization of risk management, as well as for monitoring the risk associated with all transactions and for risk control.

The control function is exercised by the Supervisory Board and its Risk Committee. The Risk Committee advises the Supervisory Board in particular on issues related to risk appetite, the risk profile, and the risk strategy, and addresses topics relating to current market developments or events with significant effects on the risk profile or individual portfolios. The Management Board regularly informs the Supervisory Board and the Supervisory Board's Risk Committee of Postbank's risk profile and capital profile.

As required by the *Mindestanforderungen an das Risikomanagement* (MaRisk – Minimum Requirements for Risk Management), the Group's risk strategy is consistent with its business policies and takes into account all significant areas of business and types of risk. The risk strategy applies throughout the Group; the risk strategies adopted by individual Group units (e.g., BHW) are consistent with the Group risk strategy.

The nature and extent of the risks taken, as well as the strategy for managing such risks, depend on the strategies defined by the individual business divisions in line with Postbank's risk appetite, risk profile, and target returns. They are defined and documented as part of the risk strategy that is adopted each year on the basis of the divisions' business strategies.

The objective of risk management is to safeguard earnings and optimize the risk-return profile by improving capital allocation and by ensuring operational excellence. As part of this process, risk governance is continuously enhanced so as to establish a uniform risk culture within the Group.

The continuation of the restrictive risk policy aims to create opportunities for growth over the long term. Measures include strengthening the regulatory and economic capital base (e.g., through earnings retention). Due to portfolio sales effected in 2015, allowance for losses on loans and advances in 2016 is expected to be well above the low prior-year level. For this reason, the risk appetite of the individual business divisions will continue to be curtailed. In addition, minimum credit quality standards will be defined for portfolios, limits set, and risk mitigation measures taken.

Risk committees

The Management Board is supported in its tasks by the Bank Risk Committee (BRC), which serves as the central risk committee. As the Management Board's management and monitoring committee, the BRC has material decision-making powers. The Management Board has delegated risk management for the individual risk types to additional, subordinate risk committees. The following graphic illustrates the committees' areas of responsibility.

Tasks of the Bank Risk Committee and its subordinate risk committees

	Bank Risk Committee (BRC)	Credit Risk Committee (CRC)	Market Risk Committee (MRC)	Operational Risk Committee (ORC)	Cover Business Committee (CBC)	Model and Validation Committee (MVC)
Frequency of meetings	Monthly	Quarterly	Monthly	Half-yearly	Monthly	Monthly
Tasks	Advise the Management Board with respect to: • Risk appetite (economic, regulatory) • Risk strategies and risk profile • Allocation of risk capital • Measures to limit and manage Bank-wide risk positions	Allocate credit risk limits Define limit system Analyze and evaluate credit risk Issue credit risk management guidelines	Allocate market risk limits Define liquidity risk profile Analyze and evaluate collective risk and savings and checking account risk Manage strategic focus of the banking book Discuss the Bank's earnings and risk positions	Define minimum requirements for Group units Define operational risk parameters Allocate risk capital amounts to the business divisions	Address issues relating to the cover business register Implement regulatory requirements relating to the *Pfandbrief* business Ensure conformity with targets relating to strategic orientation and ability to access the capital markets	Monitor and validate all rating systems and risk classification procedures Validate all models annually Modify rating systems, risk classification procedures, and internal models

The Bank Risk Committee is a Group-wide risk committee in which the Chief Risk Officer is represented. It aggregates all risk issues and submits them to the Group Management Board. The Credit Risk Committee (CRC), the Market Risk Committee (MRC), the Operational Risk Committee (ORC), the Cover Business Committee (CBC), and the Model and Validation Committee (MVC) are headed by members of the Bank's senior management. The Cover Business Committee develops management triggers for Postbank's cover business. The Model and Validation Committee is responsible for modifications to and extensions of risk models and risk classification procedures, as well as for approving the validation reports.

Postbank has established a separate Reputational Risk Committee, on which the Management Board is also represented, in order to manage its reputational risk. Other bodies are the Asset Liability Committee (ALCO) and the Non-Core Operating Unit Committee for managing and planning Postbank's portfolios (including the non-core portfolios). These committees perform their duties in close cooperation with the Bank Risk Committee and the operational management units. The Data Quality Committee's work is conducted in the same way.

Centralized risk monitoring and management

Risk Control function

The Chief Risk Officer (CRO) is responsible throughout the Group for risk monitoring and risk management functions. He heads the Risk Control function and reports directly to the Group Management Board, the Supervisory Board's Risk Committee, and the Supervisory Board on the Group's overall risk position.

The organizational structure of the Chief Risk Office provides the basis for active portfolio management across different risk types and serves to bundle all credit decisions. A Chief Operating Office (COO) ensures that credit processing standards are complied with and implements central project and resource management for the Chief Risk Office. In 2015, outsourcing management, business continuity management, and authorization management for Postbank were added to the COO's tasks.

The Risk Management and Credit Risk Control units ensure the management of all risk types. The Credit Office, which comprises the Credit Analysis and Credit Service Workout & Collections units, bundles all credit decisions and organizes the implementation of the Bank's business and risk strategies in close cooperation with the sales units. The Operations Financial Markets unit is responsible for trade settlement and collateral management.

The Pfandbrief Management unit, which includes the Trusteeship unit, is also allocated to the CRO board department. The Trusteeship unit monitors the required cover for Postbank's *Pfandbriefe* and maintains the cover register. The unit thus works together closely with the Cover Business Management unit, which is allocated to the Products board department.

The following overview explains the roles of the individual CRO functions.

Risk management units and tasks

Unit	Tasks
Chief Operating Office	Resource management and projects Credit framework/guidelines Credit processing Collateral management Quality assurance Outsourcing management Business continuity management (BCM) Authorization management
Risk Management	Overall bank risk management and reporting including risk-bearing capacity and integrated stress tests Definition of risk strategy and risk profile Management and reporting of market, liquidity, business and operational risks Quality assurance of market data and fair values for risk management and financial reporting
Credit Risk Control	Responsibility for all rating and scoring procedures Portfolio management Credit risk reporting Coordination of process for allowance for losses on loans and advances and watch list Authority over risk quantification methods and models
Credit Analysis	Credit approvals, support and credit monitoring for banks, countries, corporates, and real estate finance
Credit Service Workout & Collections	Problem loan processing Workouts Collection Collateral realization Increase of recovery rate
Operations Financial Markets	Trade settlement Collateral management
Pfandbrief Management	Trusteeship Maintenance of the cover register and monitoring of the required cover for Postbank's *Pfandbriefe*

The Internal Audit unit is a key element of Postbank's process-independent business monitoring system. In terms of the Bank's organizational structure, it is assigned to the CEO board department and reports independently to the Group Management Board.

Seminars are held on an ongoing basis to ensure that Risk Management employees are appropriately qualified. Consequently, Postbank's training offering also includes courses that are dedicated solely to risk management issues (and particularly to credit risk).

Risk management by risk type

Within the Group, responsibility for risk management at an operational level – in the sense of position-taking activities – is spread across a number of units. Chief among these are the Financial Markets business division (including the Non-Core Operating Unit), the Corporate Finance, Commercial Real Estate Finance, and Banking & Capital Markets credit units, and the Retail Banking credit functions. In addition, the subsidiaries BHW Bausparkasse AG, PB Factoring GmbH and PB Leasing GmbH manage their risks independently using separately defined risk limits. The Luxembourg branch is integrated into Deutsche Postbank AG's management system and limited separately.

As a matter of principle, operational management of the Group's market risk is performed centrally by the Financial Markets division within Deutsche Postbank AG's Corporates and Markets board department. In addition, Financial Markets performs operational liquidity risk management for the Group, focusing on ensuring solvency at all times by acting as a lender of last resort. Limit monitoring and reporting of market and liquidity risks is performed centrally by the Market Risk Management and Liquidity Risk Management teams within the Risk Management unit.

The Credit Risk Control Risk Models unit is responsible for developing, validating, and calibrating the rating models, whereas the Credit Risk Control Credit Risk Management unit performs credit risk limit monitoring, reporting, and management. The Chief Operating Office Risk Standards unit is responsible for issuing standards on the treatment of credit risk exposure.

A two-tier organizational structure with decentralized operational risk managers has been created for each business division and subsidiary to ensure the management of operational risk at an operational level. Operational Risk Control is responsible for central coordination and reporting. Postbank's Legal Affairs department is primarily responsible for identifying and managing legal risk.

The individual board departments are responsible at an operational level for achieving the goals defined for them as part of the business strategy and for complying with the framework set for them, and by doing so contribute to operational income and risk management.

BHW Bausparkasse AG is responsible for the decentralized operational management and monitoring of collective risk.

The Market Risk Management unit performs central risk analysis and reporting for savings and checking account risk and for residual business risk; responsibility for these business risks remains with the relevant front office units.

Postbank is not exposed to significant reputational risk in the course of its business activities. The main focus is on risk in respect of its "customer" stakeholder group. Key reputational risks are managed at Group level by Postbank's Reputation Committee.

Overarching risk management

Risk-bearing capacity

In addition to its regulatory own funds in accordance with the CRR, the Bank's risk-bearing capacity is assessed both from the perspective of a liquidation approach (economic creditor protection) and in line with the going concern concept (regulatory going concern approach). Postbank considers its risk-bearing capacity to be adequate if the risk cover amount exceeds the allocated risk capital and the current level of overall risk (VaR).

For the purposes of economic creditor protection, risk potential is calculated using a confidence level of 99.93 %. In this approach, the risk cover amount represents the economic asset value and is derived from the IFRS consolidated financial statements; it serves above all to protect prior-ranking liabilities in a liquidation scenario.

Under the regulatory going concern perspective, the difference between Tier 1 capital for regulatory purposes in accordance with the CRR/CRD IV (Capital Requirements Directive IV) and the minimum Tier 1 capital required to satisfy Postbank's risk appetite is calculated. The resulting free Tier 1 capital and the planned income represent the risk cover amount. Under this approach, risk potential is calculated using a confidence level of 95 %.

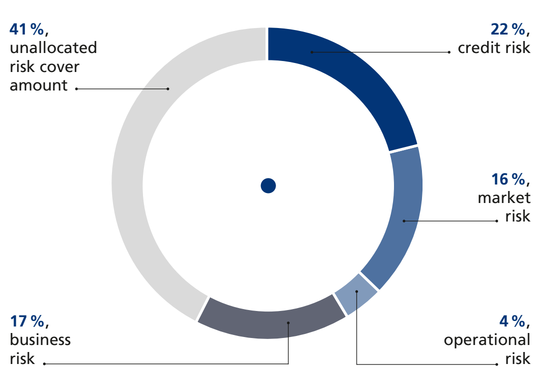
Risk capital and risk limitation

The capital from the risk cover amount that is allocated to the various units and risk types is known as risk capital. Risk capital allocation is reviewed on at least a quarterly basis by the Group Management Board and/or the Bank Risk Committee, and adjusted as necessary. The risk committees are responsible for breaking down the risk capital allocated to the individual risk types in greater detail and, where necessary, for adjusting the individual limits for them.

Economic capital is allocated to all the risk types listed in the section entitled "Risk types" with the exception of liquidity risk and reputational risk. To prevent the risk of illiquidity, Postbank maintains a liquidity buffer consisting of highly liquid and liquid assets for a two-month survival period in a stress scenario in accordance with the MaRisk.

The percentage allocation of Postbank's economic creditor protection risk cover amount by risk type, after factoring in correlation effects, is as follows for fiscal year 2015 (calculated as of December 31, 2015):

Breakdown of Postbank's risk cover amount by risk type (approved risk capital)



The absolute amount of economic creditor protection risk cover and a breakdown of the absolute amount of risk capital by risk type (as of December 31, 2015, and the prior-year closing date) are given in Note 50 of the Notes to the Consolidated Financial Statements.

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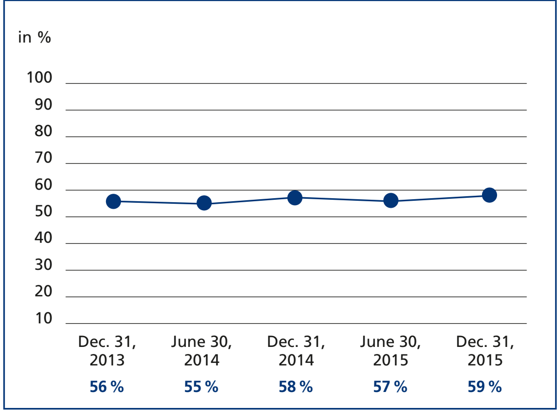
The following graphic shows the development of approved risk capital in relation to the total risk cover amount:

Development of the ratio of approved risk capital to risk cover amount



Risk cover utilization, measured in terms of the allocated risk capital after diversification, amounted to 59 % as of the reporting date. Overall, in the year under review, there was no change in the aggregate allocated capital compared with the 2014 year-end. The risk cover amount decreased slightly as against December 31, 2014, and utilization therefore increased minimally year-on-year.

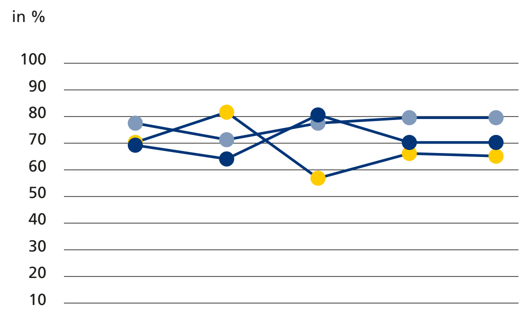
From a going concern perspective as well, the available risk cover amount (free Tier 1 capital) provides sufficient cover for the risk potential calculated.

In addition to limiting the risk positions for the individual risk types on the basis of the allocated risk capital, product, volume and sensitivity limits are used to restrict risk concentrations in individual positions or risk types above and beyond the risk positions themselves.

Market risk is managed by allocating VaR and loss limits both at Group level and for the relevant portfolios. A stressed value at risk (VaR) concept is currently being used for market risk – a method of calculating capital requirements for market risk assuming a period of stress. For loans to banks, corporates, and countries (central and regional governments and local authorities), credit risk is primarily managed by allocating limits at portfolio level and by defining a target portfolio. The retail business volume is managed using variance analyses. In the case of operational risk, limits and warnings thresholds are defined for each segment. The other risk types are managed using Group-wide limits.

The following graphic depicts the changes in limit utilization for operationally managed risk types over time. Postbank aims to actively manage its limits so as to improve the management impact on risk. As a result, higher limit utilization must generally be expected.

Development of the limit utilization for operationally managed risk types



	Dec. 31, 2013	June 30, 2014	Dec. 31, 2014	June 30, 2015	Dec. 31, 2015
● Market risk	**69 %**	**64 %**	**80 %**	**70 %**	**70 %**
● Credit risk	**77 %**	**71 %**	**77 %**	**79 %**	**79 %**
● Operational risk	**70 %**	**81 %**	**57%**	**66 %**	**65 %**

As of the December 31, 2015, reporting date, utilization of the authorized risk capital for market risk in the narrower sense of the term amounted to 70 % (December 31, 2014: 80%). The lower utilization compared with the prior year-end is attributable in particular to the reduction in credit spread sensitivity in the portfolio, both with respect to government bonds and own *Pfandbrief* issues. Credit risk limit utilization amounted to 79% as of December 31, 2015 (December 31, 2014: 77%). Credit risk increased due to a rise in the business volumes in the strategic business areas of the Retail Banking and Corporate Banking segments and as a result of individual rating downgrades, but decreased in the Non-Core Operating Unit segment. Utilization of the authorized risk capital limit for operational risk increased from 57 % as of the 2014 year-end to 65 % as of December 31, 2015. Among other things, this is attributable to the ongoing high volume of litigation and number of complaints – in excess of the long-term average – brought by customers in connection with the now-discontinued distribution of closed-end funds, as well as customer claims for the reimbursement of consumer loan processing fees following the relevant rulings by Germany's Federal Court of Justice. In addition, 2015 saw a substantial year-on-year increase in the litigation and the number of complaints associated with the provision of information on rights of withdrawal from mortgage loans. Since competitors are also affected by litigation relating to advice and disclosure deficiencies and competitor losses are reflected in the capital model, this also increases the Postbank Group's operational risk capital requirements.

Postbank's risk-bearing capacity was ensured at all times.

Risk concentrations and stress testing

Concentrations of credit, liquidity, market, and other risks are identified and monitored using sensitivity analyses and stress tests, among other things, and are limited using risk factor or gap limits (in the area of interest rate risk and credit spread risk). Sensitivity analyses and stress scenarios are used to describe hypothetical future developments for the various portfolios, value drivers, and risk drivers. Consequently, macroeconomic scenarios for inflation, stagflation, recession, and other hypothetical or historical scenarios are calculated across all risk types.

Concentration risks are managed as part of management activities (e.g., via hedging). The holdings of European government, federal state and bank bonds are particularly relevant in this context due to their spread risk.

In the course of credit portfolio management, risk concentrations are systematically identified and reported at the borrower unit level as well as at sector level (industries, regions, etc.) and limited using a predetermined procedure that takes risk-bearing capacity and risk/return considerations into account. Guidelines for improving the management of risk concentrations are laid down in Postbank's organizational instructions. The focus is on specifically identified sectors – commercial real estate finance, banks, and countries – for which additional rules exist above and beyond the limit matrix applicable to corporates. Risk concentrations are closely monitored in a timely manner using the segment-specific risk assessment reports and the risk circles used in risk management.

In the Non-Core Operating Unit segment, Postbank reduced concentration risk by proceeding with its policy of scaling back its holdings of investment securities.

A strategy designed to prevent specific regional concentration risks is being pursued for the commercial mortgage portfolio. The focus is mainly on Germany and Europe.

At present, based on the economic capital, a risk concentration is discernible in particular with respect to sovereign exposures. Monthly reporting of the economic capital requirement for credit risk and risk concentrations is a key component of Postbank's credit risk reporting.

Due to its business model – that of a retail bank operating primarily in Germany – Postbank is also subject to earnings risk in the sense that the earnings generated from its customer business could be lower than planned. Such earnings risk is monitored with the help of the Controlling department as part of the planning process. This involves monitoring earnings risk concentrations using sensitivity analyses and statistical techniques, and taking appropriate measures to manage it.

End-to-end risk assessment is ensured by regularly subjecting the key risk types for which operational limits are used (credit, market, business and operational risks) to defined scenario analyses and stress tests as part of the assessment of risk-bearing capacity. Stress tests across all risk types at the level of the Bank as a whole are supplemented by inverse stress tests and risk type-specific stress tests. The stress tests are performed as required by market developments and are continuously and dynamically enhanced on the basis of Postbank's risk profile.

New products process

The risk factors for new and modified products are systematically identified in line with the MaRisk using a new products process, and are documented in a product database. The resulting risks are included in Postbank's risk measurement and monitoring system.

Group-wide risk reporting

Postbank’s risk reporting focuses on risk-bearing capacity and risk utilization in the individual risk types and comprises a large number of regular and one-off reports. Above and beyond the regular management reports, rules have been established for an ad hoc early warning reporting system that is differentiated by risk type. This means that recipients can be kept informed of changes in relevant parameters in a timely manner. The following table provides an overview of the content of the key reports, their publication frequency, and their recipients, broken down by risk type.

Group-wide reporting

Topic	Report contents	Frequency	Addressees
Cross-risk type	Risk-bearing capacity, individual risks, risk concentrations, performance calculated periodically and on a present value basis, stress test results	Quarterly	Supervisory Board, Risk Committee, Group Management Board, Bank Risk Committee
Market risk	Risk indicators, limit utilization, performance calculated on a present value basis, material transactions	Daily	Group Management Board, operational front office units
	Market development, trends in material market risk, limit utilization, performance calculated on a present value basis and risk indicators, stress test and scenario analyses, risk concentrations, backtesting results	Monthly	Group Management Board, Market Risk Committee, operational front and back office units
Credit risk	Counterparty limit monitoring	Daily	Group Management Board, operational front and back office units
	Economic capital (EC) reporting, key performance indicators, country risk, trends in allowance for losses on loans and advances including variance analyses	Monthly	Operational back office units
	Portfolio development/early warning, specific portfolio analyses, key performance indicators, rating distributions, country risk, limit utilization including EC/risk-bearing capacity trends, trends in allowance for losses on loans and advances including variance analyses, problem loans/watch list, risk concentrations, development of risk-weighted assets (RWA), expected loss (EL) trends, results of scenario analyses/stress tests, mandatory MaRisk disclosures	Quarterly	Group Management Board, Risk Committee, Bank Risk Committee, Credit Risk Committee
Liquidity risk	Liquidity status including limit utilization, cash flows, liquidity sources	Daily	Group Management Board, Market Risk Committee, Financial Markets
	Liquidity status including limit utilization, cash flows, liquidity sources, results of scenario analyses/stress tests	Weekly	Bank Risk Committee, operational front office units
	Liquidity status, stress test, liquidity reserve, funding structure, surplus liquidity, liquidity coverage ratio (LCR)	Monthly	Group Management Board, Market Risk Committee
Operational risk	Loss events	Weekly	Fraud Committee, Operational Risk Committee
	Loss events, risk indicators, results from scenario analyses and self-assessments, utilization of VaR limits, risk assessment related to new products and the outsourcing of functions	Monthly	Group Management Board, Operational Risk Committee
Business risk	Volume growth in customer products	Daily	Group Management Board, operational front and back office units
	Risk indicators related to savings and checking account risk, stress test results related to savings and checking account risk	Monthly	Group Management Board, Market Risk Committee

There is an ad hoc escalation requirement for all decision-relevant events and developments, regardless of the risk type involved.

Monitoring and managing market risk

Postbank manages its market risk in the narrower sense of the term using, on the one hand, VaR limits and present-value based loss limits at Group level and for subportfolios. On the other, sensitivity indicators and maturity structures are used as additional management indicators. The changes in value of positions exposed to market risk are derived from daily marking to market. In the case of inactive market segments, a special process has been instituted to regularly review whether the market data available still permits adequate valuations to be made. As a result, specific portfolios are marked to model. The management of market risk exposures from an earnings perspective focuses primarily on the present value. All market risk is measured using value at risk. Risks from potential changes in spreads have been taken into account in risk measurement.

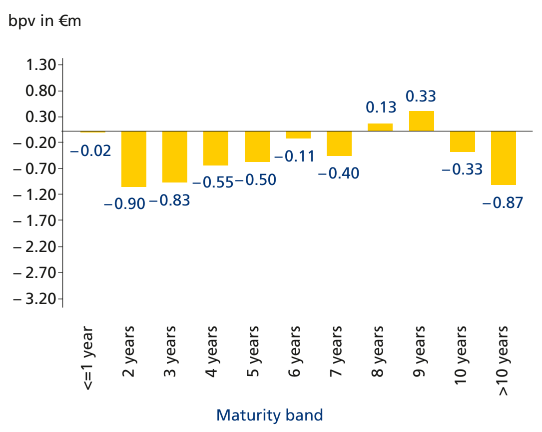
Escalation mechanisms have been defined for critical management parameters and for exogenous events so as to account for the relative significance of market risk to Postbank. These mechanisms ensure a prompt reaction to situations in which limits are approached or exceeded, or to extreme market movements impacting Postbank.

Interest rate risk management

Interest rate risk – a significant component of market risk – is the term used to denote changes in the fair value of interest-sensitive financial instruments resulting from a change in the market rate of interest. This arises where there are differences in the amounts and interest rates of the interest-sensitive assets and liabilities for individual maturity bands. Specific behavioral assumptions are made on the basis of past behavioral patterns in order to quantify the interest rate risk for customer transactions involving significant implicit options. Particularly important in this connection are Deutsche Postbank AG's variable-interest customer deposits, the exposures in BHW Bausparkasse AG's home savings collective, as well as the customer loans business. The assumptions and inputs used in interest rate risk modeling and management are reviewed for appropriateness on an ongoing basis. Those elements of capital made available to the Bank indefinitely are excluded when determining interest rate risk.

Interest rate risk analysis is an integral part of daily market risk measurement. The following chart presents the profile of Postbank's open interest rate positions as of December 31, 2015, in the form of a basis point value (bpv) graph. Positions with a negative value represent an asset-side interest rate risk, which means that there is a surplus of assets. In the same way, positive values indicate a surplus of liabilities. Overall, Postbank continued to have a long interest rate position as of December 31, 2015.

The Postbank Group's interest rate positions (bpv) as of December 31, 2015



The graphic shows that the long positions as of the reporting date of December 31, 2015, are primarily concentrated in the short- and medium-term maturity range of up to seven years as well as in the long-term maturity range of ten years and above. In the eight- and nine-year maturity range, on the other hand, the majority of interest rate risk overhangs were on the short side. The total bpv as of December 31, 2015, amounted to €–4.0 million, after €–4.3 million as of December 31, 2014. Interest rate sensitivity is primarily the result of positions in euros; interest rate sensitivities in other currencies are immaterial. Postbank mainly uses interest rate swaps to actively manage interest rate risk. The risk from equity holdings remains negligible.

Value at risk measurement, limit setting, and backtesting

The Postbank Group uses the value at risk (VaR) concept to quantify and monitor the market risk it assumes. The VaR of a portfolio describes the potential decline in fair value that will not be exceeded in that portfolio within a certain period for a given probability. VaR is calculated consistently for all positions with market risk exposures, regardless of how they are presented in the financial statements.

VaR is calculated uniformly throughout Postbank using a Monte Carlo simulation. Operational management is based on a confidence level of 99 % and a holding period of 10 days. The material risk factors taken into account when calculating VaR are interest rates and credit spread curves, share prices, exchange rates, and volatilities. No major changes to the market risk model were made in 2015.

Volatilities and correlations between the risk factors are derived from historical data. Whereas historical values for the past 250 trading days are used for operational management, VaR for assessing risk-bearing capacity is based on a historical period that represents an extreme stress period by comparison with the current positioning (stressed VaR).

In addition to total VaR, which reflects all diversification effects for the risk factors, VaR inputs are also calculated and analyzed daily for the main subtypes of market risk (interest rate risk, credit risk, equity risk, and currency risk).

Market risk is managed using a system of risk limits. The aggregate risk capital for market risk is resolved by the Bank Risk Committee and allocated by the Market Risk Committee to the individual units and portfolios in the form of operating sublimits. In addition to limits for total VaR and for the main subtypes of market risk, loss limits are allocated for potential fair value losses in individual portfolios. Risks are measured and monitored on a daily basis. The limits used are dynamic outcome-based limits; any losses incurred over and above the loss limit reduce the limit, while gains replenish it, at a maximum, to the originally defined level. The VaR limit authorized at Group level was complied with at all times during the reporting period. At the subportfolio level, the relevant VaR limit was exceeded for a brief two-day period due to the triggering of dynamic limits.

In addition to the VaR limits, the Market Risk Committee has defined sensitivity limits that restrict the credit spread and interest rate sensitivities in the different segments, portfolios, and maturities.

The methods used to compute VaR are regularly validated and tested for reliability. The predictive accuracy of the calculated VaR is tested by comparing it with the hypothetical gains and losses arising from actual changes in fair value for the same portfolio (clean mark-to-market backtesting), among other things. The backtesting results as of December 31, 2015 (one-sided binomial test in accordance with the Basel traffic light approach) produced six outliers at Group level, and were thus in the amber zone. The main reasons for the increased number of outliers were abrupt, significant increases in interest rates and spreads in the second quarter of 2015, following a long period in which yields trended downwards.

Stress testing

In addition to the VaR calculations, scenario analyses and stress tests are performed at regular intervals to permit the specific analysis of the impact of extreme market movements and to identify risk concentrations. These analyses quantify the effects of extraordinary events and extreme market conditions on the relevant Postbank exposures. Scenario analyses and stress tests are performed for all material risk factors. The assumptions and inputs underlying the stress tests are regularly reviewed for appropriateness. Stress tests comprise both scenarios derived from historical changes in risk factors and hypothetical extreme scenarios. The Group Management Board, the members of the BRC and the MRC, and the Supervisory Board are kept regularly informed of the key results of the scenario analyses. The greatest risks that emerge from the regularly performed internal stress tests for market risk continue to be those in connection with interest rates and spreads. In contrast, sensitivities to changes in equity prices, currency rates, and volatilities are significantly less pronounced.

In fiscal year 2015, the risk capital available for market risk was sufficient at all times to cover the fair value losses arising in even the most adverse of the historical and hypothetical stress scenarios examined.

Particular attention is paid to the requirement to take risk concentrations into account when measuring market risk. This is done by regularly analyzing the effects of the stress tests per exposure class and segment and identifying existing risk concentrations using sensitivity analyses. Instruments used in this context include interest rate gap analyses, credit spread sensitivity analyses by issuer, asset class, or credit rating, and analyses of the Group’s exposure to equities and foreign currencies.

Appropriate market terms

In addition to monitoring market risk, Postbank checks trades entered into in its own name and for its own account to ensure that market prices have been applied (market conformity verification). This is monitored by internal units that are independent of the trading functions.

Risk indicators

The following VaR figures were calculated for fiscal year 2015 and fiscal year 2014:

Value at risk, market risk Postbank Group

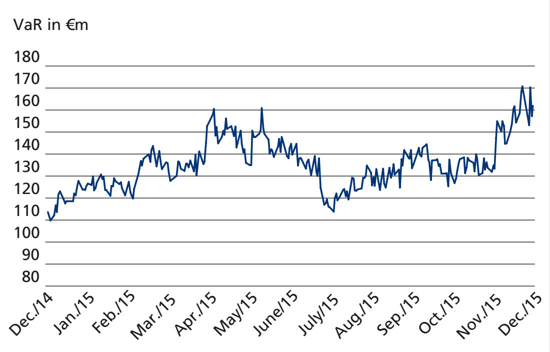
Group VaR (10 days, 99 %)	Year-end VaR		Maximum VaR		Minimum VaR		Average VaR	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	2015 €m	2014 €m	2015 €m	2014 €m	2015 €m	2014 €m
Interest rate risk	87.9	43.5	102.8	49.6	38.2	18.2	62.0	35.3
Equity/stock index risk	8.6	3.5	9.3	4.0	3.5	2.4	6.2	3.2
Currency risk	3.4	0.6	7.1	8.3	0.3	0.6	3.8	1.9
Other market risk (spread)	105.2	97.0	120.0	122.6	93.6	89.4	105.1	104.0
Diversification effects	−43.7	−31.6	−56.7	−58.9	−30.0	−20.2	−42.5	−37.4
Total	**161.4**	**113.0**	**170.3**	**121.0**	**109.0**	**94.3**	**134.6**	**107.0**

The VaR for market risk (confidence level of 99 %, holding period of 10 days) amounted to a total of €161 million as of December 31, 2015 (for comparative purposes: €113 million as of December 31, 2014).

The calculation incorporates all material market risk-bearing positions, including pension obligations and the corresponding plan assets. In line with Postbank's business strategy, the level of market risk is largely determined by the interest rate risk and spread risk. Currency risk, which is mainly incurred as a result of the business activities of the Luxembourg branch, is of relatively minor significance. The present value risks resulting from foreign currency positions are input into the daily market risk measurements and reports. Management focuses on the one hand on present value considerations, and on the other on minimizing potential risk to the income statement as a result of foreign currency positions. Equity risk, which arises among other things from managing the risk associated with customer products, is minor.

The following graphic shows the VaR (confidence level of 99 %, holding period of 10 days) for Postbank during the period under review:

VaR Postbank Group for the period from December 31, 2014 to December 31, 2015



Rising interest rate and credit spread risks caused by increasing market volatility led to greater VaR limit utilization in the first half of 2015. After a significant fall at the beginning of the third quarter, the figures for operating VaR in the banking book rose again in the fourth quarter, mainly as a result of increased interest rate volatility in combination with low interest rates.

Postbank's trading book has not contained any active positions since May 2014. There is not currently any new trading book business.

Real estate risk management

The properties in the Postbank portfolio are primarily owner-occupied properties used by Deutsche Postbank AG and BHW Bausparkasse AG. They are reappraised every three years in order to monitor their value on an ongoing basis.

Investment risk management

Equity investments are defined as all equity interests recognized in the annual financial statements of Deutsche Postbank AG under "equity investments" and "investments in affiliated companies", and investments in companies pursuant to section 16(2) and (4) of the *Aktiengesetz* (AktG – German Stock Corporation Act). As of the reporting date of December 31, 2015, Deutsche Postbank AG held a total of 42 (previous year-end: 36) direct and a large number of indirect equity investments.

These holdings are predominantly strategic investments that reflect Postbank's product and service lines, and that provide internal services for Postbank. As of December 31, 2015, Postbank held equity investments classified as held for sale in accordance with IFRS 5 in the amount of €471 million (see Note 29).

Postbank has established procedures to ensure the adequate management and monitoring of key investment risks at Group level. The relevant lending departments within Postbank monitor credit-equivalent investment risks or risks serving as credit substitutes.

These also include the interests held by Postbank in special-purpose entities (SPEs). Postbank has no interests in SPEs designed for asset outplacement. The large number of management and monitoring systems in existence, which are continually being enhanced, guarantees that Postbank is in a position to monitor and manage shareholding risks, including strategic investment risks, at all times.

Monitoring and managing credit risk

Postbank uses a target portfolio as a reference for the overall composition of its loan portfolio, which focuses on retail banking, corporate customers including commercial real estate finance, banks, and countries (central and regional governments and local authorities), in addition to related risk concentrations. This target portfolio was constructed in line with the principle of a balanced risk/return profile and is used as the basis for structuring allocations to rating classes, sectors, and regions. The current portfolio of receivables is compared quarterly with the target portfolio. In the case of the Corporate Banking division, an individual profitability analysis is also performed on the basis of the ratio of the risk-adjusted net margin to the regulatory capital tied up. Due to the high degree of risk diversification in the retail business, no proportionate limit is set on this in principle when defining the target portfolio; instead, it is managed using the expected net margin less the expected risk.

Counterparty credit risk is managed and monitored, and hence the credit risk strategy implemented, on the basis of individual risks on the one hand and the entire portfolio on the other.

Managing individual risks

Credit approval procedures

Postbank's credit policies contain detailed targets for all lending transactions. Credit approvals are subject to an established system of approval powers, which act as a framework within which decision-makers (including the Risk Committee and the Executive Committee in the case of loans to members of executive bodies) are authorized to enter into lending transactions. Credit approval powers are defined on the basis of fixed upper limits per group of connected clients, depending on the rating and amount in the case of corporate banking, commercial mortgage financing, and the transactions in the case of Financial Markets. An important feature of the credit approval procedure is the separation of front office functions (sales/trading) and back office units in accordance with the supervisory requirements (MaRisk). A permissible exception to the strict separation of functions according to banking supervision law is the standardized credit approval process in business that is not relevant for risk purposes, which Postbank defines as loans for up to €1 million to which, as a matter of principle, simplified and standardized processes apply.

Scoring and rating

Postbank has internal rating systems that have been approved for the use of the IRB Approach in accordance with the CRR and the SolvV. In addition to meeting the methodological and procedural/organizational requirements, these rating systems have proven their suitability in relation to the classification of existing portfolios and new business. Regardless of the size and type of the loan, individual rating or scoring is performed during the credit approval process as well as at least annually and on an as-needed basis.

The Credit Risk Control Risk Models unit is responsible for the design, methodological supervision, and calibration of all rating procedures used, as well as for implementing the internal rating procedures that have been transposed into internal IT routines. From 2016 on, the Model Risk and Validation function established in November 2015 will gradually assume responsibility for designing and maintaining a superordinate validation process that will govern all the Bank's (relevant) models and thus, in particular, its internal rating methods and procedures. In addition, a Model and Validation Committee (MVC), which was established to provide process support, is responsible together with its subordinate Model Change Policy Committee (MCPC) for ensuring that the results of the monitoring of internal rating processes are incorporated into the internal reporting system and the Bank's management processes. Postbank's Management Board is provided with regular information on the operability of the rating systems, as well as on the results of the ratings performed as part of the management reporting process, by the bodies responsible (BRC, CRC, MVC). The Risk Standards unit, which is attached to the Chief Operating Office of the CRO function, is responsible for monitoring the processes. In addition to ongoing integration projects, the work performed by the Bank's Credit Risk Control function in 2015 focused among other things on the enhancement, ongoing validation and, where necessary, recalibration of the scoring and rating systems. Internal Audit audits the appropriateness of the internal rating systems, including adherence to the minimum requirements for use of the rating systems, on an annual basis.

In Retail Banking, loans are approved, decisions to extend them are made, and terms are defined using the results of statistical scoring models and approval policies. The scoring models utilized at Postbank make use of internal and external information about the borrower and employ statistical methods to individually estimate the probability of default for borrowers or loans (PD). The loss given default (LGD) is calculated to estimate the recovery rates individually, taking any eligible collateral into account, or globally, in the case of small-scale uncollateralized retail business. The credit conversion factor (CCF) is calculated to estimate the degree of utilization of open credit lines at the time of default.

Rating models, which generally comprise a statistical balance sheet rating or a simulation of expected cash flows, and which also incorporate qualitative, shorter-term information in the internal rating in the form of a heuristic component, are used to make loan decisions and define terms for customers and guarantors in the corporates, banks, and countries areas.

All internal ratings and scorings are presented using a uniform master scale, which assigns each rating or scoring result to a rating class, as well as the default probability determined for that class. Postbank uses the terminology of the Standard & Poor's rating agency here.

The explicit validation of rating and scoring methods is part of Postbank's annual model validation process and of ongoing monitoring. The model validation process is based in particular on standard core analyses comprising the stability of the model formula/the estimated inputs and the distributions, as well as the accuracy of the rating model, and the predictive power of the models, but also takes qualitative aspects of the entire rating process into account. This will ensure that an end-to-end assessment of the appropriateness of the respective rating system is carried out. During the validation process, any changes in the loss history are taken into account in any subsequent recalibration (where necessary) by adjusting the inputs.

By including the individual responsibilities for managing rating procedures in Postbank's processes, it is generally possible to derive business policy and model-specific measures directly from the results of the core analyses. Electronic records are maintained of all relevant input factors and rating results, enabling a continuous rating history to be kept for each customer and transaction.

In addition to supporting the loan approval process, these ratings and scores serve among other things as a basis for calculating the expected loss, i.e., the loss that is to be expected as a statistical average over a one-year period. They are factored indirectly into margin calculations as standard risk costs (see the following section), along with other variables.

Risk/return key performance indicators

When calculating the loan losses expected for Postbank, the average standard risk costs are factored into the advance calculation on an individual loan basis. This allows all lending transactions to be evaluated during the advance calculation. The standard risk costs are priced in as a premium for the expected loss and are included in the profitability calculation for exposures to corporates. The profitability calculation aims to ensure an end-to-end assessment of customer relationships and is performed at product or portfolio level for retail customers, and at an individual level for non-retail customers.

Collateral management and credit risk mitigation techniques

Collateral management is an important and integral component of the credit management process at Postbank. Strict standards have been established regarding the quality (e.g., the legal validity and enforceability) of the collateral accepted. The value of the collateral is continuously monitored on the basis of uniform Group standards, not only when the loan is granted but also during its term. The associated collateral processes are regularly reviewed with respect to the regulatory requirements and further enhanced.

Postbank uses the following protection instruments as prudential credit risk mitigation techniques:

- Real estate liens to secure private and commercial real estate financing

- Master netting agreements

- Guarantees, trade credit insurance, and credit derivatives

- Financial collateral (cash collateral).

Postbank does not recognize other physical collateral (e.g., assignment of receivables) in the portfolios calculated using IRB Approaches to determine own funds.

The back office units are responsible for collateral management (there are partial exemptions for Deutsche Postbank AG's non-risk-relevant lending transactions). This includes recognition of an instrument as collateral, its legal ranking, and regular review and measurement, as well as the administration of the eligible collateral. The exposure management systems provide electronic support for the management of immovable collateral. The amounts recognized as eligible collateral are reviewed at fixed intervals, depending on the type of protection; as a rule, this occurs annually or at shorter intervals in the case of critical exposures.

Guarantees, trade credit insurance, and credit derivatives must be irrevocable and unconditional in order to qualify as credit risk mitigation instruments when calculating the minimum capital requirements for credit and counterparty risk. Only guarantees by governments (central and regional governments and local authorities), other public-sector entities, banks, supranational organizations, and legal persons are recognized. With regard to credit derivatives, guarantors and protection sellers are subject to the same risk classification, risk limitation, and risk monitoring procedures as borrowers.

Real estate liens are taken into account when calculating the possible loss arising from default on a loan. The collateral is realized in the event that a borrower becomes more than temporarily insolvent. To secure private real estate financing, Postbank uses real estate liens as a key instrument for minimizing the risks associated with the lending business. As a matter of principle, the real estate liens are included directly in the calculation of the supervisory LGD for the retail business and for the portfolios calculated using the Advanced IRB Approaches.

Loan collateral in the Corporate Banking segment taking the form of real estate liens is reviewed regularly, and at least annually, for impairment at the level of the properties concerned. In Germany, market developments are also monitored using the fair value fluctuation concepts produced by vdpResearch GmbH (the real estate market research company belonging to the Verband deutscher Pfandbriefbanken e.V.) and, in the case of hotel properties, by Deutsche Kreditwirtschaft, while the front office and back office units perform qualitative monitoring of the relevant sectors and real estate markets on an ongoing basis. In the case of loans and property values with volumes in excess of €3 million, valuations are always reviewed at the latest after three years by independent, qualified collateral specialists or a new appraisal is performed by real estate experts, as appropriate.

Where it is not possible or feasible to immediately realize the collateral furnished to Postbank as security for a loan for legal or economic reasons, its liquidation can be postponed until the legal situation is clarified or until a more favorable economic situation arises, in which case it will be managed and enhanced as well as possible (active/passive retention).

In the case of prudential credit risk mitigation using netting agreements, the underlying exposure is reduced either by netting offsetting individual transactions or by using netting agreements. As part of its collateral management activities, Postbank uses netting agreements for derivatives and repurchase agreements. The agreements are entered into on the basis of standard international master agreements and comply with the requirements of the CRR. Netting agreements are entered into with most key trading counterparties. Collateral is managed using a computerized process that complies with the required collateral management standards. Netted positions are integrated into risk management for the counterparties concerned and the aggregate credit risk exposure.

In order to manage credit risk concentrations as part of its credit risk mitigation measures, Postbank applies a conservative approach to positive correlations between the borrower's counterparty credit risk and the risk of deterioration in the value of the collateral. Postbank's collateral acceptance and monitoring process takes account of risk concentration when collateral is initially recognized. In particular, Postbank monitors guarantees together with loans granted by guarantors.

Credit monitoring and problem loan procedures

In the case of non-standardized loans, credit risks are monitored using credit assessments performed at least once annually and whenever events occur that could affect a borrower's credit quality. The checks are made by the operational lending units in the back office in accordance with banking supervision requirements and, in the case of trading transactions, by Risk Control as well.

In the area of individual lending to corporate customers and mortgage lending in excess of €750,000 per borrower or borrowing entity, Postbank has implemented a credit monitoring process in accordance with banking regulatory requirements. The process enables higher-risk loans to be identified using defined qualitative and quantitative early warning and risk indicators (e.g., sector information, management accounting data, customer and account data, and rating changes). The use of early warning and risk indicators to enable advance identification of an increasing risk of default enables Postbank to take risk mitigation measures in a timely manner, to develop and implement loan restructuring plans with the borrower if necessary, or to arrange for settlement.

When a corporate loan is identified as having a higher risk, the borrower in question is placed in the monitoring category if early warning indicators are present and on the watch list (intensive care, restructuring, or workout) if risk indicators are present. In the case of hard ("rule-based") risk indicators, transfer is mandatory; if there are only soft ("principle-based") risk indicators, the decision is made at the discretion of the credit specialist responsible for the account, in cooperation with the workout specialists. The watch list report is produced and submitted to the CRC on a quarterly basis. The largest individual exposures and loans that were approved by the Group Management Board are reported to the Group Management Board and the Supervisory Board's Risk Committee as part of the quarterly credit risk report.

Past due and impaired exposures

An exposure is classified as "delinquent" or "past due" in cases of delinquency – i.e., when the obligor has exceeded an external limit notified to the obligor or has borrowed funds without prior agreement – but where the corresponding exposures have not yet been classified as "impaired."

The "impaired" classification indicates that Postbank has recognized an allowance for losses on loans and advances or that an event of default has occurred. The "impaired" category includes all loans and advances in respect of which specific valuation allowances, writedowns, and provisions for defaulted exposures in relation to sureties, other guarantees, and irrevocable loan commitments have been recognized, or for which obligors are more than 90 consecutive calendar days past due with respect to a material portion of their overall debt. The regulatory classification of "impaired" is more comprehensive than the concept used in accounting, e.g., the former applies to all exposures of a customer as a result of a cross-default clause.

Under Article 178 of the CRR, an obligor is in default if a material portion of its total credit exposure to the institution is more than 90 consecutive calendar days past due. A borrower may be placed in default prior to the end of this period if the institution is of the opinion that the obligor is unlikely to meet all of its payment obligations without recourse by the institution to additional measures to enhance the credit, such as the realization of collateral.

In the retail business, defaults are detected automatically using the data fields specified as relevant for the individual transactions. Defaults of purchased loans are also automatically flagged. Indicators of default for the central governments, institutions, and corporates asset classes, including specialized lending, are recorded manually in a separate system (ABIT Banknology). Capital market securities, as well as the securities and derivative exposures of the investment funds, are analyzed and recorded in conjunction with daily marking-to-market.

Allowance for losses on loans and advances

The allowance for losses in the lending business comprises specific valuation allowances, collective specific valuation allowances, and portfolio-based valuation allowances.

A specific valuation allowance is recognized if – taking into account any collateral – the estimated recoverable amount of the loans and advances is lower than their carrying amount, i.e., if a loan or advance is wholly or partly uncollectible and is, therefore, permanently impaired. The amount of the specific valuation allowance is measured for the respective unsecured portions of the loans and advances as the difference between the carrying amount of the loans and advances and the present values of estimated future cash flows, including cash flows from the realization of collateral. In general, the original effective rate is used to discount the cash flows, with the effective rate for the current fixing period being used for variable-interest loans. The proceeds from the realization of the collateral and the time of its realization are taken into account on a case-by-case basis. An ongoing review of all exposures is performed for objective evidence of impairment and impairment tests are conducted where needed. In addition, an impairment test is performed each quarter, depending on the existence of certain risk characteristics.

A collective specific valuation allowance is recognized for a portfolio of homogeneous loans with similar characteristics, to the extent that there is objective evidence that the loans have become impaired and the amount of the impairment for each loan can be estimated with reference to past statistics on loan performance. Collective valuation allowances are measured using flow rates and the loss given default (LGD). The combined flow rate indicates the probability of a receivable being transferred to a portfolio designated for termination. The LGD represents the size or percentage amount of the economic loss for the outstanding exposure amount. The ratio is calculated regularly on the basis of the repayments obtained from recovery proceedings. Postbank recognizes collective specific valuation allowances on overdrafts, installment loans, and credit card loans, as well as on mortgage loans that have been past due for between three and six months.

The portfolio-based valuation allowances account for all loan losses that have occurred but that Postbank has yet to identify; this may be because the respective customer is still currently meeting his or her payment obligations, for example. Postbank factors in expected default probabilities, loss rates, and the estimated time between when the default occurs and when this is identified (loss identification period, LIP), depending on the type of product and customer group concerned in each case. The default probabilities and the loss rates for defaults at the portfolio level are calculated at portfolio level and updated where necessary on the basis of the results of the annual validation and recalibration of the IRBA rating systems; LIP factors are estimated on an individual basis, regularly reviewed, and adjusted where necessary in line with the relevant risk monitoring processes.

Uncollectible loans are written off directly through profit or loss.

Provisions are recognized for liabilities under sureties, other guarantees, and irrevocable loan commitments involving an acute default risk.

Forbearance and forborne and non-performing exposures

The terms "forbearance" and "forborne" are used in conjunction with all of a bank's exposures for which the contract terms have been modified due to financial difficulties of the obligor. These may involve renegotiations, restructurings, and refinancing arrangements, as well as guarantees for refinancing purposes.

The term "non-performing" is used to describe all exposures of which a material portion is more than 90 days past due or for which – irrespective of whether or not they are past due – there is an identifiable risk that full repayment will not be made. This includes all exposures defined as being in default for regulatory purposes as well as exposures for which specific valuation allowances or collective specific valuation allowances have been recognized. Classification as non-performing does not take into account whether the institution could have recourse to additional measures to enhance the credit, such as the realization of collateral. The EBA's definition of "non-performing" borrows heavily from the definition of "default" in the CRR and the IFRS requirements governing impairment, although there is no 1:1 equivalence for "forborne exposures". A distinction is also made between a defaulted exposure and the default of an obligor; the latter results in all exposures of that obligor being declared non-performing (also known as pulling).

Managing credit risk at portfolio level

Portfolio management

Above and beyond monitoring individual risks, Postbank calculates the necessary economic capital (EC) for all Group exposures subject to credit risk. The credit portfolio model used by Postbank takes account of internal and external risk inputs, concentration risks in the credit portfolio, and reinvestment effects in the case of maturities of less than one year, as well as the ability to drill down to individual debtors.

EC is the potential negative change in the present value of the total loan portfolio resulting from actual or potential credit risk losses that will not be exceeded within one year for a 99.93 % probability. Under Postbank's Group-wide risk-bearing capacity concept, EC (as a measure of the unexpected loss from credit risk) must be backed by risk capital.

In contrast to EC, the expected loss indicated in the "Credit risk" table in the section entitled "Portfolio structure" is the expected amount of losses due to credit risk in the Group portfolio over a one-year period. This is calculated approximately as the product of the default probability, the total size of exposure, and the loss rate. It depends on the counterparty/transaction rating and on the transaction term. The expected loss does not contribute to the Bank's overall risk, but is factored into margin calculations via the standard risk costs.

EC is calculated on the basis of the migration behavior of borrower-specific creditworthiness and correlation effects within the portfolio, so as to quantify risks arising from an adverse concentration of borrowers in terms of their sector, creditworthiness, and country. The probability of a rating change (migration) is continually updated and adjusted to reflect the changes observed in the current economic environment. In calculating EC, all loans and advances are recorded together with their future cash flows and are discounted to the observation date. This allows the loan loss risk to be measured over a one-year observation period, as well as quantifying the effects on the present value of all changes in creditworthiness occurring outside the observation period. Credit risk is measured using current internal and external credit ratings as well as internally and externally calculated assumptions relating to loss rates.

External inputs used to calculate the EC include constantly updated rating agency data, migration tables derived from this data, yield curves, and a covariance matrix for the risk factors used in the correlation model. Homogeneous, granular exposures are aggregated when calculating EC and are not computed at individual transaction level. These relate in particular to retail products.

The updated portfolio and market data is used to calculate EC in the Group loan portfolio on a monthly basis. The calculation of EC in the Group loan portfolio takes diversification effects between the portfolios in the business divisions into account. The utilization of the EC limits made available to individual profit centers by the CRC and of the aggregate credit risk limit is monitored regularly.

In addition to the calculation of the EC, the Group loan portfolio is subject to regular stress testing and sensitivity analyses across all risk types with the aim of quantifying losses that might arise from extreme events.

Portfolio structure

The following table provides an overview of material credit risk indicators for the various segments as of December 31, 2015, compared to the end of 2014 (volumes: IFRS carrying amounts).

Credit risk	**Volume**		**Expected loss**		**Economic capital (EC)**[1]	
	Dec. 31, 2015 €m	**Dec. 31, 2014 €m**	**Dec. 31, 2015 €m**	**Dec. 31, 2014 €m**	**Dec. 31, 2015 €m**	**Dec. 31, 2014 €m**
Retail Banking	74,947	76,361	318	297	877	794
Corporate Banking	14,495	13,928	41	47	354	307
Financial Markets[2]	47,336	49,951	5	5	382	368
Non-Core Operating Unit	8,989	11,194	8	11	581	668
Pension funds	n/a	n/a	0	0	11	7
Total	**145,767**	**151,434**	**373**	**360**	**2,205**	**2,145**

[1] The underlying confidence level is 99.93%.

[2] 2014 figure adjusted (for further details, see Note 6 to the Consolidated Financial Statements "Adjustments of prior-year figures")

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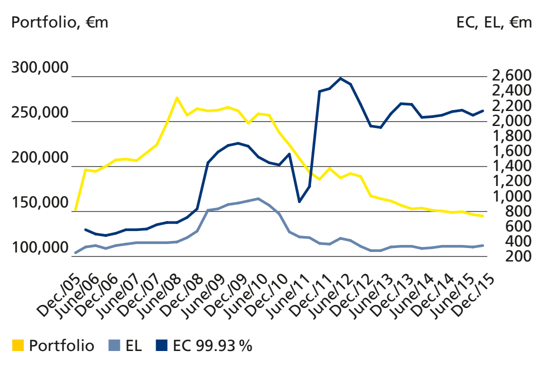
The expected loss (EL) and the economic capital (EC) increased compared with the prior year-end. A rise in EC was recorded in the strategic business areas of the Retail Banking, Corporate Banking, and Financial Markets segments; this was due primarily to increased volumes (installment loans, commercial mortgages), as well as to rating downgrades. The change in the EL was largely in line with this. In the Corporate Banking segment, individual rating upgrades led to a slight decrease in the EL, although the resulting reduction in the EC was offset by the effects mentioned above. In Postbank's non-core portfolio, the EC and EL declined in the course of the year due to maturing positions and model recalibrations.

The following graphic shows the portfolio, EC, and EL over time. The increase as at the 2011 closing date was due to the introduction of a new credit portfolio model. The change in 2015 is attributable to the factors described in the paragraph above. Commercial mortgages in particular were subject to de-risking in the first half of 2015. The risk situation changed only slightly in the second half of the year.

Overall bank portfolio and risk development over time



The "Maximum counterparty credit risk" table depicts the maximum credit risk as of December 31, 2015, compared with December 31, 2014. The "Maximum counterparty credit risk" table breaks down the maximum exposure to credit risk in accordance with IFRS 7.36(a) into categories of risk-bearing financial instruments. This figure is reported as a gross amount, since risk-bearing financial instruments are recognized and measured without accounting for credit risk mitigation techniques, recognized transactions are recorded at their carrying amounts (excluding the "allowance for losses on loans and advances" balance sheet item) and the maximum counterparty credit risk exposures resulting from the utilization of irrevocable loan commitments or other off-balance sheet items correspond to all externally approved lines. The presentation does not contain any information on ratings, in contrast to the economic risk quantification contained in the "Credit risk" table. In addition to the items shown in the following tables, Postbank, as of December 31, 2015, held financial assets classified as held for sale in the amount of €484 million (see Note 29).

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Maximum counterparty credit risk

Risk-bearing financial instruments	Maximum counterparty credit risk exposure		Collateral		Guarantees/ credit derivatives		Maximum counterparty credit risk exposure after credit risk mitigation	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trading assets	**647**	**697**	**88**	**134**	**–**	**–**	**559**	**563**
Held for trading	647	697	88	134	–	–	559	563
Derivatives[1]	556	558	–	–	–	–	556	558
Loans[1]	91	139	88	134	–	–	3	5
Hedging derivatives	**78**	**119**	**–**	**–**	**–**	**–**	**78**	**119**
Loans and advances to other banks[2]	**15,876**	**19,602**	**13,094**	**16,357**	**–**	**–**	**2,782**	**3,245**
Loans and receivables[2]	15,876	19,602	13,094	16,357	–	–	2,782	3,245
Securities repurchase agreements	13,144	16,373	13,094	16,357	–	–	50	16
Overnight money	837	891	–	–	–	–	837	891
Loans	68	384	–	–	–	–	68	384
Registered bonds	425	228	–	–	–	–	425	228
Term deposits	1,100	1,101	–	–	–	–	1,100	1,101
Other loans and advances[2]	302	625	–	–	–	–	302	625
Loans and advances to customers[3]	**98,397**	**97,972**	**74,058**	**75,407**	**814**	**630**	**23,525**	**21,935**
Loans and receivables[3]	93,988	93,040	69,788	70,660	814	630	23,386	21,750
Private mortgage lending	63,903	64,317	61,273	62,060	–	–	2,630	2,257
Home savings loans	3,140	3,564	3,042	3,425	–	–	98	139
Commercial loans[1, 3]	12,175	11,944	5,473	5,175	814	630	5,888	6,139
Public-sector receivables[1]	4,621	3,132	–	–	–	–	4,621	3,132
Installment loans	6,453	6,098	–	–	–	–	6,453	6,098
Overdraft facilities[1]	2,176	2,339	–	–	–	–	2,176	2,339
Promissory note loans[1]	1,485	1,536	–	–	–	–	1,485	1,536
Other loans and advances[1]	35	110	–	–	–	–	35	110
Fair value option	4,409	4,932	4,270	4,747	–	–	139	185
Private mortgage lending	4,409	4,932	4,270	4,747	–	–	139	185
Investment securities	**30,769**	**33,044**	**–**	**–**	**–**	**–**	**30,769**	**33,044**
Loans and receivables	17,408	20,642	–	–	–	–	17,408	20,642
Bonds and other fixed-income securities[1]	17,408	20,642	–	–	–	–	17,408	20,642
Available for sale	13,361	12,402	–	–	–	–	13,361	12,402
Bonds and other fixed-income securities	13,035	12,195	–	–	–	–	13,035	12,195
Investment fund shares	261	179	–	–	–	–	261	179
Equity investments	60	22	–	–	–	–	60	22
Investments in unconsolidated subsidiaries	5	6	–	–	–	–	5	6
Subtotal[2]	**145,767**	**151,434**	**87,240**	**91,898**	**814**	**630**	**57,713**	**58,906**
Contingent liabilities from guarantees[4]	**426**	**406**	**–**	**–**	**–**	**–**	**426**	**406**
Revocable and irrevocable loan commitments[4]	**19,700**	**19,083**	**–**	**–**	**34**	**–**	**19,666**	**19,083**
Revocable loan commitments[1]	13,893	14,207	–	–	–	–	13,893	14,207
Irrevocable loan commitments[1]	5,807	4,876	–	–	34	–	5,773	4,876
Total[2]	**165,893**	**170,923**	**87,240**	**91,898**	**848**	**630**	**77,805**	**78,395**

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[1] Prior-year figures adjusted/supplemented due to new breakdown of classes

[2] 2014 figure adjusted (see Note 6 to the Consoldidated Financial Statements “Adjustments of prior-year figures”)

[3] 2014 collateral values reduced by €1,144 million

[4] Disclosure excluding allowance for losses on loans and advances; prior-year figure for contingent liabilities increased by €12 million and that for irrevocable loan commitments by €29 million

2015 saw a further reduction in investment securities in the amount of €2.3 billion, in line with the steady reduction in financial market portfolios and risks that has been under way since the third quarter of 2008.

The table as of the 2015 year-end contains netting effects relating to trading assets and hedging derivatives (December 31, 2015: €8.0 billion; December 31, 2014: €9.5 billion) in the amount disclosed for the maximum counterparty credit risk amount before collateral. Securities repurchase agreements requiring recognition amounted to €5.1 billion as of December 31, 2015 (December 31, 2014: €2.4 billion).

€4.9 billion of the amount disclosed in the “investment securities” balance sheet item as of the reporting date relates to covered bonds (December 31, 2014: €6.7 billion). In addition, the investor securitization positions also contained in the “investment securities” item, which amounted to less than €0.1 billion as of December 31, 2015 (December 31, 2014: €0.1 billion), can be considered to be fully collateralized.

Sector structure of the loan portfolio

The following table illustrates the risk concentrations by sector and borrower group, broken down by balance sheet item, holding category, and product group.

Risk concentrations by sector and borrower group

Risk-bearing financial instruments	Retail customers		Banks/ insurers/ financial services		Countries		Commercial real estate finance		Services/ wholesale and retail		Industry		Other sectors		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trading assets	**91**	**139**	**319**	**281**	**–**	**–**	**97**	**104**	**35**	**46**	**22**	**25**	**83**	**102**	**647**	**697**
Held for trading	91	139	319	281	–	–	97	104	35	46	22	25	83	102	647	697
Derivatives[1]	0	–	319	281	–	–	97	104	35	46	22	25	83	102	556	558
Loans[1]	91	139	–	–	–	–	–	–	–	–	–	–	–	–	91	139
Hedging derivatives	**–**	**–**	**78**	**119**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**78**	**119**
Loans and advances to other banks[2]	**–**	**–**	**15,876**	**19,602**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**15,876**	**19,602**
Loans and receivables[2]	–	–	15,876	19,602	–	–	–	–	–	–	–	–	–	–	15,876	19,602
Securities repurchase agreements	–	–	13,144	16,373	–	–	–	–	–	–	–	–	–	–	13,144	16,373
Overnight money	–	–	837	891	–	–	–	–	–	–	–	–	–	–	837	891
Loans	–	–	68	384	–	–	–	–	–	–	–	–	–	–	68	384
Registered bonds	–	–	425	228	–	–	–	–	–	–	–	–	–	–	425	228
Term deposits	–	–	1,100	1,101	–	–	–	–	–	–	–	–	–	–	1,100	1,101
Other loans and advances[2]	–	–	302	625	–	–	–	–	–	–	–	–	–	–	302	625
Loans and advances to customers	**79,630**	**80,869**	**443**	**339**	**5,052**	**3,696**	**6,719**	**6,660**	**3,258**	**3,574**	**2,261**	**1,953**	**1,034**	**881**	**98,397**	**97,972**
Loans and receivables	75,224	75,937	443	339	5,052	3,696	6,719	6,660	3,257	3,574	2,261	1,953	1,032	881	93,988	93,040
Private mortgage lending	63,776	64,141	0	1	1	1	–	–	23	27	0	–	103	147	63,903	64,317
Home savings loans	3,140	3,564	–	–	–	–	–	–	–	–	–	–	–	–	3,140	3,564
Commercial loans[1]	775	624	347	236	6	–	6,719	6,660	2,182	2,596	1,587	1,379	559	450	12,175	11,945
Public-sector receivables[1]	–	–	–	–	4,544	3,038	–	–	1	2	–	–	76	92	4,621	3,132
Installment loans	6,452	6,098	0	–	–	–	–	–	1	–	0	–	0	–	6,453	6,098
Overdraft facilities[1]	1,081	1,413	69	81	0	1	–	–	574	488	352	299	100	56	2,176	2,338
Promissory note loans[1]	–	–	27	21	501	656	–	–	470	461	322	275	165	122	1,485	1,535
Other loans and advances[1]	–	97	–	–	–	–	–	–	6	–	–	–	29	14	35	111
Fair value option	4,406	4,932	–	–	0	–	–	–	1	–	–	–	2	–	4,409	4,932
Private mortgage lending	4,406	4,932	–	–	0	–	–	–	1	–	–	–	2	–	4,409	4,932
Investment securities	**–**	**–**	**12,632**	**14,551**	**15,658**	**16,078**	**–**	**–**	**1,140**	**1,199**	**685**	**622**	**654**	**594**	**30,769**	**33,044**
Loans and receivables	–	–	7,537	9,746	8,869	9,757	–	–	405	484	302	344	295	311	17,408	20,642
Bonds and other fixed-income securities[1]	–	–	7,537	9,746	8,869	9,757	–	–	405	484	302	344	295	311	17,408	20,642
Available for sale	–	–	5,095	4,805	6,789	6,321	–	–	735	715	383	278	359	283	13,361	12,402
Bonds and other fixed-income securities	–	–	4,778	4,619	6,789	6,321	–	–	735	715	383	278	350	262	13,035	12,195
Investment fund shares	–	–	261	179	–	–	–	–	–	–	–	–	–	–	261	179
Equity investments	–	–	56	1	–	–	–	–	0	–	–	–	4	21	60	22
Investments in unconsolidated subsidiaries	–	–	0	6	–	–	–	–	0	–	–	–	5	–	5	6
Subtotal[2]	**79,721**	**81,008**	**29,348**	**34,892**	**20,710**	**19,774**	**6,816**	**6,764**	**4,433**	**4,819**	**2,968**	**2,600**	**1,771**	**1,577**	**145,767**	**151,434**
Contingent liabilities from guarantees[3]	**26**	**25**	**6**	**13**	**–**	**–**	**7**	**11**	**227**	**209**	**102**	**83**	**58**	**65**	**426**	**406**
Revocable and irrevocable loan commitments[3]	**17,059**	**16,550**	**64**	**53**	**29**	**1**	**140**	**123**	**1,345**	**1,355**	**696**	**705**	**367**	**296**	**19,700**	**19,083**
Revocable loan commitments[1]	12,611	13,129	32	37	–	–	—	–	671	575	415	318	164	148	13,893	14,207
Irrevocable loan commitments[1]	4,448	3,421	32	16	29	1	140	123	674	780	281	387	203	148	5,807	4,876
Total[2]	**96,806**	**97,583**	**29,418**	**34,958**	**20,739**	**19,775**	**6,963**	**6,898**	**6,005**	**6,383**	**3,766**	**3,388**	**2,196**	**1,938**	**165,893**	**170,923**

[1] Prior-year figures adjusted/supplemented due to new breakdown of classes

[2] 2014 figure adjusted (see Note 6 to the Consolidated Financial Statements "Adjustments of prior-year figures")

[3] Disclosure excluding allowance for losses on loans and advances; prior-year figure for contingent liabilities increased by €12 million and that for irrevocable loan commitments by €29 million.

Overall, the sector distribution of the instruments subject to credit risk, measured in terms of volume, displays a balanced structure except for the concentrations with respect to banks and countries. The Group’s loan portfolio consists mainly of loans to retail customers with a focus on domestic private mortgage lending. It also includes loan exposures in the Corporate Banking division, predominantly in the German business customers segment and in domestic and international commercial real estate finance. The holdings of investment securities consist for the most part of a portfolio of mainly German and European government bonds as well as bonds issued by banks (including covered bonds and *Pfandbriefe*), insurers, and other financial services providers.

A target portfolio that has been aligned in terms of diversification has been defined as part of the credit risk strategy to manage investments in the non-retail area.

Regional distribution of the loan portfolio

Postbank has established country-specific limits for credit allocation in order to manage country risk. The country limits are largely determined by internal and external ratings, and by the economic strength of the particular country as measured by its gross domestic product. A Group-wide database keeps track of the limits established for each country and their current utilization, as well as the economic data used in allocating countries to risk categories. Postbank also uses an early warning system to monitor country limits.

The regional distribution of the credit volume reveals a concentration on the domestic German market in line with Postbank’s strategy, as well as selected exposures in Western Europe.

Risk concentrations by geographic region

Risk-bearing financial instruments	Germany		Western Europe		Other regions		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trading assets	**439**	**478**	**206**	**219**	**2**	**–**	**647**	**697**
Held for trading	439	478	206	219	2	–	647	697
Derivatives[1]	348	339	206	219	2	–	556	558
Loans[1]	91	139	–	–	–	–	91	139
Hedging derivatives	**5**	**54**	**51**	**43**	**22**	**22**	**78**	**119**
Loans and advances to other banks[2]	**6,104**	**11,103**	**9,751**	**8,486**	**21**	**13**	**15,876**	**19,602**
Loans and receivables[2]	6,104	11,103	9,751	8,486	21	13	15,876	19,602
Securities repurchase agreements	4,122	8,729	9,022	7,644	–	–	13,144	16,373
Overnight money	288	303	528	576	21	12	837	891
Loans	66	176	2	208	–	–	68	384
Registered bonds	227	228	198	–	–	–	425	228
Term deposits	1,100	1,101	–	–	–	–	1,100	1,101
Other loans and advances[2]	301	566	1	58	0	1	302	625
Loans and advances to customers	**91,085**	**89,911**	**6,603**	**7,389**	**709**	**672**	**98,397**	**97,972**
Loans and receivables	86,690	84,994	6,592	7,376	706	670	93,988	93,040
Private mortgage lending	60,435	60,435	3,418	3,828	50	54	63,903	64,317
Home savings loans	3,119	3,542	19	20	2	2	3,140	3,564
Commercial loans[1]	8,595	8,072	2,933	3,265	647	608	12,175	11,945
Public-sector receivables[1]	4,613	3,091	8	41	–	–	4,621	3,132
Installment loans	6,429	6,077	19	17	5	4	6,453	6,098
Overdraft facilities[1]	2,167	2,327	7	9	2	2	2,176	2,338
Promissory note loans[1]	1,303	1,348	182	188	–	–	1,485	1,536
Other loans and advances[1]	29	102	6	8	–	–	35	110
Fair value option	4,395	4,917	11	13	3	2	4,409	4,932
Private mortgage lending	4,395	4,917	11	13	3	2	4,409	4,932
Investment securities	**11,542**	**12,794**	**18,737**	**19,365**	**490**	**885**	**30,769**	**33,044**
Loans and receivables	6,835	8,176	10,247	11,965	326	501	17,408	20,642
Bonds and other fixed-income securities[1]	6,835	8,176	10,247	11,965	326	501	17,408	20,642
Available for sale	4,707	4,618	8,490	7,400	164	384	13,361	12,402
Bonds and other fixed-income securities	4,383	4,416	8,488	7,395	164	384	13,035	12,195
Investment fund shares	261	179	–	–	–	–	261	179
Equity investments	59	22	1	–	–	–	60	22
Investments in unconsolidated subsidiaries	4	1	1	5	–	–	5	6
Subtotal[2]	**109,175**	**114,340**	**35,348**	**35,502**	**1,244**	**1,592**	**145,767**	**151,434**
Contingent liabilities from guarantees[3]	**375**	**363**	**51**	**43**	**–**	**–**	**426**	**406**
Revocable and irrevocable loan commitments[3]	**19,429**	**18,884**	**254**	**186**	**17**	**13**	**19,700**	**19,083**
Revocable loan commitments[1]	13,814	14,132	67	64	12	11	13,893	14,207
Irrevocable loan commitments[1]	5,615	4,752	187	122	5	2	5,807	4,876
Total[2]	**128,979**	**133,587**	**35,653**	**35,731**	**1,261**	**1,605**	**165,893**	**170,923**

[1] Prior-year figures adjusted/supplemented due to new breakdown of classes

[2] 2014 figure adjusted (see Note 6 to the Consolidated Financial Statements "Adjustments of prior-year figures")

[3] Disclosure excluding allowance for losses on loans and advances; prior-year figure for contingent liabilities increased by €12 million and that for irrevocable loan commitments by €29 million.

The following table “Exposures to debtors in selected countries” comprises exposures to debtors in the “GIIPS” countries (Greece, Ireland, Italy, Portugal, Spain). The amounts disclosed are the IFRS carrying amounts.

Exposures to debtors in selected countries[1]

	Countries		Banks/insurers/ financial services		Retail		Corporates[2]		Other[3]		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Greece	0.0	0.0	0.0	0.0	1.5	1.0	0.0	4.8	0.0	0.0	1.5	5.8
Ireland	362.1	372.0	47.2	211.5	2.6	2.9	47.7	37.2	27.6	74.3	487.2	697.9
Italy	3,268.6	3,404.8	840.7	814.6	2,087.1	2,461.3	371.8	383.7	0.0	0.0	6,568.2	7,064.4
Portugal	60.0	61.3	93.6	220.6	5.1	3.0	0.9	3.6	0.0	0.0	159.6	288.5
Spain	64.1	431.7	604.3	1,317.9	34.3	27.2	127.4	81.6	0.0	0.0	830.1	1,858.4
Total	**3,754.8**	**4,269.8**	**1,585.8**	**2,564.6**	**2,130.6**	**2,495.4**	**547.8**	**510.9**	**27.6**	**74.3**	**8,046.6**	**9,915.0**

[1] Based on IFRS carrying amounts. For holdings categorized as available for sale this is the fair value.

[2] Including commercial real estate

[3] Including investor securitization positions

In addition to the exposures shown in the table above, Postbank had accepted securities amounting to a total of €6.0 billion as of December 31, 2015, as collateral in securities repurchase transactions entered into with Deutsche Bank branches in Spain and Italy.

As was also the case at the prior year-end, Postbank did not hold any credit default swaps with sovereign borrowers in its portfolio as of the reporting date.

Rating structure of the loan portfolio

The following table shows the credit quality of the risk-bearing financial instruments for Postbank’s non-retail business that were neither past due nor individually impaired as of the December 31, 2015, reporting date (with the exception of “contingent liabilities” and “other liabilities”).

In principle, Postbank uses the same rating for risk management as for capital requirements; this is normally the issuer rating rather than the rating given to a specific issue. Postbank has a large portfolio of *Pfandbriefe* and similarly collateralized issues that are relatively low-risk in nature. For this reason, the issue ratings are shown in the following table. The distribution of ratings in the Group loan portfolio reflects Postbank’s conservative approach. The good rating categories predominate: 94 % of the rated portfolio is classified as investment grade (rating of “BBB” or better).

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

Risk-bearing financial instruments	AAA		AA		A		BBB		< BBB		Not rated		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trading assets	**–**	**1**	**37**	**45**	**297**	**238**	**74**	**88**	**108**	**89**	**40**	**97**	**556**	**558**
Held for trading	–	1	37	45	297	238	74	88	108	89	40	97	556	558
Derivatives[1]	–	1	37	45	297	238	74	88	108	89	40	97	556	558
Hedging derivatives	**–**	**–**	**–**	**–**	**78**	**118**	**–**	**1**	**–**	**–**	**–**	**–**	**78**	**119**
Held for trading	–	–	–	–	78	118	–	1	–	–	–	–	78	119
Loans and advances to other banks[2]	**121**	**102**	**350**	**216**	**15,112**	**18,963**	**157**	**217**	**59**	**36**	**77**	**68**	**15,876**	**19,602**
Loans and receivables[2]	121	102	350	216	15,112	18,963	157	217	59	36	77	68	15,876	19,602
Securities repurchase agreements	–	–	300	–	12,778	16,373	66	–	–	–	–	–	13,144	16,373
Overnight money	–	3	43	167	730	688	12	33	18	–	34	–	837	891
Loans	19	96	–	–	4	194	–	–	2	31	43	63	68	384
Registered bonds	97	–	–	–	250	63	78	165	–	–	–	–	425	228
Term deposits	3	–	–	–	1,097	1,101	–	–	–	–	–	–	1,100	1,101
Other loans and advances[2]	2	3	7	49	253	544	1	19	39	5	–	5	302	625
Available for sale	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances to customers	**5,232**	**3,273**	**2,665**	**2,612**	**1,625**	**1,820**	**4,883**	**4,363**	**3,226**	**3,633**	**707**	**838**	**18,338**	**16,539**
Loans and receivables	5,232	3,273	2,665	2,612	1,625	1,820	4,883	4,363	3,226	3,633	704	838	18,335	16,539
Private mortgage lending	13	16	13	10	20	25	32	33	8	40	19	22	105	146
Home savings loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Commercial loans[1]	1,848	1,450	967	932	1,451	1,670	3,648	3,402	2,646	3,005	543	457	11,103	10,916
Public-sector receivables[1]	3,371	1,807	1,176	1,013	–	–	–	–	2	33	72	280	4,621	3,133
Installment loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Overdraft facilities[1]	–	–	–	1	58	55	511	315	385	361	35	66	989	798
Promissory note loans[1]	–	–	509	656	96	70	692	613	185	194	–	–	1,482	1,533
Other loans and advances[1]	–	–	–	–	–	–	–	–	–	–	35	13	35	13
Fair value option	–	–	–	–	–	–	–	–	–	–	3	–	3	–
Private mortgage lending	–	–	–	–	–	–	–	–	–	–	3	–	3	–
Investment securities[1, 3]	**12,100**	**12,841**	**8,691**	**8,585**	**7,650**	**8,841**	**1,828**	**2,191**	**365**	**554**	**128**	**18**	**30,762**	**33,030**
Loans and receivables	5,659	6,235	4,735	5,320	5,851	7,215	870	1,373	286	481	–	4	17,401	20,628
Bonds and other fixed-income securities[1]	5,659	6,235	4,735	5,320	5,851	7,215	870	1,373	286	481	–	4	17,401	20,628
Available for sale[1, 3]	6,441	6,606	3,956	3,265	1,799	1,626	958	818	79	73	128	14	13,361	12,402
Bonds and other fixed-income securities[1, 3]	6,441	6,606	3,955	3,259	1,602	1,447	958	818	79	65	–	–	13,035	12,195
Investment fund shares	–	–	–	–	197	179	–	–	–	–	64	–	261	179
Equity investments	–	–	1	–	–	–	–	–	–	8	59	14	60	22
Investments in unconsolidated subsidiaries	–	–	–	6	–	–	–	–	–	–	5	–	5	6
Total[2, 3]	**17,453**	**16,217**	**11,743**	**11,458**	**24,762**	**29,980**	**6,942**	**6,860**	**3,758**	**4,312**	**952**	**1,021**	**65,610**	**69,848**

[1] Prior-year figures adjusted/supplemented due to new breakdown of classes

[2] 2014 figure adjusted (see Note 6 to the Consolidated Financial Statements “Adjustments of prior-year figures”)

[3] 2014 rating distribution of available-for-sale investment securities corrected (shifting between AAA and AA)

Similarly, the following table shows the credit quality of the risk-bearing financial instruments for Postbank's retail business that were neither past due nor individually impaired as of the December 31, 2015, reporting date (with the exception of "contingent liabilities" and "other liabilities"). Postbank's retail business continued to exhibit a stable rating performance.

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

Risk-bearing financial instruments	AAA		AA		A		BBB		< BBB		Basel II pool rating/ not rated		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trading assets	**–**	**–**	**0**	**2**	**8**	**14**	**42**	**70**	**41**	**53**	**–**	**–**	**91**	**139**
Held for trading	–	–	0	2	8	14	42	70	41	53	–	–	91	139
Loans[1]	–	–	0	2	8	14	42	70	41	53	–	–	91	139
Loans and advances to customers	**2**	**5**	**468**	**739**	**3,782**	**5,568**	**29,964**	**30,897**	**41,209**	**38,684**	**2,461**	**2,693**	**77,886**	**78,586**
Loans and receivables	2	5	453	711	3,478	5,142	27,779	28,310	39,334	36,843	2,461	2,677	73,507	73,688
Private mortgage lending	0	3	115	401	2,804	4,313	25,027	25,711	32,873	30,566	1,936	1,895	62,755	62,889
Home savings loans	0	–	52	98	538	736	1,653	1,750	745	720	20	111	3,008	3,415
Commercial loans[1]	2	2	277	206	31	19	291	85	146	47	28	261	775	620
Public-sector receivables[1]	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Installment loans	0	–	6	1	60	31	570	502	4,964	4,791	407	190	6,007	5,515
Overdraft facilities[1]	0	–	3	5	45	43	238	262	606	719	70	123	962	1,152
Promissory note loans[1]	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other loans and advances[1]	–	–	–	–	–	–	–	–	–	–	–	97	–	97
Fair value option	–	–	15	28	304	426	2,185	2,587	1,875	1,841	0	16	4,379	4,898
Private mortgage lending	–	–	15	28	304	426	2,185	2,587	1,875	1,841	0	16	4,379	4,898
Total	**2**	**5**	**468**	**741**	**3,790**	**5,582**	**30,006**	**30,967**	**41,250**	**38,737**	**2,461**	**2,693**	**77,977**	**78,725**

[1] Prior-year figures adjusted/supplemented due to new breakdown of classes

The following table shows the disbursed credit exposures for the private mortgage lending portfolio, grouped by loan-to-value (LtV) class.

LtV is calculated as a ratio between the disbursed credit exposure per borrower and the property value of the underlying real estate collateral. The valuation of the respective real estate collateral is based on the current property value, which is determined by a reappraisal of the original market value on the current reporting date.

Disbursed credit exposures relating to loans and advances in the private mortgage lending portfolio are included into the calculation of loan to value if there is real estate collateralization. Disbursed credit exposures that are backed by home savings deposits (6.4 % of the portfolio) or secured by substitute collateral or negative pledge agreements (4.2 % of the portfolio) are not included in the LtV calculation.

Private mortgage lending, grouped by loan-to-value class

Loan-to-value class	Dec. 31, 2015 in %
< = 50 %	30.8
> 50 %, <= 70 %	28.4
> 70 %, <= 90 %	25.2
> 90 %, <= 100 %	9.3
> 100 %, <= 110 %	4.8
> 110 %, <= 130 %	1.3
> 130 %	0.2
Total	**100.0**

As of December 31, 2015, 59.2 % of the private mortgage lending portfolio had a loan-to-value ratio of less than or equal to 70 %.

6.3 % of total exposures are represented in the LtV classes of greater than 100 %. These are exposures that are backed by real estate collateral and, in addition, regularly secured by highly liquid additional collateral.

Loans past due but not impaired

The following table shows those risk-bearing financial instruments that were past due but not impaired as of December 31, 2015:

Time bands for financial instruments past due but not impaired

Risk-bearing financial instruments and collateral	Financial instruments past due but not impaired										Fair value of the collateral for financial instruments past due but not impaired	
	Past due ≤ 3 months		Past due > 3 months, ≤ 6 months		Past due > 6 months, ≤ 1 year		Past due > 1 year		Total			
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Loans and advances to customers[2]	**248**	**239**	**31**	**22**	**55**	**49**	**129**	**202**	**463**	**512**	**361**	**437**
Loans and receivables[2]	247	238	31	21	51	44	122	195	451	498	351	426
Private mortgage lending	182	217	26	12	36	40	111	182	355	451	329	389
Home savings loans	4	4	3	2	4	4	8	11	19	21	17	20
Commercial loans[1, 2]	7	6	–	–	11	–	0	1	18	7	5	8
Public-sector receivables[1]	0	–	–	–	–	–	–	–	0	–	–	–
Installment loans	3	2	0	–	0	–	0	–	3	2	–	–
Overdraft facilities[1]	51	9	2	7	0	–	3	1	56	17	–	–
Other loans and advances[1]	–	–	–	–	–	–	–	–	–	–	0	9
Fair value option	1	1	0	1	4	5	7	7	12	14	10	11
Private mortgage lending	1	1	0	1	4	5	7	7	12	14	10	11
Total	**248**	**239**	**31**	**22**	**55**	**49**	**129**	**202**	**463**	**512**	**361**	**437**

[1] Prior-year figures adjusted/supplemented due to new breakdown of classes

[2] 2014 collateral values increased by €4 million

Impaired loans

The following table shows all impaired financial assets as of December 31, 2015, and December 31, 2014, broken down into individually impaired loans and advances to other banks, loans and advances to customers, and investment securities for which impairment losses have been recognized. The carrying amount after recognition of impairment losses is shown in the table as the difference between the carrying amount before impairment and the amount of the impairment loss.

Impaired financial instruments

Impaired risk-bearing financial instruments and collateral	Carrying amount before impairment		Amount of impairment loss[2]		Carrying amount after impairment		Fair value of collateral for impaired instruments	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Loans and advances to customers[2]	**1,710**	**2,335**	**725**	**1,208**	**985**	**1,127**	**796**	**1,060**
Loans and receivables[2]	1,695	2,315	725	1,208	970	1,107	782	1,039
Private mortgage lending	688	831	263	320	425	511	569	787
Home savings loans	113	128	3	4	110	124	104	118
Commercial loans[1, 2]	279	401	144	184	135	217	109	133
Installment loans	443	581	193	377	250	204	–	–
Overdraft facilities[1]	169	371	122	323	47	48	–	–
Promissory note loans[1]	3	3	–	–	3	3	–	1
Other loans and advances[1]	–	–	–	–	–	–	–	–
Fair value option	15	20	–	–	15	20	14	21
Private mortgage lending	15	20	–	–	15	20	14	21
Investment securities	**69**	**71**	**62**	**57**	**7**	**14**	**–**	**–**
Loans and receivables[2]	69	71	62	57	7	14	–	–
Bonds and other fixed-income securities	69	71	62	57	7	14	–	–
Total	**1,779**	**2,406**	**787**	**1,265**	**992**	**1,141**	**796**	**1,060**

[1] Prior-year figures adjusted/supplemented due to new breakdown of classes

[2] 2014 collateral values reduced by €1 million

Overall, the decline in impaired financial instruments in the period under review is due to a reduction in the case of commercial loans in particular.

Forborne and non-performing exposures

The following table shows the performing and non-performing loans within the "Loans and advances to customers" balance sheet item, broken down by forborne and non-forborne exposures.

Forborne and non-performing exposures to customers[1]

Financial instruments within the "Loans and advances to customers" balance sheet item	Performing loans		Non-performing loans						Total	
	Not impaired		Impaired		Not impaired		Total			
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Forborne[2]	**323**	**402**	**395**	**570**	**94**	**76**	**489**	**646**	**812**	**1,048**
Loans and receivables	320	401	395	570	94	75	489	645	809	1,046
Private mortgage lending	54	60	20	34	50	41	70	75	124	135
Home savings loans	0	0	0	0	0	0	0	0	0	0
Commercial loans	35	105	203	248	3	0	206	248	241	353
Public-sector receivables	0	0	0	0	0	0	0	0	0	0
Installment loans	185	184	111	184	38	28	149	212	334	396
Overdraft facilities	46	52	58	101	3	6	61	107	107	159
Promissory note loans	0	0	3	3	0	0	3	3	3	3
Other loans and advances	0	0	0	0	0	0	0	0	0	0
Fair value option	3	1	0	0	0	1	0	1	3	2
Private mortgage lending	3	1	0	0	0	1	0	1	3	2
Non-forborne	**95,442**	**94,324**	**1,315**	**1,765**	**821**	**835**	**2,136**	**2,600**	**97,578**	**96,924**
Loans and receivables	91,125	89,490	1,300	1,745	747	759	2,047	2,504	93,172	91,994
Private mortgage lending	62,534	62,807	668	797	570	578	1,238	1,375	63,772	64,182
Home savings loans	2,939	3,339	113	128	88	97	201	225	3,140	3,564
Commercial loans	11,775	11,380	76	153	70	58	146	211	11,921	11,591
Public-sector receivables	4,587	3,132	0	0	0	0	0	0	4,587	3,132
Installment loans	5,789	5,294	332	397	11	11	343	408	6,132	5,702
Overdraft facilities	1,950	1,895	111	270	8	15	119	285	2,069	2,180
Promissory note loans	1,482	1,533	0	0	0	0	0	0	1,482	1,533
Other loans and advances	69	110	0	0	0	0	0	0	69	110
Fair value option	4,317	4,834	15	20	74	76	89	96	4,406	4,930
Private mortgage lending	4,317	4,834	15	20	74	76	89	96	4,406	4,930
Total	**95,765**	**94,726**	**1,710**	**2,335**	**915**	**911**	**2,625**	**3,246**	**98,390**	**97,972**

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[1] Table mirrored against the prior-year presentation and broken down by classes

[2] Prior-year figures relating to forborne exposures adjusted, for further details see page 89

In the year under review, Postbank adjusted its processes for identifying forborne assets in the system. The retrospective application of these processes as of December 31, 2014, resulted in an increase in the forborne exposure of €402 million compared with the figure disclosed in the 2014 consolidated financial statements.

Forborne exposures within the "Loans and advances to customers" balance sheet item totaled €812 million as of December 31, 2015 (previous year-end: €1,048 million), the main reason for the decline being disposals of commercial loans and of retail portfolios. Non-performing exposures amounted to €2,625 million as of the reporting date (previous year-end: €3,246 million). The decline was primarily related to private mortgage lending, commercial loans, installment loans and overdraft facilities.

In addition to the exposures presented in the table above, as of December 31, 2015, Postbank recorded a non-performing exposure for trading assets in the amount of €3 million, and one of €21 million for investment securities (€7 million of which were forborne exposures).

Securitization positions

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

The PB Domicilio 2007-1 synthetic securitization transaction conducted by BHW Bausparkasse AG with a volume of €379 million (regulatory basis of assessment) involving the securitization of residential mortgage loans relating to Italy not only reduced regulatory capital requirements but also lowered risk concentrations. As of the reporting date, Postbank had not conducted any securitization transactions relating to revolving counterparty credit risk.

As the following originator securitization transactions have been terminated and are now in deferred redemption, they are disregarded for regulatory purposes. The following amounts were outstanding as of the reporting date (class principal amount after distribution):

Provide Blue 2005-1	€11.1 million	(BHW Bausparkasse AG)
Provide Blue 2005-2	€32.5 million	(BHW Bausparkasse AG)
PB Domicile 2006-1	€21.2 million	(Deutsche Postbank AG)

Postbank invested in structured credit products (SCPs) in connection with intragroup and own issues. The portfolio is valued periodically using arranger quotes or an internal valuation model.

The composition of the portfolio has not changed since the end of 2013; it consists of redeemed residential mortgage-backed securities (RMBSs) and impaired holdings. The portfolio had a carrying amount of €28 million as of December 31, 2015 (December 31, 2014: €73 million), having fallen due to repayments. Please see Note 4h of the Notes to the 2015 Consolidated Financial Statements for further details on measurement.

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Environmental risk

Postbank also takes into account environmental risk when making credit decisions. Postbank and its employees are aware of their social responsibility both in their lending policy and in individual credit decisions.

Identifying and quantifying environmental risk forms part of Postbank's standard risk assessment and management procedures in its domestic and foreign business. With regard to its customers, Postbank believes that fulfilling current environmental standards and acting responsibly toward the environment are key factors for assessing corporate governance.

As a result, Postbank meets the requirements for sustainable and future-oriented management and complies with international guidelines such as the UN Global Compact.

Monitoring and managing liquidity risk

As a matter of principle, monitoring and management of liquidity risk is performed centrally in the CRO board department. The primary goal of liquidity risk management is to ensure Postbank's solvency at all times, including in certain stress situations. Operational management of liquidity risk and of the necessary liquidity buffer takes place centrally in the Corporates and Markets board department of Deutsche Postbank AG. BHW Bausparkasse AG manages its risks independently but is subject to Group-wide risk monitoring on the basis of uniform procedures and processes. Deutsche Postbank AG serves as the lender of last resort in the case of local liquidity squeezes. In the event of a liquidity shock at the level of the Postbank Group, the Liquidity Crisis Committee has clear responsibility and authority over all portfolio managers at Postbank as well as at its subsidiaries and its foreign branches.

Postbank has laid down the principles for handling liquidity risk, among other things, in its overarching risk strategy.

Concentration risk during refinancing is taken into account implicitly in the stress tests. We do not see any key concentration risks in respect of individual creditors from a liquidity perspective due to the Bank's business strategy. In the case of unexpected cash outflows, cash holdings, central bank balances, and an extensive portfolio of unencumbered, highly liquid, central bank-eligible securities can be used to obtain liquidity rapidly, including on (private) repo markets. To further diversify its refinancing activities, Postbank has a *Pfandbrief* license allowing it to issue public-sector *Pfandbriefe* and mortgage *Pfandbriefe*. While there are still no plans to issue public-sector *Pfandbriefe* under Register E, mortgage *Pfandbriefe* may be issued under Register D in the future as a potential long-term refinancing instrument.

The management process is based on a number of pillars. The Liquidity Risk Management unit determines Postbank's liquidity status under both normal and stress conditions on each business day using funding matrices and cash flow forecasts. This is used as the basis for operational management. Furthermore, risk management is based on regular Group-wide liquidity and issue planning and on a series of more far-reaching analyses and forecasts.

Risk management activities focus above all on ensuring solvency at all times, including in extreme stress situations. The scenarios cover both institution-specific and general market issues and, in the MaRisk scenario, the combination of the two. This permits changes in a variety of market factors, panic reactions by customers, and structural changes in funding resources (e.g., due to a decline in market liquidity) to be reflected. The MaRisk scenario simulates severe outflows of savings, demand and corporate customer deposits, restricted access to the uncollateralized money market, and increased haircuts on central bank-eligible securities. A requirement for all stress scenarios was to maintain customer loans at existing levels at least, even in times of stress.

Due to its strategic focus as a retail bank, Postbank enjoys a broad and stable refinancing base from its customer business and is therefore largely independent of the money and capital markets.

Due to the lack of binding weighting factors to determine the net stable funding ratio (NSFR), based on the CRR reporting data for Postbank as of December 31, 2015, a simulation of the main drivers was carried out with weighting factors oriented on the Quantitative Impact Study (QIS) of the Basel Committee on Banking Supervision, establishing a NSFR of 109 %. Postbank itself is not involved in the Basel Committee's QIS. The relevant Postbank data are recorded by Deutsche Bank at Group level.

The following table shows the financial liabilities as of December 31, 2015, and December 31, 2014, broken down into residual maturity bands:

Liabilities by residual maturity

Liabilities	Payable on demand		≤ 3 months		> 3 months and ≤ 1 year		> 1 year and ≤ 5 years		> 5 years		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Non-derivative liabilities[1, 2]	**61,730**	**57,597**	**48,508**	**53,916**	**20,804**	**22,267**	**15,885**	**15,555**	**17,317**	**19,826**	**164,244**	**169,161**
Deposits from other banks[1]	64	51	5,574	7,677	661	963	5,453	5,366	4,898	5,055	16,650	19,112
Due to customers[1]	41,540	38,032	42,372	45,585	19,192	19,860	7,796	7,727	7,168	8,393	118,068	119,597
Debt securities in issue[1]	–	–	82	114	121	1,106	1,711	772	2,181	3,343	4,095	5,335
Subordinated debt[1]	–	–	14	14	830	338	925	1,690	3,070	3,035	4,839	5,077
Other liabilities[1]	–	–	466	526	–	–	–	–	–	–	466	526
Contingent liabilities from guarantees[2, 3]	426	406	–	–	–	–	–	–	–	–	426	406
Revocable and irrevocable loan commitments [2, 3]	19,700	19,108	–	–	–	–	–	–	–	–	19,700	19,108
Revocable loan commitments [3]	13,893	14,232	–	–	–	–	–	–	–	–	13,893	14,232
Irrevocable loan commitments [2, 3]	5,807	4,876	–	–	–	–	–	–	–	–	5,807	4,876
Derivative liabilities	**–**	**–**	**131**	**136**	**82**	**115**	**310**	**378**	**349**	**436**	**872**	**1,065**
Hedging derivatives	–	–	46	53	18	12	75	155	69	78	208	298
Trading liabilities	–	–	85	83	64	103	235	223	280	358	664	767
Total[1, 2]	**61,730**	**57,597**	**48,639**	**54,052**	**20,886**	**22,382**	**16,195**	**15,933**	**17,666**	**20,262**	**165,116**	**170,226**

[1] Prior-year figures supplemented by €7.7 billion due to interest cash flows

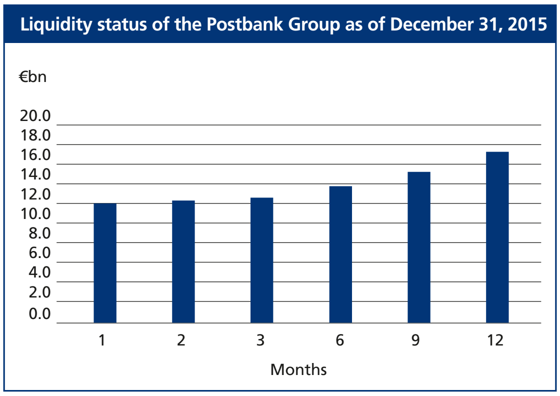
[2] Disclosure excluding allowance for losses on loans and advances; prior-year figure for contingent liabilities increased by €12 million and that for irrevocable loan commitments by €29 million.

[3] Prior-year figures adjusted/supplemented due to new breakdown of classes

The contractual cash flows from on- and off-balance sheet liabilities have been assigned to the respective categories. In conformity with the requirements, the contractual cash flows of the financial liabilities are presented in accordance with the worst-case scenario, meaning that if the financial liabilities involve options or termination rights that could affect their maturity date, the most unfavorable case from a liquidity perspective is assumed. This is particularly relevant for demand deposits and savings deposits that are held at call or that have a short maturity of usually three months but that are available to the Bank for a significantly longer period of time, statistically speaking.

In contrast to the presentation of the contractual cash flows of the financial liabilities, the following overview of Postbank's liquidity status as of December 31, 2015, presents the expected cash inflows/outflows for the coming twelve months on a cumulative basis, in accordance with the principles of internal liquidity management:

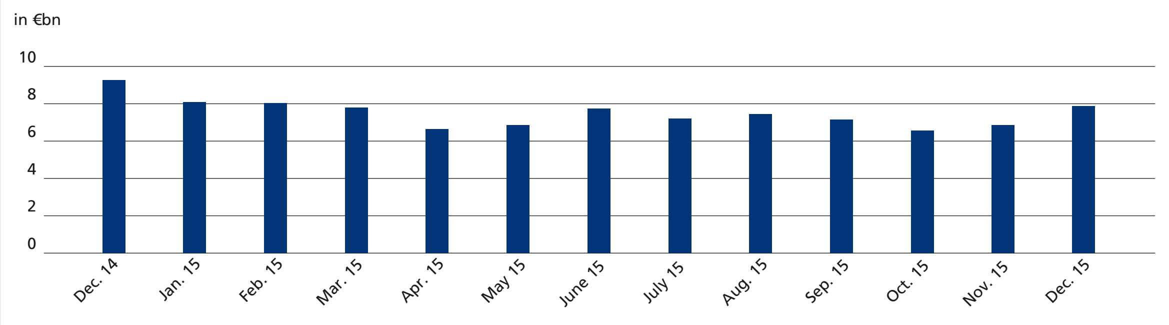
Liquidity status of the Postbank Group as of December 31, 2015



The expected values for cash outflows from liabilities with no fixed capital commitment period, such as savings and checking account deposits, the probability that irrevocable loan commitments will be utilized, and the quality of the fungible assets available for ensuring liquidity are based in part on observed historical data and in part on estimates that are validated regularly. These show that Postbank has significant liquidity surpluses across all maturity bands, which serve as liquidity buffers for stress situations and hence underscore its adequate cash position.

The results of the stress tests in 2015 also confirm Postbank's solid liquidity position. Even after the combined stress effects in the MaRisk scenario were taken into account, comfortable surpluses existed in the net liquidity position at all times, both during and beyond the survival period. The surplus liquidity in the MaRisk scenario, which already includes the Bank's risk appetite, bears testimony to the comfortable liquidity position. The following graphic shows the lowest levels of surplus liquidity for each month of the year under review. In 2015, surplus liquidity was always above the €6.5 billion mark.

Surplus liquidity of the Postbank Group in 2015



Postbank is integrated with Deutsche Bank's liquidity risk management process.

Monitoring and managing operational risk

The economic capital requirements for operational risk for the Bank as a whole and for the individual business divisions are determined using the internal capital model. Postbank's EC capital model is based on a loss distribution approach (LDA) that initially uses internal and external loss events, supplemented by scenario data, in its calculations. A scorecard is used to assess the quality of operational risk management in the business divisions so as to enable qualitative adjustments to be made to the capital amounts calculated for them using Monte Carlo simulations; this also represents a material incentive to improve operational risk management.

The VaR limit for operational risk at overall bank level amounted to €700 million as of the 2015 closing date. In the case of limit exceedances, the limit for operational risk is increased (including during the course of the year) at the expense of other risk types or of the unallocated risk cover amount. Postbank's business divisions have been allocated specific risk capital amounts, utilization of which is also monitored each quarter.

In addition to the regular calculation of the operational risk indicators, quarterly stress tests are performed. Their results are used to analyze how the risk indicators behave under extreme conditions. For example, the effects of a general increase in loss frequencies or an additional, "artificial" major loss are examined.

Apart from the quantification model, Postbank uses the following qualitative instruments in particular throughout the Group:

- Structured capture of internal losses of €1,000 or more (fraud cases starting at €0)
- Definition of risk indicators as an early warning instrument
- Half-yearly self-assessment to evaluate the internal control framework
- Definition of scenarios for evaluating specific risk situations
- IT-based central activity tracking system to reduce operational risk.

A two-tier organizational structure with decentralized operational risk managers has been created for each business division and subsidiary to ensure the management of operational risk at an operational level. Operational Risk Control is responsible for central coordination and reporting in the CRO board department.

At €124 million, operational risk losses fell substantially year-on-year (2014: €192 million). The high figure of the previous year was mainly the result of reimbursements of consumer loan processing fees following the relevant rulings by Germany's Federal Court of Justice. Customer claims on a comparable level did not materialize in the year under review. 2015 was also characterized by a decline in litigation and complaints about investment advice, and in the number of cases of external fraud. By contrast, the number of complaints associated with the provision of information on rights of withdrawal in private mortgage lending rose.

The focus in the fight against fraud remains on using the FRAUD committee to communicate all material cases of fraud promptly throughout the Bank, as well as on raising the awareness of the employees involved in the relevant processes in order to ensure the systematic and widespread early identification of cases of fraud. Various technical and organizational measures saw losses decline again year-on-year in 2015.

As part of the identification and management of legal risk, the Legal Affairs department regularly reports to the Management Board and prepares analyses to ensure that the business divisions have access to differentiated estimates for decision-making purposes. The Legal Affairs department uses various individual measures to identify legal risk. It helps to measure Postbank's risk tolerance with respect to legal risk and participates in the Deutsche Bank Group's Annual Legal Risk Assessment Program. The necessary steps to address or mitigate potential legal risks arising from the Bank's business activities are agreed by the Legal Affairs department in consultation with the corporate divisions.

Legal risks are also identified within Operational Risk Control using various procedures in the established structure with decentralized operational risk managers. Risks are identified and measured both systematically and comprehensively using scenario analyses and self-assessments, as well as on an as-needed basis when introducing new products and assessing asset outplacement projects.

The following table shows the operational value at risk (OpVaR) after adjustment at the level of the Bank as a whole and of the individual divisions, for a confidence level of 99.93 %:

Business division	Operational value at risk (OpVaR)	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Retail Banking	308	269
Corporate Banking	36	38
Financial Markets	110	94
Postbank total	**454**	**401**

Postbank's strategic focus on retail banking can clearly be seen from the operational value at risk figures for the individual divisions. The Retail Banking business division had by far the highest capital requirements, at €308 million (December 31, 2014: €269 million). The portfolios of the Non-Core Operating Unit (NCOU), which are relevant for operational risk capital modeling and which are allocated in full to Retail Banking, account for €123 million.

Postbank performs business continuity management (BCM), which comprises both preventive and reactive measures along its value chain. The objective is to develop and then implement BCM planning (also known as emergency planning) to guarantee the continuity, regularity, and robustness of the Bank's business operations in exceptional situations such as emergencies. Regular BCM risk identification and assessment exercises (RIAs) and business impact analyses (BIAs), which focus on the Bank's main tasks and business processes, are used as the basis for planning. The proper functioning of the emergency planning is reviewed, monitored, and documented on an ongoing basis.

Monitoring and managing business risk

Business risk covers savings and checking account risk, collective risk, reputational risk, and residual business risk. These risks are managed by the system of decision-making bodies at Postbank.

Managing savings and checking account risk

Theoretical scenarios are defined for customer transactions with non-deterministic interest rates and capital commitment periods (primarily savings and checking account deposits) in order to permit interest rate risk to be managed. These scenarios appropriately reflect the repricing and capital commitment behavior associated with these customer products. Over time, unexpected volume and margin fluctuations can occur as a result of unexpected customer behavior or changes in the Bank's own interest rate adjustment policy (or as a result of a lack of opportunities for interest rate adjustments in marginal areas); this could endanger the ability to generate stable net interest income in the long term and hence also impact economic capital.

Limit monitoring and reporting of savings and checking account risk is performed centrally by Market Risk Management within the Risk Management unit.

Managing collective risk

BHW Bausparkasse AG uses a collective simulation model to quantify collective risk. The model captures planned new contracts and expected home savings customer behavior, such as savings habits, terminations, the financing of existing housing stock, home loan maturity dates, and principal repayments. Building on the individual contracts, the simulation model uses a broad range of behavioral parameters to calculate the statistically expected total cash flow and income statement/balance sheet data at the overall collective level on a quarterly basis for use in planning.

The plausibility and prediction quality of the collective simulation model was confirmed by an audit firm in connection with the exercise of the exception in accordance with section 1(4) of the *Bausparkassengesetzverordnung* (BSpkV – Building Societies Regulation). In addition, quality assurance of the model in the form of backtesting and variance analyses is performed annually.

The complex simulation of the home savings business, which uses a large number of different parameters, derives assumptions as to the behavior of home savings customers given different interest rate scenarios from historical data series. There is a risk of incorrect assumptions being made when modeling the parameters for savers' future behavior, which could result in adverse effects on the results of operations and net assets.

The collective simulation incorporates both existing contracts and assumptions as to new business in the coming years. Material effects on the medium-term results of operations would occur if actual new business were to be significantly below the assumptions, as in this case BHW Bausparkasse AG would have access to a reduced volume of low-interest customer funds.

Postbank considers the collective risk arising from its home savings and loan business to be material. A scenario-based model is used to quantify risk capital requirements for collective risk. Reporting and monitoring is performed by the Risk Control unit of BHW Bausparkasse AG which is functionally integrated in Postbank's Risk Management unit.

Reputational risk management

The core element of Postbank's reputational risk management is the prophylactic treatment of issues relevant to reputational risk resulting from certain customer-related transactions, business partners, or business practices. The primary responsibility for the identification, assessment, and escalation of such issues rests with the management of the relevant board departments and subsidiaries. The principle of local management responsibility applies, with the local units being assisted in the performance of their tasks by the central infrastructure units.

The Reputation Committee (RepCo), as Postbank's escalation instance, must be consulted on issues representing a major reputational risk. This committee provides risk management support to the Group Management Board for the monitoring and management of reputational risk. The main management objective is to prevent reputational risk entirely if possible or, failing that, to minimize the effects of any reputational damage that has occurred by reacting with appropriate measures.

Managing residual business risk

The procedures for quantifying business risk have a direct and consistent relationship to the method used to determine the economic capital in Postbank's risk-bearing capacity concept. Residual business risk is calculated on the basis of historical variance analyses for the periods.

It is quantified and monitored partly on the basis of the value at risk concept and partly using scenario analyses, with the methods used being reviewed for accuracy at regular intervals. The BRC formally resolves the relevant limits.

In addition, extraordinary events are analyzed at regular intervals using both historically based and hypothetical scenario analyses and stress tests. Risk Management at Deutsche Postbank AG is responsible for limit monitoring and reporting which must be performed at least quarterly.

Controlling and the business divisions provide an early warning system by gathering and analyzing market and competitor data on an ongoing basis in order to identify potential risks, and by developing appropriate countermeasures.

Internal control and risk management system for the financial reporting process

As required by section 315(2) no. 5 of the *Handelsgesetzbuch* (HGB – German Commercial Code), the following section describes the key features of the internal control and risk management system for the Group financial reporting process. Postbank regards information as being material within the meaning of section 315(2) no. 5 of the HGB if failure to disclose it could influence the economic decisions taken on the basis of the consolidated financial statements and the other components of financial reporting. Materiality cannot always be determined in general terms, but is rather established on the basis of the nature and scope of the issues involved. Postbank assesses the question of the materiality of an issue by reference to its importance with respect to the consolidated financial statements.

Tasks of the internal control and risk management system relevant for financial reporting

Postbank sets high standards in regard to the correct presentation of transactions in its financial reporting. One of the tasks of the internal control system is to ensure due and proper financial reporting.

Postbank's internal control and risk management system comprises rules for managing corporate activities (internal management system/risk management system) and rules for monitoring compliance with these rules (internal monitoring system).

Postbank's internal control system performs the following tasks:

- Ensuring the effectiveness and economic efficiency of business activities in line with the corporate strategy
- Ensuring the propriety and reliability of both internal and external financial reporting
- Compliance with the legal provisions applicable to the Company.

Postbank's Management Board is responsible for establishing the internal control system. Appropriate principles, procedures, and measures ensure the system's implementation.

Organization of the internal control and risk management system relevant for financial reporting

The Management Board is responsible for preparing the annual and consolidated financial statements and the (group) management report. The Management Board has assigned responsibilities for the individual components and procedural steps relating to financial reporting in the form of organizational policies. The Finance, CEO, Resources and Chief Risk Office board departments are the main units involved in the preparation of the policies.

Postbank prepares its consolidated financial statements in compliance with IFRSs as endorsed by the European Union. Its financial statements are supplemented by the disclosures required by the German commercial law pursuant to section 340i of the HGB in conjunction with section 315a(1) of the HGB, the German Accounting Standards (GASs), as well as the sector-specific requirements for credit institutions and the legal form requirements for German stock corporations (sections 150–161 of the AktG).

Consolidated subsidiaries and special-purpose entities prepare reports at Group level (Group reporting packages) in accordance with the Bank's group accounting policies.

Financial reporting is performed primarily by the departments within the Finance board department, whose main tasks are as follows:

- Monitoring of new legislation
- Preparation and maintenance of accounting policies
- Due and proper capture and processing of data/transactions relevant for financial reporting by the IT applications
- Preparation of the consolidated financial statements and the group management report
- Provision of information for segment reporting.

In addition, certain tasks with the following main functions are performed by the CEO board department:

- Provision of certain disclosures relating to the notes.

With regard to the financial reporting process, the Resources board department primarily performs the following tasks:

- Creation of the conditions for recognition, measurement (best estimate), and ongoing review of the provisions for pensions and other employee benefits as well as provision of the relevant disclosures for the notes

- Provision of additional relevant disclosures relating to the notes and the risk report.

The Chief Risk Office performs the following tasks:

- Decisions on specific valuation allowances relating to domestic and foreign loans

- Provision of the information required to be disclosed with respect to market, credit, liquidity, and operational risks

- Provision of relevant disclosures relating to the notes and the risk report.

The Supervisory Board supervises the Management Board. In the area of financial reporting, it is responsible for approving Postbank's consolidated financial statements. The Audit Committee set up by the Supervisory Board has the following tasks:

- Advice and supervision with respect to financial reporting, the internal control system, risk management and risk control (insofar as the Risk Committee is not responsible for this), internal audit, and compliance

- Discussion of questions relating to the requirement of auditor independence

- Engagement of the auditors, determination of the areas of emphasis of the audit, and agreement of the fee.

The Audit Committee makes use of its right to demand information from the Internal Audit function when performing its duties.

In addition, Postbank's Internal Audit unit plays a process-independent monitoring role. It performs audits in all areas of the Company on behalf of the Management Board and is directly assigned to the Management Board, to which it also reports. In addition to reviewing the propriety and functional reliability of the processes and systems, it assesses the effectiveness and appropriateness of the internal control system in particular and of risk management in general.

The consolidated financial statements and the group management report must be audited by the auditor elected by the Annual General Meeting before the consolidated financial statements are approved.

The audit report to be prepared by the auditor must be submitted to Postbank's Supervisory Board.

Components of the internal control and risk management system relevant for financial reporting

Postbank's control environment, as a component of its internal control and risk management system relevant for financial reporting, is the framework within which the rules applicable at Postbank are introduced and applied. It is determined by management's basic attitude, problem awareness, and behavior toward the internal control system. The control environment materially influences employees' control awareness. A positive control environment is a precondition for an effective internal control system.

Accounting policies and other rules serve to ensure the due and proper treatment of business transactions; the policies and rules are reviewed on an ongoing basis and modified as necessary. Postbank uses SAP for account entry. In addition, end user data processing tools are used, the design of which is supervised during monitoring of end user data processing. The Group reporting packages submitted by the companies to be included in consolidation are loaded into the SAP SEM system by the companies or entered manually in individual cases. This data, together with other information provided by the companies to be included in consolidation, is used by the Bank to prepare its consolidated financial statements.

The risk of non-compliant financial statements is addressed by corresponding instructions in the policies. Group reporting packages are checked for conformity with Group manuals. The quality of the consolidated financial statements is assured by the Accounting department. The subsidiaries are informed each month of the deadlines for, and changes relating to, the preparation of the consolidated financial statements. The Group policies are updated at regular intervals and the updated versions communicated to the subsidiaries.

Generally applicable measurement procedures are used. The procedures used and the underlying inputs are reviewed at regular intervals and modified as necessary.

The core principle behind the design of these processes is the clear separation of irreconcilable activities. The principle of dual control plays a key role here, with all transactions being processed and entered in line with it. Dual control can be exercised at the technical or organizational level, or a combination of both.

The financial reporting process for the annual financial statements comprises technical support for the business transactions, data capture and processing, reporting, and the publication of the components of financial reporting. In addition, preparation of the consolidated financial statements comprises in particular determining the basis of consolidation, the reports by the companies included in consolidation, intercompany reconciliations, currency conversion, automated and manual consolidation entries and, ultimately, the generation of the consolidated financial statements.

The entire financial reporting process is IT-based. Both standard applications and custom software are used. Rules and procedures, which are based on Postbank's IT strategy and risk strategy, exist for program development and modifications, data backups, and access control, thus ensuring the propriety of the financial reporting.

Integrated process controls take the form of plausibility tests within the programs and automated and manual reconciliations. The Bank regularly reconciles the general ledger and the subledger.

Internal Audit

The Internal Audit unit is a key element of Postbank's business and process-independent monitoring system. In terms of the Bank's organizational structure, it is assigned to the CEO and reports independently to the Group Management Board.

Internal Audit is obliged to comply with the standards issued by the Institute of Internal Auditors (IIA) and the Deutsches Institut für Interne Revision (German Institute for Internal Auditing). It reviews the effectiveness and appropriateness of risk management in general and of the internal control system in particular in a risk-oriented and process-independent manner, in line with the MaRisk. Internal Audit's responsibilities also extend, in a scaled-down form, to the subsidiaries of Postbank. Its activities in the subsidiaries range from advisory functions to full-scale Internal Audit procedures.

In line with Deutsche Bank's methodology, Internal Audit's audit planning is based on a dynamic process. The inherent risks associated with the business divisions and the corresponding control measures are analyzed and assessed as part of a continuous risk assessment. This is used to draw up the risk-based audit plan for the fiscal year, which the Management Board commissions Internal Audit to implement.

In addition to its regular audits, Internal Audit performs special examinations in certain circumstances, and provides audit and consulting services relating to the introduction and implementation of material projects. Audit concepts are continuously adapted to reflect the findings of the risk assessments. For instance, new products, changes in the internal control system, or organizational changes in the way audits are performed are all taken into account, as are any changes in the legal framework.

Remuneration systems

The *Verordnung über die aufsichtsrechtlichen Anforderungen an Vergütungssysteme von Instituten* (InstitutsVergV – Regulation Governing Supervisory Requirements for Remuneration Systems of Institutions) dated October 6, 2010, was replaced by a new version on December 16, 2013, which came into effect as of January 1, 2014. The structural requirements for establishing a Compensation Control Committee (Supervisory Board committee) and the function of a Remuneration Officer were resolved by the responsible bodies. Postbank also implemented the remaining changes to the InstitutsVergV.

Postbank's remuneration systems comply with the general and specific requirements of the InstitutsVergV. They are in keeping with the goals laid down in the strategies and are designed in such a way that negative incentives are avoided. Employees are remunerated appropriately for their tasks and responsibilities.

With respect to the specific requirements to be met by the remuneration systems for senior managers and employees whose activities have a material influence on the overall risk profile, the remuneration systems were designed in such a way as to provide support for sustainability-oriented enterprise goals. The remuneration systems comply with the requirements of the InstitutsVergV, in particular with respect to the amount of variable remuneration to be deferred and the deferral periods. Following a review in accordance with section 14 of the InstitutsVergV, the necessary changes were implemented in the relevant employment contracts insofar as this was possible under civil, employment, and company laws.

Pending litigation

Seven actions for annulment and avoidance have been brought against the resolution on the transfer of the shares held by the minority shareholders of Deutsche Postbank AG to Deutsche Bank Aktiengesellschaft in return for payment of an appropriate cash settlement, that had been passed by the Annual General Meeting on August 28, 2015. In Deutsche Postbank AG's opinion, the actions for annulment and avoidance are unfounded. Consequently, on October 15, 2015, Deutsche Postbank AG applied to the courts for an application for clearance to have the resolution entered in the commercial register in the near future. The Cologne Higher Regional Court approved the application on December 18, 2015, and the transfer resolution was entered in the commercial register on December 21, 2015.

OUTLOOK

Overall economic parameters

Macroeconomic environment

Global economy
The prospects for global growth in 2016 are exceptionally uncertain. Signs point to moderate strengthening of the economic upswing in the industrialized countries as a whole, however. Domestic demand in these countries continues to benefit from low oil prices. In addition, the pressure toward fiscal consolidation has continued to ease. Despite a cautious hike of the federal funds rate in the United States, general monetary policy is expected to remain expansionary and thus continues to support growth. Growth rates in the emerging markets are also expected to be higher than in the previous year. However, this is heavily based on the assumption that the severe recessions in several of the large emerging markets will come to an end. The situation will nevertheless remain especially problematic for those countries dependent on export of raw materials. Numerous risk factors come into play as well, including further escalation of political and military conflicts. The increase in the U.S. federal funds rate could lead to withdrawal of capital from the emerging markets and thus have a negative impact on investing activities there. Furthermore, it cannot be excluded that structural problems may lead to an unexpectedly sharp decline in the dynamism of previously high-growth emerging economies. If some of these risks do occur, this could ultimately have a negative impact on the economy in the industrialized countries as well. For 2016, the IMF expects world economic output to grow by 3.4 %, compared with 3.1 % in 2015.

The economic upturn in the U.S.A. has a strong domestic foundation at the start of the year. Private consumption should continue to benefit from rising employment rates. In addition, pressure on consumers has continued to ease as a result of falling energy prices, although this drop will likely be smaller than in the previous year. Momentum is also expected to be generated by corporate investments and residential construction. In contrast, exports are likely to suffer from the weak global economy and the strong U.S. dollar. Accordingly, foreign trade is expected to have a clear negative impact on growth. Overall, gross domestic product (GDP) is likely to grow at a slower rate than in the previous year. We anticipate GDP growth of 2.0 % in 2016.

The Japanese economy should continue to experience moderate growth. After declining for two years in row, private consumption is expected to increase again, helping to drive an upsurge in domestic demand. In contrast, export growth is likely to remain modest due to the strong yen. Overall, GDP growth should expand moderately, at 0.9 %.

The economic recovery in the eurozone is expected to pick up slightly. Private consumption should once again grow at a solid pace, spurred on by low energy prices and a continued decline in unemployment. Gross capital expenditures are also expected to continue expanding at an extremely low level. Government spending is likely to increase at a below-average rate as a result of continued budgetary constraints, although these are weakening. The sustained upturn in domestic demand is expected to lead to a significant increase in imports. This will likely be accompanied by a comparable increase in exports, which will benefit from the weak euro. Overall, GDP growth is expected to rise to 1.8 %.

Economic outlook for Germany
The German economy has been in a solid upswing since the beginning of the year. Early indicators such as the ifo Business Climate Index have been moving at a relatively high level for some time now, signalizing continuation of the growth trend. Prospects for private consumption are positive following significant increases in real income and anticipated continuation of employment growth. The government is expected to once again noticeably increase its consumption spending, due not least to the still rising costs of caring for and integrating refugees. Momentum is also expected to be generated by corporate investments and residential construction. Exports will likely continue to benefit from the weak euro, but the very restrained global economy will put a damper on their growth. Paired with significant increases in imports, this means that foreign trade is unlikely to generate any significant growth momentum. Based on robust domestic demand, we nevertheless expect acceleration of GDP growth to 2.1 %. This should lead to a further increase in the average employment rate for the year. At the same time, however, there is likely to be a moderate increase in the number of unemployed persons as a result of the growing labor force.

Markets
For 2016, we expect further expansionary monetary steps by the ECB as a result of the still very low inflation rate in the eurozone. The ECB could once again decrease the deposit facility rate, increase the monthly volume of its bond purchases, further extend the term of its bond-buying program or expand the program to other classes of bonds. It is also impossible to rule out that the ECB may introduce other new, currently unforeseen instruments. In contrast, the U.S. Federal Reserve is expected to further raise its federal funds rate, although it will likely act with caution in light of the strong U.S. dollar and the uncertain global environment. By the end of 2016, we anticipate a fed funds target rate of between 0.75 % and 1.00 %.

As a result of sustained expansionary ECB monetary policy, capital market interest rates in the eurozone are likely to remain low, although some factors point toward a rise in yields over the course of the year. One of these factors is the continued improvement in the economic situation in the eurozone. The oil price should also rise moderately, which will likely lead to stabilization of inflation expectations. Moreover, as a result of the slightly tighter monetary policy in the United States, returns on U.S. Treasuries may tend to rise – a situation that commonly impacts the German market. The upward momentum this will generate for the yield level could be off-set by ECB bond purchases. We therefore expect to see an increase in yields of 10-year German Bunds to 0.9 % by the end of 2016. With key interest rates remaining constantly low, the yield curve may thus become steeper.

The prospects for corporate bonds are divided. Existing uncertainties regarding global growth prospects could keep risk premiums at their current level for some time yet or cause them to increase even further. However, the continued economic upswing that we anticipate in the industrialized countries perspectively points to a decrease in premiums. All in all, we expect to see a slight decrease in risk premiums for European bonds in the investment-grade category.

In light of the risk premiums demanded for the government bonds of the so-called peripheral eurozone countries, we see virtually no narrowing potential at the level now reached. At the same time, this market segment should continue to benefit from further purchasing of government bonds by the ECB as well as from the anticipated continued economic recovery. We therefore expect movement in spreads to remain within a narrow fluctuation range. Government bonds will remain fundamentally susceptible to setbacks, although such setbacks are more likely to be triggered by political developments than economic ones.

Sector situation

A clear and sustainable improvement in the operating business in a low interest rate environment and the implementation of new regulatory requirements should prospectively remain the key challenges for German banks in 2016.

The sustained low level of interest rates is likely to make improvements in the operating business of German banks difficult. We do not expect to see any significant rise in interest rates by late 2016. As a result, interest margin increases will be difficult for most banks owing primarily to the tough competition in the German retail and corporate banking customer segments, which puts a strain on both net interest income and net fee and commission income. What is more, only moderate growth is to be expected for the lending business with these customer groups. Substantial increases in net fee and commission income and net interest income should therefore be quite difficult to achieve. Low financing costs, however, could have a positive effect on the equity and debt capital markets business issues as well as stimulate the mergers and acquisitions activities (M&A) of companies. This should have a positive impact on income from investment banking. Because of the persistently difficult conditions on the income side, many banks are likely to have additional cost optimizations on their agendas in 2016 as well. The financial resources that banks must employ to implement new regulatory requirements also have a negative impact on profit. In addition, many banks are investing in digitizing their processes. While such projects admittedly tie up resources, digitization seems to be necessary for strengthening customer relationships and responding to new competitors in the digital world.

We believe that the three-pillar structure of private, public and cooperative banks is unlikely to change in 2016. Mergers and/or acquisitions should primarily take place within the respective sectors. The merger of the two leading cooperative banks should be completed by mid-2016.

Legal disputes may also have a negative impact on the reputation and the business performance of German banks.

In 2016, the European Banking Authority (EBA) will conduct a stress test coordinated with the ECB. This test will be conducted in all 28 EU countries. A final list of the participating banks as well as the exact configuration of the test have not yet been published.

Outlook for the Postbank Group

Postbank's investment focuses

For 2016, Postbank plans to modify the focal points of its investment. While the Bank foresees its expected investments in the deconsolidation from Deutsche Bank to peak in 2016 and will continue to invest in measures to adapt to and comply with regulatory requirements, the investment spotlight will once again be markedly placed on heightening the Bank's competitiveness. Owing to anticipated investments for deconsolidation from Deutsche Bank in particular and with due consideration for expenses that have already been recognized, investment volumes in 2016 will be extraordinarily high compared with prior years.

Postbank plans, in contrast to past years, to invest increasingly in strategic measures to enhance growth in select product areas. The aim here is to provide better linkage of digitally supported advisory, sales and services processes and to improve efficiency in the front/back offices and in central areas. As part of its digitization efforts, Postbank will be investing in new marketing processes such as the online acquisition of mortgage lending customers, new account models as well as new cross-sales-channel processes for advisory services and offers for select products. Also included in this spectrum notably will be investments in the digitization of business processes (e.g., end-to-end optimization), increases of the automation level in the banking business (e.g., self-service terminals, ATMs) and new modern branch formats that support the Bank's "digital & personal" strategic orientation.

An efficient response to even stricter regulation will once again be a major point of convergence for the Bank's investment portfolio, so that compliance with regulatory issues can be ensured as well in the future. These will include meeting the requirements of IFRS 9, the recently drafted European Markets in Financial Instruments Directive, (MiFID II), the Payment Accounts Directive and the Payment Services Directive (PAD/PSD), *Mindestanforderungen an das Risikomanagement* (MaRisk – Minimum Requirements for Risk Management), the Mortgage Credit Directive, Basel III/IV as well as the specifications of the ECB and BaFin.

Non-financial key performance indicators

It is to be expected that customer and employee satisfaction, given their recent assessment, will reach the same levels as last year or moderately exceed them in 2016. This expectation, however, does not imply any fundamental changes in the strategic orientation of Postbank.

Expected development of the earnings situation of the Postbank Group

The following assessment of the presumed direction of business at Postbank in 2016 is based on the assumptions and expectations concerning overall economic parameters. Nonetheless a renewed intensification of the sovereign debt crisis and/or possible setbacks or disruptions in international capital and real estate markets could have a negative impact on this scenario. Even the continuing discussion about additional, unexpected and markedly stricter regulation of the banking industry could have a significant effect on the financial position, net assets and results of operations at Postbank that is not taken into consideration in the following base scenario. Our expectations are based on our forecast for interest rates related to maturities of more than three months, which we see as higher in 2016 than the current market level. If the current interest rate level stabilizes, it would have a markedly negative impact on the earnings trend in 2016.

The solid income streams generated by Postbank's business with retail, business and corporate customers remain the foundation of its future earnings performance. The Bank's chief efforts will include improving its cost base, adjusted for expenses for integration and deconsolidation in relation to Deutsche Bank.

In detail, we expect net interest income in 2016 overall to rise moderately above the level of last year despite the sustained low level of interest rates. Net interest income is likely to benefit in particular from a number of things: the volume expansion we anticipate in the lending business, the absence of the non-scheduled adjustment of extrapolated hidden reserves relating to loans and advances to customer arising from the acquisition of BHW Bausparkasse AG, and the maturation of high-interest liabilities within the NCOU segment. We also expect a stable development of the operating core business, with rising income in lending likely over-compensating for sinking income from deposits. In addition we will also benefit from the fact that the margins achieved in the new lending business in the Retail Banking segment are higher than the existing margins. We anticipate a combination of volume and margin effects in the lending and the deposit businesses that will serve, in our view, to mutually strengthen each other in the lending business but mutually weaken each other in the deposit business. These expectations are based on an interest rates forecast for 2016 that sees those rates as higher than the current market level for a maturity range of more than three months.

We expect net fee and commission income to rise markedly in 2016. The primary causes here will be found in additional external fee and commission income from the five service companies that were reconsolidated as of January 1, 2016, and increased income in the securities and checking business.

For net income from investment securities in 2016, we once again foresee a positive outcome that is appreciably above the 2015 level as a result notably of an expected realization of equity exposure values. This expected positive effect will be qualified somewhat, however, by the loss of annual compensation pursuant to section 304 of the AktG in connection with the disposal of the stake in PBC Banking Services GmbH, effective January 1, 2016.

For net trading income in 2016, we should see an appreciable decline year-on-year due to lower net gains from the measurement of interest rate derivatives.

With regard to the allowance for losses on loans and advances in 2016, we foresee a marked volume-related rise owing to growth planned for our core business, in contrast to the historic prior-year low.

Administrative expenses, we assume, will increase palpably in 2016 as a result in particular of the consolidation of the five service companies and the expenses expected at the peak of deconsolidation from Deutsche Bank. At the same time, other expenses for remuneration for the services of these companies will see relief. For strategic reasons, we will continue to make investments in the digitization and efficiency of our business model. In addition, we also expect the initiation of strategic measures to provide additional alleviation to administrative expenses and our cost management to continue to compensate for the ever-increasing strain of stricter regulatory requirements.

For our headcount, we anticipate the number of full-time equivalents to increase by approximately 3,600 in 2016. This development will be mainly driven by the reintegration of the service companies in the Postbank Group and tougher regulatory requirements.

Despite our plans for a positive operational performance, we foresee a moderate decline in profit before tax, adjusted for non-recurring effects, in 2016. Adjustments include the anticipated costs for integration into and deconsolidation from Deutsche Bank as well as the positive effects arising from an expected realization of equity exposure values. The reasons for this moderately retrograde performance are essentially dis-synergies in connection with the deconsolidation from Deutsche Bank and additional negative effects related to EU deposit protection.

The costs for integration and deconsolidation in relation to Deutsche Bank in 2016 are likely to reach approximately the same level as last year. Owing to the absence of positive non-recurring effects from 2015, profit before tax will probably decline by an amount in the low three-digit million euro range, a decline that will also impact consolidated net profit after tax.

This development, we presume, will also cause a corresponding rise in the cost/income ratio and a significant drop in return on equity before tax.

With regard to regulatory metrics, we foresee a stable development for the fully phased-in Common Equity Tier 1 capital ratio and for the fully phased-in leverage ratio.

Expected developments in the segments

Retail Banking

In light of the expected economic trend, we expect our retail banking business in Germany to remain stable in 2016. Retail banking is a low-volatility and low-risk business activity compared with others. But we believe that competition will intensify. Thanks to our current positioning, we also believe that we are well prepared for such a challenge.

For 2016, we think net interest income will be mostly constant, net fee and commission income will rise moderately, and the allowance for losses on loans and advances will increase significantly – while still remaining historically low – compared with the extraordinarily positive performance in 2015. Overall, we anticipate a stable operational development year-on-year. Owing to the reacquisition of five service companies as of January 1, 2016, we foresee an appreciable increase in administrative expenses and, conversely, a noticeable drop in cost allocations. Administrative expenses will be hit in part by higher one-time costs arising from the impact of EU deposit protection, higher IT costs, expected dis-synergies, expenses in connection with the deconsolidation from Deutsche Bank and investments in efficiency measures. These one-time effects will lead to a moderate decline of profit before tax in the Retail Banking segment.

Corporate Banking

We expect non-recurring effects in particular to cause profit before tax in the Corporate Banking segment in 2016 to fall moderately below the 2015 level. At the operational level, however, this metric should show progress. The business growth we have planned should give a modest boost to net interest income and result in a significant increase in net fee and commission income. It will, however, mean higher expenses for such things as sales. But it should also bring positive growth to the new lending business, which most likely will also lead to a rise in the loan portfolios in this segment. In addition, we believe cost allocations will climb significantly primarily from the impact of EU deposit protection and investments in efficiency measures.

Financial Markets

In the Financial Markets segment, which includes the results from the management of our banking book, we anticipate net interest income to improve significantly but remain negative in 2016. We also foresee markedly lower realized gains in net income from investment securities, causing profit before tax overall to fall moderately below the 2015 level.

Non-Core Operating Unit

In the Non-Core Operating Unit segment (NCOU) in 2016, we expect to see an additional noticeable improvement of the persistent marked loss reported by this segment. No substantial maturities are to be expected for this year. Negative net interest income from the NCOU should continue to improve moderately. When opportunities arise, we will examine the option of an unscheduled reduction of positions, which could lead to positive or negative earnings effects not foreseen in this outlook.

Cost Centers/Consolidation

For this segment we expect to see a result that is positive but significantly lower in 2016. This will result in particular from the aforementioned absence of positive non-recurring effects from the initial measurement of Deutsche Postbank Funding Trusts I–IV, which were recognized in the Cost Centers/Consolidation segment.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Bonn, February 24, 2016

Deutsche Postbank AG

The Management Board

Frank Strauss

Marc Hess

Susanne Klöss-Braekler

Ralph Müller

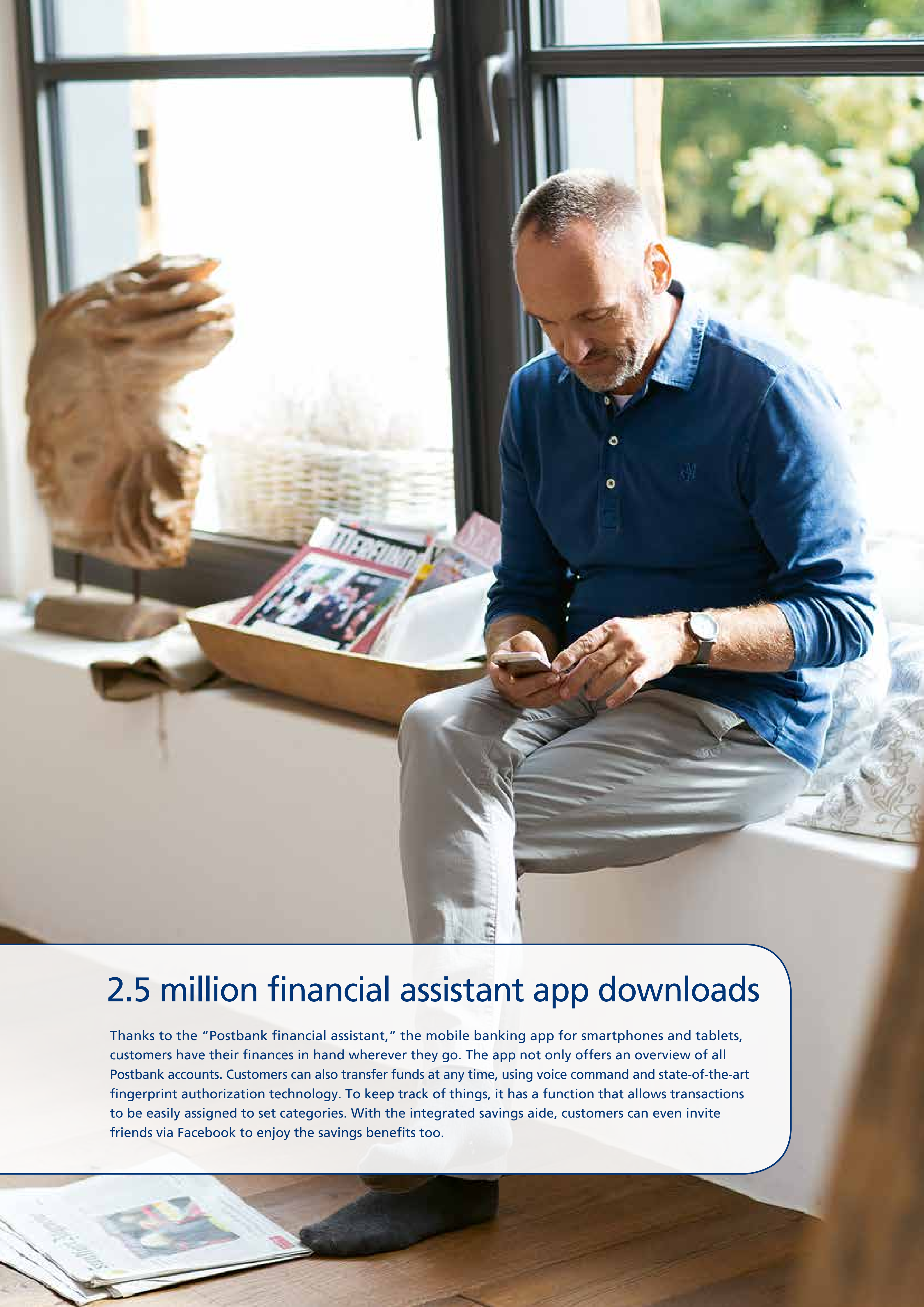
Ralph Müller

Hans-Peter

Hans-Peter Schmid

Ralf Stemmer

Hanns-Peter Storr



2.5 million financial assistant app downloads

Thanks to the “Postbank financial assistant,” the mobile banking app for smartphones and tablets, customers have their finances in hand wherever they go. The app not only offers an overview of all Postbank accounts. Customers can also transfer funds at any time, using voice command and state-of-the-art fingerprint authorization technology. To keep track of things, it has a function that allows transactions to be easily assigned to set categories. With the integrated savings aide, customers can even invite friends via Facebook to enjoy the savings benefits too.

CONSOLIDATED FINANCIAL STATEMENTS

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
FOR THE PERIOD ENDED DECEMBER 31, 2015

04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2015

Consolidated Income Statement	Note	2015 €m	2014[1] €m
Interest income	(8)	4,330	4,735
Positive interest on financial liabilities	(8)	15	2
Interest expense	(8)	–1,923	–2,251
Negative interest on financial assets	(8)	–19	–1
Net interest income	(8)	2,403	2,485
Allowance for losses on loans and advances	(9)	–209	–265
Net interest income after allowance for losses on loans and advances		2,194	2,220
Fee and commission income	(10)	1,074	1,185
Fee and commission expense	(10)	–288	–258
Net fee and commission income	(10)	786	927
Net trading income	(11)	56	–6
Net income from investment securities	(12)	27	216
Administrative expenses	(13)	–2,724	–2,729
Other income	(14)	889	387
Other expenses	(15)	–646	–802
Profit before tax from discontinued operation		–	219
Total profit before tax		582	432
Income tax from continued operations		27	–100
Income tax from discontinued operation		–	–72
Total income tax		27	–172
Profit from ordinary activities after tax – continued operations		609	113
Profit from ordinary activities after tax – discontinued operation		–	147
Profit from ordinary activities after tax		609	260
Non-controlling interests		–1	–1
Consolidated net profit		**608**	**259**

	2015	2014[1]
Basic earnings per share (€)		
from continued operations	2.78	0.51
from discontinued operation	–	0.67
Diluted earnings per share (€)		
from continued operations	2.78	0.51
from discontinued operation	–	0.67

[1] Figures adjusted (see Note 6)

Condensed Statement of Comprehensive Income	2015 €m	2014[1] €m
Profit from ordinary activities after tax	609	260
Other comprehensive income after tax	**90**	**201**
Items that will not be reclassified to profit or loss	108	– 121
Remeasurement gains/losses (–) on defined benefit plans	108	– 121
Income tax on items not reclassified to profit or loss	– 8	8
Items that will be/may be reclassified to profit or loss, before tax	– 10	318
Change in revaluation reserve	– 10	318
Unrealized gains/losses (–) for the period, before tax	– 28	311
Gains (–)/losses reclassified to profit or loss, before tax	18	7
Income tax on items that will be/may be reclassified to profit or loss	0	– 4
Total comprehensive income for the period attributable to non-controlling interests	– 1	– 1
Total comprehensive income	**698**	**460**

Earnings per share are calculated by dividing consolidated net profit (separately for continued operations and the discontinued operation) by the weighted average number of shares outstanding during the fiscal year. The average number of shares outstanding in fiscal year 2015 was 218,800,000 (previous year: 218,800,000).

Diluted earnings per share are the same as basic earnings per share because – as in the previous year – no conversion or option rights are outstanding and hence there is no dilutive effect.

[1] Figures adjusted (see Note 6)

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2015

Assets	Note	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m	Jan. 1, 2014[1] €m
Cash reserve	(17)	1,357	1,230	1,739
Loans and advances to other banks	(18)	15,876	19,602	20,096
Loans and advances to customers	(19)	98,397	97,972	101,313
Allowance for losses on loans and advances	(21)	–923	–1,361	–1,478
Trading assets	(22)	647	697	1,824
Hedging derivatives	(23)	78	119	113
Investment securities	(24)	30,768	33,477	34,015
thereof transferred as collateral	(24)	5,971	6,344	6,952
Intangible assets	(25)	1,902	1,952	2,028
Property and equipment	(26)	678	683	698
Current tax assets	(27)	101	148	115
Deferred tax assets	(27)	72	68	101
Other assets	(28)	1,155	810	717
Assets held for sale	(29)	489	–	157
Total assets		**150,597**	**155,397**	**161,438**

Equity and Liabilities	Note	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m	Jan. 1, 2014[1] €m
Deposits from other banks	(30)	15,443	17,583	18,282
Due to customers	(31)	119,150	120,493	121,450
Debt securities in issue	(32)	3,446	4,571	7,342
Trading liabilities	(33)	665	767	1,681
Hedging derivatives	(34)	208	298	460
Provisions		703	854	688
a) Provisions for pensions and other employee benefits	(35)	56	155	93
b) Other provisions	(36)	647	699	595
Current tax liabilities	(37)	110	104	80
Deferred tax liabilities	(37)	9	41	70
Other liabilities	(38)	466	526	833
Subordinated debt	(39)	3,239	3,699	4,358
Liabilities directly related to assets held for sale		–	–	168
Equity	(40)	7,158	6,461	6,026
a) Issued capital		547	547	547
b) Share premium		2,010	2,010	2,010
c) Retained earnings		3,987	3,640	3,134
d) Consolidated net profit		608	259	330
Non-controlling interests		6	5	5
Total equity and liabilities		**150,597**	**155,397**	**161,438**

[1] Figures adjusted (see Note 6)

STATEMENT OF CHANGES IN EQUITY

	Issued capital €m	Share premium €m	Retained earnings €m	Revaluation reserve €m	Consolidated net profit €m	Equity before non-controlling interests €m	Non-controlling interests €m	Total €m
Balance at Dec. 31, 2013	**547**	**2,010**	**3,232**	**23**	**330**	**6,142**	**5**	**6,147**
Restatement			–121			–121		–121
Balance at Jan. 1, 2014	**547**	**2,010**	**3,111**	**23**	**330**	**6,021**	**5**	**6,026**
Dividend payment						–		–
Changes in retained earnings			330		–330	0		0
Profit from ordinary activities after tax					259	259	1	260
Other comprehensive income			–113	314		201		201
Treasury shares						–		–
Other changes			–25			–25	–1	–26
Balance at Dec. 31, 2014	**547**	**2,010**	**3,303**	**337**	**259**	**6,456**	**5**	**6,461**
Dividend payment						–		–
Changes in retained earnings			259		–259	0		0
Profit from ordinary activities after tax					608	608	1	609
Other comprehensive income			100	–10		90		90
Treasury shares						–		–
Other changes			–2			–2		–2
Balance at Dec. 31, 2015	**547**	**2,010**	**3,660**	**327[1]**	**608**	**7,152**	**6**	**7,158**

Comprehensive income includes measurement and disposal gains and losses on available-for-sale financial instruments, which are recognized in the revaluation reserve, and remeasurement gains and losses from defined benefit plans, which are recognized in retained earnings, as well as related income taxes.

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More detailed disclosures on the changes in the revaluation reserve can be found in Note 40.

Postbank did not hold any treasury shares as of December 31, 2015.

The “Other changes” item comprises in particular the effects of the control and profit and loss transfer agreement with DB Finanz-Holding GmbH.

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[1] Of this figure, €78 million relates to an investment held for sale (see Note 29).

CONSOLIDATED CASH FLOW STATEMENT

	Note	2015 €m	2014[1] €m
Consolidated net profit		**608**	**259**
Non-cash items in consolidated net profit and reconciliation to cash flow from operating activities			
Depreciation and writedowns of property and equipment, writedowns of investment securities, loans and advances, and reversals of impairment losses on these items		721	424
Changes in provisions	(35), (36), (37)	–87	46
Changes in other non-cash items		–31	–403
Gains on disposal of property and equipment and investment securities		–47	–466
Initial measurement of trust refinancing structure		–280	0
Other adjustments		–2,332	–2,275
Subtotal		**–1,448**	**–2,415**
Changes in working capital after adjustment for non-cash components			
Loans and advances to other banks		3,666	251
Loans and advances to customers		–1,070	3,399
Trading assets		136	1,144
Hedging derivatives with positive fair values		37	270
Assets held for sale		–489	0
Other assets		–292	–82
Deposits from other banks		–2,132	–681
Due to customers		–1,284	–1,500
Debt securities in issue		–1,060	–2,825
Trading liabilities		–102	–877
Hedging derivatives with negative fair values		–106	–97
Other liabilities		–61	–307
Interest received		4,365	4,604
Interest paid		–1,921	–2,543
Other cash inflows		3	12
Dividends received		0	0
Income taxes paid		17	–157
Net cash used in operating activities		**–1,741**	**–1,804**

[1] Figures adjusted (see Note 6)

	Note	2015 €m	2014[1] €m
Proceeds from the disposal of			
Investment securities		4,713	3,672
Investments in subsidiaries	(2)	7	66
Property and equipment		2	2
Intangible assets		0	2
Payments to acquire			
Investment securities		–2,583	–1,626
Investments in subsidiaries		0	–1
Property and equipment		–55	–51
Intangible assets		–49	–36
Net cash from investing activities		**2,035**	**2,028**
Dividends paid		0	0
Net change in cash and cash equivalents from other financing activities		–167	–733
Net cash from/used in financing activities		**–167**	**–733**
Cash and cash equivalents at start of period	(17)	**1,230**	**1,739**
Net cash used in operating activities		–1,741	–1,804
Net cash from investing activities		2,035	2,028
Net cash from/used in financing activities		–167	–733
Effects of exchange rate differences		0	0
Cash and cash equivalents at end of period	(17)	**1,357**	**1,230**

Reported cash and cash equivalents correspond to the cash reserve.

Net cash flow used in operating activities is calculated using the indirect method, i.e., on the basis of consolidated net profit plus non-cash expenses and less non-cash income in the fiscal year.

In addition, all income and expenses that are cash transactions but are not attributable to operating activities are eliminated. These payments are recognized in the cash flows used in/from investing activities or financing activities.

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[1] Figures adjusted (see Note 6)

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BASIS OF PREPARATION

DB Finanz-Holding GmbH, Frankfurt am Main, a wholly-owned subsidiary of Deutsche Bank AG, Frankfurt am Main, is the parent company of Deutsche Postbank AG, Bonn. The Postbank subgroup companies are included in Deutsche Bank AG’s consolidated financial statements.

(1) Basis of accounting

As a listed company, Deutsche Postbank AG has prepared its consolidated financial statements for the year ended December 31, 2015, in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements of German commercial law under section 315a(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code). The annual report contains the components of an annual financial report within the meaning of section 37v of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act).

226 The Annual Report provides an overview of the financial reporting standards applied (as of December 31, 2015).

Accounting and measurement are based on the going concern principle. Income and expenses are accrued. They are recognized and recorded in the period to which they relate.

The consolidated financial statements comprise the statement of comprehensive income (comprising the income statement and the condensed statement of comprehensive income), the balance sheet, the statement of changes in equity, the cash flow statement, and the notes.

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

All assumptions, estimates, and assessments required for recognition and measurement in accordance with the IFRSs are in conformity with the respective standards, are regularly reassessed, and are based on past experience as well as other factors, including expectations as to future events that appear reasonable under the given circumstances. The assumptions and estimates refer primarily to the fair value measurement of certain financial instruments, including the assessment of whether an active or inactive market exists, the recognition and measurement of the allowance for losses on loans and advances, of intangible assets and of provisions, and the ability to realize deferred taxes. Among other things, the estimation uncertainty associated with measurement models for financial instruments is addressed in Note 43, Fair value of financial instruments. When determining the intention to hold financial instruments, business strategy and current market conditions are also taken into account. Where significant estimates were required, the assumptions made are explained in detail in the following Notes to the corresponding item. In individual cases, the actual values may differ from the assumptions and estimates made. 151

The fair value of securities holdings in the form of government bonds, *Pfandbriefe*, and bank and corporate bonds is determined using observable market prices or inputs that are observable in the market.

The management of market risk, counterparty credit risk, and liquidity risk is described in the Risk Report section of the Group Management Report (subsections “Monitoring and managing market risk”, “Monitoring and managing credit risk”, and “Monitoring and managing liquidity risk”). 70 72 89

The management of the individual risk types and the disclosures on risks from financial instruments (in accordance with IFRS 7) are explained in the Risk Report contained in the Group Management Report. 61

(2) Basis of consolidation

In addition to the parent company Deutsche Postbank AG, 28 (December 31, 2014: 22) subsidiaries that are presented in the following overview are included in the consolidated financial statements as of December 31, 2015.

Consolidated companies

Name and domicile	Equity (%) interest direct	Equity (%) interest indirect
BHW Holding AG, Hameln	100.0	
Deutsche Postbank Funding LLC I, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding LLC II, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding LLC III, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding LLC IV, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust I, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust II, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust III, Wilmington, Delaware, U.S.A.	100.0	
Deutsche Postbank Funding Trust IV, Wilmington, Delaware, U.S.A.	100.0	
DSL Portfolio GmbH & Co. KG	100.0	
DSL Portfolio Verwaltungs GmbH, Bonn	100.0	
PB Factoring GmbH, Bonn	100.0	
PB International S.A., Munsbach, Luxembourg	100.0	
PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Bonn	100.0	
Postbank Beteiligungen GmbH, Bonn	100.0	
Postbank Filialvertrieb AG, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	
Postbank Leasing GmbH, Bonn	100.0	
Postbank Systems AG, Bonn	100.0	
BHW Bausparkasse Aktiengesellschaft, Hameln		100.0
BHW Gesellschaft für Vorsorge mbH, Hameln		100.0
BHW – Gesellschaft für Wohnungswirtschaft mbH, Hameln		100.0
Deutsche Postbank Finance Center Objekt GmbH, Munsbach, Luxembourg		100.0
PB Firmenkunden AG, Bonn		100.0
Postbank Filial GmbH, Bonn		100.0
Postbank Immobilien GmbH, Hameln		100.0
Postbank Finanzberatung AG, Hameln	23.3	76.7
Postbank Immobilien und Baumanagement GmbH & Co, Objekt Leipzig KG, Bonn		90.0

In accordance with IFRS 10, eight subpools of assets are included in the consolidation basis. All of the subpools of assets are structured entities in accordance with IFRS 12.

In addition, the Bank holds 49.9975 % of the shares in PBC Banking Services GmbH, Frankfurt am Main, whose purpose is to acquire and hold investments in the Deutsche Bank Group's service companies. The investment in this associated company was classified as held for sale as of the reporting date (see Note 29).

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In July 2015, the shares in Postbank P.O.S. Transact GmbH were sold and the company subsequently deconsolidated. The sale resulted in net income from investment securities of €4.7 million. The proceeds received in the amount of €6.5 million, all of which was cash as defined in IAS 7, are reported under net cash from investing activities in the cash flow statement. At the date of disposal, the company's assets recognized in the consolidated balance sheet amounted to €5 million and its liabilities to €30 million. The assets and liabilities disposed of consisted primarily of other assets and other liabilities. The company did not have cash.

In the period under review, the Bank repurchased its former funding companies, namely Deutsche Postbank Funding LLCs I–IV and Deutsche Postbank Funding Trusts I–IV from Deutsche Bank with effect from December 10, 2015. The funding companies are to be fully consolidated as subsidiaries in the Postbank Group in accordance with IFRS 10.

The funding companies are a refinancing structure, whereby Postbank issued a total of four debt securities, each held by an LLC. For their part, the LLCs issued bonds (Class B) held by the trust companies. In turn, the trust companies refinanced themselves by placing emissions on the external market.

The transaction constitutes the purchase of a group of financial assets and liabilities of a refinancing structure, rather than a business combination within the meaning of IFRS 3. Initial fair-value measurement of the Group's financial assets and liabilities in accordance with IAS 39 resulted in net income of €280 million. The result appears in the consolidated income statement under "Other income".

The consideration of €0.4 million paid in cash for the shares in the funding companies is shown in the cash flow statement under "Payments to acquire investments in subsidiaries". The acquisition of the companies resulted in the receipt of only a very small amount of cash and cash equivalents by the Group.

Liabilities of the trust companies amounting to €1,405 million are reported under "Subordinated capital" in the consolidated balance sheet.

On December 21, 2015, Postbank Versicherungsvermittlung GmbH was merged with its parent company, Postbank Finanzberatung AG, with retroactive effect as of September 30, 2015.

There were no other changes in the basis of consolidation.

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A complete list of shareholdings in accordance with section 313 of the HGB is given in Note 61.

(3) Consolidation methods

In accordance with IFRS 10.19, the consolidated financial statements of Deutsche Postbank AG have been prepared in accordance with uniform Group accounting and measurement policies.

Acquisition accounting is used in accordance with IFRS 10.B86. The carrying amounts of the shares in subsidiaries at the parent-company level are replaced by the assets and liabilities of the consolidated companies.

Any goodwill arising from initial consolidation using the acquisition method in accordance with IFRS 3 is tested for impairment once a year and written down if required.

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as "non-controlling interests". The consolidated profit attributable to non-controlling interests is presented separately in the income statement and the statement of comprehensive income.

Intercompany receivables and liabilities, income and expenses from intercompany transactions, and intercompany profits within the Group were eliminated in accordance with IFRS 10.B86.

The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date.

(4) Accounting policies

Unless otherwise stated in the following, all accounting policies remained unchanged as against the previous year.

(a) Fair value and active market

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If available, the prices quoted in an active market are used for financial instruments measured at fair value; the principal or most advantageous market is determined in each case (IFRS 13.72ff. in conjunction with IFRS 13.B34).

Active markets are distinguished by high trading volumes and liquidity, in particular. If the above criteria are not met, the market is regarded as being inactive.

Postbank considers all of the following criteria in identifying the principal market:

- The market with the greatest trading volume and the highest market activity

- The market normally used by the Bank,

- The Bank has access to the defined principal market.

The principal market can be the interbank market, the brokered market, stock exchanges, or futures exchanges, depending on the type of product.

The most advantageous market is used to measure fair value if the Bank does not have access to the principal market.

(b) Loans and advances

As a rule, loans and advances to other banks and customers are reported at amortized cost ("loans and receivables" category). These also include money market receivables.

Postbank applies the fair value option in accordance with IAS 39 exclusively to specific loan portfolios in the mortgage lending business that are hedged by interest rate derivatives. In accordance with this, financial assets may be designated at fair value through profit or loss if this leads – among other things – to the elimination or significant reduction of inconsistencies in measurement or recognition (accounting mismatches). In accordance with IFRS 13.61ff. in conjunction with IFRS 13.B12ff., receivables are measured on the basis of discounted cash flow analysis using a current swap yield curve and loan-specific risk or cost premiums. A detailed description of the valuation technique used can be found in Note 43. Receivables are presented in the balance sheet under the "loans and advances to customers" item. Changes in fair value are reported in net trading income. The interest on portfolios allocated to the fair value option and the related interest rate swaps are reported in net interest income.

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The maximum credit risk on the loan portfolios allocated to the fair value option corresponds to the carrying amount of €4.4 billion (previous year: €4.9 billion). The change in fair value attributable to changes in the default risk on financial assets was €8.8 million in the year under review (previous year: €3.5 million); the cumulative changes amounted to €8.8 million (previous year: €3.5 million).

Impairments of loans and advances due to changes in credit risk that are not designated at fair value through profit or loss are recognized separately in the allowance for losses on loans and advances, and deducted from assets.

The carrying amount of collateralized loans for which hedge accounting is used is adjusted for the gains and losses from changes in fair value attributable to the hedged risk.

Premiums and discounts including transaction costs and hedge premiums are recognized in net interest income over the term of the loans and advances using the effective interest method. Deferred interest on loans and advances, as well as premiums and discounts, are carried together under the relevant items of loans and advances.

The fair value of financial instruments measured at amortized cost or at the hedge fair value is determined using observable market prices or discounted cash flow analysis using inputs that are observable in the market (current swap yield curve plus credit spread). Additional information on the fair value of financial instruments is given in Note 43, Fair value of financial instruments.

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Financial instruments are grouped into classes as required by IFRS 7.6 at Postbank on the basis of the categories of financial instruments in accordance with IAS 39 together with the relevant balance sheet items and product types. To further increase transparency, Postbank has broken down the credit risk information required to be disclosed under IFRS 7.36f. by individual classes in the Risk Report contained in the Group Management Report.

(c) Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4.

In accordance with IAS 17, leased assets are allocated to and recognized at the lessor or the lessee, and the leases are classified as a finance or operating lease, on the basis of the risks and rewards incidental to ownership.

Where Postbank is the lessee in a finance lease, it capitalizes the leased asset at the fair value amount applicable at the beginning of the lease or at the lower present value of the minimum lease payments under property and equipment. The lease payments due are reported in the balance sheet under other liabilities. Writedowns of the leased assets are recognized in administrative expenses.

Where Postbank is the lessor of a finance lease, it discloses the receivable at its net investment value under loans and advances to other banks or loans and advances to customers. The lease installments due are recognized as interest income (interest component; recognized in income) and deducted from the receivables reported (principal redemption component; recognized in other comprehensive income). Postbank has not entered into any finance leases relating to real estate.

Where Postbank is the lessee of an operating lease of properties, it reports the lease installments paid in full as rental expense under administrative expenses.

Where Postbank is the lessor of an operating lease, it carries the leased asset at amortized cost under property and equipment or intangible assets. The lease installments received during the respective period are reported in other income; writedowns of the leased assets are recognized under administrative expenses.

(d) Allowances and provisions for losses on loans and advances, writedowns, and impairments

Identifiable credit risks are covered by recognizing specific valuation allowances (or collective specific valuation allowances). Additionally, in the case of risks that have arisen but not yet been identified, portfolio-based valuation allowances are recognized for groups of financial assets with similar default risk profiles, the amounts of which are determined on the basis of the parameters of expected loss rates, default probabilities, and LIP factors. The allowance for losses on loans and advances is deducted from assets as a separate balance sheet item. It relates to writedowns of losses on loans and advances to other banks and to customers.

A potential need to recognize impairment losses is assumed in the case of defined qualitative and rating-related trigger events such as delinquency over a certain period, the initiation of enforcement measures, imminent insolvency or over-indebtedness, the application for or opening of insolvency proceedings, or the failure of restructuring measures.

A financial asset is impaired if its estimated recoverable amount is lower than its carrying amount, i.e., if a loan is presumed to be (partly) uncollectible. If this is the case, the loss on financial assets carried at amortized cost must be recognized through an indirect writedown (loan loss allowance) or by writing down the asset directly and recognizing the loss in profit or loss (IAS 39.63).

In accordance with IAS 39.63ff., the recoverable amount is determined using the following methods:

- the discounted present value of estimated future cash flows (interest and principal payments as well as payments received from the liquidation of collateral) from the financial asset;

- an observable market price, where there is an observable market price for the financial instrument, because marking-to-market reflects the increased counterparty credit risk.

Uncollectible loans and advances are written off directly against income in the appropriate amount; recoveries on loans previously written off are recognized in income.

Postbank modified the inputs used in the measurement of the portfolio-based valuation allowance as part of its regular review in the third quarter. This resulted in a €27 million increase in the allowance for losses on loans and advances in the period under review, which was recognized through profit or loss. An estimate of the effects of the implemented modification on future periods is contingent on the development of the credit risk and is thus not possible.

Credit risk provisions are recognized for liabilities under sureties, other guarantees, and irrevocable loan commitments involving a default risk.

(e) Trading assets

Securities and derivatives with positive fair values acquired for the purpose of generating a profit from short-term fluctuations in market prices or dealing margins are carried under this balance sheet item. It also contains the positive fair values of banking book derivatives and derivatives relating to hedged items accounted for under the fair value option. These transactions are recognized for the first time on the trade date.

The assets are carried at their fair values. If there are publicly quoted prices in an active market within the meaning of IFRS 13.72ff. in conjunction with IFRS 13.B34, these publicly quoted prices are generally used as the fair value; otherwise the fair value is determined based on recognized valuation techniques (in accordance with IFRS 13.61ff. in conjunction with IFRS 13.B5ff.). A detailed description of the valuation techniques is given in Note 43, Fair value of financial instruments. Remeasurement gains and losses as well as gains or losses realized on the sale or disposal of trading assets are recognized in net trading income.

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The interest on spot transactions and interest on swaps in derivative portfolios allocated to the fair value option are recognized in net interest income. All other interest on swaps is reported in net trading income.

As of June 30, 2015, Postbank refined the measurement of callable cross currency swaps. These are now priced using OIS overnight index swap discounting like other collateralized derivatives. This resulted in a negative impact on net trading income of €4 million as of the date of the changeover. Since the changeover date, the Bank has applied the new estimation technique to all its measurements.

The embedded derivatives contained in the synthetic SCP portfolios (structured credit products) that are required to be separated are reported as standalone derivatives in the “trading assets” balance sheet item (in the case of positive fair values) or “trading liabilities” (in the case of negative fair values). Further information on the SCP portfolios can be found in Note 4(h), Investment securities.

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The measurement methods used are described in Note 43, Fair value of financial instruments.

(f) Securities lending and repurchase agreements

Postbank enters into genuine securities repurchase agreements. Securities sold under repo and sell-and-buyback transactions (cash sales) are carried as securities in the consolidated balance sheet. Cash inflows from such transactions are carried in the balance sheet as deposits from other banks or amounts due to customers, depending on the respective counterparty. These cash inflows are disclosed in the amount of the purchase price received (net); prepaid expenses are recognized ratably for the repo rate to be paid. Interest payments are recognized as interest expenses or positive interest on financial liabilities.

Reverse repo and buy-and-sellback transactions (cash purchases of securities) are carried as loans and advances to other banks or loans and advances to customers. The securities purchased are not carried in the balance sheet; interest arising from such transactions is carried under interest income or negative interest on financial assets.

IFRSs only require an obligation to return the securities to be recognized by the borrower if the securities are passed on to another party. The lender continues to recognize the securities.

(g) Hedging derivatives

IAS 39 governs the use of hedge accounting. Under IFRSs, hedge accounting may only be used for hedging relationships that meet the requirements of IAS 39.88ff. A hedging relationship ends when the hedged item or the hedging instrument expires, is sold, or is exercised, or if the hedge no longer meets the criteria for qualification for hedge accounting. The hedge accounting criteria must be satisfied at each balance sheet date and for each hedging relationship.

Derivatives that do not qualify for hedge accounting and derivatives from ineffective hedging relationships do not meet the conditions set out in IAS 39.88ff., and thus are always recognized in income and disclosed at their fair value as banking book derivatives under trading assets/liabilities. These derivatives generally relate to interest rate swaps entered into to hedge net positions of receivables and liabilities. Under IFRSs, measurement gains and interest income from these items are recognized in net trading income.

The aim of asset/liability management at the Postbank Group is to manage the Bank’s overall exposure in a way that minimizes risk while maximizing earnings, with a particular focus being placed on present value risk.

Fair value hedges are used to hedge exposure to any changes in the fair value of financial assets and liabilities. Interest-rate swaps and structured swaps are used as fair value hedges for interest-bearing securities, non-current receivables and issued bonds to convert fixed-income or structured transactions into variable-interest exposures. Fair value hedges are used to hedge both individual items and homogeneous subportfolios.

Hedging derivatives relate to those hedging instruments that meet the requirements for hedge accounting set out in IAS 39.

As a rule, a derivative held for hedging purposes may be allocated to a single hedged item or to several similar hedged items. Such hedges are generally known as microhedges.

Derivatives are entered into primarily as microhedges (fair value hedges) to hedge interest rate risk.

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

Effectiveness testing for all fair value hedges is performed prospectively by way of a sensitivity analysis of the hedged item and the hedging instrument, supplemented by homogeneity testing of the subportfolios. Actual changes in the fair values of the hedged item and the hedging instrument are compared retrospectively for each hedge at regular intervals using a retrospective effectiveness test.

(h) Investment securities

Investment securities are composed of bonds and other fixed-income securities, equities and other non-fixed-income securities, investments in unconsolidated subsidiaries, and other equity investments, all of which are not held for trading.

Postbank holds investment securities in both the “loans and receivables” (LaR) or “available for sale” (AfS) categories.

Essentially, Postbank allocates financial instruments to the LaR and AfS measurement categories if they were not acquired for selling in the near term or for short-term profit taking, and were not designated as at fair value through profit or loss. If the financial instrument comprises fixed and determinable payments and if there is no active market, the financial instrument is principally categorized as LaR where, however, it may also be assigned to the AfS category.

All equity instruments are assigned to the AfS category. Investments in unconsolidated subsidiaries and other equity investments of the available-for-sale category are generally carried at cost as their fair value cannot reliably be determined.

Essentially, investment securities comprise the Bank’s portfolio of debt securities and equity instruments, and financial investments. Postbank has also invested in structured credit products (SCPs) to a limited extent as part of its own securitization transactions. These include synthetic residential mortgage-backed securities (RMBSs), for example, which are classified as available for sale (AfS).

Investment securities are measured on initial recognition at fair value. Financial instruments of the available-for-sale category (AfS) are recognized in the balance sheet on the trade date, whereas instruments of the loans-and receivables category (LaR) are recognized on the settlement date.

LaR instruments are subsequently measured at amortized cost and AfS investment securities at their fair value provided that this can be determined reliably. Changes in the fair values of available-for-sale investment securities are recognized directly in the revaluation reserve in equity and are not recognized in income until the gain or loss is realized or impairment is identified. Non-permanent fluctuations in the fair values of LaR investment securities are not recognized on the balance sheet but allocated to hidden reserves and liabilities.

If hedge accounting is used for these investment securities, gains and losses from changes in fair value attributable to the hedged risk are recognized directly in income.

Premiums and discounts as well as premiums on hedges are allocated directly to the financial instruments and amortized over the remaining maturity by applying the effective interest method.

For debt instruments, impairment losses are charged only in the event of permanent impairment. The existence of permanent impairment is determined by certain objective evidence. In the case of LaR portfolios, the difference between the current carrying amount and the recoverable amount is recognized as an impairment loss in the income statement. In the case of AfS portfolios, the negative amount from the revaluation reserve must be reversed to the income statement.

For equity instruments writedowns are charged in the event of significant or longer-term impairment of the fair value.

If the reasons for impairment cease to apply, the impairment loss is reversed up to the maximum of the (amortized) cost. With debt instruments, the reversal is recognized in income, whereas in the case of equity instruments, it is charged directly to equity.

Impairments, together with the results of reversals recognized in income and of any disposals are reported in net income from investment securities.

The fair values of corporate bonds, government bonds, *Pfandbriefe*, and bank bonds are measured on the basis of observable market prices or inputs that are observable in the market in accordance with IFRS 13.72ff. in conjunction with IFRS 13.B34.

The measurement methods used are described in Note 43, Fair value of financial instruments.

(i) Derecognition of financial instruments

A financial instrument is derecognized when the contractual entitlement to cash flows arising from the financial asset expires or is transferred, or when an obligation to forward such cash flows has been accepted. Thus, derecognition occurs as soon as substantially all risks and rewards of ownership of the financial assets have been transferred.

In the event that substantially the related risks and rewards of ownership of the assets are neither retained nor transferred, derecognition will occur if the right of disposal over the assets is relinquished. Otherwise, the assets will continue to be reported according to the extent of the continuing exposure. If an existing financial asset is replaced by another financial asset of the same counterparty at significantly different contractual terms and conditions, the existing financial asset will be derecognized.

(j) Intangible assets

Intangible assets comprise internally generated and purchased intangible assets and goodwill acquired.

Intangible assets in the Postbank Group are only recognized in accordance with IAS 38.21–23 if it is probable that the expected benefit will flow to the entity and the cost can be reliably determined. Development costs for internally generated software are capitalized if the evidence required under IAS 38.57 (a)–(f) can be provided. If the criteria for capitalization are not met, the expenses are recognized immediately in the income statement for the period in which they arise.

Intangible assets are recognized at amortized cost.

Intangible assets with a finite useful life are amortized using the straight-line method over a period of 5 to 10 years, recognized customer relationships over a period of 25 years, and beneficial contracts over a period of 20 years. The amortization period for intangible assets with a finite useful life is reviewed at least at the end of each fiscal year. Changes to expected useful lives are accounted for as changes in accounting estimates. There were no changes in the reporting period with respect to expected useful lives with a material impact on the profit and loss of this or future periods. Intangible assets with a finite useful life are reviewed at the balance sheet date for evidence of possible impairment. If this is the case, the impairment loss is determined. This is done by determining whether the respective carrying amount of the asset exceeds its recoverable amount, taking into account the possibility of a complete write-down and/or disposal of the asset. Intangible assets not yet ready for use are tested for impairment annually.

The intangible assets with an indefinite useful life recognized at Postbank are brands and purchased goodwill. In terms of purchased goodwill and brands, the bank expects that it will in principle be possible to generate indefinite cashflows from this. These are thus classified as intangible assets with an indefinite useful life. Purchased goodwill is not amortized.

Purchased goodwill and other intangible assets with indefinite useful lives are tested for possible impairment annually (impairment test in accordance with IAS 36). To conduct the impairment test, the recognized goodwill is allocated to the corresponding cash-generating units as required by IAS 36. For this purpose, pursuant to IAS 36.80, the operating segments in accordance with IFRS 8 are used as cash-generating units. The impairment test of goodwill subsequently determines whether the recoverable amount exceeds the respective carrying amount of the cash-generating unit. The recoverable amount is the higher of the value in use and the fair value less costs to sell.

The impairment test for brands takes place at the level of the individual asset. To this end, the fair value less costs to sell is determined using a net present value-based method and then compared with the carrying amount of the brands. The added value of the brands is then determined from the volume of new business that can be transacted as a result of the brand name BHW.

Value in use is determined based on the corresponding cash flows of the cash-generating unit. Fair value less costs to sell is only determined if calculating value in use would result in identification of an impairment. Value in use is calculated based on appropriate projections (management approach). The planning period covers five years. Following the detailed planning period, a projection using a 1 % growth rate (previous year: 1 %) – so-called perpetual annuity – was used. A discount rate of 7.48 % (previous year: 8.03 %) was used to calculate the value in use of the Retail Banking cash-generating unit, while the discount rate for the Corporate Banking cash-generating unit was also 7.48 % (previous year: 8.67 %). The discount rate consists of a risk-free interest rate plus a company-specific risk premium, which is calculated on the basis of the systematic market risk (beta factor) and the current market risk premium.

With reference to IAS 36.134 (d) (ii), the segment results calculated in the projections are based on both historical data and assumptions about future trends in markets that are crucial for Postbank's business. The key planning assumptions with regard to macroeconomic fundamentals are based on experience and the use of market models in Postbank's Research units, as well as on product managers' estimates of market trends in relation to the forecast performance of Postbank products. In addition, estimates and models by credit risk managers that are based on these fundamentals are used to assess changes in the allowance for losses on loans and advances.

In accordance with IAS 36.134 (d) (i), the key assumptions on which management has based its projections of the segment results are presented below.

With regard to the macroeconomic fundamentals in Germany, above-average growth in gross domestic product (GDP) is assumed for the 2016 to 2018 planning period, with average growth for the following years until 2020. At the same time, the unemployment rate is expected to increase slightly during 2016, but then remain stable at a very low level up to the end of the planning period. Private households' disposable income is likely to rise at an above-average rate over the entire planning period. After the very moderate inflation of 0.3 % in 2015, a rise towards 2 % is projected for the following years. Consumer spending should grow relatively strongly in 2016 and then at an average rate starting in 2017, while the savings rate should increase slightly from a low level. At the same time, management predicts that the lending business will profit slightly from the low interest rates and that the portfolio of loans to retail customers will be expanded moderately. Despite the increase in political uncertainty, the probability of the sovereign debt crisis worsening again in 2016 is quite low thanks to the measures adopted by politicians and the ECB.

The forecast changes in the relevant market parameters for savings products, the number of Postbank checking accounts, installment loans, and home savings products in the Bank's core German market, which were derived from the above-mentioned macroeconomic environment, will result in slight overall growth in Postbank's business activities.

Calculation of the fair value less costs to sell of the brands is based on forecasted growth in new business. The long-term projection is based on a growth rate of 1 % (previous year: 1 %). A discount rate of 7.48 % is used (previous year: 8.03 %).

(k) Property and equipment

Property and equipment is carried at cost and reduced by depreciation over the standard useful life of the asset. Determination of the useful life of an asset reflects physical wear and tear, technical obsolescence, and legal and contractual restraints. Writedowns are charged in the event of additional impairment.

Property and equipment is depreciated using the straight-line method over the following periods:

	Useful life (years)
Buildings	40 – 60
IT systems	4 – 5
Other operating and office equipment	5 – 20

Maintenance and repair costs are recognized in profit or loss at their full amount. Costs for replacing components of property and equipment are capitalized.

The cost of low-value assets is expensed immediately for reasons of materiality.

(l) Liabilities

Liabilities and subordinated debt are carried at amortized cost (IAS 39.47).

The carrying amount of secured liabilities that meet the requirements for hedge accounting is adjusted for the changes in fair value attributable to the hedged risk.

Premiums, discounts, and issue costs are recognized in net interest income by applying the effective interest method.

Liabilities covering reimbursements of arrangement fees, and for interest premiums payable retroactively in the case of unutilized loans, or of changes in interest rates or tariffs, are recognized for the home savings business in line with the different tariffs and contract terms. The amount of the liabilities is calculated on the basis of predefined rational customer decision patterns. An estimate is made for each individual customer as to whether utilization of the home loan and, hence, the waiver of a reimbursement of the arrangement fees and the retroactive receipt of interest premiums is economically advantageous for the customer.

As it is not possible to predict customer behavior solely on the basis of rational decision-making patterns, there is an inherent uncertainty in the amount of the liabilities recognized.

(m) Trading liabilities

Derivatives with negative fair values that were acquired for the purpose of generating a profit from short-term fluctuations in market prices or dealing margins are carried under this balance sheet item. It also contains the negative fair values of banking book derivatives. Remeasurement gains and losses and realized gains and losses are recognized in net trading income. Derivatives carried under trading liabilities are recognized for the first time at the trade date. Interest rate derivatives relating to the hedged items accounted for under the fair value option are also reported here.

The embedded derivatives contained in the synthetic SCP portfolios that are required to be separated are reported as standalone derivatives in the “trading assets” balance sheet item (in the case of positive fair values) or “trading liabilities” (in the case of negative fair values).

(n) Provisions

Provisions for pensions and other employee benefits

There are commitments to provide occupational benefits at Deutsche Postbank AG and its subsidiaries. The commitments are classified as either defined contribution plans or defined benefit plans depending on the terms and conditions of the plans concerned.

The annual contribution to defined contribution plans is converted into a benefit using actuarial techniques and credited to a pension account.

The existing defined benefit pension commitments provide for different benefits for different groups. The majority of the benefits are granted in the form of direct pension commitments plus, since the acquisition of the BHW Group, indirect pension commitments via BHW Bausparkasse VVaG’s Pensionskasse (occupational pension fund).

Direct pension commitments: Direct pension commitments provide for old-age, disability, and survivors’ benefits, mostly in the form of lifelong pension payments. Different arrangements exist due to the assumption of pension plans in connection with corporate transactions, among other things. Specifically, these are

- modular pension plans, where the future pension increases every year depending on the salary received;

- final salary-based commitments, where the future pension is linked to the length of service and the salaries received before the insured event;

- (indexed) fixed pensions, where the amount of the future pension is fixed but in some cases is indexed by a set percentage amount every year.

Postbank directly assumed the commitments to the pensioners and employees who were previously insured with Versorgungsanstalt der Deutschen Bundespost (VAP – Postal Service Institution for Supplementary Retirement Pensions).

BHW Bausparkasse VVaG’s Pensionskasse (occupational pension fund): The Pensionskasse is a legally independent occupational pension provider in the form of a mutual insurance association (VVaG – Versicherungsverein auf Gegenseitigkeit), which grants beneficiaries a legal right to their pension benefits. As a regulated Pensionskasse, it is supervised in full by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Federal Financial Supervisory Authority) on the basis of the *Versicherungsaufsichtsgesetz* (VAG – German Insurance Supervision Act). The pension scheme is funded by the sponsoring employers, which make regular contributions to the Pensionskasse. The solvency of the Pensionskasse was ensured at all times in the fiscal year. The employees and pensioners insured by the Pensionskasse generally also have direct pension commitments that are credited toward the occupational pension fund insurance.

In 2013, Postbank established a CTA (contractual trust arrangement) to finance previously unfunded direct obligations that are not covered via the Pensionskasse. The assets held in the CTA qualify as plan assets under IAS 19. Transfers of funds to the CTA are not subject to any statutory minimum requirements; rather, they can be determined by Postbank in accordance with internal guidelines.

The amount of the liability is determined annually by independent actuaries using the projected unit credit method required under IAS 19. The discount rate applicable for the pension liabilities is set at the reporting date by reference to the yield on high quality long-term corporate bonds. The assumptions regarding the salary trend reflect Postbank’s expectations as to how this will develop over the long term. The nominal rate of expected salary increases is determined based on inflation plus the expected long-term real salary trend (“building block approach”). The inflation rates implied by inflation swaps denominated in euros on the balance sheet date are used as a reference for long-term inflation.

In accordance with legal requirements, future pension adjustments are linked to inflation/salary trends, unless a guaranteed adjustment of 1 % p.a. has been granted.

The following overview shows the input parameters used:

	2015	2014
Discount rate	2.4 %	2.0 %
Salary growth	2.1 %	2.0 %
Inflation rate	1.6 %	1.5 %
Mortality	Heubeck tables 2005G	Heubeck tables 2005G

Other provisions

Obligations resulting from other short-term and long-term employee benefits are primarily recognized in other provisions in accordance with the requirements of IAS 19. This applies in particular to partial retirement and early retirement benefits.

Provisions for litigation are recognized if current legal disputes are more than likely to lead to a cash outflow and a reliable estimate of the obligation can be made. The Bank takes into account a large number of factors to determine whether the cash outflow is more likely than not and to estimate the amount of the potential obligation. These factors include the nature of the claim and the underlying circumstances, the status and progress of the individual proceedings, court and arbitration board decisions, the experience of the Bank and third parties in similar cases (where the Group is aware of such cases), preliminary settlement discussions, available exemptions, and the opinions and assessments of legal advisors and other experts. Since the assessment of the probability and the amount of the obligation arising from legal disputes involves a level of uncertainty, the actual obligation at the end of the legal proceedings or out-of-court settlement may exceed the provisions recognized.

(o) Currency translation

In accordance with IAS 21.23, all foreign currency monetary items and equities denominated in foreign currencies that are classified as non-monetary items in accordance with IAS 21.8 are translated into euros at the middle spot rate at the balance sheet date. There were no material non-monetary items at the balance sheet date measured at (amortized) cost (in particular property and equipment, prepaid expenses, and deferred income) and translated at the historical rate in accordance with IAS 21.23 (b). Foreign currency income and expenses are generally translated at the closing rate of the relevant month of the business transaction.

Gains and losses resulting from the translation of monetary assets and liabilities are recognized in the income statement. Gains and losses on the translation of non-monetary items are either taken directly to the revaluation reserve or recognized in net trading income, depending on the item's underlying measurement category.

(p) Recognition of income

Interest from interest-bearing assets and liabilities is recognized using the effective interest method and, in general, reported as either interest income or interest expense. When the effective interest method is used, the expected cash flows are discounted with the effective interest over the entire term of the asset or liability. All directly attributable transaction costs, fees and other payments made or received are included in the calculation of the effective interest rate. If a related financial instrument exists, commissions that are an integral part of the effective interest rate of this financial instrument will also be included in the calculation to determine the effective interest.

If negative interest is paid on financial assets, this is not recognized within interest income but in a separate item within net interest income entitled "Negative interest on financial assets". Positive interest on financial liabilities is not recognized as interest expense but in a separate item within net interest income entitled "Positive interest on financial liabilities." As a consequence, non-typical interest is recognized in net interest income and presented separately in the income statement.

Income is recognized in the period in which the amount of the income and the associated expenses can be reliably determined, and the economic benefit of the transaction will, in all probability, accrue to the Bank.

Recurring fees and charges for existing business, and the other fees for services (primarily in checking business) are recognized when the respective service is rendered. Fees for services rendered over a certain period of time are recognized over the period in which the services are rendered.

In securities and fund business, the Bank earns trail commissions besides the acquisition commissions recognized on conclusion of the contract for the respective product. Trail commissions relate primarily to portfolio management. The Bank is entitled to this commission for as long as this is provided for in the respective contract, and it is recognized when the service is rendered. If there is any uncertainty as to the timing of the service, the income is recognized upon receipt of payment.

The Bank receives, in particular, acquisition commissions for brokering life insurance. The acquisition commission is due upon payment of the first premium by the customer and recognized in the amount of its expected present value immediately upon the provision of the service with due regard to future cancellations.

The Bank recognizes the commission for brokering residual debt insurance payable to it over the term of such insurance on the basis of a reliable estimate of the expected present value directly after the provision of the service. This has been made possible thanks to enhancements to the reporting system at a product provider, which only became available as from the reporting period. As a result, commission income increased by a total of €58 million in the reporting period. Up to the beginning of 2015 in the case of new business and up to the third quarter of 2015 in the case of portfolio business, these commissions were not recognized until payment was received. It is not possible to estimate the effects on future periods due to the dependency on future brokerage success.

(q) Income taxes

Income taxes are recognized and measured in accordance with IAS 12, with the consolidated income tax group with Deutsche Bank established in 2012 being taken into account from a formal legal perspective. Under this approach, income taxes are not recognized at the level of the Postbank consolidated tax group because they are owed by the tax group parent, Deutsche Bank AG.

The assessment of income tax assets and liabilities requires certain estimates to be made. A differing assessment by the tax authorities cannot be ruled out. Account is taken of the associated uncertainty by recognizing uncertain tax assets and liabilities if Postbank considers their probability to be greater than 50 %. A change in the assessment, for example based on final tax assessments, would affect the current and deferred tax items. The uncertain income tax items recognized are based on the best estimate of the expected tax payment.

The following applies to the taxes owed by companies not belonging to the Postbank consolidated tax group:

Deferred taxes are recognized for all temporary differences between the carrying amounts in the IFRS financial statements and the carrying amounts in the tax accounts (tax base). Deferred tax assets are recognized for tax loss carryforwards and temporary differences in the amount of their probable future utilization. Deferred tax assets are recognized for tax loss carryforwards based on future taxable income within a planning period that generally covers five years.

Deferred tax items are reported under "deferred tax assets" in the case of assets and "deferred tax liabilities" in the case of liabilities.

Current and non-current deferred tax assets and liabilities are offset in accordance with IAS 12.74.

Income and expenses from deferred taxes are recognized under income tax separately from current tax income and expenses. Recognition depends on the accounting treatment of the underlying item. For example, deferred taxes are recognized in net profit or loss when the balance sheet item is itself recognized in net profit or loss. Deferred taxes are credited or charged to the revaluation reserve in equity when the balance sheet item is itself credited or charged directly to equity (IAS 12.61A), e.g., in the case of remeasurement of available-for-sale securities.

(r) Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale in accordance with IFRS 5 if their carrying amount will be recovered principally through sale and their sale is highly probable.

Assets held for sale are generally measured at the lower of their previous carrying amount and fair value less costs to sell and are reported in the "Assets held for sale" balance sheet item. According to IFRS 5.5 exceptions to this measurement rule may, among other things, be applied to financial instruments. The liabilities associated with these assets are reported in the "Liabilities directly related to assets held for sale" balance sheet item.

Either the prices quoted on the active market – insofar as the asset is being traded on an active market – or existing bids and/or agreed prices are used to calculate the fair value of held-for-sale assets eligible for measurement under IFRS 5.

The assets that are not eligible for IFRS 5 measurement are calculated using the respective standards as before.

(5) New developments in international accounting under IFRSs

New developments in fiscal year 2015

The following standards were required to be applied for the first time in the reporting period:

IAS 19

IAS 19 contains an amendment to "Defined Benefit Plans: Employee Contributions," as a result of which contributions from employees or third parties that are linked to service are recognized as a negative benefit in the periods in which the related services are rendered. The Bank is applying the amendment prior to its effective date. The amendment did not have a significant effect on the financial position, net assets, and results of operations of Postbank.

Annual Improvements 2010–2012 and Annual Improvements 2011–2013

The IASB has implemented clarifications, amendments and additions to existing standards as part of these two projects. The adoption of the amended standards did not have any significant effect on the financial position, net assets, and results of operations of Postbank.

Amendments resulting from standards and interpretations to be applied in future fiscal years

The principal standards issued, the effective date, and the expected effects on Postbank are summarized below. Postbank takes the effective date specified by the IASB in the individual standards as the effective date insofar as the EU permits early adoption.

Standard	Effective date	Description of amendments and their effects for Postbank
IAS 1 "Disclosure Initiative"	January 1, 2016 Commission Regulation 2015/2406 of December 18, 2015	The amendment is intended to provide clarification regarding the structure and content of the income statement, the condensed statement of comprehensive income, and the balance sheet. The amendments refer to the application of the principle of materiality, the disaggregation of items in financial statements and the presentation of subtotals, as well as to the structure of the disclosures in the notes. The amendments are not expected to have a material effect on the net assets, financial position, and results of operations at Postbank.
IAS 16 and 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"	January 1, 2016 Commission Regulation 2015/2231 of December 2, 2015	According to the amendments, revenue-based methods for calculating the depreciation of property and equipment are not admissible, whereas in the case of intangible assets, there is merely a rebuttable presumption that such methods are inappropriate. The amendments are not expected to have a material effect on the net assets, financial position, and results of operations at Postbank.
IFRS 9 "Financial Instruments"	January 1, 2016 Not yet endorsed by the EU.	IFRS 9 "Financial Instruments" in particular includes requirements on the classification and measurement of financial instruments, impairment, and general hedge accounting (not including macrohedge accounting). Financial instruments are categorized in accordance with the two criteria of "business model" and "solely payments of principal and interest". How these two criteria are interpreted determines whether the instruments are subsequently accounted for at amortized cost or at fair value (either recognized in profit and loss or directly in equity). With regard to impairment, the former incurred loss impairment model is replaced by an expected credit loss model that allows default risk to be accounted for in a more timely manner. The new general hedge accounting requirements are now largely aligned with internal risk management. As a result of the new regulations on impairment, Postbank is anticipating an increase in the allowance for losses on loans and advances, mainly due to the switch to a 12-month or lifetime ECL. Due to the new classification requirements, Postbank is expecting a certain shift to occur between the measurements at fair value through profit or loss, at fair value through other comprehensive income, and at amortized cost. Postbank intends to exercise the option for IAS 39 Hedge Accounting; there are no plans to adjust prior periods to IFRS 9.
IFRS 10 (amended 2014) and IAS 28 (amended 2014) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Effective date as yet unknown.	The amendments are intended to provide clarification regarding the recognition of unrealized gains from transactions between an investor and an associate or joint venture. The amendments are not expected to have a material impact on the net assets, financial position and results of operations at Postbank.
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018 Not yet endorsed by the EU.	IFRS 15 is a new standard on revenue recognition, which brings together the numerous requirements previously contained in various standards and interpretations in a single standard and provides a set of uniform principles that are applicable for all sectors and categories of sales transactions. Under IFRS 15, the amount of the consideration to which the entity expects to be entitled to, in exchange for transferring goods or services to a customer, must be recognized as revenue. Postbank is currently examining the potential effects on its consolidated financial statements.
Annual Improvements 2012–2014	January 1, 2016 Commission Regulation 2015/2343 of December 15, 2015	The IASB has implemented clarifications, amendments and additions to existing standards as part of its Annual Improvements 2012-2014 project. The amendments are not expected to have a material effect on the net assets, financial position and results of operations at Postbank.
IFRS 16 "Leases"	January 1, 2019 Not yet endorsed by the EU.	The IASB published a new accounting standard on leases in January 2016. IFRS 16 governs the recognition, measurement, presentation and disclosure obligations with respect to leases, and replaces the current leasing standard, IAS 17. The new accounting model requires the lessee to recognize all assets and liabilities relating to leasing arrangements. This means that the distinction between financing and operating leases (previously the case with IAS 17) no longer applies at all to the lessee. With regard to the lessor, the regulations of IFRS 16 do not differ significantly from those contained in the current IAS 17 accounting model. Postbank is currently examining the potential effects and changes of this standard for its consolidated financial statements.

(6) Adjustments of prior-year figures

New findings on customer behavior gained from portfolio measures prompted the Bank to thoroughly revise its approach to measuring and recognizing obligations from home savings schemes with interest bonus as of December 31, 2015. As a result of the retrospective revisions, the obligations previously recognized as provisions are now recorded as financial liabilities. The adjusted measurement resulted in a decline of €53 million in retained earnings as of January 1, 2014, an increase of €1,052 million in amounts due to customers, a decline in the other provisions of €975 million and deferred income tax assets of €23 million. Subsequent measurement of the financial liabilities in fiscal year 2014 resulted in additional interest expense of €22 million and a deferred tax income of €7 million. In the segment report, the effects of subsequent measurement are allocated to the relevant Retail and NCOU segments. Consolidated profit for fiscal year 2014 dropped by €16 million, resulting in a decline of €0.07 in earnings per share.

Loans and advances to other banks, of the NCOU segment, which had been incorrectly recognized following the deconsolidation of a subsidiary in 2013 was derecognized. The retrospective adjustment caused retained earnings to drop by €58 million as of January 1, 2014.

In the period under review, Postbank determined that the recognition of commission income from the brokerage of life insurance in previous years did not take account of expected future cancellation. The resultant retrospective adjustment resulted in a decline of €10 million in other assets and retained earnings as of January 1, 2014. In fiscal year 2014, commission income declined by €2 million and the other assets recognized as of December 31, 2014, by €13 million. This caused consolidated profit for 2014 to drop by €3 million, resulting in a reduction in earnings of €0.01 per share. The changes related to the Retail Banking segment.

(7) Events after the balance sheet date

In the context of its deconsolidation from Deutsche Bank, Postbank repurchased 100 % of the equity interests in its service companies Betriebs-Center für Banken AG, VÖB-ZVD Processing GmbH, Postbank Direkt GmbH, Postbank Service GmbH and BHW Kreditservice GmbH from PBC Banking Services GmbH with effect from January 1, 2016. The service companies are to be fully consolidated in the Postbank Group as subsidiaries in accordance with IFRS 10 as of that date.

At the same time, Postbank sold 49.9975 % of its shares in PBC Banking Services GmbH to Deutsche Bank Privat- und Geschäftskunden AG with effect from January 1, 2016.

The acquisition of shares in the service companies constitutes a business combination under common control as the Postbank service companies and Postbank itself will be managed by Deutsche Bank AG both before and after the transaction. The difference arising from the repurchase of the service companies between the consideration granted of €410 million and the net assets and liabilities of the service companies transferred and measured at the consolidated carrying amounts of Deutsche Bank AG will reduce the Postbank Group's retained earnings by €265 million in January 2016.

As the investment in PBC Banking Services GmbH had already been measured at its fair value less costs to sell in accordance with IFRS 5 as of December 31, 2015 (see Note 29), the sale of the shares in 2016 did not have any further effect on earnings.

Following the entry of the squeeze-out in the commercial register on December 21, 2015, all the shares held by Deutsche Postbank AG's minority shareholders have been transferred by operation of law to Deutsche Bank. Trade in Postbank shares was suspended on all stock exchanges with immediate effect. The admission to trading was revoked as of the end of the day on January 13, 2016. Accordingly, Deutsche Postbank AG is no longer listed on the stock exchange as of January 14, 2016.

INCOME STATEMENT DISCLOSURES

(8) Net interest income

	2015 €m	2014[1] €m
Interest and current income		
Interest income from:		
Lending and money market transactions	3,772	4,079
Fixed-income and book-entry securities	557	641
Net gains/losses on hedges	–2	3
	4,327	**4,723**
Current income from:		
Equities and other non-fixed-income securities	0	0
Equity investments	3	12
	3	**12**
	4,330	**4,735**
Positive interest on financial liabilities	15	2
Interest expense on:		
Deposits	1,467	1,694
Debt securities in issue	130	183
Subordinated debt	173	201
Swaps	153	173
	1,923	**2,251**
Negative interest on financial assets	19	1
Total	**2,403**	**2,485**

The net interest income for the year under review includes expenses in connection with a non-scheduled adjustment of extrapolated hidden reserves of €59 million on loans and advances to customers arising from the acquisition of BHW Bausparkasse.

Interest income from the lending business and from money market transactions includes €18 million (previous year: €24 million) of interest income accrued on impaired assets (unwinding in accordance with IAS 39).

Interest expense on liabilities, debt securities in issue, and subordinated debt relates to financial instruments classified as liabilities at amortized cost.

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[1] Figures adjusted (see Note 6)

In addition, net interest income includes interest of €197 million (previous year: €200 million) from derivatives used to hedge loans and advances designated under the fair value option.

Interest income and expenses of €–44 million (previous year: €–27 million) on swaps used in hedging relationships are reported as net expense. The underlying transactions are hedging instruments that meet the qualification criteria for hedge accounting in accordance with IAS 39.

Gains and losses from the remeasurement of fair value hedges are reported under net gains/losses on hedges, which are composed of the following items:

	2015 €m	2014 €m
Gains/losses on the fair value remeasurement of hedged items	–36	–247
Gains/losses on the fair value remeasurement of hedging instruments	34	250
Total	**–2**	**3**

(9) Allowance for losses on loans and advances

	2015 €m	2014 €m
Cost of additions to allowance for losses on loans and advances		
Specific valuation allowances	367	425
Portfolio-based valuation allowances	90	0
Cost of additions to provisions for credit risks	25	16
Direct loan write-offs	51	56
Income from reversals of the allowance for losses on loans and advances		
Specific valuation allowances	228	174
Portfolio-based valuation allowances	45	9
Income from the reversal of provisions for credit risks	24	24
Recoveries on loans previously written off	27	25
Total	**209**	**265**

The allowance for losses on loans and advances does not contain any additions (previous year: €0 million) nor reversals (previous year: €1 million) which relate to loans and advances to other banks.

€208 million (previous year: €274 million) of the allowance for losses on loans and advances relates to customer receivables classified as loans and receivables; €1 million (previous year: income of €8 million) of the allowance for losses on loans and advances relates to guarantees, warranties, and irrevocable loan commitments.

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

	2015 €m	2014 €m
Additions		
Private mortgage lending	115	149
Home savings loans	2	2
Commercial loans	40	84
Installment loans	146	109
Overdrafts	64	81
Portfolio-based valuation allowances	90	0
Total	**457**	**425**

	2015 €m	2014 €m
Reversals		
Private mortgage lending	93	88
Home savings loans	1	1
Commercial loans	26	66
Installment loans	65	0
Overdrafts	43	18
Portfolio-based valuation allowances	45	9
Total	**273**	**182**

(10) Net fee and commission income

	2015 €m	2014[1] €m
Checking account business	336	360
Securities business	60	46
Lending and guarantee business	22	29
Branch business	209	388
Other fee and commission income	159	104
Total	**786**	**927**

Net fee and commission income from trust activities amounts to €5 million (previous year: €5 million) and is reported in “Other fee and commission income”.

Fee and commission income includes €533 million (previous year: €552 million) and fee and commission expense of €189 million (previous year: €176 million) which result from transactions with financial instruments not designated at fair value through profit or loss.

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[1] Figures adjusted (see Note 6)

(11) Net trading income

Quoted prices are generally used to establish the fair values of trading assets and trading liabilities. The fair values of unlisted products are established using the discounted present value method or suitable valuation techniques. In addition to trading income and expenses, net trading income also includes net remeasurement gains/losses on trading assets.

	2015 €m	2014 €m
Net income from sale of securities and loans	0	0
Net gains/losses on remeasurement of securities and loans (interest products)		
Bonds and other fixed-income securities	0	0
Loans (held for trading)	−4	−4
	−4	**−4**
Net gains/losses on derivatives carried in the trading portfolio and the banking book		
Gain on derivatives	1,900	2,865
Loss on derivatives	−1,871	−2,880
	29	**−15**
Net gains/losses from application of the fair value option		
thereof loans and advances to customers	−158	17
thereof derivatives substantively linked to the fair value option	175	−10
	17	**7**
Foreign exchange gain/loss	14	7
Net fee and commission income carried in the trading portfolio	0	−1
Total	**56**	**−6**

The net gains/losses on derivatives carried in the trading portfolio and the banking book include expenses from interest on swaps of €53 million (previous year: €73 million). The underlying swap holdings are not part of a hedging relationship as defined by IAS 39.

(12) Net income from investment securities

Net income from investment securities contains net gains/losses from the sale and remeasurement of investment securities, investments in unconsolidated subsidiaries, and equity investments.

	2015 €m	2014 €m
Net income from loans and receivables investment securities	16	23
thereof net income from sale	18	32
Gains on sale	19	38
Losses on sale	1	6
thereof impairment losses (net)	−2	−9
Net income from available-for-sale investment securities	20	23
thereof net income from sale	21	24
Gains on sale	22	24
Losses on sale	1	0
thereof impairment losses (net)	−1	−1
Net income from equity investments	−9	170
thereof current profit/loss from investments in associates	20	22
thereof net remeasurement gains/losses from investments in associates	−38	–
Total	**27**	**216**

	2015 €m	2014 €m
Net income from bonds and promissory note loans	39	56
Net income from equity investments	−9	170
Impairment	−3	−10
Total	**27**	**216**

€3 million (previous year: €10 million) of the net impairment loss on investment securities relates to other debt instruments.

In the year under review (previous year: €7 million) no impairment loss on closed-end funds was charged.

Reference should be made to Note 29 for details of the earnings performance concerning investments in associates.

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(13) Administrative expenses

Consolidated administrative expenses are composed of staff costs, non-staff operating expenses, and amortization, depreciation, and writedowns of intangible assets and property and equipment. These expenses are composed of the following items:

	2015 €m	2014 €m
Staff costs		
Wages and salaries	932	879
Social security contributions	96	95
Expenses for pensions and other benefits	164	157
	1,191	**1,131**
Other administrative expenses	1,394	1,470
Amortization of intangible assets	82	64
Depreciation and writedowns of property and equipment	57	64
Total	**2,724**	**2,729**

Expenses for pensions and other benefits primarily include expenses for defined contribution plans of €95 million (previous year: €102 million) and expenses for defined benefit plans of €46 million (previous year: €33 million). In addition, administrative expenses also include the employer contributions of €46 million (previous year: €47 million) for statutory pension insurance.

Other administrative expenses relate primarily to IT costs of €413 million (previous year: €393 million), expenses for intragroup services received from Deutsche Post AG of €91 million (previous year: €158 million), operating building and premises expenses of €158 million (previous year: €140 million), market communication costs of €85 million (previous year: €95 million), legal, consulting, and audit costs of €69 million (previous year: €80 million), as well as expenses for the banking levy of €20 million (previous year: €18 million).

Other administrative expenses include lease expenses of €134 million (previous year: €130 million), which are composed of expenses for leased intangible assets, land and buildings, and operating and office equipment under operating leases.

In the year under review, impairment losses of €7 million (previous year: €6 million) were recognized on property and equipment and of €24 million (previous year: €0 million) on intangible assets.

(14) Other income

	2015 €m	2014 €m
Income from relationships with service companies	302	241
Income from property and equipment	41	32
Reimbursements from internal welfare institutions	11	12
Income from uncollectable transactions	10	5
Miscellaneous	525	97
Total	**889**	**387**

Income attributable to service companies mainly relates to income received for the staff transferred to the Deutsche Bank Group’s service companies.

Income from property and equipment mainly comprises rental income of €35 million (previous year: €31 million).

The “Miscellaneous” item includes income of €280 million from the acquisition of the trust companies, income of €162 million from Deutsche Bank in connection with the termination of the IT partnership, and changes in the contractual arrangements relating to the utilization rights for software as well as income from operating leases. Total future minimum lease payments as of January 1, 2016, amount to €0 million (previous year: €30 million), due to the repurchase of the service companies.

In addition, the miscellaneous item includes a large number of individual items.

(15) Other expenses

	2015 €m	2014 €m
Expenses for relationships to service companies	521	458
Expenses from litigation and customer redress	53	214
Expenses for claims settlement and ex gratia payments	12	29
Expenses for the Federal Posts and Telecommunications Agency, special pension fund for postal civil servants (BAnst PVK)	11	9
Expenses for other taxes	6	7
Expenses from property and equipment and intangible assets	19	2
Miscellaneous	24	83
Total	**646**	**802**

Expenses attributable to service companies entail the amounts paid for activities performed under the contracts for the management of the affairs of another.

Expenses from property and equipment and intangible assets relate to disposal losses.

Expenses for other taxes relate primarily to land taxes amounting to €3 million (previous year: €3 million).

In addition, the miscellaneous item includes a large number of individual items.

(16) Income taxes

Income taxes in the Group were composed of the following items:

	2015 €m	2014[1] €m
Effective income tax expense		
Current income tax expense		
Corporate income tax and solidarity surcharge	16	28
Trade income tax	6	16
	22	**44**
Prior-period income tax	–3	107
	19	**151**
Deferred income tax		
from temporary differences	–40	–46
from the reversal of loss carryforwards	–6	–5
	–46	**–51**
Total	**–27**	**100**

The following reconciliation illustrates the relationship between profit after tax and income tax expense:

	2015 €m	2014[1] €m
Profit from ordinary activities after tax	609	113
Income tax expense	–27	100
Profit before tax	582	213
Applicable tax rate	30.63 %	32.59 %
Expected income taxes	178	69
Tax effects		
Effect of changes in tax rate	–1	0
Effect of difference between applicable tax rates in Germany and abroad	0	0
Effect of non-deductible expenses	24	41
Effect of tax-free income	–10	–97
Effect of additions/reductions for local income tax purposes	2	5
Effect of consolidated tax group	–223	–35
Effect of changes in valuation allowances on deferred tax assets	0	10
Effect of prior-period taxes	3	107
Other	0	0
	–205	**31**
Income tax expense	**–27**	**100**

Due to the formal legal perspective, the weighted average tax rate is used for the applicable tax rate.

BALANCE SHEET DISCLOSURES

(17) Cash reserve

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Cash	963	960
Balances with central banks	394	270
Total	**1,357**	**1,230**

€390 million (previous year: €266 million) of the balances with central banks relates to balances with the Deutsche Bundesbank.

The minimum reserve requirement at the end of December 2015 was €852 million (previous year: €848 million).

[1] Figures adjusted (see Note 6)

(18) Loans and advances to other banks

	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m
Domestic banks		
Payable on demand	1,270	1,055
Other loans and advances	9,463	13,095
	10,733	**14,150**
Foreign banks		
Payable on demand	264	460
Other loans and advances	4,879	4,992
	5,143	**5,452**
Total	**15,876**	**19,602**

€3,225 million (previous year: €3,853 million) of loans and advances to other banks is due after more than 12 months.

Loans and advances to other banks can be broken down as follows in accordance with the categories of financial instruments defined in IAS 39:

	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m
Loans and advances to other banks (loans and receivables)	15,876	19,602
thereof fair value hedges	78	105
Total	**15,876**	**19,602**

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

	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m
Securities repurchase agreements	13,144	16,373
Overnight money	837	891
Loans	68	384
Registered bonds	425	228
Term deposits	1,100	1,101
Other loans and advances	302	625
Total	**15,876**	**19,602**

Collateral received that can be unconditionally liquidated or unconditionally sold:

	Fair value of collateral that can be unconditionally liquidated or can be unconditionally sold		Fair value of collateral that was sold or repledged and is subject to an obligation to return	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Financial collateral	14,038	15,833	1,006	1,392
Non-financial collateral	–	–	–	–
Total	**14,038**	**15,833**	**1,006**	**1,392**

Collateral is utilized at standard market conditions.

As of December 31, 2015, receivables under genuine repurchase agreements amounted to €13,144 million (previous year: €16,373 million). Postbank is the lender in such transactions. Securities purchased under agreements to resell relate to listed bonds of public sector issuers, issuances by German and foreign banks and corporate bonds.

Loans and advances to other banks include fixed-interest loans in the amount of €9.1 billion (previous year: €18.2 billion) and variable-interest loans in the amount of €6.8 billion (previous year: €1.5 billion).

(19) Loans and advances to customers

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Private mortgage lending	68,312	69,249
Home savings loans	3,140	3,564
Commercial loans	12,175	11,944
Public sector	4,621	3,132
Installment loans	6,453	6,098
Overdrafts	2,176	2,339
Promissory note loans	1,485	1,536
Other loans and advances	35	110
Total	**98,397**	**97,972**
thereof:		
Secured by mortgage charges	42,564	44,247
Public-sector loans	4,118	2,963[2]
Domestic customers	91,663	90,613
Foreign customers	6,734	7,359
Total	**98,397**	**97,972**

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[1] Figures adjusted (see Note 6)
[2] Prior-year figure adjusted by €–151 million due to incorrect allocation

Loans and advances to customers without a fixed maturity amount to 1.6 % of total assets (previous year: 1.4 %). These loans and advances have been allocated to the shortest maturity band in the maturity structure.

€75,791 million (previous year: €75,016 million) of loans and advances to customers is due after more than 12 months.

Loans and advances to customers include fixed-interest loans in the amount of €86.8 billion and variable-interest loans in the amount of €11.6 billion.

The breakdown to product groups was changed as compared to the previous year.

Loans and advances to customers can be broken down as follows in accordance with the categories of financial instruments defined in IAS 39:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Loans and receivables	93,988	93,040
thereof fair value hedges	1,535	1,556
Fair value option	4,409	4,932
Total	**98,397**	**97,972**

Loans and advances to customers include amounts due under finance leases.

Total outstanding minimum lease payments amount to €259 million (previous year: €227 million) and have the following maturity structure:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
in the first year after the balance sheet date	67	59
in the second year after the balance sheet date	94	50
in the third year after the balance sheet date	40	77
in the fourth year after the balance sheet date	32	23
in the fifth year after the balance sheet date	17	13
more than five years after the balance sheet date	9	5
Total	**259**	**227**

The reconciliation to the present value of the outstanding minimum lease payments is as follows:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Outstanding minimum lease payments	259	227
Unguaranteed residual values	3	4
Total gross investment	**262**	**231**
Unearned finance income	14	18
Net investment	**248**	**213**
Present value of unguaranteed residual values	3	3
Present value of minimum lease payments	**245**	**210**

The accumulated allowance for uncollectible outstanding minimum lease payments amounts to €3 million (previous year: €4 million).

(20) Total credit extended

	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m
Loans and advances to other banks	15,876	19,602
Loans and advances to customers	98,397	97,972
Guarantees	404	394
Total	**114,677**	**117,968**

(21) Allowance for losses on loans and advances

The allowance for losses on loans and advances covers all identifiable credit risks. Portfolio-based valuation allowances were recognized for risks that have arisen but not yet been identified.

Risks have been provided for by an allowance for losses on loans and advances carried under assets, and by the recognition of provisions for credit risks.

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

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Allowance for losses on loans and advances to customers	923	1,361
Provisions for credit risks	43	43
Total	**966**	**1,404**

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[1] Figures adjusted (see Note 6)

The allowance for losses on loans and advances carried under assets changed as follows in the year under review:

	Specific valuation allowances		Portfolio-based valuation allowances		Total	
	2015 €m	2014 €m	2015 €m	2014 €m	2015 €m	2014 €m
Balance at Jan. 1	**1,208**	**1,316**	**153**	**162**	**1,361**	**1,478**
Reclassification due to IFRS 5	−196	–	–	–	−196	–
Additions						
Allowance charged to the income statement	367	425	90	–	457	425
Disposals						
Utilization	412	336	–	–	412	336
Allowance reversed to the income statement	228	174	45	9	273	183
Unwinding	18	24	–	–	18	24
Currency translation differences	4	1	0	0	4	1
Balance at Dec, 31	**725**	**1,208**	**198**	**153**	**923**	**1,361**

Collective specific valuation allowances are reported under the specific valuation allowances.

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

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Specific valuation allowances		
Private mortgage lending	263	320
Home savings loans	3	4
Commercial loans	144	184
Installment loans	193	377
Overdrafts	122	323
Portfolio-based valuation allowances	198	153
Total	**923**	**1,361**

Writedowns were charged on loans with a total volume of €1,710 million (previous year: €2,335 million).

Loans and advances amounting to €51 million were written off directly in fiscal year 2015 (previous year: €56 million). Recoveries on loans written off amounted to €27 million (previous year: €25 million).

The breakdown of specific valuation allowances to product groups was changed as compared to the previous year.

(22) Trading assets

In fiscal year 2015, trading assets were mainly comprised of derivatives. All trading assets are carried at their fair values.

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Building loans held for trading	91	139
Positive fair values of derivatives carried as trading assets	81	93
Positive fair values of banking book derivatives	475	465
Positive fair values from derivatives relating to hedged items accounted for under the fair value option	0	0
Total	**647**	**697**

€473 million (previous year: €494 million) is due after more than 12 months.

(23) Hedging derivatives

Hedges with positive fair values that qualify for hedge accounting in accordance with IAS 39 are composed of the following items:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Assets		
Hedging derivatives on loans to customer		
Loans and receivables	0	12
	0	**12**
Liabilities		
Deposits from other banks	3	4
Due to customers	12	13
Debt securities in issue	8	8
Subordinated debt	55	82
	78	**107**
Total	**78**	**119**

Holdings of €68 million (previous year: €107 million) are due after more than 12 months.

(24) Investment securities

Investment securities include bonds and other fixed-income securities, equities and other non-fixed-income securities, equity investments, and investments in unconsolidated subsidiaries.

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Bonds and other fixed-income securities		
Public-sector issuers	16,462	16,721
Other issuers	13,980	16,116
	30,442	**32,837**
Equities and other non-fixed-income securities		
Investment fund shares	261	179
	261	**179**
Equity investments	60	22
Investments in unconsolidated subsidiaries	5	6
Investments in associates	–	433
Total	**30,768**	**33,477**

As in the previous year, bonds and other fixed-income securities do not contain any securities and interest coupons due on the balance sheet date.

Holdings of €26,179 million (previous year: €29,301 million) are due after more than 12 months.

€28 billion of the bonds and other fixed-income securities have a fixed rate of interest over the entire term, while €2.4 billion have a variable rate of interest (floaters).

Postbank’s portfolio of structured credit products has a total volume of €83 million (previous year: €127 million).

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Reference should be made to Note 29 for details of the earnings performance concerning investments in associates.

Investment securities are classified as follows in accordance with the categories of financial instruments defined in IAS 39:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Bonds and other fixed-income securities		
Loans and receivables investment securities	17,408	20,642
thereof fair value hedges	4,614	4,116
Available for sale	13,034	12,195
thereof fair value hedges	6,457	4,551
	30,442	**32,837**
Equities and other non-fixed-income securities		
Available for sale	261	179
	261	**179**
Equity investments (available for sale)	60	22
Investments in unconsolidated subsidiaries (available for sale)	5	6
Total	**30,768**	**33,044**

The following amounts of investment securities are negotiable and listed:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Bonds and other fixed-income securities	30,428	32,815
Equities and other non-fixed-income securities	0	0
Equity investments	48	7

Investment securities were furnished as collateral for the following liabilities:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Liabilities	11,924	13,579
Contingent liabilities	0	0
Total	**11,924**	**13,579**

For liabilities relating to repurchase agreements amounting to €5,335 million, collateral taking the form of investment securities still carried in the balance sheet, in the amount of €5,971 million, was transferred.

Of the collateral transferred, the transferee could resell or pledge investment securities in the amount of €5,971 million (previous year: €6,344 million) on the basis of contractual or customary rights (IAS 39.37(a)).

Investment securities are pledged as collateral in accordance with standard market conditions.

Changes in the fair value of available-for-sale securities in the amount of €–39 million that are not hedged were recognized in the revaluation reserve (previous year: €254 million). €12 million (previous year: €27 million) reported in the revaluation reserve was reversed to income in the period under review as a result of the disposal of investment securities and the recognition of impairment losses.

Impairment losses of €3 million (previous year: €10 million) were recognized in fiscal year 2015 to reflect the performance of the financial instruments.

In fiscal years 2008 and 2009, Postbank reclassified securities from the "available-for-sale" category to the "loans and receivables" category due to a change in its intention to hold the securities. The fair value of the securities at the respective reclassification date was reported as the new carrying amount.

As of December 31, 2015, the total volume of securities reclassified in accordance with IAS 39.50E had a fair value of €8.4 billion and a carrying amount of €8.0 billion.

Prior to the above-mentioned reclassification dates, the changes in fair value that had been recognized in the revaluation reserve for the reclassified securities amounted to €468 million before tax. Had Postbank not changed its intention to hold the securities, the loss recognized in the revaluation reserve would have decreased by a further €367 million in the period up to December 31, 2015 (previous year: decrease of €312 million).

Given a nominal weighting of the reclassified securities, the effective interest rate calculated on the basis of their restated cost as of the date of the reclassifications was 4.4 % (range of effective interest rates: 1.8 % to 34.5 %). The estimated cash flows that Postbank expected as of the date of the reclassifications amount to €45.4 billion. Impairments of €621 million (previous year: €621 million) were charged for all reclassified securities in the period up to December 31, 2015; net disposal gains on reclassified securities amounted to €21 million (previous year: €10 million).

In the year under review, interest income amounting to €170 million (previous year: €229 million) was recognized for the reclassified securities.

(25) Intangible assets

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Acquired goodwill	1,581	1,581
Acquired software, concessions, industrial rights	248	277
Internally generated software	46	63
Advance payments on intangible assets and in-process intangible assets	27	31
Total	**1,902**	**1,952**

€1,568 million of purchased goodwill (previous year: €1,568 million) is attributable to the Retail Banking segment, while €13 million (previous year: €13 million) is attributable to the Corporate Banking segment.

The "acquired software, concessions, industrial rights" item includes the "BHW" brand in the amount of €139 million. The "BHW" brand is allocated to the Retail Banking segment. The capitalized amounts for customer relationships amounted to €58 million (previous year: €62 million), while those for beneficial contracts amounted to €10 million (previous year: €20 million).

A comparison of historical cost and cumulative amortization with the prior-period amounts is presented below:

	Acquired goodwill €m	Acquired software, concessions, industrial rights €m	Internally generated software €m	Advance payments on intangible assets and in-process intangible assets €m	Total €m
Historical cost					
Opening balance at Jan. 1, 2014	**1,644**	**1,039**	**178**	**63**	**2,924**
Reclassification of basis of consolidation	–	–	–	–	–
Additions	–	10	7	16	33
Reclassifications	–	12	32	–44	0
Disposals	41	11	–	4	56
Closing balance at Dec. 31, 2014	**1,603**	**1,050**	**217**	**31**	**2,901**
Changes in basis of consolidation	–	–	–	–	–
Additions	–	9	15	25	49
Reclassifications	–	–	16	–16	0
Disposals	–	–	4	13	17
Closing balance at Dec. 31, 2015	**1,603**	**1,059**	**244**	**27**	**2,933**

	Acquired goodwill €m	Acquired software, concessions, industrial rights €m	Internally generated software €m	Advance payments on intangible assets and in-process intangible assets €m	Total €m
Amortization					
Opening balance at Jan. 1, 2014	**22**	**744**	**130**	**0**	**896**
Changes in basis of consolidation	–	–	–	–	–
Amortization	–	41	24	–	65
Additions	–	–	–	–	–
Reclassifications	–	–	–	–	–
Disposals	–	12	–	–	12
Closing balance at Dec. 31, 2014	**22**	**773**	**154**	**0**	**949**
Changes in basis of consolidation	–	–	–	–	–
Amortization	–	38	44	–	82
Additions	–	–	–	–	–
Reclassifications	–	–	–	–	–
Disposals	–	–	–	–	0
Closing balance at Dec. 31, 2015	**22**	**811**	**198**	**0**	**1,031**
Carrying amount at Dec. 31, 2014	**1,581**	**277**	**63**	**31**	**1,952**
Carrying amount at Dec. 31, 2015	**1,581**	**248**	**46**	**27**	**1,902**

The carrying amounts of intangible assets changed as follows in the year under review:

	Carrying amount at Jan. 1, 2015 €m	Additions €m	Disposals €m	Reclassifications €m	Amortization €m	Carrying amount at Dec. 31, 2015 €m
Acquired goodwill	1,581	–	–	–	–	1,581
Acquired software, concessions, industrial rights	277	9	–	–	38	248
Internally generated software	63	15	4	16	44	46
Advance payments on intangible assets and in-process intangible assets	31	25	13	–16	–	27
Total	**1,952**	**49**	**17**	**0**	**82**	**1,902**

Following the termination of the IT partnership, a uniform core-banking solution is no longer planned. In light of the compensation payable by Deutsche Bank for expenses incurred, capitalized software and software under development is no longer considered to have any use. The disposals of €17 million were recognized within other expenses.

In addition, contractual adjustments were made to the software utilization rights in the period under review. Consequently, an impairment loss of €21 million was recognized. In addition, there were impairment losses on beneficial contracts of €3 million.

In fiscal year 2015, borrowing costs for qualifying assets (software under development) of €0.0 million were capitalized in accordance with IAS 23 (previous year: €0.6 million). The underlying capitalization rate was 0.9 %.

The carrying amount as of December 31, 2015, of advance payments on intangible assets was €4 million (previous year: €3 million); the carrying amount of intangible assets under development was €23 million (previous year: €28 million).

(26) Property and equipment

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Land and buildings	513	532
Operating and office equipment	143	142
Advance payments and assets under development	22	9
Total	**678**	**683**

A comparison of historical cost and cumulative depreciation with the prior-period amounts is presented below:

	Land and buildings €m	Operating and office equipment €m	Advance payments and assets under development €m	Total €m
Historical cost				
Opening balance at Jan. 1, 2014	**977**	**439**	**3**	**1,419**
Additions	–	43	7	50
Reclassification	–	1	–1	0
Disposals	52	46	–	98
Closing balance at Dec. 31, 2014	**925**	**437**	**9**	**1,371**
Additions	–	41	14	55
Reclassification	–	1	–1	0
Disposals	5	3	–	8
Closing balance at Dec. 31, 2015	**920**	**476**	**22**	**1,418**

	Land and buildings €m	Operating and office equipment €m	Advance payments and assets under development €m	Total €m
Depreciation				
Opening balance at Jan. 1, 2014	**425**	**296**	**–**	**721**
Depreciation	21	43	–	64
Reversals of impairment losses	–	–	–	–
Reclassifications	–	–	–	–
Disposals	53	44	–	97
Closing balance at Dec. 31, 2014	**393**	**295**	**–**	**688**
Depreciation	19	38	–	57
Reversals of impairment losses	5	–	–	5
Reclassifications	–	–	–	–
Disposals	–	–	–	0
Closing balance at Dec. 31, 2015	**407**	**333**	**–**	**740**
Carrying amount at Dec. 31, 2014	**532**	**142**	**9**	**683**
Carrying amount at Dec. 31, 2015	**513**	**143**	**22**	**678**

An impairment loss of €7 million was recognized on real estate in the period under review. In response to the calculations performed by an independent expert, remeasurement gains of €5 million were recognized on other real estate.

The carrying amounts of property and equipment changed as follows in the year under review:

	Carrying amount at Jan. 1, 2015 €m	Additions €m	Disposals €m	Reclassifications €m	Reversals of impairment losses €m	Depreciation €m	Carrying amount at Dec. 31, 2015 €m
Land and buildings	532	–	5	–	5	19	513
Operating and office equipment	142	41	3	1	–	38	143
Advance payments and assets under development	9	14	–	–1	–	–	22
Total	**683**	**55**	**8**	**0**	**5**	**57**	**678**

At the balance sheet date, assets under development amounted to €22 million (previous year: €9 million).

(27) Current and deferred tax assets

	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m
Current tax assets	101	148
Deferred tax assets		
from temporary differences	61	65
from tax loss carryforwards	11	3
domestic	11	0
foreign	0	3
	72	**68**
Total	**173**	**216**

Deferred tax assets were recognized in connection with temporary differences relating to the following balance sheet items, and in connection with unused tax losses:

	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m
Assets		
Loans and advances	0	0
Allowance for losses on loans and advances	2	1
Trading assets	118	116
Investment securities	9	0
Property and equipment	7	7
Other assets	0	100
Liabilities		
Amounts due to other banks and customers	86	112
Trading liabilities	221	302
Hedging derivatives	9	64
Provisions for pensions and other employee benefits	81	69
Other provisions	7	4
Other liabilities	2	3
	542	**778**
Tax loss carryforwards	11	5
Netted against deferred tax liabilities	481	715
Total	**72**	**68**

In the year under review, deferred tax assets for temporary differences amounting to €42 million and for tax loss carryforwards not limited in time of €10 million were not recognized.

The deferred tax assets for tax loss carryforwards are primarily attributable to the German subsidiaries of Deutsche Postbank AG.

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[1] Figures adjusted (see Note 6)

(28) Other assets

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Prepaid expenses	687	575
Receivables from subsidiaries	210	54
Trade receivables	175	106
Receivables from tax authorities	30	47
Advances to members of the mobile sales force	7	8
Miscellaneous	46	20
Total	**1,155**	**810**

Of the prepaid expenses, an amount of €533 million (previous year: €459 million) mainly relates to prepaid brokerage commissions for mortgage loans.

Other assets amounting to €711 million (previous year: €475 million) have a maturity of more than 12 months.

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Receivables from subsidiaries include claims arising from the termination of the IT cooperation with Deutsche Bank (see Note 14). Realized amounts from insurance brokerage are recognized under trade receivables (see Note 4(p)).

(29) Assets held for sale

Assets	Dec. 31, 2015 €m
Loans and advances to customers	209
Allowance for losses on loans and advances	– 196
Investment securities	471
Property and equipment	5
Total	**489**

Loans and advances to customers and allowance for losses on loans and advances

In the fourth quarter of 2015, the Bank decided to sell a portfolio of receivables. The portfolio's carrying amount as of December 31, 2015, amounted to €209 million, while the allowance for losses on loans and advances recognized for the receivables concerned amounted to €196 million. The receivables are classified in their entirety as loans and receivables and are allocated to Level 3. Their carrying amount is the same as the fair value as of December 31, 2015. The portfolio of receivables is reported in the Retail Banking segment. The disposal is expected to be completed in the course of the first quarter of 2016.

Investment securities

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In December 2015, the Bank signed an agreement to repurchase its former service companies and to dispose its stake in PBC Banking Services GmbH (further information on this transaction can be found in Note 7). Consequently, the Bank classified its investment in PBC Banking Services GmbH and, related to this, the claims to the compensation payment as a disposal group in accordance with IFRS 5. Up to its classification as held for sale the investment had been measured and accounted for using the equity method. As a result of measurement in accordance with the guidance provided by IFRS 5, the carrying amount of the disposal group in the amount of €38 million was written down to €393 million. The investment is allocated to the Cost Centers/Consolidation segment. The investment was sold effective January 1, 2016.

In November 2015, U.S. company Visa Inc. announced that it would be acquiring the shares in Visa Europe, in which numerous European banks hold interests. Visa Inc. aims to buy up the certificates of the member banks of Visa Europe, including Postbank. Visa Inc. plans to conclude the transaction in the second quarter of 2016 at the latest. Consequently, the Bank remeasured its investment in VISA Europe, which had been recognized at cost in accordance with IAS 39.46 (c), on the basis of the disclosed purchase price and reclassified the investment with a carrying amount of €78 million as assets held for sale. The calculation of the fair value takes account of all components of the consideration to be rendered (cash component, preferred shares and earn-out payment). Within the scope of calculating the fair value, assumptions concerning the preferred shares with respect to the conversion rate (common share conversion ratio) and to the liquidity of the shares were taken into account. The cash component was recognized at its full amount while the earn-out payment was carried at a figure of zero due to the lack of reliable estimation in relation to the new business with Visa Inc. The resultant measurement effect of €78 million is contained in the revaluation reserve. Since the fair value calculation is based on inputs not observable in the market, the stake in Visa was classified as a level 3 asset, resulting in a transfer to the level 3 instruments of €78 million in fiscal year 2015. Any change in the assumptions with respect to the conversion rate and the liquidity of the shares of +/– 10 % would lead to a change in the fair value of +/– €1 million. The investment is allocated to the Cost Centers/Consolidation segment.

Property and equipment

In addition, the Bank intends to sell three properties in the following period. Classification of these properties as held-for-sale assets did not result in any impairment. The properties are allocated to the Cost Centers/Consolidation segment.

[1] Figures adjusted (see Note 6)

Intention to sell after the reporting date

In January 2016, the Bank resolved to withdraw from part of a strategic investment in the first six months of 2016. The investment is allocated to the Financial Markets segment.

(30) Deposits from other banks

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Domestic banks		
Payable on demand	156	864
With an agreed maturity or withdrawal notice	15,181	16,269
	15,337	**17,133**
Foreign banks		
Payable on demand	97	125
With an agreed maturity or withdrawal notice	9	325
	106	**450**
Total	**15,443**	**17,583**

€670 million of the deposits from other banks is covered by fair value hedges (previous year: €668 million).

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

€9,063 million (previous year: €8,932 million) is due after more than 12 months.

Deposits from other banks include fixed-interest deposits in the amount of €15.3 billion (previous year: €16.5 billion) and variable-interest deposits in the amount of €0.1 billion (previous year: €1.1 billion).

As of December 31, 2015, liabilities relating to genuine securities repurchase agreements amounted to €5.3 billion (previous year: €6.8 billion).

(31) Due to customers

Amounts due to customers are primarily composed of savings deposits, amounts payable on demand, and term deposits.

	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m
Savings deposits		
With an agreed withdrawal notice of three months	41,728	44,370
With an agreed withdrawal notice of more than three months	113	123
	41,841	**44,493**
Home savings deposits	19,341	20,062
thereof: interest premiums payable	1,026	1,101
thereof: arrangement fees to be reimbursed	58	73
thereof: on terminated contracts	104	95
thereof: on allotted contracts	3	4
Other amounts due		
Payable on demand	43,185	39,746
With an agreed maturity or withdrawal notice	14,783	16,192
	57,968	**55,938**
Total	**119,150**	**120,493**
Domestic customers	117,207	118,118
Foreign customers	1,943	2,375
Total	**119,150**	**120,493**

€7,499 million of the amounts due to customers is covered by fair value hedges (previous year: €8,206 million).

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

€25,130 million (previous year: €26,216 million) is due after more than 12 months.

Amounts due to customers contain fixed-interest deposits of €72.1 billion (previous year: €71.2 billion) and variable-interest deposits of €47.1 billion (previous year: €49.3 billion).

The home savings deposits include interest bonus liabilities of €1,026 million (previous year: €1,101 million) which must be paid to the home savings customers in the case of unutilized loans. Furthermore, arrangement fees to be reimbursed (in the case of unutilized loans with respect to legacy tariffs) of €58 million (previous year: €73 million) were recognized.

[1] Figures adjusted (see Note 6)

(32) Debt securities in issue

Amounts reported as debt securities in issue relate to bonds, including mortgage *Pfandbriefe* and public-sector *Pfandbriefe*, and money market instruments (e.g., certificates of deposit and euro notes).

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Public-sector *Pfandbriefe*	67	67
Mortgage *Pfandbriefe*	2,471	3,536
Other debt instruments	908	968
Total	**3,446**	**4,571**

€2,370 million of the debt securities in issue is covered by fair value hedges (previous year: €2,406 million).

Debt securities in issue consist solely of financial instruments classified as liabilities at amortized cost.

€3,285 million (previous year: €3,402 million) is due after more than 12 months.

Debt securities in issue include fixed-interest liabilities in the amount of €3.2 billion (previous year: €4.3 billion) and variable-interest liabilities in the amount of €0.2 billion (previous year: €0.3 billion).

Repurchased own bonds amounting to €1 million (previous year: €1 million) were deducted directly from debt securities in issue.

(33) Trading liabilities

Trading liabilities consist of the negative fair values of derivatives carried in the trading portfolio and in the banking book.

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Negative fair values of trading derivatives	99	109
Negative fair values of banking book derivatives	501	552
Negative fair values from derivatives relating to hedged items accounted for under the fair value option	65	106
Total	**665**	**767**

€516 million (previous year: €581 million) is due after more than 12 months.

(34) Hedging derivatives

Hedges with negative fair values that qualify for hedge accounting in accordance with IAS 39 are composed of the following items:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Assets		
Hedging derivatives on loans to other banks		
Loans and receivables	2	5
	2	**5**
Hedging derivatives on loans to customers		
Loans and receivables	30	37
	30	**37**
Hedging derivatives on investment securities		
Bonds and other fixed-income securities	176	224
	176	224
Liabilities		
Subordinated debt	0	32
	0	**32**
Total	**208**	**298**

€144 million (previous year: €233 million) is due after more than 12 months.

(35) Provisions for pensions and other employee benefits

The provisions for pensions and other employee benefits under defined benefit pension commitments are calculated as follows:

	2015 €m	2014 €m
Present value of pension obligations	2,249	2,362
Fair value of plan assets	−2,193	−2,207
Net pension provisions	**56**	**155**

Net pension provisions changed as follows:

	2015 €m	2014 €m
Balance at January 1	**155**	**93**
Service cost	43	30
Net interest expense	3	2
Actuarial gains (–)/losses (+) from changes in demographic assumptions	0	0
Actuarial gains (–)/losses (+) from changes in financial assumptions	–144	488
Actuarial gains (–)/losses (+) from experience adjustments	15	–2
Return on plan assets less amount recognized in profit or loss	28	–358
Employer contributions to plan assets	–45	–98
Pension benefits paid	0	0
Transfers and mergers	1	0
Balance at December 31	**56**	**155**

The following expenses were recognized in fiscal year 2015 in connection with defined benefit pension plans:

	2015 €m	2014 €m
Service cost	43	30
Net interest expense	3	2
Total	**46**	**32**

The following tables show the changes in the present value of the pension obligations and in the fair value of the plan assets:

	2015 €m	2014 €m
Total present value of obligations at January 1	**2,362**	**1,855**
Components recognized in profit or loss	**90**	**96**
Service cost	43	30
Interest cost	47	66
Past service cost and gains (–)/losses (+) on plan settlements	0	0
Components recognized in other comprehensive income	**–129**	**486**
Actuarial gains (–)/losses (+)	–129	486
from changes in demographic assumptions	0	0
from changes in financial assumptions	–144	488
from experience adjustments	15	–2
Payments and other changes	**–74**	**–75**
Employee contributions	3	4
Pension benefits paid	–78	–79
Payments for plan settlements	0	0
Transfers and mergers	1	0
Total present value of pension obligation at December 31	**2,249**	**2,362**

	2015 Mio €	2014 Mio €
Fair value of plan assets at January 1	**2,207**	**1,762**
Components recognized in profit or loss	**44**	**64**
Interest income	44	64
Components recognized in other comprehensive income	**–28**	**358**
Return on plan assets less amount recognized in profit or loss	–28	358
Payments and other changes	**–30**	**23**
Employee contributions	3	4
Employer contributions	45	98
Payments for plan settlements	0	0
Pension benefits paid	–78	–79
Transfers and mergers	0	0
Fair value of the plan assets at December 31	**2,193**	**2,207**

There are no reimbursement rights for the pension obligations.

Contributions of €73 million (previous year: €69 million) to plan assets (including direct benefit payments) are expected in fiscal year 2016.

The allocation of the present value of the pension obligations to the different beneficiary groups and the weighted duration of the obligations are shown in the following table:

	2015 €m	2014 €m
Future beneficiaries still working for the company	765	802
Future beneficiaries no longer working for the company with vested benefits	377	414
Pensioners	1,107	1,146
Present value of pension obligations	**2,249**	**2,362**
Weighted duration of obligations in years	**17.6**	**17.9**

The fair value of the plan assets is allocated to the asset classes as follows:

	2015 €m	2015 in %	2014 €m	2014 in %
Assets traded in an active market	**1,578**	**72.0**	**1,895**	**85.9**
Cash	19	0.9	102	4.6
Equities	0	0.0	0	0.0
Government bonds	1,559	71.1	1,708	77.4
Fixed-income securities with investment grade	0	0.0	26	1.2
Other fixed-income securities	0	0.0	0	0.0
Structured products	0	0.0	0	0.0
Investment funds	0	0.0	0	0.0
Alternative investments	0	0.0	59	2.7
Derivatives	0	0.0	0	0.0
Assets not traded in an active market	**615**	**28.0**	**312**	**14.1**
Cash	0	0.0	0	0.0
Equities	0	0.0	0	0.0
Government bonds	43	2.0	21	1.0
Fixed-income securities with investment grade	388	17.7	169	7.7
Other fixed-income securities	0	0.0	0	0.0
Structured products	33	1.5	13	0.6
Investment funds	0	0.0	0	0.0
Alternative investments	98	4.4	54	2.4
Derivatives	53	2.4	55	2.5
Fair value of plan assets at December 31	**2,193**	**100**	**2,207**	**100**

Plan assets include financial instruments of €15 million (previous year: €69 million) issued by BHW Bausparkasse AG.

The investment and risk management of the assets, with the exception of the pension fund assets of BHW Bausparkasse AG, is based on Deutsche Bank's strategy in the light of Postbank's specific requirements.

The purpose of risk management is to minimize the fluctuations between the present value of the pension obligations and the value of the plan assets caused by capital market fluctuations. An investment strategy that closely reflects the risk profile of the pension commitments with regard to market risk factors, such as interest rates, credit risk, and inflation, is pursued to achieve this goal.

The investment strategy for the pension fund assets of BHW Bausparkasse AG is determined by the Pensionskasse's management board, taking into account all supervisory law requirements (VAG in conjunction with the *Anlageverordnung* (AnlV – Investment Regulation)). The appropriateness of the investment strategy is reviewed on a regular basis.

The pension obligations are sensitive to changes in market conditions and measurement assumptions. Following the adoption by the Group of an obligation-oriented investment strategy, changes in the obligations due to variation in the measurement assumptions relating to the capital market – predominantly interest rates and inflation rate – also cause changes in the plan assets. To enhance the transparency of the Group's overall risk profile relating to significant changes in the capital market, net changes in pension obligations and plan assets are shown; in the case of assumptions which do not have any influence on the assets, only the change in the obligations is reported.

Asset-related sensitivities are determined by Market Risk Management using risk-sensitive factors. These sensitivity calculations are based on data provided by the plan asset managers.

The sensitivities reflect plausible changes over time with respect to capital market movements and material assumptions. The Group is not able to provide estimates on the probability of such changes in the capital market or in the assumptions.

While these sensitivities reveal the overall change to the funding level, the impact and the range of reasonable alternative assumptions may vary from plan to plan.

Although the plan assets and obligations are sensitive with respect to similar risk factors, the actual changes in plan assets and obligations may not be fully compensated due to the insufficient correlation between market risk factors and actuarial assumptions. These sensitivity calculations do not factor in possible measures taken by management to reduce the associated risks in the pension plans.

Sensitivity to changes in the capital market and the main assumptions are set out in the table below. Each market risk factor and assumption is changed in isolation.

	2015 €m	2014 €m
Discount rate (–100 bp)		
Increase in pension obligations	422	456
Expected increase in plan assets	304	348
Expected net effect on carrying amount	**118**	**108**
Discount rate (+100 bp)		
Decrease in pension obligations	–355	–381
Expected decrease in plan assets	–304	–348
Expected net effect on carrying amount	**–51**	**–33**
Inflation rate (–50 bp)		
Decrease in pension obligations	–83	–89
Expected decrease in plan assets	0	0
Expected net effect on carrying amount	**–83**	**–89**
Inflation rate (+50 bp)		
Increase in pension obligations	87	98
Expected increase in plan assets	0	0
Expected net effect on carrying amount	**87**	**98**
Salary growth (–50 bp)		
Decrease in pension obligations = decrease in net carrying amount	–14	–13
Salary growth (+50 bp)		
Increase in pension obligations = increase in net carrying amount	15	13
10 % decline in mortality		
Increase in pension obligations = increase in net carrying amount	79	82

The following table shows the expected pension payments under the defined benefit plans. The payments shown include both the benefit payments to be made from plan assets and those to be paid directly by Postbank.

	€m
Expected payments in 2016	82
Expected payments in 2017	83
Expected payments in 2018	84
Expected payments in 2019	86
Expected payments in 2020	87
Expected payments from 2021 to 2025	454

(36) Other provisions

The other provisions changed as follows in the reporting period:

	Balance at Dec. 31, 2014/ Jan. 1, 2015[1] €m	Utilization €m	Reversal €m	Reclassification Mio €	Additions €m	Balance at Dec. 31, 2015 €m
Staff-related provisions	217	–64	–24		89	218
Litigation and customer redress	199	–116	–32	5	82	138
Provisions for credit risks	43		–24		24	43
Risk compensation amounts of the Postbeamten-Krankenkasse (Postal Civil Service Health Insurance Fund)	2					2
Miscellaneous	238	–101	–21		130	246
Total	**699**	**–281**	**–101**	**5**	**325**	**647**

The additions include expenses from discounting in the amount of €0 million (previous year: €1 million).

€447 million (previous year: €402 million) of the recognized provisions is due after more than 12 months.

The majority of the provisions is expected to be utilized in the years 2016 to 2018.

Staff-related provisions relate to obligations arising from programs for terminating employment relationships, including early retirement and partial retirement.

The provisions for litigation and customer redress are primarily intended for risks in connection with revoked loan agreements and for legal actions and complaints about investment advice. Most of these latter legal actions and complaints relate to advice provided and transactions entered into in the area of closed-end funds, the distribution of which was discontinued in 2012. In this context there are also contingent liabilities (see Note 42). The amount also includes provisions for numerous claims brought by customers in relation to various matters. Since the legal proceedings are similar in nature, they have been grouped together. The cash outflows estimated for each of these proceedings, where a reliable estimate is possible, are not reported separately. Postbank considers that the disclosure of further information regarding these proceedings could have a serious impact on the course of these proceedings.

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The provisions for the lending business relate primarily to the risks arising from contingent liabilities and from irrevocable loan commitments.

Miscellaneous other provisions include provisions for variable remuneration components of €44 million (previous year: €43 million), for interest on payments of tax arrears of €23 million (previous year: €35 million), for risks arising from the sale of products of €36 million (previous year: €47 million), for commission payments of €20 million (previous year: €21 million), for jubilee benefits payments of €5 million (previous year: €4 million) and for a multitude of further issues requiring the recognition of provisions.

The provisions for variable remuneration components include the total carrying amount of the liabilities from share-based remuneration of €15.2 million (previous year: €12.5 million). Postbank awards share-based remuneration to members of the Management Board, managing directors who are not members of Postbank's Management Board, and risk takers. Members of the Management Board are issued with Deutsche Bank share awards and phantom shares from the years 2011 to 2013. Risk takers are awarded the share-based remuneration in the form of phantom shares, based on the Deutsche Bank share price. The nature of and conditions governing the agreements concerned are described in detail in Note 56.

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The increase compared with 2014 is chiefly due to the rise in the number of individuals in the group of risk takers. Of the total carrying amount of the liabilities from share-based remuneration, €6.7 million (previous year: €7.3 million) was attributable to members of the Management Board. The fair value of the liability in the amount of €15.2 million was determined on the basis of the expected future target achievement and, in the case of phantom shares already granted, on the basis of the last traded Xetra closing prices as of the reporting date and expected price fluctuations until the end of the lock-up period. In both cases, the calculation takes into account the time value of money until the expected payment date.

A total expense of €5.1 million was recorded for share-based remuneration in the fiscal year 2015 (previous year: €4.0 million).

As of December 31, 2015, 123 thousand (previous year: 109 thousand) vested phantom shares of Deutsche Bank AG and 3 thousand (previous year: 5 thousand) vested phantom shares of Deutsche Postbank AG had been granted by way of conversion in March 2015 (previous year: March 2014). The last traded Xetra closing prices were €24.19 (previous year: €24.99) and €35.73 (previous year: €35.14), respectively. A dividend equivalent was calculated for the dividends distributed in 2015 and the number of vested phantom shares granted increased in line with this. €3.2 million (previous year: €3.4 million) was recognized for

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[1] Figures adjusted (see Note 6)

the reconversion and payment of the granted and vested phantom shares after the expiry of the one-year lock-up period in March 2016 (previous year: March 2015). In 2015, 109 thousand shares of Deutsche Bank AG (previous year: 73 thousand) and 5 thousand shares of Deutsche Postbank AG (previous year: 7 thousand) granted in 2014 were reconverted and paid out at a price of €30.89 (previous year: €32.22) and €35.76 (previous year: €36.46), respectively.

(37) Current and deferred tax liabilities

	Balance at Jan. 1, 2015[1] €m	Utilization €m	Reversal €m	Additions €m	Balance at Dec. 31, 2015 €m
Current taxes	104	6	12	24	110
Deferred taxes	41	–	36	4	9
Total	**145**	**6**	**48**	**28**	**119**

Provisions for current taxes relate to current payment obligations to the tax authorities.

Deferred tax liabilities relate to the following balance sheet items:

	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m
Assets		
Loans and advances	173	251
Allowance for losses on loans and advances	0	7
Trading assets	208	259
Hedging derivatives	0	4
Investment securities	2	32
Property and equipment	6	6
Other assets	66	68
Liabilities		
Amounts due to other banks and customers	0	16
Provisions for pensions and other employee benefits	28	107
Other provisions	6	5
Other liabilities	1	1
	490	**756**
Netted against deferred tax assets	481	715
Total	**9**	**41**

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[1] Figures adjusted (see Note 6)

(38) Other liabilities

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trade payables	80	117
Liabilities from other taxes	63	84
Liabilities from expenses for outstanding invoices	85	83
Liabilities from expenses for outstanding vacation entitlements and other compensated absences	38	35
Liabilities from expenses for management bonuses	39	42
Liabilities from expenses for commissions and premiums	40	40
Deferred income	8	7
Miscellaneous liabilities	113	118
Total	**466**	**526**

€23 million (previous year: €25 million) is due after more than 12 months.

(39) Subordinated debt

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Hybrid capital instruments	1,405	–
Subordinated liabilities	928	2,586
Profit participation certificates outstanding	884	1,091
Contributions by typical silent partners	22	22
Total	**3,239**	**3,699**

A total of €1,175 million[1] of the regular phased-in subordinated debt recognized (previous year: €2,677 million) is eligible as Tier 2 capital for regulatory purposes.

Subordinated debt consists solely of financial instruments classified as liabilities at amortized cost.

€2,461 million (previous year: €3,412 million) is due after more than 12 months.

The interest expense on hybrid capital instruments amounts to €5 million (previous year: €0 million). Deferred interest not yet due on capital instruments amounts to €18 million (previous year: €0 million) and is reported under hybrid capital instruments.

The interest expense on subordinated liabilities amounts to €121 million (previous year: €145 million). Deferred interest not yet due amounting to €24 million (previous year: €43 million) is carried as subordinated debt under subordinated liabilities.

Following the acquisition of the trust companies, the four issues in the form of trust preferred securities are reported within hybrid capital instruments in the year under review (see Note 2). In the previous year, the initial debt securities issued by Postbank in this connection and consolidated in the year under review had been reported in subordinated liabilities.

Holders of profit participation certificates receive an annual profit-related distribution ranking prior to shareholders profit rights; the distribution right is reduced if and to the extent that no distributable profit is available.

The interest expense for 2015 on profit participation certificates outstanding totals €46 million (previous year: €54 million). Deferred interest not yet due amounting to €29 million (previous year: €39 million) is allocated directly to the profit participation certificates outstanding item.

Due to their contractual arrangements and economic substance, contributions by typical silent partners represent debt and are reported under subordinated debt in accordance with IAS 32.

A total of €1,466 million of the subordinated debt (previous year: €1,881 million) is hedged against interest-driven changes of the fair value.

€0.6 billion of subordinated debt (previous year: €2.5 billion) is fixed-interest, while €2.6 billion (previous year: €1.2 billion) is variable-interest.

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[1] Based on the consolidated financial statements as of December 31, 2015, subject to approval

(40) Equity

	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m
Issued capital	547	547
Share premium	2,010	2,010
Retained earnings	3,660	3,303
Revaluation reserve	327[2]	337
Other reserves	**3,987**	**3,640**
Consolidated net profit	608	259
Non-controlling interests	6	5
Total	**7,158**	**6,461**

Postbank's issued capital (€547 million) is composed of 218,800,000 no-par value registered shares.

Premiums from the issue of shares are reported in the share premium.

Undistributed profits from previous years and remeasurement gains/ losses from defined benefit plans are generally reported under retained earnings with due regard to deferred taxes.

The profit or loss from the measurement of investment securities at fair value after deduction of deferred taxes is reported in the revaluation reserve. Any profit or loss is not recognized in the income statement until the asset has been sold or impaired.

The Management Board is authorized, with the consent of the Supervisory Board, to increase the Bank's share capital on one or more occasions in whole or in part by up to a total of €218.8 million up to May 27, 2018, by issuing new no-par value registered shares against cash and non-cash contributions, including mixed non-cash contributions (Authorized Capital I). The shareholders are generally granted preemptive rights. The Management Board is authorized, with the consent of the Supervisory Board, to determine the additional details of the capital increase and its implementation.

The Management Board is further authorized, with the consent of the Supervisory Board, to increase the share capital on one or more occasions in whole or in part by up to a total of €54.7 million in the period up to May 27, 2018, by issuing new no-par value registered shares against cash contributions (Authorized Capital II). The shareholders are generally granted preemptive rights. The resolution also provides the opportunity for simplified disapplication of preemptive rights in accordance with section 186(3) sentence 4 of the AktG. The Management Board is authorized, with the consent of the Supervisory Board, to determine the additional details of the capital increase and its implementation.

Additional details on Authorized Capital I and II can be found in Article 4(6) and (7) of the Articles of Association.

The Management Board is authorized, by resolution of the Annual General Meeting on July 9, 2014, under the conditions specified in more detail under agenda item 9a, to issue on one or more occasions profit participation certificates, hybrid bonds, and convertible bonds or bonds with warrants in the period up to July 8, 2019. The aggregate principal amount may not exceed a total of €3 billion. The options or conversion rights may only be issued for shares of the Company with a notional interest in the share capital of up to €273.5 million.

The share capital has been contingently increased by up to €273.5 million by issuing up to 109.4 million new no-par value registered shares (Contingent Capital). The purpose of the contingent capital increase is to grant rights to the holders of profit participation certificates with warrants or convertible profit participation certificates, convertible bonds, and bonds with warrants attached to the profit participation certificates and/or convertible bonds and bonds with warrants to be issued under agenda item 9a by the Company or by its affiliated companies, on the basis of the authorization granted to the Management Board by resolution of the Annual General Meeting on July 9, 2014. The contingent capital increase may only be implemented in the period up to July 8, 2019 to the extent that these rights are exercised or that the holders fulfill their conversion obligation. The new shares are issued at the option or conversion price to be calculated in each case in accordance with the aforementioned authorization. The new registered shares shall carry dividend rights from the beginning of the fiscal year in which they are created as a result of conversion or option rights being exercised or conversion obligations being fulfilled. The Management Board is authorized to determine the further details of the implementation of the contingent capital increase. Additional details on the contingent capital can be found in Article 4(8) of the Articles of Association.

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[1] Figures adjusted (see Note 6)

[2] Of this figure, €78 million relates to an investment held for sale (see Note 29).

The gains or losses on the measurement of available-for-sale financial instruments reported in the revaluation reserve in equity changed as follows:

Available-for-sale financial instruments	2015 €m	2014 €m
Balance at January 1	**337**	**23**
Remeasurement gains/losses	**–28**	**311**
Available for sale, hedged (due to changes in credit risk)	11	57
Available for sale, unhedged	–39	254
Disposals and impairment	**18**	**7**
Impairment	1	1
thereof available for sale	1	1
thereof loans and receivables (reclassified)	0	0
Disposal/hedge termination	–13	–28
thereof available for sale	–21	–24
thereof loans and receivables (reclassified)	8	–4
Writedown effect in net interest income	30	34
thereof available for sale	31	35
thereof loans and receivables (reclassified)	–1	–1
Income tax recognized directly in equity	**0**	**–4**
Balance at December 31	**327[1]**	**337**

€12 million (previous year: €27 million) of the revaluation reserve was reversed to income from disposals of and impairment losses on available-for-sale financial instruments and financial instruments reclassified out of the “available-for-sale” category to the “loans and receivables” category in the year under review. The effect of the writedown of these financial instruments led to a reversal of €30 million from the revaluation reserve to income (previous year: €34 million). In addition, the revaluation reserve decreased by €28 million (previous year: increase of €311 million) due to the remeasurement of available-for-sale financial instruments. Income tax recognized directly in equity changed by €0 million in the fiscal year under review (previous year: €–4 million), resulting in a closing balance of €–2 million (previous year: €–2 million).

[1] Of this figure, €78 million relates to an investment held for sale (see Note 29).

OTHER DISCLOSURES

(41) Segment reporting

Segment reporting by business division

	Retail Banking		Corporate Banking		Financial Markets		Non-Core Operating Unit		Cost Centers/ Consoli-dation		Total		Financial information on discontinued operation[2]		Total of continued operations	
	2015 €m	2014[1] €m	2015 €m	2014 €m	2015 €m	2014 €m	2015 €m	2014[1] €m	2015 €m	2014 €m	2015 €m	2014[1] €m	2015 €m	2014 €m	2015 €m	2014[1] €m
Net interest income	2,608	2,591	267	277	–48	47	–365	–430	–59	0	2,403	2,485		0	2,403	2,485
Net trading income	22	–10	1	1	33	3	0	0	0	0	56	–6		0	56	–6
Net income from investment securities	0	0	–2	–10	29	50	13	–10	–13	385	27	415		199	27	216
Net fee and commission income	741	877	80	83	–21	–15	6	6	–20	0	786	951		24	786	927
Total income	**3,371**	**3,458**	**346**	**351**	**–7**	**85**	**–346**	**–434**	**–92**	**385**	**3,272**	**3,845**		**223**	**3,272**	**3,622**
Administrative expenses	–1,593	–1,707	–59	–79	–44	–51	–17	–25	–1,011	–892	–2,724	–2,754		–25	–2,724	–2,729
Allowance for losses on loans and advances	–174	–221	–34	–37	1	1	–2	–8	0	0	–209	–265		0	–209	–265
Other income	49	4	2	16	1	1	4	3	833	340	889	364		–23	889	387
Other expenses	–146	–222	–1	–1	0	–3	–16	–100	–483	–432	–646	–758		44	–646	–802
Allocations	–891	–783	–90	–99	–42	–38	–38	–40	1,061	960	0	0		0	0	0
Profit/loss before tax	**616**	**529**	**164**	**151**	**–91**	**–5**	**–415**	**–604**	**308**	**361**	**582**	**432**		**219**	**582**	**213**
Revenues from external customers[3]	3,367	3,453	344	348	–7	85	–346	–434	–86	393	3,272	3,845		223	3,272	3,622
Intersegmental revenues	4	5	2	3	0	0	0	0	–6	–8	0	0		0	0	0
Impairment losses	–27	–37	–1	–1	–1	–1	0	0	–110	–90	–139	–129		–1	–139	–128
Reversal of impaiment losses	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Depreciation and amortization	–26	–36	–1	–1	–1	–1	0	0	–80	–90	–108	–128		–1	–108	–127
Cost/income ratio (CIR)	**78.9 %**	**79.8 %**	**46.0 %**	**51.2 %**	**–2783.0 %**	**107.3 %**	**–20.8 %**	**–38.4 %**			**81.0 %**	**83.5 %**	**–**	**–**	**81.0 %**	**88.1 %**
Return on equity before taxes (RoE)	**20.4 %**	**19.9 %**	**33.4 %**	**25.2 %**	**–6.2 %**	**–0.5 %**	**–25.7 %**	**–31.7 %**			**8.8 %**	**6.9 %**	**–**	**–**	**–**	**–**

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

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The adjustments made to prior-year figures in the year under review (see Note 6) were included in segment reporting. This resulted in a €2 million decrease in net fee and commission income and a €3 million increase in net interest income in the Retail Banking segment. In the Non Core Operating Unit (NCOU) segment, net interest income dropped by €26 million.

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

The segment result comprises the operating results of Deutsche Postbank AG's Retail Banking operations, BHW Bausparkasse AG's domestic retail business as well as other subsidiaries, in particular BHW Holding AG, Postbank

[1] Figures adjusted (see Note 6)
[2] Pertains to financial information on the discontinued operation including related consolidation effects.
[3] The "Revenues from external customers" item is the net amount of the external portions of the interest income, interest expense, fee and commission income, fee and commission expense, net income from investment securities, and net trading income items.

Filialvertrieb AG, Postbank Filial GmbH, and Postbank P.O.S. Transact GmbH (until July 31, 2015). In addition, the result of purchase price allocation from the acquisition of BHW has been allocated to the Retail Banking segment.

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

The segment result comprises the results of PB Firmenkunden AG, Postbank Leasing GmbH, PB Factoring GmbH, Deutsche Postbank AG's Corporate Banking business and a portion of the results of Deutsche Postbank International S.A. and the Luxembourg branch (in each case minus selected individual exposures), as well as some commercial real estate finance transactions.

The results of the Group's financial markets transactions (banking and trading books) and of the subpools of assets of PB Spezial-Investmentaktiengesellschaft have been assigned to the Financial Markets business division.

The segment result comprises the banking and trading books of Deutsche Postbank AG and BHW Bausparkasse AG, as well as the profit/loss of the Deutsche Postbank International S.A. subsidiary and the Luxembourg branch (in each case excluding the corporate banking business), as well as the profit/loss of the subpools of assets.

The NCOU segment comprises portfolios and activities that are no longer part of the Bank's core business in line with the Bank's current strategy. Besides further increase in transparency, the main goals of the segment are to continue reducing the risks and the risk-weighted assets.

The segment result comprises investment securities from issuers of GIIPS countries, some international commercial real estate finance transactions and selected corporate customer loans, certain foreign retail business transactions, and selected retail products that have been discontinued. In addition, certain secured and unsecured issues are allocated to the segment.

The Cost Centers/Consolidation segment comprises Group consolidation adjustments – less intra-segment consolidation adjustments – plus the profit/loss of the cost centers. The segment also includes the profit/loss of the subsidiaries allocated to cost centers, namely Postbank Systems AG, Postbank Immobilien und Baumanagement GmbH, Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, and the compensation claim for the stake in PBC Banking Services GmbH under section 304 of the AktG. In the first quarter of the previous year, this segment also included the profit/loss attributable to Postbank Service GmbH, BHW Kreditservice GmbH, Betriebs-Center für Banken AG, VÖB-ZVD Processing GmbH, and Postbank Direkt GmbH. The reconciliation to consolidated profit also falls within this segment. Specific non-recurring effects are also attributable to this segment.

The service companies which were transferred to PBC Banking Services GmbH were deconsolidated in 2014. 2015 was significantly influenced by preparations for the deconsolidation from Deutsche Bank.

In addition to the profit/loss in the income statement of the business units allocated to the business divisions, imputation procedures are applied to ensure correct allocation of the segment results to their originators. In accordance with IFRS 8.23, we report net interest income (net interest revenue) instead of interest income and interest expense. The allocation of net interest income from customer products to the segments uses the market rate method, under which the customer interest rate is compared with imputed money and capital market rates for matching terms. The administrative expenses of the Deutsche Postbank AG units included in the segment results are primarily based on the results of cost center accounting. Income taxes are not calculated at segment level.

Reversals of impairment losses and impairment losses relate to intangible assets and property and equipment. Both amortization/depreciation and impairments are taken into account.

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

Company level disclosures

The following table contains information about income per product or service:

	2015 €m	2014[1] €m
Deposits and loans for Retail and Corporate Banking customers	3,030	2,975
Payment transaction services for Retail and Corporate Banking customers	370	393
Retail and Corporate Banking fee and commission income	340	508
Transaction Banking insourcing	0	22
Others	–468	–53
Total	**3,272**	**3,845**

The total comprises the Postbank Group's net interest income, net fee and commission income, net trading income, and net income from investment securities. Net interest income and net fee and commission income of the subsidiaries attributable to the Corporate Banking segment are reported under the "Deposits and loans for Retail and Corporate Banking customers" item. The "Other" item includes the Group's net trading income and net income from investment securities, among other things. The income for the NCOU segment is reported under the "Other" item.

[1] Figures adjusted (see Note 6)

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

The Europe region contains the Luxembourg entities Deutsche Postbank International S.A., the Luxembourg branch, Deutsche Postbank Finance Center Objekt GmbH, plus the branches of BHW in Italy and Luxembourg. The U.S.A. region contains Deutsche Postbank Funding LLCs I–IV and Deutsche Postbank Funding Trusts I–IV, Wilmington, Delaware. The Germany region comprises all domestic business units, including all consolidation adjustments.

	Income		Loss/profit before tax		Non-current assets	
	2015 €m	2014[1] €m	2015 €m	2014[1] €m	2015 €m	2014 €m
Germany	3,207	3,766	537	482	2,563	2,619
Europe	65	79	45	–50	17	17
U.S.A.	0	0	0	0	0	0
Total	**3,272**	**3,845**	**582**	**432**	**2,580**	**2,636**

Non-current assets comprise intangible assets and property and equipment.

(42) Contingencies and other obligations

Contingent liabilities arise from past events that will lead to possible future obligations. These obligations arise from the occurrence of uncertain future events whose settlement amount cannot be estimated with sufficient reliability.

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Contingent liabilities		
on guarantees and warranties	404	394
Other obligations		
irrevocable loan commitments	5,788	4,847[2]
thereof building loans provided	4,019	3,099
miscellaneous obligations	13,905	14,232[3]
Total	**20,097**	**19,473**

Miscellaneous obligations mainly relate to credit lines that can be called in by Postbank at any time. This figure also includes a contingent liability for litigation and customer redress relating to advice provided and transactions entered into in the area of closed-end funds. Further information regarding this issue is not disclosed separately, as this could have serious impact on the situation of the Bank.

Contingencies and other obligations were reduced by the allowance for losses on loans and advances recognized.

The amount and timing of utilization are often variable, particularly in the case of credit lines, guarantees, and warranties.

Loan commitments and credit lines usually contain a repayment agreement. In addition, reimbursement is only possible to a limited extent.

(43) Fair values of financial instruments

Fair value hierarchy

The following presents the allocation of financial instruments measured at fair value to the three-level fair value hierarchy in accordance with IFRS 13.72ff. In line with this, Postbank assigns the assets and liabilities to the respective level:

Level 1:
Quoted market prices for the identical asset or the identical liability exist for the instruments classified as Level 1.
In other words, Level 1 fair value measurement is based solely on quoted market prices in an active market for an identical financial instrument. Level 1 therefore mainly consists of highly liquid securities and exchange-traded derivatives.

Level 2:
Level 2 fair values are measured either with the help of quoted prices in active markets for similar instruments or using techniques whose inputs are based solely on directly or indirectly observable market data. This includes non-exchange-traded derivatives (e.g., swaps, caps, floors, and CDSs) as well as bonds and promissory note loans that are valued using yield and spread curves and/or volatilities.

Level 3:
Level 3 fair values are determined using measurement models whose significant inputs are not observable in the market. Such valuation techniques are used in particular to measure structured credit products.

The following tables show the allocation of the individual categories of financial instruments to the corresponding levels in the fair value hierarchy:

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[1] Figures adjusted (see Note 6)
[2] Prior-year figure adjusted by €–1,229 million due to incorrect allocation
[3] Prior-year figure adjusted by €1,229 million due to incorrect allocation

As of December 31, 2015

Assets measured at fair value

Classes	Dec. 31, 2015 €m	Fair value reported in: Level 1 €m	Level 2 €m	Level 3 €m
Financial assets at fair value through profit or loss (FVtPL)				
Trading assets	647	0	646	1
Loans held for trading	91	0	91	0
Derivatives	556	0	555	1
Hedging derivatives	78	0	78	0
Loans and advances to customers	4,409	0	4,409	0
Private mortgage lending	4,409	0	4,409[1]	0
Available-for-sale financial assets				
Investment securities	13,361	10,666	2,661	34
Bonds and other fixed-income securities	13,035	10,618	2,389	28
Equities and other non-fixed-income securities	261	0	261	0
Equity investments	65	48	11	6
Other assets	105	0	0	105
Trade receivables	105	0	0	105
Total	**18,600**	**10,666**	**7,794**	**140**

Liabilities measured at fair value

Classes	Dec. 31, 2015 €m	Fair value reported in: Level 1 €m	Level 2 €m	Level 3 €m
Financial liabilities at fair value through profit or loss (FVtPL)				
Trading liabilities	665	0	665	0
Derivatives	665	0	665	0
Hedging derivatives	208	0	208	0
Total	**873**	**0**	**873**	**0**

[1] Due to the trend in interest rates, the discount rate used to measure loans under the fair value option has contained a greater share of inputs not observable in the market since the beginning of 2014. These continue to be allocated to Level 2 given their relatively low expected volatility and their insignificance for the fair value as a whole.

As of December 31, 2014

Assets measured at fair value				
		Fair value reported in:		
Classes	Dec. 31, 2014 €m	Level 1 €m	Level 2 €m	Level 3 €m
Financial assets at fair value through profit or loss (FVtPL)				
Trading assets	697	0	696	1
Loans held for trading	139	0	139	0
Derivatives	558	0	557	1
Hedging derivatives	119	0	119	0
Loans and advances to customers	4,933	0	4,933	0
thereof private mortgage lending	4,933	0	4,933[1]	0
Available-for-sale financial assets				
Investment securities	12,402	10,229	2,099	74
Bonds and other fixed-income securities	12,195	10,222	1,899	74
Equities and other non-fixed-income securities	179	0	179	0
Equity investments	28	7	21	0
Other assets	27	0	0	27
Trade receivables	27	0	0	27
Total	**18,178**	**10,229**	**7,847**	**102**

Liabilities measured at fair value				
		Fair value reported in:		
Classes	Dec. 31, 2014 €m	Level 1 €m	Level 2 €m	Level 3 €m
Financial liabilities at fair value through profit or loss (FVtPL)				
Trading liabilities	767	0	765	2
Derivatives	767	0	765	2
Hedging derivatives	298	0	298	0
Total	**1,065**	**0**	**1,063**	**2**

Postbank uses discounted cash flow models to measure financial instruments allocated to Level 2, if they cannot be measured using transactions in identical financial instruments at the measurement date or using transactions in similar financial instruments at the measurement date. Most of the above-mentioned financial instruments (derivatives, bonds, promissory note loans) are measured using yield and spread curves (credit spreads, basis spreads) as inputs. In addition, CDS spreads and hazard rates are used to value credit derivatives. Option pricing models also use share prices, index prices, and volatilities as inputs.

The Postbank Group applies the fair value option exclusively to loan portfolios in the mortgage lending business. The current swap yield curve and loan-specific risk and cost premiums are used as inputs. The risk premiums are calculated on the basis of the estimated loss rates and probabilities of default; these are sourced from the Bank's internal rating model, which has been approved by the supervisory authority.

As compared to the previous year, the increase in level 1 instruments results from a higher volume in investment securities with quoted market prices in active markets. The disposals (largely involving maturities) of level 1 and level 2 instruments were more than offset by additions during the reporting period so that ultimately the holdings of level 1 and level 2 instruments increased.

Valuation techniques whose inputs mean they are allocable to Level 3 are used for both assets and liabilities. Embedded derivatives from the synthetic SCP portfolios are allocated to Level 3.

[1] Due to the trend in interest rates, the discount rate used to measure loans under the fair value option has contained a greater share of inputs not observable in the market since the beginning of 2014. These continue to be allocated to Level 2 given their relatively low expected volatility and their insignificance for the fair value as a whole.

Financial assets allocable to Level 3 changed as follows in the reporting period:

Assets measured at fair value based on Level 3

	Assets measured at fair value in Level 3 as of Dec. 31, 2015						
	Financial assets at FVtPL			AfS financial assets			Total
	Trading assets €m	Hedging derivatives €m	Loans and advances to customers €m	Investment securities €m	Loans and advances to other banks €m	Other assets €m	€m
Opening balance	1	0	0	74	0	27	102
Total gains or losses	0	0	0	–1	0	0	–1
in profit or loss	0	0	0	0	0	0	0
in revaluation reserve	0	0	0	–1	0	0	–1
Purchases	0	0	0	0	0	78	78
Disposals	0	0	0	0	0	0	0
Issues	0	0	0	0	0	0	0
Settlements	0	0	0	–45	0	0	–45
Exchange rate effects	0	0	0	0	0	0	0
Transfers out of Level 3	0	0	0	0	0	0	0
Transfers to Level 3	0	0	0	6	0	0	6
Closing balance	**1**	**0**	**0**	**34**	**0**	**105**	**140**
Total remeasurement gains/losses for assets held at the end of the reporting period	**0**	**0**	**0**	**–1**	**0**	**0**	**–1**

Level 3 financial assets changed as follows as of December 31, 2014:

Assets measured at fair value based on Level 3

	Assets measured at fair value in Level 3 as of Dec. 31, 2014						
	Financial assets at FVtPL			AfS financial assets			Total
	Trading assets €m	Hedging derivatives €m	Loans and advances to customers €m	Investment securities €m	Loans and advances to other banks €m	Other assets €m	€m
Opening balance	1	0	0	61	0	9	71
Total gains or losses	0	0	0	15	0	0	15
in profit or loss	0	0	0	0	0	0	0
in revaluation reserve	0	0	0	15	0	0	15
Purchases	0	0	0	0	0	18	18
Disposals	0	0	0	0	0	0	0
Issues	0	0	0	0	0	0	0
Settlements	0	0	0	−2	0	0	−2
Exchange rate effects	0	0	0	0	0	0	0
Transfers out of Level 3	0	0	0	0	0	0	0
Transfers to Level 3	0	0	0	0	0	0	0
Closing balance	**1**	**0**	**0**	**74**	**0**	**27**	**102**
Total remeasurement gains/losses for assets held at the end of the reporting period	**0**	**0**	**0**	**15**	**0**	**0**	**15**

Level 3 financial liabilities changed as follows in fiscal year 2015:

Liabilities measured at fair value based on Level 3

	Fair value reported in Level 3 as of Dec. 31, 2015		
Financial liabilities at FVtPL	Trading liabilities €m	Hedging derivatives €m	Total €m
Opening balance	2	0	2
Total gains or losses	−2	0	−2
in profit or loss	−2	0	−2
Purchases	0	0	0
Disposals	0	0	0
Issues	0	0	0
Settlements	0	0	0
Exchange rate effects	0	0	0
Transfers out of Level 3	0	0	0
Transfers to Level 3	0	0	0
Closing balance	**0**	**0**	**0**
Total remeasurement gains/losses for liabilities held at the end of the reporting period	**−2**	**0**	**−2**

Level 3 financial liabilities changed as follows in the prior-year period:

Liabilities measured at fair value based on Level 3			
	Fair value reported in Level 3 as of Dec. 31, 2014		
Financial liabilities at FVtPL	**Trading liabilities €m**	**Hedging derivatives €m**	**Total €m**
Opening balance	2	0	2
Total gains or losses	0	0	0
in profit or loss	0	0	0
Purchases	0	0	0
Disposals	0	0	0
Issues	0	0	0
Settlements	0	0	0
Exchange rate effects	0	0	0
Transfers out of Level 3	0	0	0
Transfers to Level 3	0	0	0
Closing balance	**2**	**0**	**2**
Total remeasurement gains/losses for liabilities held at the end of the reporting period	**0**	**0**	**0**

The fair value of financial instruments allocated to Level 3 is measured at present using arranger/dealer quotes which are validated by means of an internal valuation technique. The internal valuation technique also takes the illiquidity of the markets for structured products into account in addition to the impact of default on expected cash flows. This is done by adding a premium to the risk-free interest rate for the same maturity when discounting the above-mentioned cash flows. Assuming a change in arranger/dealer quotes by +/– 100 basis points, the fair value would change by +/–€0.3 million.

In the period under review shares in closed-end funds amounting to €6 million were transferred to Level 3, adjusted for the prior-year figures. These holdings are recognized with cash flow models which take the risk adjusted planning assumptions of the individual funds into account. If the planning assumptions deviate by +/– 10 % from the assumptions made when calculating the fair value, this would result in a fair value change of +/–€1 million.

Furthermore, trade receivables relating to commission claims in connection with insurance brokerage were allocated to Level 3. The fair values are determined on the basis of the acquisition commissions to be paid for insurance brokerage, taking future cancellations/anticipated premature terminations into account. The reliable determination of the fair values of the above commissions is based on the reporting system of the product provider and contains assumptions as to the cancellation rate/anticipated premature termination of concluded insurances. Assuming a change in cancellation quotas of +/– 5 %, this would lead to a change in the fair value of +/–€8 million which, as a change in cash flows, would be recognized through profit and loss.

There were no non-recurring fair value measurements of financial instruments in the reporting period.

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

The fair values of financial instruments carried at amortized cost or hedge fair value on the balance sheet are compared with their carrying amounts in the following table:

[1]Figures adjusted (see Note 6)

	Dec. 31, 2015					Dec. 31, 2014	
	Carrying amount €m	Full fair value €m	Level 1 Mio €	Level 2 Mio €	Level 3 Mio €	Carrying amount €m	Full fair value €m
Assets							
Cash reserve	1,357	1,357	1,357	–	–	1,230	1,230
Loans and advances to other banks (loans and receivables)	15,875	15,898	837	14,760	301	19,602	19,614
Securities repurchase agreements	13,144	13,149		13,149		16,373	16,381
Overnight money	837	837	837			834	834[1]
Loans	68	70		70		384	387
Registered bonds	425	440		440		228	229
Term deposits	1,100	1,101		1,101		1,101	1,101
Other loans and advances	301	301			301	682	682
Loans and advances to customers (loans and receivables)	93,988	99,502	–	–	99,502	93,040	100,825
Private mortgage lending	63,903	68,901			68,901	64,317	71,142
Home savings loans	3,140	3,140			3,140	3,564	3,810
Commercial loans	12,175	12,258			12,258	11,944	12,111
Public-sector receivables	4,621	4,549			4,549	3,132	3,153
Installment loans	6,453	6,937			6,937	6,098	6,597
Overdrafts	2,176	2,176			2,176	2,339	2,339
Promissory note loans	1,485	1,506			1,506	1,536	1,564
Other loans and advances	35	35			35	110	110
Allowance for losses on loans and advances (loans and receivables)	–924	–924	–	–	–924	–1,361	–1,361
Private mortgage lending	–352	–352			–352	–361	–361
Home savings loans	–5	–5			–5	–4	–4
Commercial loans	–159	–159			–159	–207	–207
Public-sector receivables	–4	–4			–4	0	0
Installment loans	–268	–268			–268	–425	–425
Overdrafts	–134	–134			–134	–364	–364
Promissory note loans	0	0			0	0	0
Other loans and advances	–2	–2			–2	0	0
Investment securities (loans and receivables)	17,408	17,998	11,420	6,571	7	20,642	21,289
Bonds and other fixed-income securities	17,408	17,998	11,420	6,571	7	20,642	21,289
Other assets (loans and receivables)	318	318			318	203	203
	128,022	**134,149**	**13,614**	**21,331**	**99,204**	**133,356**	**141,800**
Liabilities							
Deposits from other banks (liabilities at amortized cost)	15,443	15,920	79	5,336	10,505	17,583	18,308
Due to customers (liabilities at amortized cost)	119,150	121,184	–	–	121,184	120,493	123,053
Savings deposits	41,841	41,841	–	–	41,841	44,493	44,493
Home savings	19,341	19,341	–	–	19,341	20,062	20,062[1]
Other liabilities	57,968	60,002	–	–	60,002	55,938	58,498
Debt securities in issue and subordinated debt (liabilities at amortized cost)	3,446	3,898	74	–	3,824	4,571	5,121
Public-sector *Pfandbriefe*	67	74	74	–	–	67	76
Mortgage *Pfandbriefe*	2,471	2,551	–	–	2,551	3,536	3,653
Other debt instruments	908	1,273	–	–	1,273	968	1,392
Subordinated debt (liabilities at amortized cost)	3,239	3,497	–	–	3,497	3,699	3,686
Other liabilities (liabilities at amortized cost)	296	296	–	–	296	349	349
	141,574	**144,795**	**153**	**5,336**	**139,306**	**146,695**	**150,517**

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[1] Figures adjusted (see Note 6)

In general, fair value is calculated for all financial instruments. The only exceptions are items payable on demand and savings deposits with an agreed withdrawal notice of one year or less.

(44) Revenue and expense items, gains and losses as defined by IFRS 7, and financial instruments in accordance with the measurement categories as defined by IAS 39

	Note	2015 €m	2014[1] €m
Net interest income	(8)		
Loans and receivables		4,096	4,527
Available for sale		215	191
Held for trading		–153	–173
Liabilities at amortized cost		–1,755	–2,076
Net gains or losses	(11), (12)		
Held for trading		39	–12
Designated as at fair value		17	7
Loans and receivables		16	23
Available for sale		20	23

	Fair value hedges/option		Unhedged		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Assets	**17,171**	**15,379**	**129,018**	**136,285**	**146,189**	**151,664**
Loans and receivables	6,227	5,777	121,363	127,710	127,590	133,487
Loans to other banks	78	105	15,798	19,497	15,876	19,602
Loans to customers	1,535	1,556	92,453	91,484	93,988	93,040
Investment securities	4,614	4,116	12,794	16,526	17,408	20,642
Other assets	–	–	318	203	318	203
Available for sale	6,457	4,551	7,008	7,878	13,465	12,429
Investment securities	6,457	4,551	6,903	7,851	13,360	12,402
Other assets	–	–	105	27	105	27
Held for trading	–	–	647	697	647	697
Trading assets	–	–	647	697	647	697
Fair value option	4,409	4,932	–	–	4,409	4,932
Loans to customers	4,409	4,932	–	–	4,409	4,932
Hedging derivatives	78	119	–	–	78	119
Liabilities	**12,278**	**13,564**	**130,169**	**134,196**	**142,447**	**147,760**
Liabilities at amortized cost	12,005	13,160	129,569	133,535	141,574	146,695
Deposits from other banks	670	668	14,773	16,915	15,443	17,583
Due to customers	7,499	8,205	111,651	112,288	119,150	120,493
Debt securities in issue	2,370	2,406	1,076	2,165	3,446	4,571
Subordinated debt	1,466	1,881	1,773	1,818	3,239	3,699
Other liabilities	–	–	296	349	296	349
Held for trading	65	106	600	661	665	767
Trading liabilities	65	106	600	661	665	767
Hedging derivatives	208	298	–	–	208	298

[1] Figures adjusted (see Note 6)

(45) Derivatives

The Postbank Group uses derivatives to hedge positions as part of its asset/liability management policy. Derivatives are also entered into for trading purposes.

Postbank's foreign currency financial derivatives consist for the most part of forward exchange transactions, currency swaps, cross currency swaps, and currency options. Interest rate derivatives primarily comprise interest rate swaps and interest rate futures and options; in isolated cases, fixed-income forwards are also entered into. The equity derivatives entered into mainly take the form of equity options and equity/index options. Credit derivatives (credit default swaps) are mainly separated derivatives of synthetic CDOs.

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 techniques. Postbank utilizes the available netting opportunities when derivative transactions are settled via a central counterparty. Holdings of derivatives are composed of the following items:

	Notional amount		Positive fair values		Negative fair values	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trading derivatives	146,926	168,182	556	558	665	767
Hedging derivatives	22,167	20,752	78	119	208	298
Total	**169,093**	**188,934**	**634**	**677**	**873**	**1,065**

The following table presents the Postbank Group's interest rate and foreign currency, conditional and unconditional forward transactions open at the balance sheet date.

			Fair value			
	Notional amount		Positive fair values		Negative fair values	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trading derivatives						
Foreign currency derivatives						
OTC products						
Currency forwards	1,661	2,055	67	77	72	88
Currency swaps	5,711	2,508	24	34	32	22
Total holdings of foreign currency derivatives	**7,372**	**4,563**	**91**	**111**	**104**	**110**
Interest rate derivatives						
OTC products						
Interest rate swaps	136,532	160,683	348	410	505	568
Cross currency swaps	904	1,436	111	32	47	82
Forward rate agreements	–	–	–	–	–	–
OTC interest rate options	116	136	–	–	–	1
Other interest rate contracts	1,926	1,223	5	4	8	3
Exchange-traded products						
Interest rate futures	–	–	–	–	–	–
Total holdings of interest rate derivatives	**139,478**	**163,478**	**464**	**446**	**560**	**654**

			Fair value			
	Notional amount		Positive fair values		Negative fair values	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Equity/index derivatives						
OTC products						
Equity options (long/short)	2	18	–	–	–	–
Exchange-traded products						
Equity/index options	–	–	–	–	–	–
Total holdings of equity/index derivatives	**2**	**18**	**–**	**–**	**–**	**–**
Credit derivatives						
Credit default swaps	74	123	1	1	1	3
Total holdings of credit derivatives	**74**	**123**	**1**	**1**	**1**	**3**
Total holdings of trading derivatives	**146,926**	**168,182**	**556**	**558**	**665**	**767**
thereof banking book derivatives	51,808	72,887	475	465	501	552
thereof derivatives relating to hedged items accounted for under the fair value option	14,733	15,231	0	0	65	106
Hedging derivatives						
Fair value hedges						
Interest rate swaps	22,160	20,567	78	82	206	296
Cross currency swaps	7	185	–	37	2	2
Credit default swaps	–	–	–	–	–	–
Total holdings of hedging derivatives	**22,167**	**20,752**	**78**	**119**	**208**	**298**
Total holdings of derivatives	**169,093**	**188,934**	**634**	**677**	**873**	**1,065**

Total holdings of recognized derivative assets and liabilities:

	Hedging derivatives			
	Positive fair values		Negative fair values	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Remaining maturity				
less than 3 months	10	12	46	53
3 months to 1 year	0	0	18	12
from 1 to 2 years	0	0	9	52
from 2 to 3 years	0	0	33	39
from 3 to 4 years	2	0	16	49
from 4 to 5 years	1	3	17	15
more than 5 years	65	104	69	78
	78	**119**	**208**	**298**

	Trading and banking book derivatives			
	Positive fair values		Negative fair values	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Remaining maturity				
less than 3 months	45	55	85	83
3 months to 1 year	58	58	64	103
from 1 to 2 years	15	42	97	59
from 2 to 3 years	14	19	45	56
from 3 to 4 years	41	9	52	49
from 4 to 5 years	53	40	41	59
more than 5 years	330	335	281	358
	556	**558**	**665**	**767**

The remaining maturity is the period between the balance sheet date and the contractual maturity of the asset or liability.

The following table presents the positive and negative fair values of derivatives by counterparties.

	Positive fair values		Negative fair values	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Counterparties				
Banks in OECD countries	396	385	791	966
Other counterparties in OECD countries	238	292	82	99
Non-OECD	–	–	–	–
	634	**677**	**873**	**1,065**

(46) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities that meet the conditions for offsetting set out in IAS 32.42ff. are presented on a net basis in the balance sheet.

The following tables contain the disclosures as of December 31, 2015, on the effects of offsetting on the consolidated balance sheet and the financial effects of offsetting in the case of instruments that are covered by a legally enforceable master netting arrangement or similar agreement.

	Financial assets (gross) €m	Offset recognized amounts (gross) €m	Recognized financial assets (net) €m	Effects of master netting arrangements €m	Cash collateral €m	Collateral taking the form of financial instruments €m	Net amount €m
Assets							
Loans and advances to other banks (including allowance for losses on loans and advances)	21,115	–5,239	15,876	–	–	–13,095	2,781
Trading assets	7,276	–6,629	647	–241	–62	–	344
Hedging derivatives	1,414	–1,336	78	–8	–9	–	61
Total	**29,805**	**–13,204**	**16,601**	**–249**	**–71**	**–13,095**	**3,186**

	Financial liabilities (gross) €m	Offset recognized amounts (gross) €m	Recognized financial liabilities (net) €m	Effects of master netting arrangements €m	Cash collateral €m	Collateral taking the form of financial instruments €m	Net amount €m
Equity and Liabilities							
Deposits from other banks	10,470	–5,135	5,335	–	0	–4,982	353
Trading liabilities	8,108	–7,443	665	–241	–368	–	56
Hedging derivatives	834	–626	208	–8	–115	–	85
Total	**19,412**	**–13,204**	**6,208**	**–249**	**–483**	**–4,982**	**494**

The column headed “Offset recognized amounts (gross)” contains the amounts set off in accordance with the provision of IAS 32.42ff. The column entitled “Effects of master netting arrangements” contains the amounts that are covered by master netting arrangements but that have not been set off because the conditions of IAS 32.42ff. have not been met. The “Cash collateral” and “Collateral taking the form of financial instruments” columns show the fair values concerned. The right to set off collateral taking the form of financial instruments and cash collateral is contingent upon the prior default of the counterparty concerned.

Offset financial assets and financial liabilities from securities repurchase agreements (reverse repos/repos) are included in the “Loans and advances to other banks (including allowance for losses on loans and advances)” and “Deposits from other banks” balance sheet items.

Offset derivatives are included in the “Trading assets”, “Trading liabilities”, and “Hedging derivatives” line items. The cash collateral received as security for positive fair values of derivatives and pledged for negative fair values of derivatives is reported under the “Deposits from other banks” and “Loans and advances to other banks” line items.

The following tables contain the comparative figures as of December 31, 2014.

	Financial assets (gross) €m	Offset recognized amounts (gross) €m	Recognized financial assets (net) €m	Effects of master netting arrangements €m	Cash collateral €m	Collateral taking the form of financial instruments €m	Net amount €m
Assets							
Loans and advances to other banks (including allowance for losses on loans and advances)	22,270	−2,611	19,659	–	–	−16,357	3,302
Trading assets	8,698	−8,001	697	−153	−39	–	505
Hedging derivatives	1,624	−1,505	119	−48	−8	–	63
Total	**32,592**	**−12,117**	**20,475**	**−201**	**−47**	**−16,357**	**3,870**

	Financial liabilities (gross) €m	Offset recognized amounts (gross) €m	Recognized financial liabilities (net) €m	Effects of master netting arrangements €m	Cash collateral €m	Collateral taking the form of financial instruments €m	Net amount €m
Equity and Liabilities							
Deposits from other banks	9,179	−2,419	6,760	–	−14	−6,370	376
Trading liabilities	9,766	−8,999	767	−153	−410	–	204
Hedging derivatives	998	−699	299	−48	−160	–	91
Total	**19,943**	**−12,117**	**7,826**	**−201**	**−584**	**−6,370**	**671**

(47) Foreclosures and compulsory administration

	Dec. 31, 2015 Number	Dec. 31, 2014 Number
Foreclosures pending	491	616
Compulsory administration proceedings	32	76
Foreclosures completed	514	494

(48) Foreign currency volume

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Foreign currency assets	3,369	2,179
Foreign currency liabilities	3,359	2,186

(49) Capital management, risk-weighted assets and capital ratio

Postbank satisfies the requirements of Basel III, which took effect on January 1, 2014, in the form of the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV), which in turn have been implemented in the KWG and related German regulations. Numerous transitional provisions continued to apply in 2015.

Postbank's processes for calculating and managing capital resources and leverage ratio comply with all legislation, regulations and European Banking Authority (EBA) standards in the most recently amended versions. Internal calculations are always performed on a regulatory phased-in basis, as well as on a fully phased-in basis. The Bank's performance relating to own funds is monitored and managed in accordance with both views.

Postbank will be subject to additional buffer requirements for the first time in 2016. All of these buffers must be covered by Common Equity Tier 1 capital (CET1) which in terms of risk-weighted assets must be held available in addition to the existing minimum requirements. The CRR defines transitional periods during which the buffer requirements are increased step by step between 2016 and 2019. Depending on their type, the buffer requirements are defined either directly in CRD IV and/or the KWG or are defined and communicated by the competent supervisory authorities for individual banks and/or countries.

The amount of the capital conservation buffer has already been defined by CRD IV and is equal to 0.625 % of risk-weighted assets in 2016. The maximum capital conservation buffer of 2.5% will be reached in 2019. BaFin has set the countercyclical buffer for Germany to 0% for 2016. However, this does not apply to all countries where Postbank has exposure. Precautions have been taken to ensure that these specific country buffer requirements are observed. In addition, the Postbank Group as part of the Deutsche Bank Group has not yet received any notification of any further buffer requirements.

The external regulatory capital requirements constitute an absolute lower limit for Postbank's strategic management. They are embedded in the risk-appetite framework. The corresponding indicators are identified and managed at the level of the Postbank Group as well as the individual institutions within the Group which fall within the scope of the CRR.

Postbank satisfied all applicable capital requirements at all times in 2015.

The management of capital requirements is integrated in the general capital management process, which comprises a regulatory and an economic view. For further information on economic capital management, reference should be made to our explanations in Note 50 on risk-bearing capacity, risk cover amount and risk capital.

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Regulatory capital management focuses on requirements with respect to Common Equity Tier 1 (CET1) capital and additionally takes account of Tier 1 capital and own funds. In this way, the Pillar I requirements are addressed. The capital management system comprises the following three levels:

- Observance of regulatory minimum ratios in accordance with CRR/CRD IV or those fixed by BaFin/ ECB.
- Monitoring and observation of the internally defined threshold which, if fallen below, triggers capital-management measures.
- Medium-term target ratio for CET1 redefined each year by the Management Board as part of its risk strategy.

There is no regulatory minimum requirement for the leverage ratio. In 2015, the Bank defined thresholds and internal target ratios for internal management purposes. These are integrated in general capital requirement via the risk strategy.

The general capital management process contains various monitoring and forecasting processes for the defined indicators. As part of the multi-year planning process, a preview of expected capital and leverage ratios is conducted once a year over a period of the following five-years on the basis of volume, migration, and profit/loss planning and dedicated assumptions.

The current capital and leverage ratios are calculated on a monthly basis. The current ratios and stress-testing results are submitted to the Management Board and the Supervisory Board on a quarterly basis in the overall bank risk report.

The risk strategy defines the corresponding internal thresholds which, if fallen below, trigger countermeasures and recommendations. In addition, a forecast of the end-of-year capital ratios is prepared during the year to review the necessity of any countermeasures.

The Bank Risk Committee manages the capital and leverage ratios. Measures for managing and optimizing these ratios are also discussed on the Asset & Liability Committee.

The Bank's regulatory own funds calculated in accordance with the CRR/CRD IV rules (regular phased-in) were as follows:

	Dec. 31, 2015[1] €m	Dec. 31, 2014[2] €m
Credit and counterparty risk (including CVA)	39,016	38,902
Market risk positions	32	93
Operational risk	6,125	4,656
Total risk-weighted assets	45,173	43,651
Regular phased-in:		
Common Equity Tier 1 capital (CET 1)	6,203	4,673
Additional Tier 1 capital (AT 1)	75	0
Tier 1 capital	6,278	4,673
Tier 2 capital	1,102	2,573
Own funds	7,380	7,246
	%	%
CET 1 capital ratio	13.7	10.7
Tier 1 capital ratio	13.9	10.7
Total capital ratio	16.3	16.6
Fully phased-in:		
CET 1 capital ratio	11.4	10.2
Tier 1 capital ratio	11.4	10.2
Total capital ratio	15.1	16.3

The regular phased-in Common Equity Tier 1 capital ratio as reported on December 31, 2015, amounts to 12.0 %.

The key components of Postbank's Tier 1 capital are the share capital and recognized reserves. Tier 2 capital is composed of long-term subordinated liabilities and profit participation certificates outstanding.

(50) Risk-bearing capacity, risk cover amount and risk capital

Postbank considers its risk-bearing capacity to be adequate if the risk cover amount exceeds the allocated risk capital and the current level of overall risk (VaR). The risk cover amount available for covering all risks consists of the Bank's capital less goodwill and its subordinated debt in accordance with IFRSs as well as parts of the other reserves and liabilities associated with financial instruments including customer transactions, less net cost. Other reserves include additional reserves that are not reported in the IFRS balance sheet or the notes. These are prorated checking and savings-related reserves as well as those of the BHW Bausparkasse AG home savings collective as determined by replication models. Conservative discounts and limit buffers are used when calculating the risk cover amount in order to account for estimating uncertainties.

The capital from the risk cover amount that is allocated to the various units and risk types is known as risk capital. The regulatory capital requirements (regulatory capital adequacy in accordance with the *Kreditwesengesetz* (KWG – German Banking Act), the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation), and the *Groß- und Millionenkreditverordnung* (GroMiKV – German Large Exposures Regulation)) are additional conditions that must be strictly observed when managing economic risk capital.

In accordance with the requirements of the MaRisk, the risk strategy is consistent with the business strategy and takes into account all significant areas of business and types of risk.

The following table shows the allocation of the Postbank Group's risk cover amount, broken down by risk types on the basis of the authorized risk capital, for fiscal years 2015 and 2014 before and after factoring in correlation effects and the unallocated risk cover amount (calculated as of December 31 for each year):

Risk capital by risk types (economic creditor protection)		
Capital and risk components	**Allocated risk capital**	
	Dec. 31, 2015 €m	**Dec. 31, 2014 €m**
Credit risk	2,800	2,800
Market risk	2,180	2,150
Operational risk	700	700
Business risk	2,670	2,700
Total before diversification	**8,350**	**8,350**
Diversification effects	1,490	1,490
Total after diversification	**6,860**	**6,860**
Unallocated risk cover amount	4,830	5,020
Total risk cover amount	**11,690**	**11,880**

More detailed disclosures relating to the management of economic risk capital can be found in the Risk Report section of the Group Management Report.

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[1] Based on the consolidated financial statements as of December 31, 2015, subject to approval

[2] Based on the consolidated financial statements as of December 31, 2014, including the adjustments to capital referred to in Note (6)

(51) Maturity structure

The maturities at their carrying amounts as of December 31, 2015, are presented below:

	Payable on demand €m	Less than 3 months €m	3 months to 1 year €m	1 to 2 years €m	2 to 3 years €m	3 to 4 years €m	4 to 5 years €m	More than 5 years €m	Total €m
Loans and advances to other banks	1,534	7,124	3,993	1,092	1,143	85	598	307	15,876
Loans and advances to customers	4,495	9,415	8,696	9,137	9,187	8,105	7,873	41,489	98,397
Trading assets	–	92	82	16	15	41	58	343	647
Hedging derivatives	–	10	–	–	–	2	1	65	78
Investment securities	–	1,517	3,072	4,972	6,234	3,743	2,372	8,858	30,768
Current tax assets	–	15	82	4	–	–	–	–	101
Deferred tax assets	–	–	23	4	10	6	5	24	72
Other assets	189	179	76	128	86	73	62	362	1,155
Total	**6,218**	**18,352**	**16,024**	**15,353**	**16,675**	**12,055**	**10,969**	**51,448**	**147,094**
Deposits from other banks	253	5,565	562	1,423	1,280	1,033	880	4,447	15,443
Due to customers	43,417	42,437	8,166	5,373	3,261	2,840	2,061	11,595	119,150
Debt securities in issue	84	10	67	61	10	123	1,154	1,937	3,446
Trading liabilities	–	85	64	97	45	52	41	281	665
Hedging derivatives	–	46	18	9	33	16	17	69	208
Provisions	9	25	169	273	117	47	12	51	703
Provisions for pensions	–	1	2	2	2	2	2	45	56
Other provisions	9	24	167	271	115	45	10	6	647
Current tax liabilities	–	14	51	20	8	–	17	–	110
Deferred tax liabilities	–	–	2	–	–	–	3	4	9
Other liabilities	189	155	99	4	4	6	5	4	466
Subordinated debt	50	4	724	86	402	134	14	1,825	3,239
Total	**44,002**	**48,341**	**9,922**	**7,346**	**5,160**	**4,251**	**4,204**	**20,213**	**143,439**

Contingent liabilities	404	–	–	–	–	–	–	–	404
Irrevocable loan commitments	5,788	–	–	–	–	–	–	–	5,788

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The remaining maturities of derivatives are presented separately in a table in Note 45.

As of December 31, 2014:

	Payable on demand €m	Less than 3 months €m	3 months to 1 year €m	1 to 2 years €m	2 to 3 years €m	3 to 4 years €m	4 to 5 years €m	More than 5 years €m	Total €m
Loans and advances to other banks[1]	1,515	6,546	7,688	1,432	342	1,257	503	319	19,602
Loans and advances to customers	4,344	9,102	9,510	10,184	8,656	8,907	7,490	39,779	97,972
Trading assets	–	58	145	89	19	9	41	336	697
Hedging derivatives	–	12	–	–	–	–	3	104	119
Investment securities	–	1,126	3,050	4,621	5,135	6,328	3,743	9,474	33,477
Current tax assets	–	–	129	18	1	–	–	–	148
Deferred tax assets[1]	–	–	12	8	3	3	9	33	68
Other assets[1]	232	8	95	96	68	59	50	202	810
Total	**6,091**	**16,852**	**20,629**	**16,448**	**14,224**	**16,563**	**11,839**	**50,247**	**152,893**
Deposits from other banks	989	6,884	778	764	1,358	1,307	1,027	4,476	17,583
Due to customers[1]	39,938	45,571	8,768	3,856	3,946	3,252	2,680	12,482	120,493
Debt securities in issue	111	41	1,017	77	60	10	123	3,132	4,571
Trading liabilities	–	83	103	59	56	49	59	358	767
Hedging derivatives	–	53	12	52	39	49	15	78	298
Provisions	1	27	278	253	126	40	13	116	854
Provisions for pensions	–	2	7	9	9	10	9	109	155
Other provisions[1]	1	25	271	244	117	30	4	7	699
Current tax liabilities	–	–	82	22	–	–	–	–	104
Deferred tax liabilities	–	–	2	0	0	2	2	35	41
Other liabilities	231	195	75	4	3	6	1	11	526
Subordinated debt	79	4	204	706	86	403	134	2,083	3,699
Total	**41,349**	**52,858**	**11,319**	**5,793**	**5,674**	**5,118**	**4,054**	**22,771**	**148,936**

Contingent liabilities	394	–	–	–	–	–	–	–	394
Irrevocable loan commitments	4,847	–	–	–	–	–	–	–	4,847

(52) Other financial obligations

In accordance with section 16 of the *Postpersonalrechtsgesetz* (Deutsche Bundespost Former Employees Act), Deutsche Postbank AG pays an annual contribution for civil servant pensions to the Bundesanstalt für Post und Telekommunikation Deutsche Bundespost (BanstPT), Postbeamtenversorgungskasse (PVK) in the amount of 33 % of the gross compensation of its active civil servants and of the notional gross compensation of its civil servants on leave of absence who are eligible for pensions. Postbank has no further obligations for benefits paid by the pension fund.

Postbank ensures that, with the exception of political risk, its PB Factoring GmbH (Bonn), and BHW Bausparkasse AG (Hameln) subsidiaries will be able to meet their obligations. The comfort letter in favor of Deutsche Postbank International S.A. (now: PB International S.A.), Luxembourg, became ineffective as of July 1, 2014, and was therefore terminated in respect of new obligations from that date, after Deutsche Postbank AG, Luxembourg branch, took over the business operations of Deutsche Postbank International S.A., Luxembourg, by acquiring almost all of the assets and liabilities of Deutsche Postbank International S.A., Luxembourg, as of July 1, 2014.

The comfort letters issued in favor of creditors of subsidiaries of Deutsche Postbank AG primarily lead to benefits for the subsidiaries in the form of improved terms and conditions for business and finance. Deutsche Postbank AG profits from these benefits since they have a positive impact on the enterprise value of the subsidiaries concerned. Conversely, there is the possibility of the creditors having recourse against Postbank.

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[1] Figures adjusted (see Note 6)

Postbank has issued subordinated comfort letters under the terms of issue of subordinated bonds issued by Deutsche Postbank Funding LLC I, II, III, and IV, all of which are domiciled in Delaware, U.S.A.

Financial obligations under Postbank's operating leases involving non-cancelable leasing agreements relate to land and buildings and have the following maturity structures:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
in the first year after the balance sheet date	49	53
in the second year after the balance sheet date	40	43
in the third year after the balance sheet date	30	33
in the fourth year after the balance sheet date	22	22
in the fifth year after the balance sheet date	16	14
more than five years after the balance sheet date	37	40
Total	**194**	**205**

(53) Trust activities

Trust activities are composed of the following items:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trust assets		
Loans and advances to other banks	1	1
Loans and advances to customers	440	507
	441	**508**
Trust liabilities		
Due to customers	441	508
	441	**508**

(54) Employees

The average number of employees in the Group in the period under review was as follows:

	Total 2015	Total 2014
Full-time		
Civil servants	4,479	4,781
Salaried employees	9,077	9,596
	13,556	**14,377**
Part-time		
Civil servants	1,079	1,160
Salaried employees	3,232	3,394
	4,311	**4,554**
	17,867	**18,931**

The employees are employed almost exclusively in Germany.

(55) Relationships with unconsolidated structured entities

This Note is focused on relationships with structured entities which are not controlled by Postbank and thus are not consolidated.

Relationships with structured entities include contractual and non-contractual business relationships that expose the Bank to variable positive and/or negative returns from the performance of the structured entity.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. A structured entity often has the following features: restricted activities, a narrow and well-defined objective, insufficient equity, and financing that creates concentrations of credit or other risks.

In the area of commercial real estate finance, Postbank has, among other things, lending relationships with real estate investment vehicles, whose purpose is the holding and rental of commercial real estate primarily in Germany and Europe, and with national and international real estate funds ("Commercial Real Estate Finance" category). The real estate is equity and debt-financed. Usually real estate investment vehicles use a higher proportion of debt capital.

Relationships with structured entities also include the securities that have been issued by structured entities (e.g., securitization vehicles) ("Other" category) and fund certificates/shares ("Funds" category) held by the Group.

The maximum exposure to loss shown is the highest potential loss to which the Bank could be exposed as a result of its relationships with structured entities. The maximum exposure to loss from transactions measured at cost comprises the carrying amount and the value of the Bank's off-balance sheet liabilities from its relationships with structured entities. The maximum exposure to loss is shown without taking account of collateral received.

The size of the structured entity is determined based on the following measures:

- Commercial real estate finance: total assets of the structured entity
- Funds: net asset value
- Other: notional amounts of the notes issued.

	Commercial real estate finance	Funds	Other	Total
	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m
Assets				
Loans and advances to customers	4,268	–	11	4,279
Trading assets	1	–	–	1
Investment securities	3	261	–	264
Allowance for losses on loans and advances	88	–	–	88
Maximum exposure to loss	**4,364**	**261**	**11**	**4,636**
Loans and advances to customers	4,268	–	11	4,279
Trading assets	1	–	–	1
Investment securities	3	261	–	264
Allowance for losses on loans and advances	88	–	–	88
Off-balance sheet liabilities	181	–	–	181
Size of structured entities	**5,590**	**5,571**	**500**	**11,661**

The following table contains the comparative figures as of December 31, 2014.

	Commercial real estate finance	Funds	Other	Total
	Dec. 31, 2014 €m	Dec. 31, 2014 €m	Dec. 31, 2014 €m	Dec. 31, 2014 €m
Assets				
Loans and advances to customers	4,516	–	9	4,525
Investment securities	3	179	–	182
Allowance for losses on loans and advances	98	–	–	98
Maximum exposure to loss	**4,458**	**179**	**9**	**4,646**
Loans and advances to customers	4,516	–	9	4,525
Investment securities	3	179	–	182
Allowance for losses on loans and advances	98	–	–	98
Off-balance sheet liabilities	37	–	–	37
Size of structured entities	**5,663**	**4,856**	**500**	**11,019**

The off-balance sheet liabilities represent contractual obligations on the part of the Bank to financially support the structured entities. In the period under review, the Bank did not render any non-contractual financial support to the structured entities nor does it intend to do so.

(56) Related party disclosures

In addition to the companies included in the consolidated financial statements, in the course of its ordinary business activities, Postbank has direct or indirect relationships with Deutsche Bank AG, which controls Postbank, and with a relatively small number of subsidiaries, associates and joint ventures not included in Postbank's consolidated financial statements. Other related parties are Deutsche Bank AG's subsidiaries, the associates and joint ventures of Postbank and Deutsche Bank and their subsidiaries. Related parties are defined as key management personnel (Management Board and Supervisory Board) of Deutsche Postbank AG and of Deutsche Bank AG, and the close members of their families. In the course of business activities, all transactions for the provision of goods and services entered into with the aforementioned companies and persons were conducted at standard market terms and conditions.

Business relationships with related parties

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All related parties that are controlled by Deutsche Postbank AG are presented in the list of shareholdings (Note 61).

Related party transactions also include Deutsche Postbank AG's membership of a defined contribution pension plan, the expenses for which relate mainly to payments made to BanstPT, PVK (formerly Bundes-Pensions-Service für Post und Telekommunikation e.V.) in the amount of €95 million (previous year: €97 million).

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With effect from December 10, 2015, Postbank acquired investments in eight funding companies (further information on the transaction can be found in Note 2, Basis of consolidation). As a result, the relationships with these companies are no longer disclosed in this Note from the changeover date as they are part of the consolidated financial statements.

Control and Profit and Loss Transfer Agreement

Since the beginning of 2012 a control and profit and loss transfer agreement has been in existence between Deutsche Postbank AG, as the dependent company, and DB Finanz-Holding GmbH, Frankfurt am Main (a wholly-owned subsidiary of Deutsche Bank AG), as the controlling company.

Related party receivables

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Loans and advances to other banks		
Deutsche Bank AG	1,330	1,372
Other related parties	6,022	7,646
	7,352	**9,018**
Loans and advances to customers		
Other related parties	98	100
	98	**100**
Trading assets		
Deutsche Bank AG	111	27
	111	**27**
Hedging derivatives		
Deutsche Bank AG	0	39
	0	**39**
Investment securities		
Deutsche Bank AG	1,066	961
	1,066	**961**
Other assets		
Deutsche Bank AG	198	18
Other related parties	12	36
	210	**54**

Loans and advances to other banks primarily relate to money market transactions with Deutsche Bank AG and its subsidiaries.

Due to the unwinding of a hedging relationship, the existing derivatives on the assets side of the balance sheet were reclassified to trading assets in the second quarter of 2015.

The investment securities relate to Deutsche Bank AG bonds.

Related party payables

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Deposits from other banks		
Deutsche Bank AG	5,383	7,462
	5,383	**7,462**
Due to customers		
Subsidiaries	8	10
Other related parties	184	213
	192	**223**
Trading liabilities		
Deutsche Bank AG	220	193
	220	**193**
Hedging derivatives		
Deutsche Bank AG	3	36
	3	**36**
Other liabilities		
Deutsche Bank AG	39	16
DB Finanz-Holding GmbH	2	15
Other related parties	30	8
	71	**39**
Subordinated debt		
Other related parties	0	1,619
	0	**1,619**

The liabilities to Deutsche Bank AG primarily comprise securities repurchase transactions.

Due to the unwinding of a hedging relationship, the existing derivatives on the liabilities side of the balance sheet were reclassified to trading liabilities in the second quarter of 2015.

The other liabilities to DB Finanz-Holding GmbH relate to effects attributable to the control and profit and loss transfer agreement that were recognized in retained earnings.

The subordinated debt relates to the debt securities originally issued by Deutsche Postbank AG in the course of the trust issues. The Bank purchased the trust companies in the reporting period and is incorporating them in the consolidated financial statements. As the debt securities issued will be accounted for during consolidation, they are no longer the focus of this Note. The interest expense from the debt securities that arose in the reporting period up to the point where the trust companies were purchased is recognized under interest expense attributable to other related parties (see the table "Income and expenses from related parties"). More detailed information on this transaction can be found in Note 2, Basis of consolidation.

Contingent liabilities from warranty obligations to Deutsche Bank AG amounted to €68 million as of the end of the reporting period (December 31, 2014: €64 million).

Income and expenses from related parties

	2015 €m	2014 €m
Interest income		
Deutsche Bank AG	17	26
Other related parties	7	8
	24	**34**
Interest expense		
Deutsche Bank AG	3	10
Other related parties	53	72
	56	**82**
Fee and commission income		
Deutsche Bank AG	0	9
Other related parties	22	19
	22	**28**
Fee and commission expense		
Deutsche Bank AG	2	2
Other related parties	2	2
	4	**4**
Net trading income		
Deutsche Bank AG	13	–66
	13	**–66**
Net income from investment securities		
Other related parties	–18	22
	–18	**22**
Administrative expenses		
Deutsche Bank AG	28	23
Subsidiaries	17	16
Other related parties	22	8
	67	**47**
Other income		
Deutsche Bank AG	202	40
Subsidiaries	3	2
Other related parties	334	275
	539	**317**
Other expenses		
Other related parties	521	414
	521	**414**

Other income relating to Deutsche Bank primarily comprises income of €162 million in connection with the termination of the IT cooperation and changes to the contractual arrangements with regard to software utilization rights.

Other income attributable to other companies mainly relates to income from the staff transferred to the Deutsche Bank Group's service companies.

Other expenses attributable to other companies largely comprise fees for services provided by service companies.

Key management personnel

As of the balance sheet date, loans of €127 thousand (previous year: €600 thousand) had been granted to key management personnel and deposits of €1,530 thousand (previous year: €1,903 thousand) received from key management personnel.

The following table contains the staff costs incurred, in the period under review, in connection with remuneration of the members of the Management Board of Postbank AG in accordance with IAS 24.17.

	2015 €m	2014 €m
Short-term employee benefits	5,160.8	3,996.8
Post-employment benefits	2,816.7	1,782.9
Other long-term benefits	1,892.0	2,063.3
Termination benefits	0.0	0.0
Share-based payment	1,927.5	2,063.3
Total remuneration in accordance with IAS 24.17	11,797.0	9,906.3

The short-term employee benefits also include, along with the basic remuneration and the variable remuneration component to be directly remunerated in cash, the incidental benefits, mainly comprising non-cash benefits in the form of company cars, the payment of insurance premiums, and the reimbursement of business-related expenses including any taxes on these items.

The benefits after the termination of the employment relationship mirror the service cost of the period under review. Other long-term benefits due include the expenses for the period in relation to the cash granted with a long-term incentive effect.

The total carrying amount of the obligation arising from the benefits granted to members of the Management Board amounted to €11,402 thousand (previous year: €12,574 thousand) as of the balance sheet date.

The defined benefit obligation (DBO) for current pensions and entitlements attributable to active members of the Management Board amounted to €21,659 thousand (previous year: €19,358 thousand) as of the end of this year.

The total remuneration paid to members of the Supervisory Board for the period under review of €1,541.3 thousand (previous year: €1,578.8 thousand) is classified as a short-term benefit in accordance with IAS 24.17.

For a detailed description of the main features of the remuneration system, please see the following section "Remuneration of the Management Board and the Supervisory Board" and the remuneration report in the Group Management Report.

Remuneration of the Management Board and the Supervisory Board

Deutsche Postbank AG (Postbank) hereby publishes the principles used to determine the remuneration of the Management Board and the Supervisory Board. The report also explains the amount of remuneration and structure of the remuneration in accordance with the statutory provisions, German Accounting Standard (GAS) 17 "Reporting on the Remuneration of Members of Governing Bodies," and the recommendations of the German Corporate Governance Code.

Remuneration system for members of the Management Board

Responsibility

The full Supervisory Board is responsible for designing the remuneration system and for setting the remuneration of the individual members of the Management Board. It has been supported in these matters by the Compensation Control Committee since fiscal year 2014. The Committee is primarily responsible for monitoring the appropriate design of the remuneration systems for senior managers and employees, and in particular for the heads of the Risk Control and Compliance units, as well as employees who have a material influence on the Bank's overall risk profile. The Compensation Control Committee assesses the impact of the remuneration systems on risk, capital, and liquidity management, prepares the Supervisory Board resolutions on the remuneration of the senior managers, and assists the Supervisory Board in monitoring the proper integration of the internal control functions and all other relevant functions in the design of the remuneration systems.

Structure of the remuneration of the Management Board in fiscal year 2015

The overall structure of the remuneration of the Management Board and the principal components of Management Board contracts are stipulated and regularly reviewed by Postbank's Supervisory Board. This review focuses in particular on the appropriateness of the system's design and on changes that become necessary in response to new legislative and regulatory requirements.

The main goal for the design of the remuneration system and the amount of Management Board remuneration is to remunerate Management Board members appropriately in line with the market and competitors and in accordance with all statutory and regulatory requirements, taking into account members' areas of activity and responsibility, Postbank's overall long-term performance, and the collective and individual performance of the members of the Management Board. The appropriateness of the remuneration of the Management Board in both market terms and within the Postbank Group was confirmed in a horizontal and vertical remuneration comparison conducted on the basis of the recommendations of the German Corporate Governance Code for fiscal year 2014. A vertical remuneration comparison was performed within the Postbank Group for fiscal year 2015 which likewise confirmed the appropriateness of the remuneration.

The aim is for the system to be designed in a way that generates incentive for the members of the Management Board to meet the Bank's objectives, to permanently promote positive corporate development and to avoid disproportionately high risks. To this extent, the Supervisory Board had already capped the ratio of variable remuneration to fixed remuneration before the statutory maximum ratio was introduced. Postbank's Annual General Meeting approved a ratio for fixed to variable remuneration of 1:2 for the members of the Management Board in the light of the requirements prescribed by section 25a(5) of the *Kreditwesengesetz* (KWG – German Banking Act).

In line with the recommendation of the Compensation Control Committee, the Supervisory Board had passed a resolution to adjust the grant of the variable remuneration calculated and to bring it into line with the rules applicable within the Deutsche Bank Group effective January 1, 2014. After the announcement by Deutsche Bank AG of its strategy 2020 and related plans to deconsolidate Postbank from the Deutsche Bank Group, the rules governing the grant of variable remuneration were modified by the Supervisory Board once again with effect from fiscal year 2015. The purpose of these modifications is to position Postbank as a banking institution independent of the Deutsche Bank Group in the future and, in this connection, to establish the right incentives in the structure of the deferral system. This has been agreed with the individual members of the Management Board by amending their employment contracts accordingly.

The main features of the Management Board's remuneration system for fiscal year 2015 are described in detail below. This will be followed by a separate analysis of the differences existing for 2015 as compared to the rules applicable for 2014 which have a continuing effect and of the remuneration system for earlier years (2013 and before) from which remuneration is still accruing in the years under review.

The total remuneration awarded to the members of the Management Board is broken down into non-performance-related and performance-related components.

Non-performance-related components

The non-performance-related components are the base pay (fixed remuneration) and incidental benefits. The base pay is paid out monthly in twelve equal installments. Incidental benefits mainly comprise non-cash benefits in the form of company cars, the payment of insurance premiums, and the reimbursement of business-related expenses including any taxes on these items. Incidental benefits are available to all members of the Management Board equally; however, the amount may vary depending on their individual personal circumstances.

Performance-related component (variable remuneration)

The performance-related component is the variable remuneration. The amount of the variable remuneration awarded to the members of the Management Board is dependent on the achievement of quantitative and qualitative Postbank Group, board department, and individual goals defined as an agreed target for variable remuneration and is determined on the basis of key performance

[1] In this connection, "grant" refers to the splitting of the variable remuneration defined for the year under review into separate remuneration components and the prospect of the defined variable remuneration in these remuneration components.

indicators. For this purpose, performance measurement is predominantly weighted toward uniform Postbank Group goals. The goals are laid down in a target agreement entered into at the start of each fiscal year (base year). The maximum variable remuneration is capped in individual contracts at 150 % of the agreed target.

Variable remuneration for 2015: grant, performance, deferral, and forfeiture provisions

The grant, i.e., the award arrangements for the variable remuneration fixed for each previous fiscal year, was modified with effect on the variable remuneration for 2014 and modified again for 2015 due to Deutsche Bank's changed strategic plans with respect to Postbank's positioning. Payment and allocation of the outstanding remuneration components arising in the years prior to 2014 are still subject to the previously applicable remuneration model.

Variable remuneration is largely granted in deferred form and spread over several years in accordance with the regulatory and bank-specific requirements applicable in each case. This ensures a long-term incentive effect over a period of several years.

In accordance with the requirements of the *Institutsvergütungsverordnung* (InstVergV – Regulation Governing Supervisory Requirements for Remuneration Systems of Institutions), at least 60 % of the total variable remuneration is granted on a deferred basis. Furthermore, the deferral matrix established in the Deutsche Bank Group, which may lead to a higher percentage of deferred remuneration depending on the amount of the variable remuneration, is applied. In line with this, the upfront portion of the variable remuneration is capped at a total of €225,000.

Half of the upfront portion of the variable remuneration is awarded in the form of a share-based remuneration component (equity upfront award) and the other half is paid out directly (cash bonus). Half of the deferred portion of the variable remuneration comprises share-based remuneration components (restricted equity award), while the remaining half is granted as a deferred cash payment (restricted incentive award). The value of the share-based remuneration components depends on the performance of Deutsche Bank's shares during the deferral and holding periods. In connection with the share-based remuneration components to be granted for fiscal year 2015, contracts have already been signed providing for the Deutsche Bank share awards which have not yet been allocated as of that date to be converted into Postbank share awards or another value-based remuneration component after Postbank has been deconsolidated from the Deutsche Bank Group. In this way, the performance of the deferred remuneration components will be linked as closely as possible to the performance contribution made by the members of the Management Board. The date of conversion becomes effective at the beginning of the month following the expiry of a period of three months after deconsolidation. The Deutsche Bank share awards will be converted on the basis of the average Xetra closing prices during the last ten trading days prior to the date of conversion.

Equity upfront award

The non-deferred component of the share-based remuneration is awarded to members of the Management Board in the form of an equity upfront award (EUA). The EUA vests immediately but is subject to a further holding period during which the performance, deferral, and forfeiture provisions outlined below apply. The holding period for the EUA granted for fiscal year 2015 is twelve months. At time of publication, the EUA is granted as Deutsche Bank shares on the expiry of the holding period.

Restricted equity award

The deferred component of the share-based remuneration takes the form of a restricted equity award (REA). To place greater emphasis on the overall responsibility held by members of the Management Board during the process of Postbank's deconsolidation from the Deutsche Bank Group, a uniform deferral period of three years after which the awards vest in a single tranche ("cliff vesting") has been adopted for the REA for fiscal year 2015.

Following the above deferral period, there is a twelve-month holding period for all members of the Management Board before the share-based remuneration components at time of publication are granted as Deutsche Bank shares. Special performance, deferral, and forfeiture provisions, which are described separately below, apply during the deferral period and, where applicable, the holding period.

For fiscal year 2015 this means that, in light of the performance, deferral, and forfeiture provisions, none of the members of the Management Board may realize the value of the REA granted for 2015 until 2020 at the earliest (four years after it was defined).

The number of share awards granted to members of the Management Board in 2016 for fiscal year 2015 in the form of EUA and REA will be calculated by dividing the respective euro amounts by the average of the Xetra closing prices for Deutsche Bank shares on the last ten trading days of February 2016.

Restricted incentive award

The non-share-based component of the deferred remuneration is granted as a deferred cash payment (restricted incentive award – RIA); this vests in three equal tranches over a period of three years. Special performance, deferral, and forfeiture provisions apply during the deferral period. The final tranche of the RIA awarded to members of the Management Board for 2015 will be paid out in 2019 at the earliest.

The above-mentioned awards do not entail entitlements to interest or dividend payments.

Performance, deferral, and forfeiture provisions

The EUA, RIA and REA remuneration components are subject to certain performance, deferral, and forfeiture provisions during the deferral and holding periods. These provisions and periods form a core element of the structure of deferred remuneration. They ensure that the awards are aligned with future behavior and performance, and that certain events are also accounted for appropriately in remuneration over the long term. The REA and RIA remuneration components granted on a deferred basis are subject to performance conditions, i.e., clawback provisions linked to the performance of the Postbank Group or the Deutsche Bank Group. Under these provisions, up to 100 % of the outstanding RIA and REA tranches may be forfeited if the Postbank Group and/or the Deutsche Bank Group fail to satisfy the performance conditions relating to profit before tax. Up to one third of the REA for 2015 is forfeited if the performance conditions are not met in a given year within the deferral period. A further performance condition is the Common Equity Tier 1 provision, under which up to 100 % of the REA which has not yet vested is forfeited if at the end of any given quarter prior to the expiry of the deferral period the Common Equity Tier 1 ratio of the Deutsche Bank Group or of the Postbank Group drops below the applicable regulatory minimum capital (including an additional risk buffer of 200 basis points). Reflecting the plans to deconsolidate Postbank from the Deutsche Bank Group, the measurement of compliance with the performance conditions relating to Deutsche Bank's performance is no longer intended from 2017. Postbank's profit and the performance of the members of its Management Board will no longer have any (notable) effect on Deutsche Bank's profit after it has been deconsolidated from the Deutsche Bank Group.

In addition, all remuneration components granted on a deferred basis (REA, RIA) as well as EUA and REA during their holding period are subject to a (partial) clawback, for example if the member of the Management Board breaches internal guidelines or regulatory requirements, or if the conditions for performance are no longer met.

Variable remuneration for 2014: grant, performance, deferral, and forfeiture provisions

In line with the recommendation of the Compensation Control Committee, the Supervisory Board had passed a resolution to adjust the grant of the variable remuneration calculated and to bring it into line with the rules applicable within the Deutsche Bank Group effective January 1, 2014. After the announcement by Deutsche Bank AG of its strategy 2020 and related plans to deconsolidate Postbank from the Deutsche Bank Group, the rules governing the grant of variable remuneration were modified by the Supervisory Board again with effect from fiscal year 2015, although no changes were made to the underlying structures. Accordingly, the explanations provided for fiscal year 2015 largely also apply to the conditions for the grant, performance, deferral and forfeiture of variable remuneration entitlement for fiscal year 2014. This applies above all to the division of the variable remuneration into the remuneration components cash bonus, equity upfront award (EUA), restricted incentive award (RIA) and restricted equity award (REA).

In contrast to the remuneration system modified with effect from fiscal year 2015, the holding period for share-based payments in the fiscal year 2014 (EUA, REA) is uniformly six months. The number of share awards granted to members of the Management Board in 2015 for fiscal year 2014 in the form of EUA and REA was calculated by dividing the respective euro amounts by the average of the Xetra closing prices for Deutsche Bank shares on the first ten trading days of February 2015 (€27.1080). Following the planned deconsolidation of Postbank from the Deutsche Bank Group, no provision has been made for the automatic conversion of the share awards.

Reflecting the responsibilities within the Group structure, different deferral periods apply to the deferred share-based remuneration (REA). As a general rule, the REA granted for fiscal year 2014 vests ratably in three equal tranches over a period of three years. Special rules apply to the members of the Management Board who were also members of Deutsche Bank Group's Senior Management Group in fiscal year 2014 (i.e., Susanne Klöss-Braekler, Frank Strauss, Marc Hess, and Hanns-Peter Storr); contrary to the above, a 4.5-year deferral period applies, after which the awards vest in a single tranche ("cliff vesting").

For fiscal year 2014 this means that, in light of the performance, deferral, and forfeiture provisions, members of the Management Board who were members of the Senior Management Group cannot realize the value of the REA granted for 2014 until 2020 at the earliest (i.e., five years after it was granted). For the remaining members of the Management Board, the value of the final tranche of the REA can be realized in 2018 at the earliest (i.e., 3.5 years after the REA was granted).

The following (interest) premiums were added to the remuneration components for fiscal year 2014:

- Equity upfront award:
  A dividend equivalent is granted during the holding period.

- Restricted equity award:
  A one-time premium of 5 % is added when the award is granted. Members of the so-called Senior Management Group receive a dividend equivalent.

- Restricted incentive award:
  A one-time premium of 2 % is added when the award is granted.

The forfeiture conditions for the RIA and REA deferred remuneration components provide for benchmarking against the consolidated profit of both the Postbank Group and the Deutsche Bank Group.

Granting and payment of variable remuneration until the end of 2013

Under the remuneration system valid until the end of 2013, the variable remuneration was split into a short-term component (40 %) and a long-term component (60 %). It was not fully paid out in cash, even if the agreed targets were met. There were still outstanding remuneration components in 2015 for the remuneration years 2010 to 2013; payment is and/or was due on the agreed dates in accordance with the contractual provisions applicable at the time the components were granted.

Half of the short-term component was paid out directly in cash in the following year after it has been determined that the targets had been reached (short-term component I). The second half of the short-term component (short-term component II) was converted into phantom shares of Deutsche Bank AG. For this purpose, the euro amount of short-term component II was divided by the average of the Xetra closing prices for Deutsche Bank AG shares on the last ten trading days preceding the date on which the Supervisory Board determined that the targets had been met. After a one-year lock-up period, these phantom shares were converted on the basis of the then current share price and paid out. During the lock-up period, the phantom shares attracted dividend equivalents in the amount of the actual dividend paid. The short-term component II for 2013 was paid out in 2015. Following the expiry of the one-year lock-up period, the payment amount was calculated by multiplying the number of phantom shares by the average price (Xetra closing price) of Deutsche Bank shares over the ten trading days preceding the expiry of the lock-up period (€30.89).

The entire long-term component was granted conditionally in accordance with the Postbank Group's sustainable performance, which was determined subject to a sustainability criterion being satisfied during the subsequent three-year assessment period (three calendar years following the base year). This is still to be assessed for the years 2012 and 2013. In the year immediately following the fiscal year for which the remuneration was to be granted, the Supervisory Board examined and determined whether the targets had been met for that year, and stipulated the sustainability criterion for the assessment period. In the case of the variable remuneration until 2013, this was defined as the adjusted profit after cost of capital (APACC). Sustainable Group performance and the sustainability criterion will have been achieved if the value of the APACC is equal to, or exceeds, or at the end of the sustainability phase cumulatively exceeds on average, the value of the APACC in the base year.

In line with the three-year sustainability phase, the long-term component was divided into three equal tranches. In turn, half of each tranche was paid out in cash (long-term component I) and half was converted into phantom shares (long-term component II), or is still to be converted for the years 2012 to 2013. The conversion and valuation procedure for the phantom shares was and/or is as outlined above.

If, at the end of each of the years in the three-year assessment period for the remuneration components still outstanding, the Supervisory Board determines that the sustainability criterion has been met, the proportionate cash component (long-term component I) is paid out immediately, and the remainder converted into phantom shares (long-term component II), which are converted into a euro amount after the expiry of the twelve-month lock-up period.

If the sustainability criterion is not met for a particular year in the assessment period, payment of the corresponding tranches of the long-term component is deferred to the following year for a renewed examination based on the sustainability criterion. If the sustainability criterion has not been met at the end of the assessment period, the payment of all deferred long-term components lapses without compensation. In this way, remuneration of the Management Board is affected by any negative Company performance during the entire measurement period (negative bonus system). Under an additional negative bonus system, payment for outstanding tranches can be retroactively reduced or canceled completely based on the overall performance of the Management Board member concerned during the assessment period.

These remuneration mechanisms still affect the deferred remuneration components granted in the years 2010 to 2013 and continue to apply to this extent.

The long-term component II for 2010 (Tranche 3), 2011 (Tranche 2), and 2012 (Tranche 1) was paid out in 2015 after the expiry of the lock-up period. For this purpose, the remuneration components that were converted into phantom shares of Deutsche Bank AG in 2014 were multiplied by the average share price (€30.89, see above). In addition, the long-term component I for 2011 (Tranche 3), 2012 (Tranche 2), and 2013 (Tranche 1) was paid out in 2015 upon the sustainability criteria being satisfied. The other halves of the above tranches (long-term component II) were converted into phantom shares of Deutsche Bank AG on the basis of the average share price (Xetra closing price) on the ten trading days preceding March 23, 2015 (€30.30) and are due for payment in 2016 upon expiry of the lock-up period.

A dividend equivalent was calculated for the phantom shares that were blocked on the date of the Annual General Meeting of Deutsche Bank AG in 2015 on the basis of the €0.75 dividend paid for Deutsche Bank AG; the phantom share components were increased accordingly.

Other provisions

The members of the Management Board are not permitted to use hedging transactions or other countermeasures to mitigate or offset the risk orientation of deferred remuneration components.

The Supervisory Board may award an appropriate special bonus in recognition of exceptional performance, the amount of which is capped by the maximum variable remuneration (150% of the agreed target).

In accordance with the recommendation of the German Corporate Governance Code, Postbank will provide compensation for no more than the remaining term of the contract in cases in which the contract of a member of the Management Board is terminated prematurely other than for good cause, and will limit the payment to a maximum of two annual salaries (severance payment cap).

If the contract of a Management Board member is terminated prematurely as a result of permanent incapacity to work or death, the remuneration (basic remuneration plus variable remuneration) is paid pro rata up to the end of the agreed term of the contract, for a maximum of six months.

Remuneration of members of the Management Board

The Supervisory Board resolutions establishing the variable remuneration for the members of the Management Board were discussed in depth at the end of January 2016 by the Compensation Control Committee, which prepared these for the full Supervisory Board. The Supervisory Board established the variable remuneration for the members of the Management Board for fiscal year 2015 on the basis of the recommendation made by the Compensation Control Committee.

The total remuneration defined for the seven members of the Management Board for their work on the Management Board in 2015 amounted to €8,231.1 thousand (previous year: €6,177.0 thousand), excluding incidental benefits and pension expense. Of this figure, €4,250.0 thousand (previous year: €3,301.3 thousand) related to fixed (non-performance-related) remuneration and €3,981.1 thousand (previous year: €2,875.7 thousand) to performance-related components.

The remuneration disclosed in the following covers all activities performed by members of the Management Board within the Postbank Group.

Postbank does not currently have a separate share-based remuneration program.

Benefits in accordance with the German Corporate Governance Code

The following tables present the benefits granted to each individual member of the Management Board for the fiscal year, as well as the benefits received in/for the fiscal year and the pension expense in/for the year under review in accordance with the recommendations contained in section 4.2.5(3) of the German Corporate Governance Code.

The following table shows the benefits granted for fiscal year 2015 (2014):

Benefits granted	**Frank Strauss Chairman of the Management Board**						**Marc Hess[5] CFO**					
	Jan. 1–Dec. 31, 2015				**Jan. 1–Dec. 31, 2014**		**Jan. 1–Dec. 31, 2015**				**Jan. 1–Dec. 31, 2014**	
	defined	**target**	**min**	**max**	**defined**	**target**	**defined**	**target**	**min**	**max**	**defined**	**target**
	€ thousand						**€ thousand**					
Fixed remuneration	750.0	750.0	750.0	750.0	750.0	750.0	660.0	660.0	660.0	660.0	528.0	528.0
Incidental benefits	22.5	22.5	22.5	22.5	39.0	39.0	35.1	35.1	35.1	35.1	35.1	35.1
Total (fixed remuneration components)	**772.5**	**772.5**	**772.5**	**772.5**	**789.0**	**789.0**	**695.1**	**695.1**	**695.1**	**695.1**	**563.1**	**563.1**
One-year variable remuneration	**112.5**	**112.5**	**0.0**	**112.5**	**112.5**	**112.5**	**112.5**	**112.5**	**0.0**	**112.5**	**92.4**	**92.4**
thereof paid out immediately	112.5	112.5	0.0	112.5	112.5	112.5	112.5	112.5	0.0	112.5	92.4	92.4
Multi-year variable remuneration	**589.5**	**537.5**	**0.0**	**862.5**	**541.8**	**537.5**	**511.2**	**465.0**	**0.0**	**753.8**	**372.4**	**369.6**
thereof equity upfront award	112.5	112.5	0.0	112.5	112.5	112.5	112.5	112.5	0.0	112.5	92.4	92.4
thereof restricted incentive awards for 2014 (until 2018) and for 2015 (until 2019)[1]	238.5	212.5	0.0	375.0	216.8	212.5	199.3	176.2	0.0	320.6	141.4	138.6
thereof restricted equity awards for 2014 (until 2018) and for Senior Management Group until 2020 for 2015 (until 2020)[2]	238.5	212.5	0.0	375.0	212.5	212.5	199.4	176.3	0.0	320.7	138.6	138.6
Total (variable remuneration components)	**702.0**	**650.0**	**0.0**	**975.0**	**654.3**	**650.0**	**623.7**	**577.5**	**0.0**	**866.3**	**464.8**	**462.0**
Total (variable and fixed remuneration components)	**1,474.5**	**1,422.5**	**772.5**	**1,747.5**	**1,443.3**	**1,439.0**	**1,318.8**	**1,272.6**	**695.1**	**1,561.4**	**1,027.9**	**1,025.1**
Pension expense[3]	617.4	617.4	617.4	617.4	379.4	379.4	592.5	592.5	592.5	592.5	352.4	352.4
Total remuneration (German Corporate Governance Code)	**2,091.9**	**2,039.9**	**1,389.9**	**2,364.9**	**1,822.7**	**1,818.4**	**1,911.3**	**1,865.1**	**1,287.6**	**2,153.9**	**1,380.3**	**1,377.5**
Total remuneration[4]	1,452.0	1,400.0	750.0	1,725.0	1,404.3	1,400.0	1,283.7	1,237.5	660.0	1,526.3	992.8	990.0

Benefits granted	Susanne Klöss-Braekler[6] Products						Ralph Müller COO					
	Jan. 1–Dec. 31, 2015				Nov. 1– Dec. 31, 2014		Jan. 1–Dec. 31, 2015				Nov. 1– Dec. 31, 2014	
	defined	target	min	max	defined	target	defined	target	min	max	defined	target
	€ thousand						€ thousand					
Fixed remuneration	480.0	480.0	480.0	480.0	80.0	80.0	500.0	500.0	500.0	500.0	83.3	83.3
Incidental benefits	24.1	24.1	24.1	24.1	2.8	2.8	15.2	15.2	15.2	15.2	2.1	2.1
Total (fixed remuneration components)	**504.1**	**504.1**	**504.1**	**504.1**	**82.8**	**82.8**	**515.2**	**515.2**	**515.2**	**515.2**	**85.4**	**85.4**
One-year variable remuneration	**88.9**	**88.0**	**0.0**	**112.5**	**14.7**	**14.7**	**105.0**	**100.0**	**0.0**	**112.5**	**16.7**	**16.7**
thereof paid out immediately	88.9	88.0	0.0	112.5	14.7	14.7	105.0	100.0	0.0	112.5	16.7	16.7
Multi-year variable remuneration	**355.5**	**352.0**	**0.0**	**547.5**	**59.1**	**58.7**	**420.0**	**400.0**	**0.0**	**637.5**	**68.5**	**66.7**
thereof equity upfront award	88.9	88.0	0.0	112.5	14.7	14.7	105.0	100.0	0.0	112.5	16.7	16.7
thereof restricted incentive awards for 2014 (until 2018) and for 2015 (until 2019)[1]	133.3	132.0	0.0	217.5	22.4	22.0	157.5	150.0	0.0	262.5	25.5	25.0
thereof restricted equity awards for 2014 (until 2018) and for Senior Management Group until 2020 for 2015 (until 2020)[2]	133.3	132.0	0.0	217.5	22.0	22.0	157.5	150.0	0.0	262.5	26.3	25.0
Total (variable remuneration components)	**444.4**	**440.0**	**0.0**	**660.0**	**73.8**	**73.4**	**525.0**	**500.0**	**0.0**	**750.0**	**85.2**	**83.4**
Total (variable and fixed remuneration components)	**948.5**	**944.1**	**504.1**	**1,164.1**	**156.6**	**156.2**	**1,040.2**	**1,015.2**	**515.2**	**1,265.2**	**170.6**	**168.8**
Pension expense[3]	278.7	278.7	278.7	278.7	180.2	180.2	415.7	415.7	415.7	415.7	162.5	162.5
Total remuneration (German Corporate Governance Code)	**1,227.2**	**1,222.8**	**782.8**	**1,442.8**	**336.8**	**336.4**	**1,455.9**	**1,430.9**	**930.9**	**1,680.9**	**333.1**	**331.3**
Total remuneration[4]	924.4	920.0	480.0	1,140.0	153.8	153.4	1,025.0	1,000.0	500.0	1,250.0	168.5	166.7

Figures have been rounded to the nearest hundred; this may result in minimal deviations to the amounts actually received or contractually agreed, in particular in the totals provided.

The designations of the board departments refer to 2014 and to most of fiscal year 2015. Effective December 1, 2015, English-language designations of the board departments were adjusted, with – as content changes – Ralph Müller assuming responsibility for “Corporates and Markets” and Ralf Stemmer additionally gaining responsibility for “IT/OPS”.

[1] The amount granted includes a one-time premium of 2% for fiscal year 2014. No interest premium has been granted for fiscal year 2015.

[2] The amount granted comprises the restricted equity awards for 2014 including a one-time premium of 5 % for members of the Management Board who are not part of the Senior Management Group (Ralph Müller, Hans-Peter Schmid, Ralf Stemmer). The deferral period for all members of the Management Board is uniformly three years, followed by a one-year holding period, in fiscal year 2015. The awards vest in a single tranche (“cliff vesting”).

[3] The pension expense reported for Susanne Klöss-Braekler and Ralph Müller for fiscal year 2014 covers the cost for the full fiscal year including the period prior to their appointment to the Management Board. In view of their planned appointment as members of Postbank’s Management Board, they had already been granted benefits for their positions as Executive Managers in accordance with the award structure for Postbank’s Management Board. These benefits were continued on their appointment to the Management Board.

[4] Excluding incidental benefits and pension expense

[5] Due to Marc Hess’ position as Chief Financial Officer (CFO) for the entire Private & Business Clients (PBC) corporate division of the Deutsche Bank Group, his fixed and performance-related remuneration was reduced by 20 % from July 1, 2012 until December 31, 2014. He was no longer employed in the PBC corporate division of the Deutsche Bank Group in fiscal year 2015.

[6] Due to Susanne Klöss-Braekler’s additional activities for the entire Private & Business Clients (PBC) corporate division in the Deutsche Bank Group, her fixed and her performance-related remuneration was reduced by 20 %.

Benefits granted	**Hans-Peter Schmid Branch Sales**						**Ralf Stemmer Resources/CAO**					
	Jan. 1–Dec. 31, 2015				**Jan. 1–Dec. 31, 2014**		**Jan. 1–Dec. 31, 2015**				**Jan. 1–Dec. 31, 2014**	
	defined	**target**	**min**	**max**	**defined**	**target**	**defined**	**target**	**min**	**max**	**defined**	**target**
	€ thousand						**€ thousand**					
Fixed remuneration	600.0	600.0	600.0	600.0	600.0	600.0	660.0	660.0	660.0	660.0	660.0	660.0
Incidental benefits	23.3	23.3	23.3	23.3	21.5	21.5	23.7	23.7	23.7	23.7	24.6	24.6
Total (fixed remuneration components)	**623.3**	**623.3**	**623.3**	**623.3**	**621.5**	**621.5**	**683.7**	**683.7**	**683.7**	**683.7**	**684.6**	**684.6**
One-year variable remuneration	**105.5**	**105.0**	**0.0**	**112.5**	**99.8**	**105.0**	**112.5**	**112.5**	**0.0**	**112.5**	**109.7**	**112.5**
thereof paid out immediately	105.5	105.0	0.0	112.5	99.8	105.0	112.5	112.5	0.0	112.5	109.7	112.5
Multi-year variable remuneration	**422.2**	**420.0**	**0.0**	**675.0**	**409.5**	**420.0**	**485.3**	**465.0**	**0.0**	**753.8**	**450.4**	**465.1**
thereof equity upfront award	105.5	105.0	0.0	112.5	99.8	105.0	112.5	112.5	0.0	112.5	109.7	112.5
thereof restricted incentive awards for 2014 (until 2018) and for 2015 (until 2019)[1]	158.3	157.5	0.0	281.2	152.6	157.5	186.4	176.2	0.0	320.6	167.9	176.3
thereof restricted equity awards for 2014 (until 2018) and for Senior Management Group for 2015 (until 2020)[2]	158.4	157.5	0.0	281.3	157.1	157.5	186.4	176.3	0.0	320.7	172.8	176.3
Total (variable remuneration components)	**527.7**	**525.0**	**0.0**	**787.5**	**509.3**	**525.0**	**597.8**	**577.5**	**0.0**	**866.3**	**560.1**	**577.6**
Total (variable and fixed remuneration components)	**1,151.0**	**1,148.3**	**623.3**	**1,410.8**	**1,130.8**	**1,146.5**	**1,281.5**	**1,261.2**	**683.7**	**1,550.0**	**1,244.7**	**1,262.2**
Pension expense[3]	424.0	424.0	424.0	424.0	341.5	341.5	163.0	163.0	163.0	163.0	125.4	125.4
Total remuneration (German Corporate Governance Code)	**1,575.0**	**1,572.3**	**1,047.3**	**1,834.8**	**1,472.3**	**1,488.0**	**1,444.5**	**1,424.2**	**846.7**	**1,713.0**	**1,370.1**	**1,387.6**
Total remuneration[4]	1,127.7	1,125.0	600.0	1,387.5	1,109.3	1,125.0	1,257.8	1,237.5	660.0	1,526.3	1,220.1	1,237.6

Benefits granted	Hanns-Peter Storr CRO					
	Jan. 1–Dec. 31, 2015				Jan. 1–Dec. 31, 2014	
	defined	target	min	max	defined	target
	€ thousand					
Fixed remuneration	600.0	600.0	600.0	600.0	600.0	600.0
Incidental benefits	17.9	17.9	17.9	17.9	19.6	19.6
Total (fixed remuneration components)	**617.9**	**617.9**	**617.9**	**617.9**	**619.6**	**619.6**
One-year variable remuneration	**112.1**	**105.0**	**0.0**	**112.5**	**105.0**	**105.0**
thereof paid out immediately	112.1	105.0	0.0	112.5	105.0	105.0
Multi-year variable remuneration	**448.4**	**420.0**	**0.0**	**675.0**	**423.2**	**420.0**
thereof equity upfront award	112.1	105.0	0.0	112.5	105.0	105.0
thereof restricted incentive awards for 2014 (until 2018) and for 2015 (until 2019)[1]	168.1	157.5	0.0	281.2	160.7	157.5
thereof restricted equity awards for 2014 (until 2018) and for Senior Management Group until 2020 for 2015 (until 2020)[2]	168.2	157.5	0.0	281.3	157.5	157.5
Total (variable remuneration components)	**560.5**	**525.0**	**0.0**	**787.5**	**528.2**	**525.0**
Total (variable and fixed remuneration components)	**1,178.4**	**1,142.9**	**617.9**	**1,405.4**	**1,147.8**	**1,144.6**
Pension expense[3]	325.4	325.4	325.4	325.4	241.5	241.5
Total remuneration (German Corporate Governance Code)	**1,503.8**	**1,468.3**	**943.3**	**1,730.8**	**1,389.3**	**1,386.1**
Total remuneration[4]	1,160.5	1,125.0	600.0	1,387.5	1,128.2	1,125.0

Figures have been rounded to the nearest hundred; this may result in minimal deviations to the amounts actually received or contractually agreed, in particular in the totals provided.

The designations of the board departments refer to 2014 and to most of fiscal year 2015. Effective December 1, 2015, English-language designations of the board departments were adjusted, with – as content changes – Ralph Müller assuming responsibility for "Corporates and Markets" and Ralf Stemmer additionally gaining responsibility for "IT/OPS".

[1] The amount granted includes a one-time premium of 2% for fiscal year 2014. No interest premium has been granted for fiscal year 2015.

[2] The amount granted comprises the restricted equity awards for 2014 including a one-time premium of 5 % for members of the Management Board who are not part of the Senior Management Group (Ralph Müller, Hans-Peter Schmid, Ralf Stemmer). The deferral period for all members of the Management Board is uniformly three years, followed by a one-year holding period, in fiscal year 2015. The awards vest in a single tranche ("cliff vesting").

[3] The pension expense reported for Susanne Klöss-Braekler and Ralph Müller for fiscal year 2014 covers the cost for the full fiscal year including the period prior to their appointment to the Management Board. In view of their planned appointment as members of Postbank's Management Board, they had already been granted benefits for their positions as Executive Managers in accordance with the award structure for Postbank's Management Board. These benefits were continued on their appointment to the Management Board.

[4] Excluding incidental benefits and pension expense

[5] Due to Marc Hess' position as Chief Financial Officer (CFO) for the entire Private & Business Clients (PBC) corporate division of the Deutsche Bank Group, his fixed and performance-related remuneration was reduced by 20 % from July 1, 2012 until December 31, 2014. He was no longer employed in the PBC corporate division of the Deutsche Bank Group in fiscal year 2015.

[6] Due to Susanne Klöss-Braekler's additional activities for the entire Private & Business Clients (PBC) corporate division in the Deutsche Bank Group, her fixed and her performance-related remuneration was reduced by 20 %.

The following table shows the benefits received in/for fiscal year 2015:

Benefits received	**Frank Strauss**		**Marc Hess[4]**		**Susanne Klöss-Braekler[5]**		**Ralph Müller**		**Hans-Peter Schmid**		**Ralf Stemmer**		**Hanns-Peter Storr**	
	Chairman of the Management Board		**CFO**		**Products**		**COO**		**Branch Sales**		**Resources / CAO**		**CRO**	
	Jan. 1.– Dec. 31. 2015	**Jan. 1.– Dec. 31. 2014**	**Jan. 1.– Dec. 31. 2015**	**Jan. 1.– Dec. 31. 2014**	**Jan. 1.– Dec. 31. 2015**	**Nov. 1– Dec. 31 2014**	**Jan. 1.– Dec. 31. 2015**	**Nov. 1– Dec. 31 2014**	**Jan. 1.– Dec. 31. 2015**	**Jan. 1.– Dec. 31. 2014**	**Jan. 1.– Dec. 31. 2015**	**Jan. 1.– Dec. 31. 2014**	**Jan. 1.– Dec. 31. 2015**	**Jan. 1.– Dec. 31. 2014**
	€ thousand													
Fixed remuneration	750.0	750.0	660.0	528.0	480.0	80.0	500.0	83.3	600.0	600.0	660.0	660.0	600.0	600.0
Incidental benefits	22.5	39.0	35.1	35.1	24.1	2.8	15.2	2.1	23.3	21.5	23.7	24.6	17.9	19.6
Total (fixed remuneration components)	**772.5**	**789.0**	**695.1**	**563.1**	**504.1**	**82.8**	**515.2**	**85.4**	**623.3**	**621.5**	**683.7**	**684.6**	**617.9**	**619.6**
One-year variable remuneration	**267.0**	**233.4**	**221.7**	**194.3**	**88.9**	**14.7**	**105.0**	**16.7**	**219.1**	**197.5**	**243.3**	**217.2**	**236.8**	**207.9**
thereof paid out immediately[1]	112.5	112.5	112.5	92.4	88.9	14.7	105.0	16.7	105.5	99.8	112.5	109.7	112.1	105.0
thereof short-term component II[2]	154.5	120.9	109.2	101.9	0.0	0.0	0.0	0.0	113.6	97.7	130.8	107.5	124.7	102.9
Multi-year variable remuneration	**382.9**	**114.2**	**446.0**	**297.5**	**16.8**	**0.0**	**19.1**	**0.0**	**439.1**	**282.5**	**474.1**	**292.5**	**372.0**	**135.1**
thereof long-term component I														
long-term component I for 2010 (until 2014), (Tranche 3 in 2014)	0.0	0.0	0.0	70.0	0.0	0.0	0.0	0.0	0.0	70.0	0.0	70.0	0.0	0.0
long-term component I for 2011 (until 2015), (Tranche 2 in 2014 and Tranche 3 in 2015)	26.5	26.5	54.0	54.0	0.0	0.0	0.0	0.0	47.5	47.5	50.0	50.0	41.7	41.7
long-term component I for 2012 (until 2016), (Tranche 1 in 2014 and Tranche 2 in 2015)	61.7	61.7	52.0	52.0	0.0	0.0	0.0	0.0	49.9	49.9	54.9	54.9	52.5	52.5
long-term component I for 2013 (until 2017), (Tranche 1 in 2015)	75.0	0.0	53.0	0.0	0.0	0.0	0.0	0.0	55.1	0.0	63.5	0.0	60.5	0.0
thereof long-term component II														
long-term component II for 2010 (until 2015), (Tranche 2 in 2014 and Tranche 3 in 2015)	0.0	0.0	72.1	68.6	0.0	0.0	0.0	0.0	72.1	68.6	72.1	68.6	0.0	0.0
long-term component II for 2011 (until 2016), (Tranche 1 in 2014) and Tranche 2 in 2015)	27.3	26.0	55.6	52.9	0.0	0.0	0.0	0.0	48.9	46.5	51.5	49.0	43.0	40.9
long-term component II for 2012 (until 2017), (Tranche 1 in 2015)	63.6	0.0	53.5	0.0	0.0	0.0	0.0	0.0	51.4	0.0	56.5	0.0	54.1	0.0
thereof equity upfront award														
equity upfront award for 2014 (in 2015)	128.8	0.0	105.8	0.0	16.8	0.0	19.1	0.0	114.2	0.0	125.6	0.0	120.2	0.0
Total (variable remuneration components)	**649.9**	**347.6**	**667.7**	**491.8**	**105.7**	**14.7**	**124.1**	**16.7**	**658.2**	**480.0**	**717.4**	**509.7**	**608.8**	**343.0**
Total (variable and fixed remuneration components)	**1,422.4**	**1,136.6**	**1,362.8**	**1,054.9**	**609.8**	**97.5**	**639.3**	**102.1**	**1,281.5**	**1,101.5**	**1,401.1**	**1,194.3**	**1,226.7**	**962.6**
Pension expense[3]	617.4	379.4	592.5	352.4	278.7	180.2	415.7	162.5	424.0	341.5	163.0	125.4	325.4	241.5
Total remuneration (German Corporate Governance Code (DCGK)	**2,039.8**	**1,516.0**	**1,955.3**	**1,407.3**	**888.5**	**277.7**	**1,055.0**	**264.6**	**1,705.5**	**1,443.0**	**1,564.1**	**1,319.7**	**1,552.1**	**1,204.1**

Figures have been rounded to the nearest hundred; this may result in minimal deviations to the amounts actually received or contractually agreed, in particular in the totals provided.

The designations of the board departments refer to fiscal year 2014 and to most of fiscal year 2015. Effective December 1, 2015, English-language designations of the board departments were adjusted, with – as content changes – Ralph Müller assuming responsibility for "Corporates and Markets" and Ralf Stemmer additionally gaining responsibility for "IT/OPS".

[1] The amount comprises the cash component of the variable remuneration for 2014 and/or 2015 that is paid out immediately.

[2] The amount comprises the amounts received in each case under this component for the years 2012 and 2013.

[3] The pension expense reported for Susanne Klöss-Braekler and Ralph Müller for fiscal year 2014 covers the cost for the full fiscal year including the period prior to their appointment to the Management Board. In view of their planned appointment as members of Postbank's Management Board, they had already been granted benefits for their positions as Executive Managers in accordance with the award structure for Postbank's Management Board. These benefits were continued on their appointment to the Management Board.

[4] Due to Marc Hess' position as Chief Financial Officer (CFO) for the entire Private & Business Clients (PBC) corporate division of the Deutsche Bank Group, his fixed and performance-related remuneration was reduced by 20% from July 1, 2012 until December 31, 2014. He was no longer employed in the PBC corporate division of the Deutsche Bank Group in fiscal year 2015.

[5] Due to Susanne Klöss-Braekler's additional activities for the entire Private & Business Clients (PBC) corporate division in the Deutsche Bank Group, her fixed and her performance-related remuneration was reduced by 20 %.

Benefits in accordance with the requirements of German Accounting Standard 17 (GAS 17)

Based on the requirements of German Accounting Standard 17, the benefits granted to the members of the Management Board in fiscal year 2015 for their work on the Management Board amounted to a total of €7,949.2 thousand (previous year: €6,135.1 thousand). Of this amount, €4,411.8 thousand (previous year: €3,446.0 thousand) related to non-performance-related remuneration, €2,788.4 thousand (previous year: €2,138.3) to performance-related components with a long-term incentive effect and €749.0 thousand (previous year: €550.8 thousand) to performance-related components without a long-term incentive effect.

The long-term component I and/or the restricted incentive awards are deferred, non-share-based remuneration and are subject to certain (forfeiture) provisions. In accordance with GAS 17, these are only included in the total benefits in the fiscal year in which they are paid out (i.e., the fiscal year in which unconditional payment is made), and not in the fiscal year in which the commitment, or the award, was originally granted. Accordingly, the individual members of the Management Board received the following benefits for/in the years 2015 and 2014 for their work on the Management Board, including incidental benefits.

GAS17	Frank Strauss		Marc Hess[3]		Susanne Klöss-Braekler[4]		Ralph Müller		Hans-Peter Schmid		Ralf Stemmer		Hanns-Peter Storr		Total	
	Chairman of the Management Board		CFO		Products		COO		Branch Sales		Resources / CAO		CRO			
	Jan. 1.– Dec. 31. 2015	Jan. 1.– Dec. 31. 2014	Jan. 1.– Dec. 31. 2015	Jan. 1.– Dec. 31. 2014	Jan. 1.– Dec. 31. 2015	Nov. 1.– Dec. 31. 2014	Jan. 1.– Dec. 31. 2015	Nov. 1.– Dec. 31. 2014	Jan. 1.– Dec. 31. 2015	Jan. 1.– Dec. 31. 2014	Jan. 1.– Dec. 31. 2015	Jan. 1.– Dec. 31. 2014	Jan. 1.– Dec. 31. 2015	Jan. 1.– Dec. 31. 2014	2015	2014
	€ thousand															
Remuneration																
Performance-related components																
Without long-term incentive effect																
paid out immediately	112.5	112.5	112.5	92.4	88.9	14.7	105.0	16.7	105.5	99.8	112.5	109.7	112.1	105.0	749.0	550.8
With long-term incentive effect																
Cash																
long-term component I[1]	163.2	88.2	159.0	176.0	0.0	0.0	0.0	0.0	152.5	167.4	168.4	174.9	154.7	94.2	797.8	700.7
Share-based																
equity upfront award	112.5	112.5	112.5	92.4	88.9	14.7	105.0	16.7	105.5	99.8	112.5	109.7	112.1	105.0	749.0	550.8
restricted equity award(s)[2]	238.5	212.5	199.4	138.6	133.3	22.0	157.5	26.3	158.3	157.1	186.4	172.8	168.2	157.5	1,241.6	886.8
Total of performance-related components	**626.7**	**525.7**	**583.4**	**499.4**	**311.1**	**51.4**	**367.5**	**59.7**	**521.8**	**524.1**	**579.8**	**567.1**	**547.1**	**461.7**	**3,537.4**	**2,689.1**
Non-performance related components																
Fixed remuneration	750.0	750.0	660.0	528.0	480.0	80.0	500.0	83.3	600.0	600.0	660.0	660.0	600.0	600.0	4,250.0	3,301.3
Incidental benefits	22.5	39.0	35.1	35.1	24.1	2.8	15.2	2.1	23.3	21.5	23.7	24.6	17.9	19.6	161.8	144.7
Total	**1,399.2**	**1,314.7**	**1,278.5**	**1,062.5**	**815.2**	**134.2**	**882.7**	**145.1**	**1,145.1**	**1,145.6**	**1,263.5**	**1,251.7**	**1,165.0**	**1,081.3**	**7,949.2**	**6,135.1**

Figures have been rounded to the nearest hundred; this may result in minimal deviations to the amounts actually granted, in particular in the totals provided.

The designations of the board departments refer to 2014 and to most of fiscal year 2015. Effective December 1, 2015, English-language designations of the board departments were adjusted, with – as content changes – Ralph assuming responsibility for "Corporates and Markets" and Ralf Stemmer additionally gaining responsibility for "IT/OPS".

[1] Benefit received from the long-term component I granted in the previous years (details see benefits received table).

[2] The amount granted comprises the restricted equity awards for 2014 including a one-time premium of 5 % for members of the Management Board who are not part of the Senior Management Group (Ralph Müller, Hans-Peter Schmid, Ralf Stemmer). The deferral period for all members of the Management Board is uniformly three years, followed by a one-year holding period, in fiscal year 2015. The awards vest in a single tranche ("cliff vesting").

[3] Due to Marc Hess' position as Chief Financial Officer (CFO) for the entire Private & Business Clients (PBC) corporate division of the Deutsche Bank Group, his fixed and performance-related remuneration was reduced by 20% from July 1, 2012 until December 31, 2014. He was no longer employed in the PBC corporate division of the Deutsche Bank Group in fiscal year 2015.

[4] Due to Susanne Klöss-Braekler's additional activities for the entire Private & Business Clients (PBC) corporate division in the Deutsche Bank Group, her fixed and her performance-related remuneration was reduced by 20 %.

Share awards

The number of share awards granted to members of the Management Board in 2015 for fiscal year 2014 in the form of equity upfront awards (EUA) and restricted equity awards (REA) was calculated by dividing the respective euro amounts by the average of the Xetra closing prices for Deutsche Bank shares on the first ten trading days of February 2015 (€27.108). This resulted in the following number of share awards:

	Year	Equity upfront award(s) (with holding period)	Restricted equity award(s) (deferred with additional holding period)
Frank Strauss	2014	4,150.07	7,839.01
Marc Hess	2014	3,408.59	5,112.88
Susanne Klöss-Braekler	2014	541.05	811.57
Ralph Müller	2014	614.82	968.35
Hans-Peter Schmid	2014	3,679.73	5,795.57
Ralf Stemmer	2014	4,047.70	6,375.15
Hanns-Peter Storr	2014	3,873.40	5,810.09

The number of share awards granted to members of the Management Board in 2016 for fiscal year 2015 in the form of equity upfront awards (EUA) and restricted equity awards (REA) will be calculated by dividing the respective euro amounts (see "Defined figures" in the GCGC grant table) by the average of the Xetra closing prices for Deutsche Bank shares on the last ten trading days of February 2016. As this price was not available at the time of preparation of the consolidated financial statements, details of the share awards will be disclosed in the annual report for the following year.

Retirement benefits

The members of the Management Board have individually agreed direct retirement benefits. Because each Board member has a different career history, the precise arrangements differ.

Benefits are paid if the member of the Management Board leaves the Company's service as a result of disability, death, or old age. As a rule, old-age pensions are paid from the age of 62.

Under the standard retirement benefits valid until February 28, 2007, pension rights generally accrue after at least five years of service. Exceptions to this minimum waiting period requirement exist in some cases for disability.

The size of the pension depends on the length of service and the amount of the pensionable benefits. Only the fixed income component (fixed remuneration) is pensionable. A cap on the pensionable fixed remuneration has been specified in the cases of Management Board members Hans-Peter Schmid and Ralf Stemmer. The basic rule is that pension benefits of 50 % of their final salary accrue to members of the Management Board after five years of service. Benefits regularly accrue at a rate of 2 % for each eligible year of service. The maximum level of pension benefits (60 % of the final salary) is generally reached after ten years of service.

In addition, the retirement benefits include rules governing the payment of a transitional allowance for Management Board members who leave the Company upon reaching the age limit or for reasons of disability. The benefit period is two years.

Should the Management Board contracts of Hans-Peter Schmid and Ralf Stemmer be terminated by Postbank prior to the expiration of their regular contract terms, their pensions are calculated as if their contracts had been fulfilled until their regular expiration. This does not apply if Postbank terminates the employment relationship for good cause.

Future pension payments will be adjusted in line with the percentage growth in the highest pay group of the collective agreement for the Verband öffentlicher Banken (Association of German Public Sector Banks). Otherwise, payments are adjusted in line with Germany's consumer price index.

In May 2007, the Executive Committee of Postbank's Supervisory Board resolved to restructure the pension arrangements for members of the Management Board appointed for the first time after March 31, 2007, and to replace the previous final salary-based pension system by a defined contribution plan. The retirement benefits for the members of the Management Board appointed after that date – Frank Strauss, Marc Hess, Susanne Klöss-Braekler, Ralph Müller, and Hanns-Peter Storr – are therefore based on the following basic system: A benefit contribution in the amount of 25 % of the pensionable fixed remuneration is granted for each eligible year of service. The benefit contributions are credited to a virtual pension account that bears annual interest at the interest rate used in the assessment for tax purposes of direct retirement benefits from the time of the grant until the insured event. When the insured event occurs, the amount of the pension is determined by distributing the pension assets accumulated in the pension account across the expected benefit period of the pension in accordance with actuarial principles. There is no waiting period and the entitlements from retirement benefits vest immediately. The pensions have a 1 % p.a. adjustment rate.

These retirement benefits provide for a right to choose between regular pension payments and a lump-sum capital payment.

Retirement benefits for individual members of the Management Board

Occupational pension plan	Frank Strauss		Marc Hess[1]		Susanne Klöss-Braekler[2]		Ralph Müller[2]		Hanns-Peter Storr	
	Chairman of the Management Board		CFO		Products		COO		CRO	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	€ thousand									
Pension component	187.5	187.5	165.0	165.0	120.0	101.3	125.0	81.2	150.0	150.0
Interest	52.1	38.5	133.3	116.4	21.0	13.1	18.6	10.5	48.7	37.5
Pension capital at end of fiscal year	919.6	680.1	2,355.4	2,057.0	371.6	230.6	328.7	185.1	861.3	662.5
Service cost (IFRSs) in fiscal year	617.4	379.4	592.5	352.4	278.7	180.2	415.7	162.5	325.4	241.5
Defined benefit obligation (DBO) in acc. with IFRSs at the end of the fiscal year	2,550.6	2,004.1	7,220.2	6,751.0	845.2	546.5	918.4	549.0	1,648.3	1,337.2

Occupational pension plan	Hans-Peter Schmid		Ralf Stemmer	
	Branch Sales		Resources/ CAO	
	2015	2014	2015	2014
	€ thousand			
Pension benefit at end of fiscal year	60.00 %	58.00 %	60.00 %	60.00 %
Maximum level of pension benefits	60.00 %	60.00 %	60.00 %	60.00 %
Service cost (IFRSs) in fiscal year	424.0	341.5	163.0	125.4
Defined benefit obligation (DBO) in acc. with IFRSs at the end of the fiscal year	3,822.1	3,593.3	4,654.2	4,576.5

The designations of the board departments refer to 2014 and to most of fiscal year 2015. Effective December 1, 2015, English-language designations of the board departments were adjusted, with – as content changes – Ralph Müller assuming responsibility for “Corporates and Markets” and Ralf Stemmer additionally gaining responsibility for “IT/OPS”.

[1] Deutsche Bank AG covered 20 % of the financial cost for Marc Hess for fiscal year 2014.

[2] The figures for Susanne Klöss-Braekler and Ralph Müller relate to the full fiscal year including for the period prior to their appointment to the Management Board. In view of their planned appointment as members of Postbank’s Management Board, they had already been granted benefits for their positions as Executive Managers in accordance with the award structure for Postbank’s Management Board. These benefits were continued on their appointment to the Management Board.

The benefits paid to former members of the Management Board and their surviving dependents amounted to €4.34 million (previous year: €4.86 million). The benefits comprise the retirement benefits and remuneration components accruing in the year concerned, as well as remuneration components from active service on the Management Board. The defined benefit obligation (DBO) for current pensions and entitlements attributable to former members of the Management Board calculated in accordance with the International Financial Reporting Standards amounted to €85.05 million (previous year: €85.74 million).

Remuneration of the Supervisory Board in 2015

The remuneration system is laid down in Article 15 of the Articles of Association of Deutsche Postbank AG. In accordance with this article, the annual remuneration of members of the Supervisory Board comprises fixed, non-performance-related remuneration only. The positions of Chairman and Deputy Chairman as well as the membership of committees are reflected in the remuneration.

The fixed annual remuneration (base pay) for each member of the Supervisory Board is €40,000. The Chairman of the Supervisory Board receives double, and the Deputy Chairman receives one-and-a-half times the base pay.

The base pay increases by the following fixed additional annual remuneration for members and chairs of Supervisory Board committees:

Members of the Audit Committee and the Risk Committee receive an additional €30,000 each; the chairs of these committees receive an additional €60,000 in each case. Members of the Executive Committee, the Human Resources Committee, the Compensation Control Committee, and the Nomination Committee each receive an additional €20,000; the chairs of these committees receive an additional €40,000 in each case. No additional fixed remuneration is granted to the members and the chair of the Mediation Committee.

Under the remuneration rules valid until December 31, 2013, members of the Supervisory Board are still entitled to performance-related annual remuneration with a long-term incentive effect amounting to €300 for each 1% by which the consolidated net profit per share for the second fiscal year following the fiscal year under review (reference year) exceeds the consolidated net profit per share of the fiscal year preceding the fiscal year under review. The Chairman of the Supervisory Board receives double the remuneration of a full member of the Supervisory Board, while the Deputy Chairman receives one-and-a-half times the remuneration. The chairmanship of a Supervisory Board committee is remunerated by an additional sum in the amount of the remuneration, while members of the Supervisory Board committees additionally receive half this amount for each such position held. This does not apply to membership of the Mediation Committee and the Nomination Committee. The amount of the Supervisory Board's variable remuneration is capped in two ways: It may not exceed the amount of the fixed annual remuneration and remuneration of committee members may not exceed twice the remuneration of the Supervisory Board member concerned.

The members of the Supervisory Board are entitled to claim out-of-pocket expenses and any value added tax expenses incurred in the exercise of their office. In addition, each member of the Supervisory Board attending a meeting of the full Supervisory Board or of one of the committees receives an attendance allowance of €500 per meeting.

The members of the Supervisory Board receive the base pay and the attendance allowance after the Annual General Meeting to which the consolidated financial statements for the fiscal year concerned are submitted, or that decides on their approval. The variable remuneration component with a long-term incentive effect is paid out after the Annual General Meeting to which the consolidated financial statements for the reference year are submitted, or that decides on their approval.

Persons who are members of the Supervisory Board and/or its committees for only part of a fiscal year receive the corresponding pro rata amount of remuneration. Base pay is rounded up or down to full months. Pro rata remuneration for committee positions requires the committee concerned to have met during the corresponding period of time in order to perform its duties.

In line with Deutsche Bank AG's internal policies, Deutsche Bank Group employees do not receive any remuneration for supervisory board positions held at Group companies. The remuneration of employee representatives for their work on the supervisory boards of Deutsche Bank Group companies remains unaffected by this.

The total remuneration paid to members of the Supervisory Board for fiscal year 2015 amounted to €1,541.3 thousand including attendance allowances (previous year: €1,578.8 thousand). As a result of Postbank's sustainable performance improvement, the Supervisory Board members will receive performance-related remuneration with a long-term incentive effect for fiscal year 2013.

The total remuneration paid to the individual members of the Supervisory Board in fiscal year 2015 was as follows:

Members of the Supervisory Board	Fiscal year 2015			Fiscal year 2014		
	Fixed remuneration	Variable remuneration[1]	Total	Fixed remuneration	Variable remuneration[1]	Total
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
Rainer Neske[2]	–	–	–	–	–	–
Stefan Krause[2]	–	–	–	–	–	–
Frank Bsirske	160.0	58.0	218.0	160.0	58.0	218.0
Wilfried Anhäuser	–	–	–	–	3.2	3.2
Marietta Auer	–	–	–	–	3.2	3.2
Rolf Bauermeister	40.0	19.5	59.5	40.0	18.0	58.0
Susanne Bleidt	60.0	29.0	89.0	60.0	16.4	76.4
Wilfried Boysen	–	7.6	7.6	20.0	13.6	33.6
Edgar Ernst	100.0	41.0	141.0	100.0	39.5	139.5
Annette Harms	–	–	–	–	2.1	2.1
Stefanie Heberling[2]	–	–	–	–	–	–
Timo Heider	70.0	30.5	100.5	70.0	25.8	95.8
Tessen von Heydebreck	120.0	40.5	160.5	120.0	38.1	158.1
Peter Hoch	–	15.2	15.2	50.0	28.2	78.2
Elmar Kallfelz	–	–	–	–	4.3	4.3
Ralf Krüger	–	–	–	–	3.2	3.2
Hans-Jürgen Kummetat	40.0	19.5	59.5	40.0	11.1	51.1
Katja Langenbucher	40.0	4.5	44.5	20.0	1.5	21.5
Christian Ricken[2]	–	–	–	–	–	–
Christiana Riley[2]	–	–	–	–	–	–
Karl von Rohr[2]	–	–	–	–	–	–
Bernd Rose	100.0	41.0	141.0	100.0	26.7	126.7
Lawrence A. Rosen	26.7	14.8	41.5	40.0	16.5	56.5
Christian Sewing[2]	–	–	–	–	–	–
Michael Spiegel[2]	–	–	–	–	–	–
Eric Stadler	100.0	35.5	135.5	100.0	34.5	134.5
Werner Steinmüller[2]	–	–	–	–	–	–
Gerd Tausendfreund	70.0	30.5	100.5	70.0	29.0	99.0
Renate Treis	90.0	38.0	128.0	90.0	37.0	127.0
Wolfgang Zimny	70.0	29.5	99.5	70.0	18.9	88.9
Total	**1,086.7**	**454.6**	**1,541.3**	**1,150.0**	**428.8**	**1,578.8**

[1] The reported variable remuneration comprises the long-term remuneration and the attendance allowance to be paid to the Supervisory Board member for the relevant fiscal year.

[2] Remuneration not paid because of Deutsche Bank AG's internal Group policies.

Timo Heider received remuneration of €14.3 thousand in consideration of his services on the Supervisory Board of BHW Holding AG and BHW Bausparkasse AG.

The employee representatives received remuneration of €654.5 thousand in fiscal year 2015 as set out in their respective employment contracts.

No further remuneration or benefits were granted to members of the Supervisory Board in return for services provided individually in addition to their Supervisory Board activities, especially consulting and brokerage services. This does not apply to the remuneration of employee representatives as set out in their respective employment contracts.

Shareholdings of the members of the Management Board and Supervisory Board

As of December 31, 2015, no shares issued by Deutsche Postbank AG were held by members of the Management Board or the Supervisory Board.

As of the balance sheet date, loans of €0 (previous year: €462.6 thousand) had been granted to members of the Management Board and €58.2 thousand (previous year: €67.4 thousand) to members of the Supervisory Board. No other contingent liabilities were entered into.

D&O insurance

The members of the Management Board and the members of the Supervisory Board are covered by D&O insurance in line with international standards. In accordance with the requirements of the German Corporate Governance Code, the individual Management Board and Supervisory Board members are required to pay a deductible if a claim is brought.

(57) Other disclosures

Deutsche Postbank AG is a member of the deposit protection fund of the Bundesverband deutscher Banken e.V. and of Entschädigungseinrichtung deutscher Banken GmbH’s investor compensation scheme.

Postbank has furnished BHW Bausparkasse AG, Luxembourg, a guarantee in the amount of €12 million which will cover the first loss piece of a retail credit portfolio of the BHW branch in Luxembourg.

Significant restrictions on the transfer of assets within the Postbank Group

The transfer of assets and liabilities within a group can be restricted by legal, regulatory, or contractual provisions. Within the Postbank Group, this affects assets of €19,515 million (previous year: €21,883 million) that are used to cover collateralized issues (Pfandbriefe), assets of €5,971 million (previous year: €6,344 million) that are used as collateral in securities repurchase agreements (repos/reverse repos), and assets of €38 million (previous year: €38 million) that are furnished for clearing margins.

In addition, some Group companies are subject to legal restrictions on the distribution of profits in particular in accordance with section 268(8) of the HGB and with respect to minimum capital requirements. However, the Group considers these restrictions to be insignificant.

(58) Members of executive bodies

Management Board

The members of the Management Board of Deutsche Postbank AG are:
Frank Strauss, Bad Nauheim (Chairman)
Marc Hess, Bonn
Susanne Klöss-Braekler, Munich
Ralph Müller, Königstein/Taunus
Hans-Peter Schmid, Baldham
Ralf Stemmer, Königswinter
Hanns-Peter Storr, Bonn

Offices held by members of the Management Board of Deutsche Postbank AG as of December 31, 2015, on supervisory boards or other supervisory bodies:

Frank Strauss	Chairman of the Management Board
Function	**Company**
Chairman of the Supervisory Board	BHW Bausparkasse Aktiengesellschaft, Hameln
Chairman of the Supervisory Board (until March 15, 2015)	BHW Holding AG, Hameln
Chairman of the Supervisory Board	PB Firmenkunden AG, Bonn
Chairman of the Supervisory Board	Postbank Filialvertrieb AG, Bonn
Chairman of the Supervisory Board	Postbank Finanzberatung AG, Hameln
Chairman of the Supervisory Board	Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main
Chairman of the Supervisory Board	norisbank GmbH, Bonn

Marc Hess

Function	Company
Chairman of the Supervisory Board (since March 16, 2015)	BHW Holding AG, Hameln
Member of the Supervisory Board	BHW Bausparkasse Aktiengesellschaft, Hameln

Susanne Klöss-Braekler

Function	Company
Member of the Supervisory Board	BHW Bausparkasse Aktiengesellschaft, Hameln
Member of the Supervisory Board	Postbank Filialvertrieb AG, Bonn
Member of the Supervisory Board	Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main
Member of the Supervisory Board	Eurex Frankfurt AG, Frankfurt am Main
Member of the Board of Directors	Eurex Zürich AG, Zurich (Switzerland)

Ralph Müller

Function	Company
Deputy Chairman of the Supervisory Board	Postbank Systems AG, Bonn
Member of the Supervisory Board	Betriebs-Center für Banken AG, Frankfurt am Main
Member of the Supervisory Board	Postbank Filialvertrieb AG, Bonn
Member of the Administrative Board	MyMoneyPark AG, Zurich (Switzerland)

Hans-Peter Schmid

Function	Company
Chairman of the Supervisory Board	Bayerische Börse AG, Munich
Deputy Chairman of the Supervisory Board	Postbank Akademie und Service GmbH, Hameln
Member of the Supervisory Board	PB Lebensversicherung AG, Hilden
Member of the Supervisory Board	PB Versicherung AG, Hilden

Ralf Stemmer

Function	Company
Chairman of the Supervisory Board	Postbank Akademie und Service GmbH, Hameln
Chairman of the Board of Directors	PB International S.A., Luxembourg
Deputy Chairman of the Supervisory Board	Postbank Direkt GmbH, Bonn
Deputy Chairman of the Supervisory Board	Postbank Finanzberatung AG, Hameln
Deputy Chairman of the Supervisory Board	PB Pensionsfonds AG, Hilden
Member of the Supervisory Board	Betriebs-Center für Banken AG, Frankfurt am Main
Member of the Supervisory Board	BHW Bausparkasse Aktiengesellschaft, Hameln
Member of the Supervisory Board	PB Firmenkunden AG, Bonn
Member of the Supervisory Board	Postbank Filialvertrieb AG, Bonn
Member of the Supervisory Board	Postbank Systems AG, Bonn
Member of the Administrative Board	Bundesanstalt für Post und Telekommunikation Deutsche Bundespost, Bonn

Hanns-Peter Storr

Function	Company
Member of the Supervisory Board	BHW Bausparkasse Aktiengesellschaft, Hameln
Member of the Supervisory Board	norisbank GmbH, Bonn

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

1. Shareholder representatives

Werner Steinmüller Head of Global Transaction Banking Deutsche Bank AG, Dreieich (Chairman)	Chairman since November 4, 2015
Stefan Krause Member of the Management Board of Deutsche Bank AG, Frankfurt am Main	Chairman and Member from July 14, 2015 until October 31, 2015
Rainer Neske Member of the Management Board of Deutsche Bank AG, Frankfurt am Main	Chairman and Member until June 25, 2015
Edgar Ernst President of the Financial Reporting Enforcement Panel, DPR e.V., Bonn	
Stefanie Heberling Cologne/Bonn/Aachen Regional Management Deutsche Bank Privat- und Geschäftskunden AG, Wuppertal	
Tessen von Heydebreck Chairman of the Board of Trustees of Deutsche Bank Foundation, Berlin	
Katja Langenbucher Professorship for Private Law, Corporate and Financial Law, Goethe University Frankfurt am Main, Frankfurt am Main	
Karen Meyer Global Chief Operating Officer Human Resources Deutsche Bank AG, Frankfurt am Main	since February 1, 2016
Christian Ricken Bank employee, Deutsche Bank AG, Bad Homburg v.d.Höhe	until January 31, 2016
Christiana Riley CFO Corporate & Investment Banking Deutsche Bank AG, Bad Homburg	since August 28, 2015
Karl von Rohr Member of the Management Board of Deutsche Bank AG, Oberursel	
Lawrence A. Rosen Member of the Board of Management of Deutsche Post AG, Bonn	until August 28, 2015
Christian Sewing Member of the Management Board of Deutsche Bank AG, Osnabrück	
Michael Spiegel Global Head of Trade Finance and Cash Management Corporates Deutsche Bank AG, London	since November 17, 2015

2. Employee representatives

Frank Bsirske,
Chairman of the ver.di Trade Union, Berlin
(Deputy Chairman)

Rolf Bauermeister
Head of National Postal Services Group,
at ver.di Trade Union (national administration), Berlin

Susanne Bleidt
Member of the Postbank Filialvertrieb AG’s
General Works Council, Bell

Timo Heider
Chairman of the Group Works Council of Deutsche Postbank AG and
Chairman of the General Works Council of BHW Kreditservice GmbH,
Emmerthal

Hans-Jürgen Kummetat
Civil servant, Cologne

Bernd Rose
Chairman of Postbank Filialvertrieb AG/
Postbank Filial GmbH’s General Works Council,
Menden (Sauerland)

Eric Stadler
Chairman of Betriebs-Center für Banken AG’s
Works Council, Markt Schwaben

Gerd Tausendfreund
Trade union secretary of the ver.di
Trade Union, Nidderau

Renate Treis
Deputy Chair of Deutsche Postbank AG’s
General Works Council, Brühl

Wolfgang Zimny,
Banking lawyer, Head of Department,
Deutsche Postbank AG, Head Office, Bornheim

Offices held by members of the Supervisory Board of Deutsche Postbank AG as of December 31, 2015, on supervisory boards or other supervisory bodies:

Shareholder representatives:

Werner Steinmüller	**Chairman of the Supervisory Board since November 4, 2015**
Function	**Company**
Chairman of the Supervisory Board	Deutsche Bank Nederland N.V., Amsterdam
Member of the Advisory Board	True Sale International GmbH, Frankfurt am Main

Stefan Krause	**Chairman of the Supervisory Board from July 14, 2015 to October 31, 2015**
Function	**Company**
Chairman of the Supervisory Board (until July 13, 2015)	Deutsche Bank Europe GmbH, Rotterdam
Member of the Supervisory Board (until July 16, 2015)	Deutsche Bank Financial LLC, Wilmington, U.S.A.

Rainer Neske	**Chairman of the Supervisory Board until June 25, 2015**
Function	**Company**
Chairman of the Supervisory Board (until June 30, 2015)	Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt am Main

Edgar Ernst	
Function	**Company**
Member of the Supervisory Board	DMG SEIKI AG, Bielefeld
Member of the Supervisory Board	TUI AG, Hanover
Member of the Supervisory Board	VONOVIA SE, Düsseldorf
Member of the Supervisory Board	Wincor Nixdorf AG, Paderborn

Tessen von Heydebreck	
Function	**Company**
Chairman of the Advisory Board	IFA Rotorion Holding GmbH, Haldensleben
Member of the Board of Trustees	Dussmann Stiftung & Co. KGaA, Berlin
Member of the Supervisory Board	Vattenfall GmbH, Berlin
Member of the Supervisory Board	Kommanditgesellschaft CURA Vermögensverwaltung GmbH & Co. KG, Hamburg
Member of the Advisory Board	DECM Deutsche Einkaufs-Center-Management G.m.b.H., Hamburg

Karen Meyer	**Member of the Supervisory Board since February 1, 2016**
Function	**Company**
Member of the Advisory Board	Deutsche Bank HR Solutions GmbH, Frankfurt am Main

Christian Ricken	**Member of the Supervisory Board until January 31, 2016**
Function	**Company**
Chairman of the Advisory Board (until January 31, 2016)	PBC Banking Services GmbH, Frankfurt am Main
Deputy Chairman of the Supervisory Board (until January 31, 2016)	norisbank GmbH, Bonn
Member of the Supervisory Board (until January 31, 2016)	Deutsche Bank Europe GmbH, Rotterdam
Member of the Supervisory Board (until January 31, 2016)	Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt am Main
Member of the Board of Directors (until January 31, 2016)	HuaXia Bank Co., Ltd., Beijing

Karl von Rohr	
Function	**Company**
Member of the Supervisory Board	Deutsche Bank Luxembourg S.A., Luxembourg

Lawrence A. Rosen	**Member of the Supervisory Board until August 28, 2015**
Function	**Company**
Member of the Supervisory Board (since May 13, 2015)	Lanxess AG, Cologne
Member of the Supervisory Board	Qiagen GmbH, Hilden

Employee representatives

Frank Bsirske	**Deputy Chairman of the Supervisory Board**
Function	**Company**
Deputy Chairman of the Supervisory Board	RWE AG, Essen
Member of the Supervisory Board	Deutsche Bank AG, Frankfurt am Main
Member of the Supervisory Board	IBM Central Holding GmbH, Ehningen
Member of the Board of Supervisory Directors	Kreditanstalt für Wiederaufbau, Frankfurt am Main

Rolf Bauermeister	
Function	**Company**
Member of the Supervisory Board	Deutsche Post AG, Bonn

Susanne Bleidt	
Function	**Company**
Member of the Supervisory Board	Postbank Filialvertrieb AG, Bonn
Member of the General Assembly of Members	Erholungswerk Post, Postbank, Telekom e.V., Stuttgart

Timo Heider	
Function	**Company**
Deputy Chairman of the Supervisory Board	BHW Bausparkasse Aktiengesellschaft, Hameln
Deputy Chairman of the Supervisory Board	Pensionskasse der BHW Bausparkasse VVaG, Hameln
Member of the Supervisory Board	Deutsche Bank AG, Frankfurt am Main
Member of the Advisory Board	PBC Banking Services GmbH, Frankfurt am Main

Bernd Rose	
Function	**Company**
Deputy Chairman of the Supervisory Board	ver.di Vermögensverwaltungsgesellschaft mbH, Berlin
Member of the Supervisory Board	Deutsche Bank AG, Frankfurt am Main
Member of the Supervisory Board	Postbank Filialvertrieb AG, Bonn

Eric Stadler	
Function	**Company**
Deputy Chairman of the Advisory Board	PBC Banking Services GmbH, Frankfurt am Main

Gerd Tausendfreund	
Function	**Company**
Member of the Supervisory Board	Betriebs-Center für Banken AG, Frankfurt am Main

Renate Treis	
Function	**Company**
Member of the General Assembly of Members	Erholungswerk Post, Postbank, Telekom e.V., Stuttgart

(59) Auditors’ fee in accordance with sections 285 no. 17 and 314(1) no. 9 of the HGB

	2015 €m	**2014 €m**
Audits of the financial statements	5.5	5.5
Other assurance of valuation	2.1	2.1
Tax advisory services	0.4	0.5
Other services rendered to the parent company or subsidiaries	2.7	3.6
Total	**10.7**	**11.7**

The fees for the fiscal year are presented net of value added tax in compliance with the requirements of IDW AcP HFA 36 “Disclosures on the Auditors’ Fee in Accordance with sections 285 no. 17 and 314(1) no. 9 of the HGB”.

(60) Application of section 264(3) of the HGB

The following consolidated subsidiaries applied the simplification options contained in section 264(3) of the HGB in fiscal year 2015:

- Postbank Beteiligungen GmbH
- Postbank Filial GmbH
- Postbank Immobilien und Baumanagement GmbH.

(61) Disclosures in accordance with section 313(2) of the HGB

List of shareholdings

Name and domicile of the company	Equity interest %	Equity € thousand	Profit/loss for the period[1] € thousand
a) Subsidiaries			
Included in the consolidated financial statements			
BHW Bausparkasse Aktiengesellschaft, Hameln	100.0	905,069	8,657
BHW Gesellschaft für Vorsorge mbH, Hameln	100.0	242,370	0[3]
BHW - Gesellschaft für Wohnungswirtschaft mbH, Hameln	100.0	918,946	0[3]
BHW Holding AG, Hameln	100.0	727,503	0[3]
Deutsche Postbank Finance Center Objekt GmbH, Schuttrange (Munsbach), Luxembourg	100.0	2,120	449
Deutsche Postbank Funding LLC I, Wilmington, Delaware, U.S.A.	100.0		[4]
Deutsche Postbank Funding LLC II, Wilmington, Delaware, U.S.A.	100.0		[5]
Deutsche Postbank Funding LLC III, Wilmington, Delaware, U.S.A.	100.0		[6]
Deutsche Postbank Funding LLC IV, Wilmington, Delaware, U.S.A.	100.0		[7]
Deutsche Postbank Funding Trust I, Wilmington, Delaware, U.S.A.	100.0	33	0[4]
Deutsche Postbank Funding Trust II, Wilmington, Delaware, U.S.A.	100.0	1	–3[5]
Deutsche Postbank Funding Trust III, Wilmington, Delaware, U.S.A.	100.0	47	1[6]
Deutsche Postbank Funding Trust IV, Wilmington, Delaware, U.S.A.	100.0	217	13[7]
DSL Portfolio GmbH & Co. KG, Bonn	100.0	6,180	7
DSL Portfolio Verwaltungs GmbH, Bonn	100.0	56	0
PB Factoring GmbH, Bonn	100.0	11,546	0[3]
PB Firmenkunden AG, Bonn	100.0	1,100	0[3]
PB International S.A., Schuttrange (Munsbach), Luxembourg	100.0	55,750	–4,021
PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Bonn		3,599,159	119,233[2]
Teilgesellschaftsvermögen PB 02	100.0	503,692	21,677
Teilgesellschaftsvermögen PB 08	100.0	548,747	19,476
Teilgesellschaftsvermögen PB 09	100.0	581,423	16,684
Teilgesellschaftsvermögen PB 11	100.0	666,583	24,627
Teilgesellschaftsvermögen PB 13	100.0	359,927	14,244
Teilgesellschaftsvermögen PB 14	100.0	361,453	11,497
Teilgesellschaftsvermögen PB 21	100.0	222,312	7,507
Teilgesellschaftsvermögen PB 26	100.0	300,601	231
Postbank Beteiligungen GmbH, Bonn	100.0	310,325	0[3]
Postbank Filial GmbH, Bonn	100.0	25	0[3]
Postbank Filialvertrieb AG, Bonn	100.0	35,492	35,421[3]
Postbank Finanzberatung AG, Hameln	100.0	70,523	22,105
Postbank Immobilien GmbH, Hameln	100.0	2,908	0[3]
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	18,874	0[3]
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, Bonn	90.0	16,081	2,997
Postbank Leasing GmbH, Bonn	100.0	500	0[3]
Postbank Systems AG, Bonn	100,0	61,566	9,975[3]

Name and domicile of the company	Equity interest %	Equity € thousand	Profit/loss for the period[1] € thousand
a) Subsidiaries			
Not included in the consolidated financial statements			
BHW Invest, Société à responsabilité limitée, Luxembourg, Luxembourg	100.0	5,083	–60
CREDA Objektanlage- und -verwaltungsgesellschaft mbH, Bonn	100.0	1,000	0[3]
EC EUROPA IMMOBILIEN FONDS NR. 3 GmbH & CO. KG in Insolvenz, Hamburg	65.2	– 10,390	–6,745
Fünfte SAB Treuhand und Verwaltung GmbH & Co. Suhl „Rimbachzentrum“ KG, Bad Homburg v. d. Höhe	74.0	0	–36
Postbank Akademie und Service GmbH, Hameln	100.0	1,167	37
SAB Real Estate Verwaltungs GmbH, Hameln	100.0	29	4
b) Equity interests in associates			
PBC Banking Services GmbH, Frankfurt am Main	49.9	570,029	0[3, 8]
c) Other companies in which an equity interest of at least 20 % is held			
Fünfte SAB Treuhand und Verwaltung GmbH & Co. Dresden „Louisenstraße“ KG, Bad Homburg v. d. Höhe	30.6	0	– 14
Fünfte SAB Treuhand und Verwaltung GmbH & Co. „Leipzig-Magdeburg“ KG, Bad Homburg v. d. Höhe	40.7	0	–21
giropay GmbH, Frankfurt am Main	33.3	0	5
Nummus Beteiligungs GmbH & Co. KG, Frankfurt am Main	27.8	32,973	–28
Nummus Financial GmbH, Eppstein	27.8	34,500	–75
Starpool Finanz GmbH, Berlin	49.9	326	16
d) Equity interests in large corporations in which Deutsche Postbank AG holds more than 5 % of the voting rights			
BSQ Bauspar AG, Nuremberg	14.1	29,098	330
HYPOPORT AG, Berlin	9.7	39,793	2,802
Landgesellschaft Mecklenburg-Vorpommern mit beschränkter Haftung, Leezen	11.0	42,868	3,136
paydirekt GmbH, Frankfurt am Main	8.3	9,965	–3,435

[1] The data on equity and profit and loss for the year are based on the most recently adopted annual financial statements of the companies concerned.

[2] The company also includes the shares in Teilgesellschaftsvermögen PB 25 which are not held by a company belonging to the Postbank Group.

[3] Profit and loss transfer agreement

[4] The data are based on the consolidated financial statements of Deutsche Postbank Funding Trust I. These include both Deutsche Postbank Funding Trust I and Deutsche Postbank Funding LLC I.

[5] The data are based on the consolidated financial statements of Deutsche Postbank Funding Trust II. These include both Deutsche Postbank Funding Trust I and Deutsche Postbank Funding LLC II.

[6] The data are based on the consolidated financial statements of Deutsche Postbank Funding Trust III. These include both Deutsche Postbank Funding Trust I and Deutsche Postbank Funding LLC III.

[7] The data are based on the consolidated financial statements of Deutsche Postbank Funding Trust IV. These include both Deutsche Postbank Funding Trust I and Deutsche Postbank Funding LLC IV.

[8] The company holds all the shares in Betriebs-Center für Banken AG, BHW Kreditservice GmbH, DB Investment Services GmbH, DB Kredit Service GmbH, KEBA Gesellschaft für interne Services mbH, PBC Services GmbH der Deutschen Bank, Postbank Direkt GmbH, Postbank Service GmbH, Telefon-Servicegesellschaft der Deutschen Bank mbH and VÖB-ZVD Processing GmbH.

(62) Declaration of Conformity with the German Corporate Governance Code

On December 17, 2015, the Management Board and the Supervisory Board of Deutsche Postbank AG jointly published the most recent Declaration of Conformity with the German Corporate Governance Code for fiscal year 2015 required by section 161 of the AktG. The full wording of the Declaration of Conformity can be accessed on the Internet on our homepage www.postbank.com

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Bonn, February 24, 2016

Deutsche Postbank Aktiengesellschaft

The Management Board

Frank Strauss

Marc Hess

Susanne Klöss-Braekler

Ralph Müller

Hans-Peter Schmid

Ralf Stemmer

Hanns-Peter Storr

AUDITOR’S REPORT

We have audited the consolidated financial statements prepared by the Deutsche Postbank AG, Bonn, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB („Handelsgesetzbuch“: German Commercial Code) is the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Düsseldorf, February 25, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Ralf Schmitz Wirtschaftsprüfer (German Public Auditor)	Christian F. Rabeling Wirtschaftsprüfer (German Public Auditor)

300,000 SME customers

Reliability. Flexibility. Entrepreneurial insight. In essence, that is what SME corporate customers expect from their financial institutions – and it's what they find at Postbank. From such services as payment transactions, through interest rate and currency management, leasing and factoring, to corporate loans and commercial real estate finance – more and more companies are choosing Postbank as their primary bank for basic daily needs. We see that as our reward for competence, good accessibility and our partnerships of equals.

OTHER INFORMATION

05

REGULATORY DISCLOSURES

Regulatory disclosure

Postbank has been part of the Deutsche Bank banking group since December 2010 and has published all information relevant to supervisory disclosures since then within the framework of the Deutsche Bank Group's Pillar III reports. Since 2014, Article 13 of Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation – CRR) has required significant subsidiaries of EU parent institutions to also publish regulatory disclosures. All information given below relates to the Postbank Group (hereinafter referred to as "Postbank") as a subgroup of the Deutsche Bank banking group.

The following table gives an overview of the information to be provided by Postbank in accordance with Part 8 in conjunction with Article 13 of the CRR and the provisions of the *Kreditwesengesetz* (KWG – German Banking Act) transposing the Capital Requirements Directive (CRD) into national law, and specifies the section of the report in which the relevant disclosures are made:

Implementation of regulatory disclosure requirements

Pillar III disclosure topic	Relevant section of interim report
Own funds disclosures in accordance with Article 437 of the CRR and on capital requirements in accordance with Article 438 of the CRR	- Other Information, "Regulatory Disclosures"
Credit risk adjustment disclosures in accordance with Article 442 of the CRR and on credit risk mitigation techniques in accordance with Article 453 of the CRR, to the extent that these are not already covered by the qualitative disclosures in the 2015 Group Management Report (see below)	- Other Information, "Regulatory Disclosures"
Legal and organizational structure and principles of the proper conduct of business (section 26a of the *Kreditwesengesetz* (KWG – German Banking Act))	- Corporate Governance Report - 2015 Group Management Report, "Business and Environment" - 2015 Group Risk Report, "Organization of risk management"
Qualitative disclosures on credit risk adjustments in accordance with Article 442a) and b) of the CRR and on credit risk mitigation techniques in accordance with Article 453a) to e) of the CRR	- 2015 Group Risk Report, "Monitoring and managing credit risk"
Disclosures on remuneration policy (Article 450 of the CRR)	- 2015 Group Management Report, "Remuneration of the Management Board and the Supervisory Board"
Disclosures on leverage (Article 451 of the CRR)	- Other Information, "Regulatory Disclosures"

Information on regulatory approaches

As of the reporting date of December 31, 2015, Postbank calculated the regulatory capital requirements for the following portfolios – grouped by exposure class in accordance with the CRR – on the basis of the rules set out in the Internal Rating Approaches: central governments (countries), institutions (banks), corporates (domestic corporate customers, foreign corporate customers, commercial real estate finance), purchased corporate loans, insurers, retail business (Deutsche Postbank AG mortgage loans, BHW mortgage loans, installment loans, overdraft facilities for self-employed individuals and business customers, purchased retail loans), equity exposures (unless covered by the exception in section 17 of the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation)), securitization positions, and other non-credit obligation assets.

In addition to using the Basic IRB Approach and the IRB Approach to calculate the capital requirements for its retail business, Postbank uses the Advanced IRB Approach (A-IRBA) to calculate the capital requirements for its corporates, banks, and domestic and UK commercial real estate finance portfolios. Subject to obtaining the necessary approval, the Bank is planning to incorporate the PK-Dispo rating system in the A-IRBA in 2016.

Postbank uses the Credit Risk Standardized Approach (CRSA) for the portfolios not calculated in accordance with the IRB approaches. These primarily relate to the following portfolios: overdrafts and collection activities in the Retail Banking segment, portfolios belonging to the other subsidiaries of Postbank with the exception of BHW mortgage loans, business from discontinued operations, and exposures to public-sector counterparties in the European Economic Area.

In the case of securitization positions, the IRB Approach or the CRSA is applied, based on the underlying transactions. Capital backing for securitization positions is generally calculated on the basis of the ratings-based approach using external ratings.

As of the reporting date, the Postbank Group had only one originator securitization transaction of regulatory importance in its portfolio, i.e., the PB Domicilio 2007-1 synthetic securitization transaction of BHW Bausparkasse AG. The Provide Blue 2005-1, Provide Blue 2005-2 and PB Domicile 2006-1 originator securitization transactions have all been terminated. Since the significant transfer of risk ceased to exist as of December 31, 2015, the loans and advances underlying the transactions were calculated using the approaches of the respective portfolio.

Postbank calculates the capital backing for other non-credit obligation assets and equity exposures allocated to the banking book that are not required to be consolidated or deducted from own funds for regulatory purposes using regulatory risk weights. Currently Postbank does not have any equity exposures for which capital backing has been calculated on the basis of default probabilities and loss rates. Strategic equity exposures held prior to January 1, 2008, have been temporarily excluded from IRBA capital backing and are calculated using the CRSA.

Postbank currently uses the supervisory Standardized Approach to calculate its capital requirements for market risk. The Bank quantifies its capital requirements for operational risk using the Standardized Approach; the Advanced Measurement Approach (AMA) is no longer used.

Information on regulatory consolidation

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The regulatory scope of consolidation corresponds to the consolidated group for accounting purposes as presented in Note 2 of the Notes to the Consolidated Financial Statements with the exception of the following two companies, which are consolidated for accounting but not for regulatory purposes:

- Postbank Finanzberatung AG

- Postbank Immobilien GmbH.

In the previous year, the same applied to Postbank Versicherungsvermittlung GmbH which, however, was merged with its parent company, Postbank Finanzberatung AG, on December 21, 2015, with retroactive effect from September 30, 2015.

Postbank does not have any subsidiaries required to be consolidated for regulatory but not for accounting purposes.

Overall portfolio disclosures

The following tables present the disclosures for the overall portfolio with average amounts per exposure class over the reporting period, broken down by sector, region, and residual maturity in accordance with Article 442 of the CRR.

The tables show the lending volume in each case before the effects of credit risk mitigation, broken down by the different types of exposure classes, as of the disclosure date. Exposure values (EAD – expected amount of the exposure at the time of possible default) are reported before factoring in substitution effects, using credit conversion factors. On- and off-balance sheet transactions are reported at cost or at their replacement values, while derivatives are reported at their positive replacement values plus a regulatory add-on. Exposure classes for which Postbank does not have any exposures are not shown in the tables. These are the “Short-term exposures to banks and corporates” and “Items associated with a particularly high risk” exposure classes. The “Other non-credit obligation assets” exposure class is not reported in the tables below. The total amount of the exposures concerned was €2,698 million as of the reporting date (December 31, 2014: €2,882 million). In addition, the exposure for contributions to the default fund of a central counterparty (CCP) amounted to €56 million as of the reporting date (December 31, 2014: €62 million).

The following table shows the average exposure amounts during the reporting period before the effects of credit risk mitigation, broken down by the different types of exposure classes.

Total amount of exposure values including average amounts per exposure class

Exposure classes	Average amounts		Total	
	Jan. 1, 2015 – Dec. 31, 2015 €m	Jan. 1, 2014 – Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
IRBA governments and central banks	145	11	171	17
IRBA institutions	10,808	13,188	9,706	11,963
IRBA corporates	21,486	21,077	22,228	20,848
IRBA retail exposures	77,487	75,625	78,943	75,917
IRBA equity exposures	422	320	419	421
IRBA securitization positions	1,215	2,448	53	1,772
CRSA governments and central banks	10,882	11,508	11,107	11,307
CRSA regional governments and local authorities	8,409	7,610	8,682	8,030
CRSA other public-sector entities	2,309	2,588	2,170	2,382
CRSA multilateral development banks	931	884	937	881
CRSA international organizations	1,417	1,270	1,396	1,298
CRSA institutions	1,870	2,880	1,717	2,877
CRSA corporates	923	1,018	864	906
CRSA retail exposures	2,386	2,436	2,334	2,305
CRSA exposures secured by real estate property	2,568	2,731	2,467	2,664
CRSA exposures in default	286	298	263	284
CRSA covered bonds	12	24	–	20
CRSA securitization positions	495	1,429	376	790
CRSA UCITS	1,039	1,328	–	1,619
CRSA equity exposures	228	334	227	227
CRSA other items	–	–	–	–
Total	**145,316**	**149,007**	**144,060**	**146,528**

The following table shows the exposure values broken down by the different types of exposure classes and by the sectors and obligor groups of relevance to Postbank:

Total amount of exposure values by sector and obligor group

Exposure classes	Retail customers		Banks/ insurers/ financial services providers		Govern-ments		Commercial real estate finance		Service providers/ wholesale and retail		Industry		Other sectors		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
IRBA governments and central banks	–	–	–	–	171	17	–	–	–	–	–	–	–	–	171	17
IRBA institutions	–	–	9,704	11,958	2	–	0	5	–	–	–	–	–	–	9,706	11,963
IRBA corporates	299	308	2,268	1,957	1	2	6,630	6,333	7,236	7,045	4,087	3,647	1,707	1,556	22,228	20,848
IRBA retail exposures	78,943	75,917	–	–	–	–	–	–	–	–	–	–	–	–	78,943	75,917
IRBA equity exposures	–	–	418	420	–	–	–	–	1	–	–	–	0	1	419	421
IRBA securitization positions	–	672	53	944	–	156	–	–	–	–	–	–	–	–	53	1,772
CRSA governments and central banks	–	–	396	273	10,711	11,034	–	–	–	–	–	–	–	–	11,107	11,307
CRSA regional governments and local authorities	–	–	–	–	8,664	8,010	18	20	0	–	–	–	–	–	8,682	8,030
CRSA other public-sector entities	–	–	1,819	2,101	265	189	–	–	45	43	–	–	41	49	2,170	2,382
CRSA multilateral development banks	–	–	937	881	–	–	–	–	–	–	–	–	–	–	937	881
CRSA international organizations	–	–	863	719	533	579	–	–	–	–	–	–	–	–	1,396	1,298
CRSA institutions	–	–	1,676	2,872	–	–	–	–	–	–	–	–	41	5	1,717	2,877
CRSA corporates	5	24	55	58	0	3	255	339	253	181	155	177	141	124	864	906
CRSA retail exposures	2,334	2,305	–	–	–	–	–	–	–	–	–	–	–	–	2,334	2,305
CRSA exposures secured by real estate property	2,349	2,574	–	–	–	–	111	85	3	4	0	–	4	1	2,467	2,664
CRSA exposures in default	211	234	0	–	0	–	13	21	23	2	3	–	13	27	263	284
CRSA covered bonds	–	–	–	20	–	–	–	–	–	–	–	–	–	–	–	20
CRSA securitization positions	370	784	6	6	–	–	–	–	–	–	–	–	–	–	376	790
CRSA UCITS	–	–	–	31	–	1,570	–	–	–	–	–	8	–	10	–	1,619
CRSA equity exposures	–	–	54	54	–	–	–	–	21	10	–	–	152	163	227	227
CRSA other items	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**84,511**	**82,818**	**18,249**	**22,294**	**20,347**	**21,560**	**7,027**	**6,803**	**7,582**	**7,285**	**4,245**	**3,832**	**2,099**	**1,936**	**144,060**	**146,528**

Of the amounts reported, the following exposures relate to loans to small and medium-sized enterprises (SMEs):

Total amount of exposure values by sector and obligor group for small and medium-sized enterprises (SMEs)

Exposure classes	Retail customers		Banks/ insurers/ financial services providers		Governments		Commercial real estate finance		Service providers/ wholesale and retail		Industry		Other sectors		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
IRBA retail exposures	280	283	–	–	–	–	–	–	–	–	–	–	–	–	280	283
IRBA corporates	0	1	11	10	–	–	29	–	600	474	449	428	93	68	1,182	981
CRSA corporates	–	–	–	1	–	–	39	35	31	18	42	25	9	5	122	84
CRSA retail exposures	36	42	–	–	–	–	–	–	–	–	–	–	–	–	36	42
CRSA exposures secured by real estate property	–	–	–	–	–	–	5	6	0	–	–	–	1	–	6	6
Total	**316**	**326**	**11**	**11**	**–**	**–**	**73**	**41**	**631**	**492**	**491**	**453**	**103**	**73**	**1,626**	**1,396**

The following table shows the exposure amounts broken down by the different types of exposure classes and by Postbank's significant geographic business regions. The exposures are allocated on the basis of the obligor's legal country of domicile.

Total amount of exposure values by geographic region

Exposure classes	Germany		Western Europe		North America		Other regions		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
IRBA governments and central banks	–	–	140	17	–	–	31	–	171	17
IRBA institutions	6,111	7,203	3,405	4,441	184	266	6	319	9,706	11,963
IRBA corporates	13,906	12,848	7,288	7,079	578	468	456	921	22,228	20,848
IRBA retail exposures	78,580	75,581	286	266	26	25	51	70	78,943	75,917
IRBA equity exposures	419	421	–	–	–	–	–	–	419	421
IRBA securitization positions	–	1,659	53	113	–	–	–	–	53	1,772
CRSA governments and central banks	865	801	10,174	10,461	–	–	68	45	11,107	11,307
CRSA regional governments and local authorities	8,682	7,804	0	226	–	–	–	–	8,682	8,030
CRSA other public-sector entities	2,100	2,380	70	2	–	–	–	–	2,170	2,382
CRSA multilateral development banks	–	–	937	758	–	–	–	123	937	881
CRSA international organizations	–	–	1,396	1,145	–	–	–	153	1,396	1,298
CRSA institutions	1,108	2,379	609	498	–	–	–	–	1,717	2,877
CRSA corporates	764	765	37	68	0	7	63	73	864	906
CRSA retail exposures	2,251	2,223	80	80	1	–	2	2	2,334	2,305
CRSA exposures secured by real estate property	270	240	2,196	2,422	0	1	1	2	2,467	2,664
CRSA exposures in default	122	138	136	146	0	–	5	–	263	284
CRSA covered bonds	–	20	–	–	–	–	–	–	–	20
CRSA securitization positions	–	293	376	497	–	–	–	–	376	790
CRSA UCITS	–	1,599	–	20	–	–	–	–	–	1,619
CRSA equity exposures	223	222	4	5	–	–	–	–	227	227
CRSA other items	–	–	–	–	–	–	–	–	–	–
Total	**115,401**	**116,576**	**27,187**	**28,244**	**789**	**767**	**683**	**1,708**	**144,060**	**146,528**

The following table presents the regulatory exposure values, broken down by the different types of exposure classes and the residual maturities for Postbank. Checking accounts, guarantees, and pending transactions are assigned to the “less than one year” maturity band. The amounts assigned to the “more than five years” maturity band largely comprise longer-term bonds, private mortgage lending, and commercial lending.

Total amount of exposure values by residual maturity

Exposure classes	< 1 year		1–5 years		> 5 years		Total	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
IRBA governments and central banks	8	17	84	–	79	–	171	17
IRBA institutions	4,006	4,050	4,186	6,882	1,514	1,031	9,706	11,963
IRBA corporates	5,092	4,457	6,788	6,682	10,348	9,709	22,228	20,848
IRBA retail exposures	3,686	4,205	6,557	6,970	68,700	64,742	78,943	75,917
IRBA equity exposures	–	–	–	–	419	421	419	421
IRBA securitization positions	53	81	–	71	–	1,620	53	1,772
CRSA governments and central banks	614	402	7,654	7,175	2,839	3,730	11,107	11,307
CRSA regional governments and local authorities	1,050	1,402	3,612	3,106	4,020	3,522	8,682	8,030
CRSA other public-sector entities	627	341	1,173	1,638	370	403	2,170	2,382
CRSA multilateral development banks	137	–	636	778	164	103	937	881
CRSA international organizations	102	83	855	982	439	233	1,396	1,298
CRSA institutions	201	1,014	42	52	1,474	1,811	1,717	2,877
CRSA corporates	101	170	332	324	431	412	864	906
CRSA retail exposures	1,034	1,163	411	445	889	697	2,334	2,305
CRSA exposures secured by real estate property	974	984	427	564	1,066	1,116	2,467	2,664
CRSA exposures in default	263	284	–	–	–	–	263	284
CRSA covered bonds	–	20	–	–	–	–	–	20
CRSA securitization positions	–	–	6	6	370	784	376	790
CRSA UCITS	–	8	–	10	–	1,601	–	1,619
CRSA equity exposures	–	–	–	–	227	227	227	227
CRSA other items	–	–	–	–	–	–	–	–
Total	**17,948**	**18,681**	**32,763**	**35,685**	**93,349**	**92,162**	**144,060**	**146,528**

The following table provides an overview of the exposure values for the specialized lending exposures calculated in accordance with Article 153(5) of the CRR, broken down by risk weight category. The exposures relate to commercial real estate finance, loans to property developers, operator models, real estate leasing and private mortgage finance for the construction of properties with more than ten residential units.

Exposure values for IRBA specialized lending

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Risk weight 1 (strong)	1,398	1,380
Risk weight 2 (good)	46	61
Risk weight 3 (satisfactory)	22	41
Risk weight 4 (weak)	11	40
Risk weight 5 (defaulted)	40	103
Total	**1,517**	**1,625**

The following table shows the exposure values for equity exposures calculated using the simple risk weight approach in accordance with Article 155(2) of the CRR. In addition to these equity exposure values, Postbank, as of the reporting date, had further exposures amounting to €25.3 thousand in relation to equity exposures that have been assigned a regulatory risk weight of 250 % in accordance with Article 48 of the CRR (prior year-end: €9 million).

Exposure values for IRBA equity exposures in accordance with simple risk weight approach

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Private equity exposures in sufficiently diversified portfolios (risk weight 190 %)	–	–
Exchange-traded equity exposures (risk weight 290 %)	–	–
Other equity exposures (risk weight 370 %)	419	412
Total	**419**	**412**

Information on credit risk mitigation techniques

The following two tables present the collateralized IRBA and CRSA exposure amounts. The relevant qualitative information in accordance with Article 453 of the CRR is contained in the "Collateral management and credit risk mitigation techniques" section of the chapter entitled "Monitoring and managing credit risk" found in the Group Management Report. 72

Collateralized exposure values in the internal rating approaches

Exposure classes	Total risk exposure		Financial collateral		Guarantees, indemnities, and credit derivatives		Other collateral		Total collateralized risk exposure	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
IRBA governments and central banks	171	17	–	–	–	–	–	–	–	–
IRBA institutions	9,706	11,963	219	–	0	–	–	–	219	–
IRBA corporates	22,228	20,848	–	–	726	610	5,239	4,910	5,965	5,520
IRBA retail exposures	78,943	75,917	–	–	42	14	66,717	64,702	66,759	64,716
IRBA equity exposures	419	421	–	–	–	–	–	–	–	–
IRBA securitization positions	53	1,772	–	–	–	156	–	–	–	156
Total	**111,520**	**110,938**	**219**	**–**	**769**	**780**	**71,956**	**69,612**	**72,944**	**70,392**

Financial collateral and, to a limited extent, guarantees, indemnities and credit derivatives can be counted toward the Credit Risk Standardized Approach. The following table does not include any collateral in the form of real estate liens since exposures secured by real estate are assigned a preferential risk weighting under the Standardized Approach.

Collateralized exposure values in the credit risk standardized approach

Exposure classes	Total risk exposure		Financial collateral		Guarantees, indemnities, and credit derivatives		Total collateralized risk exposure	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
CRSA governments and central banks	11,107	11,307	–	–	–	–	–	–
CRSA regional governments and local authorities	8,682	8,030	–	–	–	–	–	–
CRSA other public-sector entities	2,170	2,382	–	–	–	–	–	–
CRSA multilateral development banks	937	881	–	–	–	–	–	–
CRSA international organizations	1,396	1,298	–	–	–	–	–	–
CRSA institutions	1,717	2,877	–	750	–	–	–	750
CRSA corporates	864	906	–	–	6	6	6	6
CRSA retail exposures	2,334	2,305	–	–	–	–	–	–
CRSA exposures secured by real estate property	2,467	2,664	–	–	–	–	–	–
CRSA exposures in default	263	284	0	–	–	–	0	–
CRSA covered bonds	–	20	–	–	–	–	–	–
CRSA securitization positions	376	790	–	–	68	68	68	68
CRSA UCITS	–	1,619	–	–	–	–	–	–
CRSA equity exposures	227	227	–	–	–	–	–	–
CRSA other items	–	–	–	–	–	–	–	–
Total	**32,540**	**35.590**	**0**	**750**	**74**	**74**	**74**	**824**

Information on the allowance for losses on loans and advances

The figures for the allowance for losses on loans and advances shown in the following tables relate to the entire Postbank Group portfolio; in other words, they cover the portfolios subject both to the IRB approaches and to the CRSA. The relevant qualitative information in accordance with Article 442(a) and (b) of the CRR is contained in the "Past due and impaired exposures" and "Allowance for losses on loans and advances" sections of the chapter of the Group Management Report entitled "Monitoring and managing credit risk."

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The recognized allowance for losses on loans and advances relates to loans and advances to customers and to other banks. Gains and losses on the sale and remeasurement of investment securities, equity interests, and investments in unconsolidated subsidiaries are not reported below but in net income from investment securities (see Note 12 of the Notes to the Consolidated Financial Statements).

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The following table shows the carrying amounts of impaired and past due exposures, the amounts of and changes in specific valuation allowances, portfolio-based valuation allowances, and provisions as of the reporting date, as well as direct writedowns of and recoveries on loans written off in 2015 and in the previous year, broken down in each case by the sectors of relevance to Postbank. The net amounts recognized represent the difference between additions to and reversals of the allowances for losses and provisions. The provisions relate primarily to undrawn commitments and guarantees.

Overall, the presentation of the allowance for losses on loans and advances – broken down by the sectors and obligor groups of relevance to Postbank – reflects Postbank's focus on the retail business. The carrying amounts of impaired exposures also include exposures to customers that have been classified as impaired due to cross default clauses.

Allowance for losses on loans and advances, broken down by sector and obligor group

Exposure classes		Retail customers		Banks/ insurers/ financial services providers		Govern-ments		Commercial real estate finance		Service providers/ wholesale and retail		Industry		Other sectors		Total	
		Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Exposures	Impaired exposures	1,760	2,105	53	47	8	9	266	353	88	90	99	117	39	64	2,313	2,785
	Past due exposures	168	143	407	–	–	–	7	6	6	2	8	3	2	–	598	154
Portfolios	Specific valuation allowances	514	948	–	–	4	–	95	137	28	31	59	73	25	19	725	1,208
	Portfolio-based valuation allowances	179	131	0	–	–	–	7	10	–	–	10	9	3	3	199	153
	Provisions	22	27	–	–	–	–	6	–	–	–	15	15	–	–	43	43
Period expense	Specific valuation allowances	137	239	–	–1	4	–	6	39	3	3	4	3	11	–1	165	282
	Portfolio-based valuation allowances	48	4	–	–	–	–	–4	–10	–	–	1	–3	0	–	45	–9
	Provisions	–5	–13	0	–	–	–	6	–	–	–	0	6	–	–	1	–8

Similarly, the following overview gives a breakdown of the allowance for losses on loans and advances by the geographic regions/areas of relevance to Postbank. In line with the CRR, no changes in the allowance for losses on loans and advances are shown in this table. The distribution of the allowance for losses on loans and advances corresponds to the distribution of the exposure amounts in the underlying loan portfolios.

Allowance for losses on loans and advances, broken down by geographic region

		Germany		Western Europe		Other regions		Total	
		Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Exposures	Impaired exposures	1,926	2,375	351	384	36	26	2,313	2,785
	Past due exposures	549	140	42	8	7	7	598	155
Portfolios	Specific valuation allowances	616	1,084	100	117	9	7	725	1,208
	Portfolio-based valuation allowances	190	148	9	5	–	–	199	153
	Provisions	43	43	–	–	–	–	43	43

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For information on changes in the allowance for losses on loans and advances in the course of the reporting period and the disclosures in accordance with Article 442i) of the CRR, please see Note 21 of the Notes to the Consolidated Financial Statements.

Composition and reconciliation of Postbank's capital

Postbank's capital is calculated on the basis of its IFRS consolidated financial statements and in accordance with the requirements of the CRR and SolvV. This section deals with the capital adequacy of the banking group as consolidated for the purposes of bank supervisory reporting in accordance with Article 11 ff. of the CRR and/or the KWG and serves to disclose the elements of own funds during the transitional period in accordance with Article 492(3) of the CRR and/or Article 437(1) d) and e) and to reconcile the own funds items with the balance sheet items in accordance with Article 437(1)a) of the CRR.

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The following table first shows the figures given in the IFRS consolidated balance sheet, which reflect the scope of consolidation for accounting purposes, and, second, the figures disclosed in the "regulatory balance sheet," which reflect the regulatory scope of consolidation. In contrast to the IFRS consolidated balance sheet, the regulatory balance sheet does not include the following subsidiaries: Postbank Finanzberatung AG, Postbank Versicherungsvermittlung GmbH, and Postbank Immobilien GmbH. The delta column shows the difference between the figures in the IFRS consolidated balance sheet and the figures in the regulatory balance sheet. The references in the last column point to the tables that follow, which present the composition of Postbank's own funds. These references are explained at the end of this section, below the table "Transitional own funds disclosure and balance sheet references," in order to reconcile the balance sheet items used to calculate the own funds to the regulatory own fund items.

Presentation of the balance sheet by financial reporting consolidation and regulatory scope of consolidation

	IFRS balance sheet		Regulatory balance sheet		Delta		Reference
	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m	Dec. 31, 2015 €m	Dec. 31, 2014[1] €m	
Assets							
Cash reserve	1,357	1,230	1,357	1,230	0	0	
Loans and advances to other banks	15,876	19,602	15,876	19,601	0	–1	
Loans and advances to customers	98,397	97,972	98,391	97,965	–6	–7	
Allowance for losses on loans and advances	–923	–1,361	–924	–1,361	–1	0	
Trading assets	647	697	647	697	0	0	
Hedging derivatives	78	119	78	119	0	0	
Investment securities	30,768	33,477	30,976	33,685	208	208	
Intangible assets	1,902	1,952	1,473	1,523	–429	–429	g
Goodwill	1,581	1,581	1,152	1,152	–429	–429	
Other intangible assets	321	371	321	371	0	0	
Property and equipment	678	683	676	681	–2	–2	
Current tax assets	101	148	99	147	–2	–1	
Deferred tax assets	72	68	62	67	–10	–1	
Other assets	1,155	810	1,150	803	–5	–7	
Assets held for sale	489	0	489	0	0	0	
Total assets	**150,597**	**155,397**	**150,350**	**155,157**	**–247**	**–240**	
Equity and liabilities							
Deposits from other banks	15,443	17,583	15,443	17,583	0	0	
Due to customers	119,150	120,493	119,234	120,566	84	73	
Debt securities in issue	3,446	4,571	3,445	4,571	–1	0	
Trading liabilities	665	767	665	767	0	0	
Hedging derivatives	208	298	208	299	0	1	
Provisions	703	854	680	815	–23	–39	
Current tax liabilities	110	104	109	103	–1	–1	
Deferred tax liabilities	9	41	3	44	–6	3	
Other liabilities	466	526	422	483	–44	–43	
Subordinated debt	3,239	3,699	3,239	3,699	0	0	h, i
thereof: Contributions by typical silent partners	20	20	20	20	0	0	i
Liabilities directly related to assets held for sale	0	0	0	0	0	0	
Equity	7,158	6,461	6,902	6,227	–256	–234	f
a) Issued capital	547	547	547	547	0	0	a
b) Share premium	2,010	2,010	2,010	2,010	0	0	b
c) Other reserves	3,987	3,640	3,744	3,401	–243	–239	
Retained earnings	4,040	3,783	3,783	3,520	–257	–262	c
AOCI	–53	–143	–39	–120	14	23	d
d) Consolidated net profit	608	259	595	264	–13	5	e
Non-controlling interests	6	5	6	5	0	0	
Total equity and liabilities	**150,597**	**155,397**	**150,350**	**155,157**	**–247**	**–240**	

[1] On the basis of the consolidated financial statements as of December 31, 2014, after adjustments to capital in accordance with Note 6 to the Consolidated Financial Statements

Regulatory capital is broken down into three categories: Common Equity Tier 1 capital, Additional Tier 1 capital, and Tier 2 capital. In accordance with the transitional provisions of the CRR, capital instruments that are no longer permitted to be recognized are being successively phased out and the new prudential adjustments successively phased in.

The following tables provide information in accordance with Article 492(3) of the CRR and/or Article 437(1) d) and e) about the Common Equity Tier 1 capital, the Additional Tier 1 capital, and the Tier 2 capital, as well as about the prudential filters, deductions, and restrictions. The table is based on the “Transitional Own Funds Disclosure Template” contained in Annex VI of Implementing Regulation No. 1423/2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions in accordance with the CRR (CRR IR).

The “Amount of own funds position” column contains the amount used as the basis for calculating Postbank’s own funds as of the reporting date and as of the prior year-end. The “CRR reference” column lists the applicable provisions of the CRR. The next column gives the residual amounts deducted under the transitional provisions by other categories of capital, or not deducted at all, along with amounts that will not be deducted following full phase-in. The last column contains references to the balance sheet items used to calculate the own funds.

Transitional own funds disclosure and balance sheet references

No.	Own funds position in accordance with CRR Impl. Reg. Annex VI	Amount of own funds position		Amount before CRR/residual amount[1]		Refe-rence	CRR reference
		Dec. 31, 2015 €m	Dec. 31, 2014[2] €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m		
	Common Equity Tier 1 (CET1) capital: instruments and reserves						
1	Capital instruments and related share premium accounts	2,557	2,557			a+b	26(1), 27, 28, 29
	thereof: issued capital[3]	547	547			a	
	thereof: share premium[3]	2,010	2,010			b	
2	Retained earnings	3,763	3,499			c	26(1) (c)
3	Accumulated other comprehensive income (and other reserves, to include unrealized gains and losses under the applicable accounting standards)	–120	–120			d	26(1)
3a	Funds for general banking risk	0	–				26(1) (f)
4	Amount of qualifying items referred to in Article 484(3) of the CRR and the related share premium accounts subject to phase out from CET1	0	–				486(2)
	Public-sector capital injections grandfathered until January 1, 2018	0	–				483(2)
5	Minority interests (amount allowed in consolidated CET1)	0	–	–	–		84, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0	264			e	26(2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**6,200**	**6,200**			f	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments						
7	Additional value adjustments (negative amount)	–20	–20				34, 105
8	Intangible assets (net of related tax liability) (negative amount)	–596	–291	–895	–1,165	g	36(1) (b), 37, 472(4)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) are met) (negative amount)	–2	–1	–3	–4		36(1) (c), 38, 472(5)
11	Fair value reserves related to gains or losses on cash flow hedges	–	–				33(a)
12	Negative amounts resulting from the calculation of expected loss amounts	–170	–52	–255	–208		36(1) (d), 40, 159, 472(6)
13	Any increase in equity that results from securitized assets (negative amount)	–	–				32(1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing[3]	–1	–	–1	–2		33(b)
15	Defined benefit pension fund assets (negative amount)	–	–	–	–		36(1) (e), 41, 472(7)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	–	–	–	–		36(1) (f), 42, 472(8)
17	Holdings of the CET1 instruments of financial-sector entities where those entities have a reciprocal cross-holding with the institution that has been designed to inflate artificially the own funds of the institution (negative amount)	–	–	–	–		36(1) (g), 44, 472(9)
18	Direct and indirect holdings by the institution of the CET1 instruments of financial-sector entities where the institution does not have a significant investment in those entities (amount above the 10 % threshold and net of eligible short positions) (negative amount)	–	–	–	–		36(1) (h), 43, 45, 46, 49(2) (3), 79, 472(10)
19	Direct, indirect, and synthetic holdings by the institution of the CET1 instruments of financial-sector entities where the institution has a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	–	–	–	–		36(1) (i), 43, 45, 47, 48(1) (b), 49(1) to (3), 79, 470, 472(11)
20a	Exposure amount of the following items which qualify for a RW of 1,250 %, where the institution opts for the deduction alternative	–	–				36(1) (k)
20b	thereof: qualifying holdings outside the financial sector (negative amount)	–	–				36(1) (k) (i), 89 to 91
20c	thereof: securitization positions (negative amount)	–	–				36(1) (k) (ii), 243(1) (b), 244(1) (b), 258
20d	thereof: free deliveries (negative amount)	–	–				36(1) (k) (iii), 379 (3)
21	Deferred tax assets that rely on future profitability and arise from temporary differences (amount above 10 % threshold, net of related tax liability, where the conditions in 38(3) are met) (negative amount)	–	–	–	–		36(1) (c), 38, 48(1) (a), 470, 472(5)
22	Amount exceeding the 15 % threshold (negative amount)	–	–	–	–		48(1)
23	thereof: direct and indirect holdings by the institution of the CET1 instruments of financial-sector entities where the institution has a significant investment in those entities	–	–	–	–		36(1) (i), 48(1) (b), 470, 472(11)
25	thereof: deferred tax assets arising from temporary differences	–	–	–	–		36(1) (c), 38, 48(1) (a), 470, 472(5)

[1] This column is used to report the residual amounts that were deducted from other categories of capital or not deducted at all on the basis of the transitional provision, and amounts that are subject to phase out.
[2] On the basis of the consolidated financial statements as of December 31, 2014, after adjustments to capital in accordance with Note 6 to the Consolidated Financial Statements
[3] EAB list in accordance with Article 26(3)
[4] Also includes fair value gains and losses arising from Postbank's own credit risk related to derivative liabilities in accordance with Article 33c of the CCR

Transitional own funds disclosure and balance sheet references

No.	Own funds position in accordance with CRR Impl. Reg. Annex VI	Amount of own funds position		Amount before CRR/residual amount[1]		Refe-rence	CRR reference
		Dec. 31, 2015 €m	Dec. 31, 2014[2] €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m		
Common Equity Tier 1 (CET1) capital: regulatory adjustments							
25a	Losses for the current financial year (negative amount)	–	–	–	–		36(1) (a), 472(3)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	–	–				36(1) (l)
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	–	89				
26a	Regulatory adjustments relating to unrealized gains and losses pursuant to Articles 467 and 468	59	89				
	thereof: filter for unrealized gains on exposures to central governments classified in the “available for sale” category pursuant to the International Accounting Standard (IAS) 39 as adopted by the EU	–32	–32				
	thereof: filter for other unrealized gains on equity and debt instruments	–	–				
	thereof: filter for unrealized losses on exposures to central governments classified in the “available for sale” category pursuant to the International Accounting Standard (IAS) 39 as adopted by the EU	–	–				467
	thereof: filter for other unrealized losses on equity and debt instruments	91	121				468
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR	–	–				481
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	–30	–1,253				36(1) (j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1) capital**	**–759**	**–1,528**				
29	**Common Equity Tier 1 (CET1) capital**	**5,441**	**4,673**				
Additional Tier 1 (AT1) capital: instruments							
30	Capital instruments and related share premium accounts	–	–				51, 52
31	thereof: classified as equity under applicable accounting standards	–	–				
32	thereof: classified as liabilities under applicable accounting standards	–	–				
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1	991	16			i	486(3)
	Public-sector capital injections grandfathered until January 1, 2018	–	–				483(3)
34	Qualifying Tier 1 capital instruments included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	–	–				85, 86, 480
35	thereof: instruments issued by subsidiaries subject to phase out	–	–				486(3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**991**	**16**				
Additional Tier 1 (AT1) capital: regulatory adjustments							
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	–	–				52(1) (b), 56(a), 57, 475(2)
38	Holdings of the AT1 instruments of financial-sector entities where those entities have reciprocal cross-holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	–				56(b), 58, 475(3)
39	Direct and indirect holdings by the institution of the AT1 instruments of financial-sector entities where the institution does not have a significant investment in those entities (amount above the 10 % threshold and net of eligible short positions) (negative amount)	–	–				56(c), 59, 60, 79, 475(4)
40	Direct and indirect holdings by the institution of the AT1 instruments of financial-sector entities where the institution has a significant investment in those entities (amount above the 10 % threshold net of eligible short positions) (negative amount)	–	–				56(d), 59, 79, 475(4)
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e., CRR residual amounts)	–1,021	–1,269				
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No. 575/2013	–1,021	–1,269				472, 472(3) (a), 472(4), 472(6), 472(8) (a), 472(9), 472(10) (a), 472(11) (a)
	thereof: intangible assets	–894	–1,165				
	thereof: negative amounts resulting from the calculation of expected loss amounts	–127	–104				
	thereof: own instruments	–	–				
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to Article 475 of Regulation (EU) No. 575/2013	–	–				477, 477(3), 477(4) (a)
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	–	–				467, 468, 481

[1] This column is used to report the residual amounts that were deducted from other categories of capital or not deducted at all on the basis of the transitional provision, and amounts that are subject to phase out.

[2] On the basis of the consolidated financial statements as of December 31, 2014, after adjustments to capital in accordance with Note 6 to the Consolidated Financial Statements

Transitional own funds disclosure and balance sheet references

No.	Own funds position in accordance with CRR Impl. Reg. Annex VI	Amount of own funds position		Amount before CRR/residual amount[1]		Reference	CRR reference
		Dec. 31, 2015 €m	Dec. 31, 2014[2] €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m		
	Additional Tier 1 capital (AT1): regulatory adjustments						
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	–	–				56(e)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**–1,021**	**–1,269**				
44	**Additional Tier 1 (AT1) capital**	**–**	**–**				
45	**Total Tier 1 capital (T1 = CET1 + AT1)**	**5,441**	**4,673**				
	Tier 2 (T2) capital: instruments and reserves						
46	Capital instruments and the related share premium accounts	1,000	2,589			h, i	62, 63
47	Amount of qualifying items referred to in Article 484(5) and the related share premium accounts subject to phase out from T2	111	3			h, i	486(4)
	Public-sector capital injections grandfathered until January 1, 2018						483(4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 and 34) issued by subsidiaries and held by third parties	64	85	–27	–33	h	87, 88, 480
49	thereof: instruments issued by subsidiaries subject to phase out	–	–				486(4)
50	Credit risk adjustments	–	–				62(c) and (d)
51	**Tier 2 capital (T2) before regulatory adjustments**	**1,175**	**2,677**				
	Tier 2 (T2) capital: regulatory adjustments						
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	–	–				63(b) (i), 66(a), 67, 477(2)
53	Holdings of the T2 instruments and subordinated loans of financial-sector entities where those entities have reciprocal cross-holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	–				66(b), 68, 477(3)
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial-sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	–	–				66(c), 69, 70, 79, 477(4)
54a	thereof: new holdings not subject to any transitional arrangements	–	–				
54b	thereof: holdings existing before January 1, 2013, and subject to transitional arrangements	–	–				
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial-sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–	–				66(d), 69, 79, 477(4)
56	Regulatory adjustments applied to Tier 2 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e., CRR residual amounts)	–127	–104				
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No. 575/2013	–127	–104				472, 472(3) (a), 472(4), 472(6), 472(8) (a), 472(9), 472(10) (a), 472(11) (a)
	thereof: negative amounts resulting from the calculation of expected loss amounts	–127	–104				
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to Article 475 of Regulation (EU) No. 575/2013	–	–				475, 475(2) (a), 475(3), 475(4) (a)
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	–	–				467, 468, 481
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**–127**	**–104**				
58	**Tier 2 (T2) capital**	**1,047**	**2,573**				
59	**Total capital (TC = T1 + T2)**	**6,489**	**7,246**				
	Risk-weighted assets						
59a	Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e., CRR residual amounts)	305	161				
	thereof: deferred tax assets arising from temporary differences	305	161				472, 472(5), 472 (8) (b), 472(10) (b), 472(11) (b)
	thereof: Common Equity Tier 1 instruments of relevant entities where the institution has a significant investment in those entities	–	–				475, 475(2) (b), 475(2) (c), 475(4) (b)
60	**Total risk-weighted assets**	**45,173**	**43,651**				

[1] This column is used to report the residual amounts that were deducted from other categories of capital or not deducted at all on the basis of the transitional provision, and amounts that are subject to phase out.

[2] On the basis of the consolidated financial statements as of December 31, 2014, after adjustments to capital in accordance with Note 6 to the Consolidated Financial Statements

Transitional own funds disclosure and balance sheet references

No.	Own funds position in accordance with CRR Impl. Reg. Annex VI	Amount of own funds position		Amount before CRR/residual amount[1]		Reference	CRR reference
		Dec. 31, 2015 €m	Dec. 31, 2014[2] €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m		
Capital ratios and buffers							
61	Common Equity Tier 1 capital ratio (as a percentage of total risk exposure amount)	12.05 %	10.70 %				92(2) (a), 465
62	Tier 1 capital ratio (as a percentage of total risk exposure amount)	12.05 %	10.70 %				92(2) (b), 465
63	Total capital ratio (as a percentage of total risk exposure amount)	14.36 %	16.60 %				92(2) (c)
64	Institution-specific buffer requirement (CET1 requirement in accordance with Article 92(1)(a), plus capital conservation and counter-cyclical buffer requirements, plus the systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of total risk exposure amount))	4.50 %	4.00 %				CRD 128, 129, 130
65	thereof: capital conservation buffer requirement	–	–				
66	thereof: counter-cyclical buffer requirement	–	–				
67	thereof: systemic risk buffer requirement	–	–				
67a	thereof: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	–	–				CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of total risk exposure amount)	6.05 %	5.20 %				CRD 128
Deductions from Common Equity Tier 1 capital							
72	Direct and indirect holdings by the institution of the capital instruments of financial-sector entities where the institution does not have a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	5	23				36(1) (h), 45, 46, 472(10), 56(c), 59, 60, 475(4), 66 (c), 69, 70, 477(4)
73	Direct and indirect holdings by the institution of the CET1 instruments of financial-sector entities where the institution has a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	–	–				36(1) (i), 45, 48, 470, 472(11)
75	Deferred tax assets that rely on future profitability, resulting from temporary differences (amount below 10 % threshold, net of related tax liability, where the conditions in Article 38(3) are met)	122	64				36(1) (c), 38, 48, 470, 472(5)
Applicable caps on the inclusion of provisions in Tier 2							
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	–	–				62
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	54	61				62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	–	–				62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	206	201				62
Capital instruments subject to phase-out arrangements (only applicable from January 1, 2013, to January 1, 2022)							
80	Current cap on CET1 instruments subject to phase-out arrangements	–	–				484(3), 486(2) and (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	–				484(3), 486(2) and (5)
82	Current cap on AT1 instruments subject to phase-out arrangements	991	16				484(4), 486(3) and (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	161	4				484(4), 486(3) and (5)
84	Current cap on T2 instruments subject to phase-out arrangements	111	3				484(5), 486(4) and (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	50	1				484(5), 486(4) and (5)

[1] This column is used to report the residual amounts that were deducted from other categories of capital or not deducted at all on the basis of the transitional provision, and amounts that are subject to phase out

[2] On the basis of the consolidated financial statements as of December 31, 2014, after adjustments to capital in accordance with Note 6 to the Consolidated Financial Statements

On December 10, 2015, Deutsche Postbank AG repurchased Deutsche Postbank Funding Trusts I – IV and Deutsche Postbank Funding Limited Liability Company (LLC) I – IV from Deutsche Bank AG, which were reconsolidated as from this date. As a result of these additions to the basis of consolidation, Deutsche Postbank AG's subordinated bonds held by Deutsche Postbank Funding LLCs I – IV will now be treated as intragroup transactions. In turn, the trust preferred securities issued by Deutsche Postbank Funding Trusts I – IV will be added to Postbank's own funds. The effects on the elements of own funds will be discussed in the following comments.

Common Equity Tier 1 capital (row 29) primarily consists of Postbank's issued capital and the share premium (row 1), the retained earnings (row 2), changes in other comprehensive income (row 3), and consolidated net profit (row 5a), and takes into account the prudential adjustments listed in rows 7 to 27.

Additional Tier 1 capital comprises contributions by typical silent partners and the trust preferred securities issued by Funding Trusts I – IV, which will cease to qualify as Additional Tier 1 capital in accordance with Article 486(3) of the CRR on December 31, 2021 (row 33). Since the prudential adjustments to Additional Tier 1 capital (row 43) exceed the Additional Tier 1 capital instruments (row 36), Postbank does not disclose any Additional Tier 1 capital after prudential adjustments (row 44). Qualifying AT1 deductions that exceed the AT1 capital (row 27) are accounted for in the prudential adjustments to Common Equity Tier 1 capital.

The Tier 2 capital (row 58) comprises profit participation rights outstanding, subordinated liabilities and, on a prorated basis, the trust preferred securities issued by Funding Trusts I – III, insofar as these do not qualify as Additional Tier 1 capital (row 46) under the transitional provisions up to December 31, 2021. The trust preferred securities issued by Funding Trust IV and the contributions by typical silent partners will cease to qualify as Tier 2 capital as of December 31, 2021 (row 47), in accordance with Article 486(4) of the CRR. Capital instruments qualifying as Tier 2 capital that were issued by Postbank's subsidiary BHW Bausparkasse AG and are held by third parties (row 48), and the prudential adjustments listed in rows 52 to 56c also count as Tier 2 capital. As at the prior year-end, the prudential adjustments as of the reporting date consisted solely of deductions resulting from the transitional provisions (row 56).

The following additional explanations relate to the individual references:

- (a+b) The Common Equity Tier 1 capital instruments and the related premium of €2,557 million as of the reporting date (December 31, 2014: €2,557 million) correspond to the issued capital of €547 million (December 31, 2014: €547 million) plus the share premium of €2,010 million (December 31, 2014: €2,010 million).

- (c) The difference of €–20 million as of the reporting date (December 31, 2014: €–21 million) between the retained earnings of €3,763 million (December 31, 2014: €3,499 million) and the retained earnings of €3,783 million (December 31, 2014: €3,520 million) is due to the requirement to deduct the fund for home loans and savings protection (technical security reserve) (€–20 million).

- (d) Accumulated other comprehensive income of €–120 million (December 31, 2014: €–120 million) does not correspond to the figure of €–39 million reported in the regulatory balance sheet as of the reporting date (December 31, 2014: €–120 million) because the amount as of December 31, 2014, is also used as the reporting basis for the disclosure as of December 31, 2015, due to the non-eligibility of consolidated net profit.

- (e) The consolidated net profit of €595 million (December 31, 2014: €264 million) was not included in the disclosure.

- (f) The difference of €–702 million as of the reporting date (December 31, 2014: €–26 million) between the capital of €6,902 million reported in the regulatory balance sheet (€6,277 million as of December 31, 2014, after consideration of capital adjustments pursuant to Note 6 of the Notes to the Consolidated Financial Statements) and Common Equity Tier 1 capital before prudential adjustments of €6,200 million (€6,200 million as of December 31, 2014, after consideration of capital adjustments pursuant to Note 6 of the Notes to the Consolidated Financial Statements) comprises the deduction of the technical security reserve (€–20 million; December 31, 2014: €–21 million), non-inclusion of the interim transfer of the HGB result (€2 million; December 31, 2014: €0 million), the difference in accumulated other comprehensive income (€–81 million; December 31, 2014: €0 million), non-inclusion of the consolidated net profit (€–595 million; December 31, 2014: €0 million), and the non-eligibility of the non-controlling interests (€–6 million; December 31, 2014: €–5 million).

- (g) The difference of €17 million (December 31, 2014: €–67 million) in the presentation of intangible assets between the amount of €1,473 million shown in the regulatory balance sheet as of the reporting date (December 31, 2014: €1,523 million) and the amount of €1,490 million (December 31, 2014: €1,456 million) given in the own funds disclosure is due to the deduction of deferred tax liabilities and to not including writedowns as a result of the non-inclusion of the consolidated net profit.

- (h) As of the reporting date, a total of €1,175 million (December 31, 2014: €2,677 million) of the €3,239 million (December 31, 2014: €3,699 million) of recognized subordinated debt was eligible as Tier 2 capital for regulatory purposes. This decline of the amount eligible for regulatory purposes was a result in particular of the repurchasing of Deutsche Postbank Funding Trusts I – IV and Deutsche Postbank Funding LLCs I – IV, which qualify on a prorated basis as Additional Tier 1 capital under the transitional provisions (also see reference (i) below).

- (i) The transitional provisions permit €14 million (December 31, 2014: €16 million) of the balance sheet contributions by typical silent partners in the total amount of €20 million as of the reporting date (December 31, 2014: €20 million) to be counted toward Additional Tier 1 capital (see row 33) and €3 million (December 31, 2014: €3 million) to be counted toward Tier 2 capital (see reference (h) and row 47). The remaining amount of the Additional Tier 1 capital of €977 million reported in row 33 relates to the trust preferred securities issued by Deutsche Postbank Funding Trusts I – IV that were consolidated as of December 31, 2015.

The Tier 2 capital in the amount of €1,175 million as of the reporting date (December 31, 2014: €2,677 million) that qualifies for regulatory purposes comprises the following items:

212

- €736 million (December 31, 2014: €2,589 million) of the qualifying Tier 2 capital instruments of Deutsche Postbank AG (amortization in the last five years of their duration) (see row 46)

212

- €372 million of the amount relating to the trust preferred securities issued by Deutsche Postbank Funding Trusts I – IV qualifying as Tier 2 capital under the transitional provisions (see rows 46 and 47)

212

- €3 million (December 31, 2014: €3 million) of the contributions by typical silent partners of Deutsche Postbank AG qualifying as Tier 2 capital under the transitional provisions (see reference (i) and row 47)

212

- €64 million (December 31, 2014: €85 million) of the instruments issued by BHW Bausparkasse AG allocated to consolidated Tier 2 capital (see row 48).

Composition of Postbank's capital including consolidated net profit

If consolidated net profit for the 2015 fiscal year had been eligible for inclusion, this would, by derogation from the figures to be reported in the table "Transitional own funds disclosure and balance sheet references," have resulted in the following regular phased-in capital amounts:

211

- Common Equity Tier 1 capital: €6,203 million (row 29)

212

- Total Tier 1 capital: €6,278 million (row 45)

212

- Total capital: €7,380 million (row 59)

Thus, the regular phased-in Common Equity Tier 1 capital ratio would have amounted to 13.7 % and the regular phased-in Tier 1 capital ratio to 13.9 %. The total capital ratio would have been 16.3 %.

Capital profiles and agreements and prospectuses for capital instruments issued

In accordance with Article 437(1) b) and c) of the CRR, institutions required to apply the CRR must disclose a description of the main features and full terms and conditions of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments. Postbank complies with this obligation by publishing this information on its website. The information provided is updated every quarter. It can be accessed via the following link: https://www.postbank.com/postbank/en/ir_capital_instruments_prospectuses.html.

Capital requirements

The following table provides an overview of Postbank's capital backing, calculated with reference to the regulatory bases of assessment, broken down by the type of risk and approach. The capital backing, taking into account the applicable transitional provisions in the CRR and the SolvV, represents the total exposures required to be included, multiplied by 8 % in each case. Total capital backing as of the 2015 year-end amounted to €3,614 million (December 31, 2014: €3,492 million).

The disclosure of the total risk exposure amount for operational risk changed year-on-year as Postbank calculated its operational risk capital requirements for 2015 using the Standardized Approach while in the previous years it was calculated based on the Advanced Measurement Approach.

Capital backing by type of risk and approach

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Total credit risk exposure, calculated using the Standardized Approach[1]		
Governments and central banks	–	–
Regional governments and local authorities	0	0
Public-sector entities	5	5
Multilateral development banks	–	–
International organizations	–	–
Institutions	14	16
Corporates	68	74
Retail exposures	139	138
Exposures secured by real estate property	70	76
Exposures in default	24	26
Covered bonds	0	0
UCITS	0	9
Total Standardized Approach	**320**	**344**
Total credit risk exposure, calculated on the basis of internal ratings[1]		
Basic IRB Approach		
Governments and central banks	–	2
Institutions	73	98
Corporates	287	315
Total Basic IRB Approach	**360**	**415**
Advanced IRB Approach		
Governments and central banks	1	–
Institutions	107	110
Corporates	568	509
Retail exposures to SMEs, secured by real estate property	0	1
Retail exposures, other than to SMEs, secured by real estate property	1,067	982
Qualifying revolving retail exposures	6	7
Other retail exposures to SMEs	6	6
Other retail exposures, other than to SMEs	358	326
Total Advanced IRB Approach	**2,113**	**1,941**
Other non-credit obligation assets	**149**	**162**
Total IRB Approaches	**2,622**	**2,518**
Total risk exposure for securitization positions		
Securitization positions (IRBA)	0	34
Securitization positions (Standardized Approach)	7	31
Total risks from securitization positions	**7**	**65**
Total risk exposure for equity exposures		
Equity exposures – retention of existing calculation/grandfathering	18	18
Equity exposures (simple risk weight approach under the IRBA)	124	122
Exchange-traded	–	–
Private equity exposures in sufficiently diversified portfolios	–	–
Other equity exposures	124	122
Equity exposures with regulatory risk weighting in accordance with Article 48 of the CRR	0	2
Total risks from equity exposures	**142**	**142**
Other total risk exposure amounts		
Exchange-traded debt instruments (calculated using the Standardized Approach)	–	–
Foreign exchange positions (calculated using the Standardized Approach)	3	7
Other market risk exposures (calculated using the Standardized Approach)	–	–
Total risk exposure amount for operational risk (calculated using the Standardized Approach)	490	–
Total risk exposure amount for operational risk (calculated using Advanced Measurement Approaches)	–	373
Total risk exposure amount due to credit valuation adjustments (CVAs, calculated using the Standardized Approach)	30	43
Exposure amount for default fund contributions to central counterparties (CCPs)	0	0
Other total risk exposure amounts	–	–
Total	**3,614**	**3,492**

[1] excluding securitization positions, equity exposures, and CCP default funds

Leverage ratio

With the implementation of Basel III in European law, a new observation ratio was defined in the form of the leverage ratio. Initial disclosure in accordance with Article 451 of the CRR was required for 2015, with the introduction of a binding minimum requirement expected in 2018. The aim of establishing a leverage ratio is to restrict the build-up of excessive leverage in the banking sector, and to reduce the risk of unscheduled, destabilizing de-leveraging processes during times of economic stress.

The leverage ratio is calculated as an institution's capital measure divided by that institution's total exposure measure. The total exposure measure is the sum of the exposure values of all assets and off-balance sheet items. Specific measurement criteria in accordance with Article 429 of the CRR will apply to derivatives, repurchase agreements, and off-balance sheet transactions in particular.

In October 2014, the provisions of Article 429 of the CRR were revised by way of Commission Delegated Regulation (EU) 2015/62. The following information on the leverage ratio reflects these new technical requirements and the European Banking Authority's (EBA) Final Draft Implementing Technical Standards (ITS) on Disclosure of the Leverage Ratio (EBA/ITS/2014/04/rev1) of June 15, 2015. In accordance with the disclosure of own funds, the regular phased-in Tier 1 capital is reported.

In the following table, Postbank's total assets are reconciled to the total exposure measure. The provisions of the CRR define how assets are to be measured for the leverage ratio and the adjustment effects listed in the table:

- Adjustment through consolidation: The same scope of regulatory consolidation used to calculate Postbank's own funds must be applied when determining the total exposure measure.

- Adjustments for derivative financial instruments: Derivative exposures are calculated on the basis of their current replacement cost, including netting agreements accepted for regulatory purposes. This amount can be reduced by collateral received. An add-on amount is calculated using the mark-to-market method to cover a potential future rise in replacement costs.

- Adjustments for repurchase transactions: If certain criteria are met, netting of cash payables and cash receivables in repurchase transactions is permitted; an add-on must be calculated to cover counterparty credit risk.

- Adjustments for off-balance sheet transactions: The notional amounts of off-balance sheet exposures are weighted using the conversion factors of the Credit Risk Standardized Approach. A floor of at least 10 % must be observed, and the capital requirement may not be reduced by any allowance for losses on loans and advances.

- Other adjustments: Assets recognized as deduction items when calculating own funds are excluded from the total exposure measure.

Reconciliation of total assets to the leverage ratio exposure measure

		Dec. 31, 2015 €m
1	Total amount of assets disclosed in the consolidated financial statements	150,597
2	Adjustment for equities which are consolidated for accounting purposes but are outside the regulatory scope of consolidation	–247
3	(Adjustments for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No. 575/2013)	–
4	Adjustments for derivative financial instruments	369
5	Adjustments for securities financing transactions (SFTs)	49
6	Adjustments for off-balance sheet items (i.e., conversion of off-balance sheet exposures to credit equivalent amounts)	4,634
EU-6a	(Adjustments for intragroup exposures excluded from the total exposure measure in accordance with Article 429(7) of Regulation (EU) No. 575/2013)	–
EU-6b	(Adjustments for exposures excluded from the total exposure measure in accordance with Article 429(14) of Regulation (EU) No. 575/2013)	–
7	Other adjustments	–1,414
thereof: 7a	adjustments for capital deductions	–1,728
thereof: 7b	adjustments for CTA pension funds (on-balance sheet netting)	–
thereof: 7c	other adjustments	314
8	**Total leverage ratio exposure measure**	**153,988**

The following table shows subtotals of the total exposure measure for all on- and off-balance sheet exposures, together with possible exceptions in accordance with Article 429 of the CRR, and the regular phased-in Tier 1 capital:

Calculation of the leverage ratio

		Dec. 31, 2015 €m
On-balance sheet exposures (excluding derivatives and securities financing transactions)		
1	On-balance sheet items (excluding derivatives, securities financing transactions and fiduciary assets, but including collateral)	136,886
2	(Assets deducted in determining Tier 1 capital)	– 1,728
3	**Total on-balance sheet exposures (excluding derivatives, securities financing transactions and fiduciary assets) (sum of rows 1 and 2)**	**135,158**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	387
5	Add-on amounts for potential future exposure associated with all derivatives transactions (mark-to-market method)	616
EU-5a	Exposure determined under original exposure method	–
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	–
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–
8	(Exempted CCP leg of client-cleared trade exposures)	–
9	Adjusted effective notional amount of credit derivatives written	–
10	(Adjusted effective notional offsets and add-on deductions for credit derivatives written)	–
11	**Total derivative exposures (sum of rows 4 to 10)**	**1,003**
Securities financing transaction (SFT) exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	18,279
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	– 5,135
14	Add-on for counterparty credit risk exposure for SFT assets	49
EU-14a	Derogation for SFTs: Add-on for counterparty credit risk exposure in accordance with Article 429b(4) and Article 222 of Regulation (EU) No. 575/2013	–
15	Agent transaction exposures	–
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	–
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**13,193**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	22,089
18	(Adjustments for conversion to credit equivalent amounts)	– 17,455
19	**Other off-balance sheet exposures (sum of rows 17 and 18)**	**4,634**
Exempted exposures in accordance with Article 429(7) and (14) of the CRR (on- and off-balance sheet)		
EU-19a	(Intragroup exposures (individual basis) exempted in accordance with Article 429(7) of Regulation (EU) No. 575/2013 (on- and off-balance sheet))	–
EU-19b	(Exposures exempted in accordance with Article 429(14) of Regulation (EU) No. 575/2013 (on- and off-balance sheet))	–
Capital and total exposures		
20	**Tier 1 capital**	**5,441**
21	**Total leverage ratio exposure measure (sum of rows 3, 11, 16, 19, EU-19a and EU-19b)**	**153,988**
Leverage ratio		
22	**Leverage ratio**	**3.53 %**
Application of transitional provisions and amount of derecognized fiduciary items		
EU-23	Application of transitional provisions for the definition of the capital measure	transitional
EU-24	Amount of derecognized fiduciary items in accordance with Article 429(13) of Regulation (EU) No. 575/2013	–

If the consolidated net profit for the 2015 fiscal year had been eligible for inclusion, the regular phased-in Tier 1 capital would, by derogation from the figures to be reported in the table "Calculation of the leverage ratio," have amounted to €6,278 million (row 20). Thus, the regular phased-in leverage ratio would have been 4.1 %.

The table below provides an overview of all balance sheet exposures with the exception of derivatives and repurchase agreements, broken down by regulatory trading book and banking book, and by exposure class for counterparty credit risk:

Breakdown of on-balance sheet exposures (excluding derivatives, securities financing transactions, and exempted exposures)

	Dec. 31, 2015 €m
Total on-balance sheet exposures (excluding derivatives, securities financing transactions, and exempted exposures)	**136,886**
thereof: trading book exposures	–
thereof: banking book exposures	136,886
thereof:	
covered bonds	4,993
exposures treated as exposures to central governments (sovereign exposures)	24,641
exposures to regional governments, multilateral development banks, international organizations, and public-sector entities NOT treated as sovereign exposures	291
institutions	4,727
exposures secured by real estate property	73,146
retail exposures	11,113
corporates	11,363
exposures in default	1,710
other exposure classes (e.g., equity exposures, securitization positions, and other non-credit obligation assets)	4,902

Postbank's leverage ratio improved during the 2015 fiscal year, primarily driven by the rise in Tier 1 capital and the scheduled reduction of total assets (please see the chapter entitled "Composition and reconciliation of Postbank's capital" for more details).

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Optimization of Postbank's total assets helped reduce the total exposure measure.

In the context of Postbank's internal risk management process, the leverage ratio is an important indicator for determining the risk of excessive leverage, and it is for this reason that the Bank has anchored the management of the leverage ratio firmly in its risk management and risk strategy. Every year, the Capital and Risk Analytics unit produces mid-term plans (5-year planning horizon) for the Tier 1 capital and the total exposure measure, as well as forecast and scenario computations and deviation analyses. This approach serves to restrict the volume of the lending and deposit products on the balance sheet, and is also the basis for an early warning system. The leverage ratio (even in stress scenarios) is an integral part of quarterly internal risk reporting. The findings with regard to the leverage ratio are submitted to Postbank's Bank Risk Committee, Management Board, and Audit Committee.

CONSOLIDATED FINANCIAL STATEMENTS: QUARTERLY AND MULTI-YEAR OVERVIEWS

CONSOLIDATED INCOME STATEMENT – QUARTERLY OVERVIEW[1]

	2015				2014				2015	2014
	Q4 €m	Q3 €m	Q2 €m	Q1 €m	Q4 €m	Q3 €m	Q2 €m	Q1 €m	Jan.–Dec. €m	Jan.–Dec. €m
Interest income	1,038	1,089	1,102	1,116	1,144	1,166	1,210	1,214	4,345	4,734
Interest expense	–509	–467	–468	–498	–523	–541	–585	–600	–1,942	–2,249
Net interest income	529	622	634	618	621	625	625	614	2,403	2,485
Allowance for losses on loans and advances	–64	–64	–27	–54	–73	–72	–68	–52	–209	–265
Net interest income after allowance for losses on loans and advances	465	558	607	564	548	553	557	562	2,194	2,220
Fee and commission income	259	278	258	279	299	289	295	327	1,074	1,210
Fee and commission expense	–74	–69	–81	–64	–71	–65	–60	–63	–288	–259
Net fee and commission income	185	209	177	215	228	224	235	264	786	951
Net trading income	21	10	–1	26	1	3	–7	–3	56	–6
Net income from investment securities	–30	13	15	29	–10	18	392	15	27	415
Administrative expenses	–831	–611	–633	–649	–701	–689	–660	–704	–2,724	–2,754
Other income	588	111	101	89	146	105	91	22	889	364
Other expenses	–209	–149	–144	–144	–381	–138	–216	–23	–646	–758
Profit/loss before tax	**189**	**141**	**122**	**130**	**–169**	**76**	**392**	**133**	**582**	**432**
Income tax	44	–4	–6	–7	11	–4	–153	–26	27	–172
Profit/loss from ordinary activities after tax	**233**	**137**	**116**	**123**	**–158**	**72**	**239**	**107**	**609**	**260**
Non-controlling interests	–1	0	0	0	0	0	–1	0	–1	–1
Consolidated net profit/loss	**232**	**137**	**116**	**123**	**-158**	**72**	**238**	**107**	**608**	**259**

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[1] Figures adjusted (see Note 6)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME – QUARTERLY OVERVIEW

	2015				2014				2015	2014
	Q4 €m	Q3 €m	Q2 €m	Q1 €m	Q4 €m	Q3 €m	Q2 €m	Q1 €m	Jan.–Dec. €m	Jan.–Dec. €m
Profit/loss from ordinary activities after tax[1]	233	137	116	123	– 158	72	239	107	609	260
Other comprehensive income after tax	72	115	– 185	88	99	63	31	8	90	201
Items that will not be reclassified to profit or loss	– 10	124	6	– 12	11	– 30	– 38	– 64	108	– 121
Remeasurement gains/losses (–) on defined benefit plans	– 10	124	6	– 12	11	– 30	– 38	– 64	108	– 121
Income tax on items not reclassified to profit or loss	– 5	– 4	0	1	13	0	– 6	1	– 8	8
Items that will be/may be reclassified to profit or loss, before tax	87	– 5	– 192	100	77	95	75	71	– 10	318
Change in revaluation reserve	87	– 5	– 192	100	77	95	75	71	– 10	318
Unrealized gains/losses (–) for the period, before tax	81	– 14	– 191	96	72	96	70	73	– 28	311
Gains (–)/losses reclassified to profit or loss, before tax	6	9	– 1	4	5	– 1	5	– 2	18	7
Income tax on items that will be/may be reclassified to profit or loss	0	0	1	– 1	– 2	– 2	0	0	0	– 4
Total comprehensive income for the period attributable to non-controlling interests	– 1	0	0	0	0	0	– 1	0	– 1	– 1
Total comprehensive income	**304**	**252**	**-69**	**211**	**-59**	**135**	**269**	**115**	**698**	**460**

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[1] Figures adjusted (see Note 6)

CONSOLIDATED INCOME STATEMENT – MULTI-YEAR OVERVIEW

	2011 €m	2012 €m	2013 €m	2014[1] €m	2015 €m
Interest income	6,900	6,100	5,158	4,734	4,345
Interest expense	−3,990	−3,397	−2,695	−2,249	−1,942
Net interest income	2,910	2,703	2,463	2,485	2,403
Allowance for losses on loans and advances	−383	−384	−319	−265	−209
Net interest income after allowance for losses on loans and advances	2,527	2,319	2,144	2,220	2,194
Fee and commission income	1,502	1,423	1,376	1,210	1,074
Fee and commission expense	−250	−269	−256	−259	−288
Net fee and commission income	1,252	1,154	1,120	951	786
Net trading income	64	−103	−53	−6	56
Net income from investment securities	−554	−15	274	415	27
Administrative expenses	−3,204	−2,991	−3,177	−2,754	−2,724
Other income	107	148	129	364	889
Other expenses	−114	−118	−119	−758	−646
Profit/loss before tax	78	394	318	432	582
Income tax	34	−106	13	−172	27
Profit/loss from ordinary activities after tax	112	288	331	260	609
Non-controlling interests	−1	−1	−1	−1	−1
Consolidated net profit	**111**	**287**	**330**	**259**	**608**
Cost/income ratio (CIR)	87.3 %	80.0 %	83.8 %	83.4 %	81.0 %
Return on equity (RoE)					
before tax	1.4 %	6.8 %	5.5 %	6.9 %	8.8 %
after tax	2.0 %	4.8 %	5.7 %	4.2 %	9.2 %

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[1] Figures adjusted (see Note 6)

CONSOLIDATED BALANCE SHEET – MULTI-YEAR OVERVIEW

Assets	**Dec. 31, 2011 €m**	**Dec. 31, 2012 €m**	**Dec. 31, 2013[1] €m**	**Dec. 31, 2014[1] €m**	**Dec. 31, 2015 €m**
Cash reserve	3,652	2,054	1,739	1,230	1,357
Loans and advances to other banks	20,322	27,646	20,096	19,602	15,876
Loans and advances to customers	110,743	106,266	101,313	97,972	98,397
Allowance for losses on loans and advances	–1,826	–1,745	–1,478	–1,361	–923
Trading assets	6,892	5,135	1,824	697	647
Hedging derivatives	1,277	565	113	119	78
Investment securities	46,480	37,027	34,015	33,477	30,768
Intangible assets	2,274	2,248	2,028	1,952	1,902
Property and equipment	791	768	698	683	678
Investment property	73	0	0	0	0
Current tax assets	206	113	115	148	101
Deferred tax assets	404	127	101	68	72
Other assets	647	719	717	810	1,155
Assets held for sale	–	7,039	157	–	489
Total assets	**191,935**	**187,962**	**161,438**	**155,397**	**150,597**

Equity and Liabilities	**Dec. 31, 2011 €m**	**Dec. 31, 2012 €m**	**Dec. 31, 2013[1] €m**	**Dec. 31, 2014[1] €m**	**Dec. 31, 2015 €m**
Deposits from other banks	20,050	17,334	18,282	17,583	15,443
Due to customers	134,127	131,732	121,450	120,493	119,150
Debt securities in issue	12,727	9,436	7,342	4,571	3,446
Trading liabilities	8,591	5,953	1,681	767	665
Hedging derivatives	1,817	1,002	460	298	208
Provisions	2,557	2,974	688	854	703
a) Provisions for pensions and other employee benefits	1,161	1,530	93	155	56
b) Other provisions	1,396	1,444	595	699	647
Current tax liabilities	129	115	80	104	110
Deferred tax liabilities	153	137	70	41	9
Other liabilities	689	721	833	526	466
Subordinated debt	5,438	3,196	4,358	3,699	3,239
Liabilities directly related to assets held for sale	–	9,382	168	–	–
Equity	5,657	5,980	6,026	6,461	7,158
a) Issued capital	547	547	547	547	547
b) Share premium	2,010	2,010	2,010	2,010	2,010
c) Retained earnings	2,985	3,132	3,134	3,640	3,987
d) Consolidated net profit	111	287	330	259	608
Non-controlling interests	4	4	5	5	6
Total equity and liabilities	**191,935**	**187,962**	**161,438**	**155,397**	**150,597**

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[1] Figures adjusted (see Note 6)

SEGMENT REPORTING – MULTI-YEAR OVERVIEW

	Retail Banking					Corporate Banking					Transaction Banking	
	2011 €m	2012 €m	2013 €m	2014[1] €m	2015 €m	2011 €m	2012 €m	2013 €m	2014 €m	2015 €m	2011 €m	2012 €m
Net interest income	2,428	2,461	2,485	2,591	2,608	442	390	302	277	267	2	1
Net trading income	–9	–29	17	–10	22	0	0	–2	1	1	0	0
Net income from investment securities	–1	0	0	0	0	0	–3	0	–10	–2	0	0
Net fee and commission income	1,032	974	908	877	741	93	89	90	83	80	327	294
Total income	**3,450**	**3,406**	**3,410**	**3,458**	**3,371**	**535**	**476**	**390**	**351**	**346**	**329**	**295**
Administrative expenses	–2,204	–1,773	–1,980	–1,707	–1,593	–129	–97	–95	–79	–59	–295	–277
Allowance for losses on loans and advances	–291	–242	–210	–221	–174	–68	–48	–38	–37	–34	0	0
Other income	39	32	31	4	49	7	8	9	16	2	18	11
Other expenses	–25	–23	–31	–222	–146	4	0	0	–1	–1	–4	0
Allocations		–700	–516	–783	–891		–91	–92	–99	–90		–6
Profit/loss before tax	**969**	**700**	**704**	**529**	**616**	**349**	**248**	**174**	**151**	**164**	**48**	**23**
Cost/income ratio (CIR)	**63.9 %**	**72.6 %**	**75.1 %**	**79.8 %**	**78.9 %**	**24.1 %**	**39.5 %**	**49.8 %**	**51.2 %**	**46.0 %**	**89.7 %**	**95.9 %**
Return on equity before taxes (RoE)	**41.1 %**	**28.3 %**	**28.3 %**	**19.9 %**	**20.4 %**	**51.9 %**	**35.1 %**	**27.1 %**	**25.2 %**	**33.4 %**	**–**	**–**

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[1] Figures adjusted (see Note 41)

	Financial Markets					NCOU					Cost Centers/ Consolidation					Group				
	2011 €m	2012 €m	2013 €m	2014 €m	2015 €m	2011 €m	2012 €m	2013 €m	2014[1] €m	2015 €m	2011 €m	2012 €m	2013 €m	2014 €m	2015 €m	2011 €m	2012 €m	2013 €m	2014[1] €m	2015 €m
Net interest income	92	−44	115	47	−48	−59	−109	−416	−430	−365	5	4	−23	0	−59	2,910	2,703	2,463	2,485	2,403
Net trading income	17	−4	−52	3	33	62	−66	−15	0	0	−6	−4	−1	0	0	64	−103	−53	−6	56
Net income from investment securities	67	70	22	50	29	−679	−98	−60	−10	13	59	16	312	385	−13	−554	−15	274	415	27
Net fee and commission income	1	−3	−14	−15	−21	3	10	18	6	6	−204	−210	118	0	−20	1,252	1,154	1,120	951	786
Total income	**177**	**19**	**71**	**85**	**−7**	**−673**	**−263**	**−473**	**−434**	**−346**	**−146**	**−194**	**406**	**385**	**−92**	**3,672**	**3,739**	**3,804**	**3,845**	**3,272**
Administrative expenses	−103	−77	−63	−51	−44	−104	−61	−27	−25	−17	−369	−706	−1,012	−892	−1,011	−3,204	−2,991	−3,177	−2,754	−2,724
Allowance for losses on loans and advances	−3	5	−2	1	1	−21	−99	−69	−8	−2	0	0	0	0	0	−383	−384	−319	−265	−209
Other income	3	0	19	1	1	9	55	1	3	4	32	41	69	340	833	108	147	129	364	889
Other expenses	−1	0	0	−3	0	−19	−25	−32	−100	−16	−70	−69	−56	−432	−483	−115	−117	−119	−758	−646
Allocations		−51	−33	−38	−42		−102	−53	−40	−38		950	694	960	1,061	0	0	0	0	0
Profit/loss before tax	**73**	**−104**	**−8**	**−5**	**−91**	**−808**	**−495**	**−653**	**−604**	**−415**	**−553**	**22**	**101**	**361**	**308**	**78**	**394**	**318**	**432**	**582**
Cost/income ratio (CIR)	**58.2 %**	**673.7 %**	**107.5 %**	**107.3 %**	**−2779.7 %**	**−15.5 %**	**−62.0 %**	**−23.7 %**	**−38.4 %**	**−20.8 %**	**–**	**–**	**–**	**–**	**–**	**87.3 %**	**80.0 %**	**83.8 %**	**83.5 %**	**81.0 %**
Return on equity before taxes (RoE)	**5.6 %**	**−7.6 %**	**−0.7 %**	**−0.5 %**	**−6.2 %**	**−62.0 %**	**−36.2 %**	**−44.3 %**	**−31.7 %**	**−25.7 %**	**–**	**–**	**–**	**–**	**–**	**1.4 %**	**6.8 %**	**5.5 %**	**6.9 %**	**8.8 %**

[1] Figures adjusted (see Note 41)

ACCOUNTING STANDARDS APPLIED AS OF DECEMBER 31, 2015

Standard[1]	Status (last revision)[2]	Original Title	German Title	Effective since[3]	Adopted by EU Regulation[4, 7]
1. International Financial Reporting Standards (IFRSs)[5]					
1.1. International Accounting Standards (IASs)					
IAS 1	rev. 2007	Presentation of Financial Statements	Darstellung des Abschlusses	Jan. 1, 2007	475/2012, June 5, 2012
IAS 2	rev. 1993	Inventories	Vorräte	Jan. 1, 2005	1126/2008, Nov. 3, 2008
IAS 7	rev. 1992	Cash Flow Statements	Kapitalflussrechnungen	Jan. 1, 1994	1126/2008, Nov. 3, 2008
IAS 8	rev. 2003	Accounting Policies, Changes in Accounting Estimates and Errors	Bilanzierungs- und Bewertungsmethoden, Änderungen von Schätzungen und Fehler	Jan. 1, 2005	1126/2008, Nov. 3, 2008
IAS 10	rev. 2003	Events after the Balance Sheet Date	Ereignisse nach dem Bilanzstichtag	Jan. 1, 2005	1126/2008, Nov. 3, 2008
IAS 12	rev. 2000	Income Taxes	Ertragsteuern	Jan. 1,1998	1126/2008, Nov. 3, 2008
IAS 16	rev. 2003	Property, Plant and Equipment	Sachanlagen	Jan. 1, 2005	1126/2008, Nov. 3, 2008
IAS 17	rev. 2003	Leases	Leasingverhältnisse	Jan. 1, 2005	1126/2008, Nov. 3, 2008
IAS 18	rev. 1993	Revenue	Erträge	Jan. 1,1995	1126/2008, Nov. 3, 2008
IAS 19	rev. 2011	Employee Benefits	Leistungen an Arbeitnehmer	Nov. 1, 2005	475/2012, June 5, 2012
IAS 21	2005	The Effects of Changes in Foreign Exchange Rates	Auswirkungen von Änderungen der Wechselkurse	Jan. 1, 2008	1126/2008, Nov. 3, 2008
IAS 23	rev. 2007	Borrowing Costs	Fremdkapitalkosten	Jan. 1, 2009	1260/2008, Dec, 10, 2008
IAS 24	rev. 2009	Related Party Disclosures	Angaben über Beziehungen zu nahestehenden Unternehmen und Personen	Jan. 1, 2011	632/2010, July 19, 2010
IAS 28	rev. 2012	Investments in Associates and Joint Ventures	Anteile an assoziierten Unternehmen und Gemeinschaftsunternehmen	Jan. 1, 2006	1154/2012, Dec, 11, 2012
IAS 32	rev. 2003 (2008)	Financial Instruments: Disclosure and Presentation	Finanzinstrumente: Angaben und Darstellung	Jan. 1, 2005	1126/2008, Nov. 3, 2008
IAS 33	rev. 2003	Earnings per Share	Ergebnis je Aktie	Jan. 1, 2005	1126/2008, Nov. 3, 2008
IAS 34	1998	Interim Financial Reporting	Zwischenberichterstattung	Jan. 1,1999	1126/2008, Nov. 3, 2008
IAS 36	rev. 2004	Impairment of Assets	Wertminderung von Vermögenswerten	March 31, 2004	1126/2008, Nov. 3, 2008
IAS 37	1998	Provisions, Contingent Liabilities and Contingent Assets	Rückstellungen, Eventualschulden und Eventualforderungen	July 1, 1999	1126/2008, Nov. 3, 2008
IAS 38	rev. 2004	Intangible Assets	Immaterielle Vermögenswerte	March 31, 2004	1126/2008, Nov. 3, 2008
IAS 39	2005 (2009)	Financial Instruments: Recognition and Measurement	Finanzinstrumente: Ansatz und Bewertung	Jan. 1, 2006	1126/2008, Nov. 3, 2008
1.2. International Financial Reporting Standards (IFRSs)[5]					
IFRS 2	rev. 2009	Share-based payment	Anteilsbasierte Vergütung	Jan. 1, 2011	244/2010, March 23, 2010
IFRS 3	rev. 2008	Business Combinations	Unternehmenszusammenschlüsse	Jan. 1, 2009	495/2009, June 3, 2009
IFRS 4	2005	Insurance Contracts	Versicherungsverträge	Jan. 1, 2006	1126/2008, Nov. 3, 2008
IFRS 5	2004	Non-current Assets Held for Sale and Discontinued Operations	Zur Veräußerung gehaltene langfristige Vermögenswerte und aufgegebene Geschäftsbereiche	Jan. 1, 2005	1126/2008, Nov. 3, 2008

Standard[1]	Status (last revision)[2]	Original Title	German Title	Effective since[3]	Adopted by EU Regulation[4, 7]
1.2. International Financial Reporting Standards (IFRSs)[5]					
IFRS 7	2004 (2009)	Financial Instruments: Disclosures	Finanzinstrumente: Angaben	Jan. 1, 2007	1156/2012, Dec. 13, 2012
IFRS 8	2007	Operating Segments	Geschäftssegmente	Jan. 1, 2009	1358/2007, Nov. 21, 2007
IFRS 10	2012	Consolidated Financial Statements	Konzernabschlüsse	Jan. 1, 2014	1254/2012, Dec. 11, 2012
IFRS 12	2012	Disclosures of Interest in Other Entities	Angaben zu Anteilen an anderen Unternehmen	Jan. 1, 2014	1154/2012, Dec. 11, 2012
IFRS 13	2012	Fair Value Measurement	Bemessung des beizulegenden Zeitwerts	Jan. 1, 2013	1154/2012, Dec. 11, 2012
1.3. International Financial Reporting Interpretation Commitee (IFRIC)					
IFRIC 4	2004	Determining Whether an Arrangement Contains a Lease	Feststellung, ob eine Vereinbarung ein Leasingverhältnis enthält	Jan. 1, 2006	1126/2008, Nov. 3, 2008
IFRIC 9	2006 (2009)	Reassessment of Embedded Derivatives	Neubeurteilung eingebetteter Derivate	Jan. 1, 2007	1126/2008, Nov. 3, 2008
IFRIC 10	2006	Interim Financial Reporting and Impairment	Zwischenberichterstattung und Wertminderung	Jan. 1, 2007	1126/2008, Nov. 3, 2008
IFRIC 21	2013	Levies	Bilanzierung von Abgaben	July 1, 2014	634/2014, June 13, 2014
2. Deutscher Rechnungslegungs Standard (DRS)[6] – German Accounting Standards (GASs)[6]					
DRS 16	2008	n. r.	Zwischenberichterstattung	Jan. 1, 2008	n. r.
DRS 17	2007	n. r.	Berichterstattung über die Vergütung der Organmitglieder	Dec. 31, 2008	n. r.
DRS 20	2012	n. r.	Konzernlagebericht	Jan. 1, 2013	n. r.
3. Kapitalmarktorientierte Vorschriften – Capital market-oriented provisions					
WpHG	2007	n. r.	Wertpapierhandelsgesetz; in particular sections 37v to 37z	Jan. 1, 2007	n. r.
DCGK in conjunction with §161 AktG	2013	n. r.	Deutscher Corporate Governance Kodex	June 6, 2013	n. r.
FWBO	2013	n. r.	Frankfurter Wertpapierbörsenordnung	Oct. 28, 2013	n. r.

[1] Not all pronouncements that exist as of the reporting date are listed, but only those that are relevant to the Postbank Group.

[2] Postbank always applies current standards and amendments.

[3] Date from which the application of the pronouncement in accordance with IFRSs is compulsory; voluntary, earlier application is often possible. Should Postbank voluntarily apply a pronouncement earlier, this is explicitly referred to in the Notes.

[4] In accordance with section 315a (1) HGB in conjunction with the IAS Regulation (EU Regulation 1606/2002), Postbank is obliged to apply the IFRSs adopted by the EU (endorsement). The date shown corresponds to the date of approval by the European Commission (publication in the EU Official Journal follows shortly thereafter). As a rule, the date of application of the IFRSs adopted by the EU is the same date as given in the standards (see "Effective since" column). Should the EU adopt an IFRS in the period after the balance sheet date and before the day that the annual financial statements are signed, this IFRS may be applied in the annual financial statements (clarification by the European Commission at the ARC meeting on November 30, 2005).

[5] IFRSs: a generic term for all financial reporting standards published by the International Accounting Standards Board (IASB). Also the name for new financial reporting standards issued by the IASB since 2003. The pronouncements issued up to 2002 continue to be referred to as International Accounting Standards (IASs). IASs are only renamed IFRSs if fundamental changes are made to standards.

[6] Deutsche Rechnungslegungs Standards (German Accounting Standards – GASs) are applied if they pertain to items that are to be accounted for in accordance with section 315a HGB and are not already governed by IFRSs themselves.

[7] On November 3, 2008, the European Commission adopted the consolidated version of all International Financial Reporting Standards (IFRSs) currently in force in the EU. This version contains all IFRSs that have been adopted to date, including the latest amendments adopted as of October 15, 2008, to ensure that the companies need only draw on a single legal instrument in the future. The consolidated version supersedes eighteen individual regulations to date and replaces Regulation no. 1725/2003 of September 29, 2003 as well as all amendments made up to October 15, 2008.

EXECUTIVE BODIES

Management Board

Frank Strauss, Bad Nauheim
Chairman

Marc Hess, Bonn

Susanne Klöss-Braekler, Munich

Ralph Müller, Königstein/Taunus

Hans-Peter Schmid, Baldham

Ralf Stemmer, Königswinter

Hanns-Peter Storr, Bonn

Supervisory Board

Werner Steinmüller, Dreieich
Chairman since November 4, 2015
Head of Global Transaction Banking, Deutsche Bank AG

Stefan Krause, Frankfurt am Main
Chairman and Member from July 14, 2015
until October 31, 2015
Member of the Management Board of Deutsche Bank AG

Rainer Neske, Frankfurt am Main
Chairman and Member until June 25, 2015
Member of the Management Board of Deutsche Bank AG

Frank Bsirske[1], Berlin
Deputy Chairman
Chairman of the ver.di Trade Union

Rolf Bauermeister[1], Berlin
Head of National Postal Services Group,
at ver.di Trade Union (national administration)

Susanne Bleidt[1], Bell
Member of the Postbank Filialvertrieb AG's
General Works Council

Edgar Ernst, Bonn
President of the Financial Reporting Enforcement Panel,
DPR e.V

Stefanie Heberling, Wuppertal
Cologne/Bonn/Aachen Regional Management
Deutsche Bank Privat- und Geschäftskunden AG

Timo Heider[1], Emmerthal
Chairman of the Group Works Council of Deutsche
Postbank AG and Chairman of the General Works Council
of BHW Kreditservice GmbH

Tessen von Heydebreck, Berlin
Chairman of the Board of Trustees of Deutsche Bank
Foundation

Hans-Jürgen Kummetat[1], Cologne
Civil servant

Katja Langenbucher, Frankfurt am Main
Professorship for Private Law,
Corporate and Financial Law,
Goethe University Frankfurt am Main

Karen Meyer, Frankfurt am Main
Global Chief Operating Officer
Human Resources, Deutsche Bank AG
since February 1, 2016

Christian Ricken, Bad Homburg v.d. Höhe
Bank employee, Deutsche Bank AG
until January 31, 2016

Christiana Riley, Bad Homburg
CFO Corporate & Investment Banking Deutsche Bank AG
since August 28, 2015

Karl von Rohr, Oberursel
Member of the Management Board
Deutsche Bank AG

Bernd Rose[1], Menden (Sauerland)
Chairman of Postbank Filialvertrieb AG/
Postbank Filial GmbH's General Works Council

Lawrence A. Rosen, Bonn
Member of the Board of Management of Deutsche Post AG
until August 28, 2015

Christian Sewing, Osnabrück
Member of the Management Board of Deutsche Bank AG

Michael Spiegel, London
Global Head of Trade Finance and
Cash Management Corporates Deutsche Bank AG
since November 17, 2015

Eric Stadler[1], Markt Schwaben
Chairman of Betriebs-Center für Banken AG's
Works Council

Gerd Tausendfreund[1], Nidderau
Trade union secretary of the ver.di Trade Union

Renate Treis[1], Brühl
Deputy Chair of Deutsche Postbank AG's General Works
Council

Wolfgang Zimny[1], Bornheim
Banking lawyer,
Head of Department, Deutsche Postbank AG, Head Office

[1] Employee representatives

GLOSSARY

Advanced IRBA	The advanced IRBA is a differentiated approach used to calculate regulatory capital requirements for risk positions. It permits both the use of internal ratings and estimates of other risk inputs (loss given default (LGD) and credit conversion factor (CCF)).
Advanced Measurement Approach (AMA)	The Advanced Measurement Approach is a measurement approach proposed under the Basel capital adequacy rules for determining operational risk on the basis of internal modeling methods.
Allowance for losses on loans and advances	The particular risks associated with on- and off-balance sheet lending transactions are taken into account by recognizing specific valuation allowances, collective specific valuation allowances, and portfolio-based valuation allowances.
Amortized cost	The amount at which a financial asset or liability was measured at initial recognition, minus principal repayments, plus or minus the amortization of a premium/discount, and minus any impairment losses.
Asset-backed securities	A special type of securitization of claims for payment relating to tradable securities. The securities concerned are created by bundling together certain financial assets.
Associate	An entity that is included in the consolidated financial statements using the equity method rather than full or proportionate consolidation, and over whose operating or financial policies a consolidated company has significant influence.
Available-for-sale securities	Securities that are not allocated to either the held for trading or the loans and receivables categories and, in the case of debt securities, that are not held to maturity. They are carried at fair value. Changes in fair value are generally recognized directly in the revaluation reserve in equity. If, due to other than temporary impairment, the fair value of a security is lower than its amortized cost, the difference between these amounts is expensed (see Impairment). Realized gains and losses are also recognized in income.
Backtesting	Procedure for monitoring the quality of value-at-risk models (VaR). Backtesting is used to check whether, retrospectively over a longer period of time, the estimated potential losses based on the VaR approach were actually exceeded substantially more regularly than would be expected given the confidence level applied (see Confidence level).
Banking book	Risk positions that are not allocated to the trading book.
Basel III	Basel III is a comprehensive set of reform measures developed by the Basel Committee on Banking Supervision to strengthen the regulation, supervision, and risk management of the banking sector. The measures aim to: • improve the banking sector's resilience to absorb shocks arising from financial and economic stress, whatever the source • improve risk management and governance • strengthen banks' transparency and disclosures.
Basel Committee on Banking Supervision	The Basel Committee on Banking Supervision develops common international banking supervision standards. Its members are representatives from central banks and supervisory authorities from a large number of countries. The Basel Committee is based at the Bank for International Settlements (BIS) in Basel.
Basic IRB Approach (foundation IRBA)	The foundation IRBA is a differentiated approach used to calculate regulatory capital requirements for risk positions. It permits the use of internal ratings methods, whereas the loss given default (LGD) and credit conversion factors (CCFs) are prescribed by the regulators.
Basis point value (bpv)	The bpv expresses the change in the present value of a financial instrument if the interest rate changes by one basis point (0.01%).

Cash flow hedge	Cash flow hedges are primarily taken to mean hedges against the risk associated with future interest payments from a variable-interest recognized transaction by means of a swap. They are measured at their fair values.
Cash flows	Inflows and outflows of cash and cash equivalents.
Cash flow statement	Calculation and presentation of the cash flow generated or consumed by an enterprise during a fiscal year as a result of its operating, investing, and financing activities, as well as an additional reconciliation of the cash and cash equivalents (cash reserve) at the beginning and the end of the fiscal year.
CDOs	Collateralized debt obligations – Loans and other debt instruments that are secured by various assets.
CDSs	Credit default swaps – Financial instruments used to assume the credit risk of a reference asset (e.g., securities or loans). The buyer pays a premium to the seller and receives a compensation payment if a predetermined credit event occurs.
CLOs	Collateralized loan obligations – Securities that are backed by a pool of loan obligations as collateral.
CMBSs	Commercial mortgage-backed securities – Securities that are generally backed by commercial real estate mortgages.
Collective specific valuation allowances	Collective specific valuation allowances are recognized for a portfolio of homogeneous loans with similar characteristics, to the extent that there is objective evidence that the loans have become impaired and the amount of the impairment for each loan can be estimated with reference to past loan performance statistics.
Commercial paper	Short-term, unsecured debt instruments with flexible maturities (max. 270 days) from prime-rated issuers. They allow companies to cover their short-term financing requirements directly with major investors.
Common Equity Tier 1 capital ratio (CET1 ratio)	Fully phased-in Common Equity Tier 1 capital ratio. Determined as the ratio of fully phased-in Common Equity Tier 1 capital, which meets the toughest requirements for capital positions posited by the Capital Requirements Regulation (CRR), to risk weighted assets
Confidence level	The probability that a potential loss will not exceed an upper limit defined by value at risk.
Counterparty credit risk	This relates to the risk of loss due to changes in creditworthiness or default by a counterparty. Counterparty credit risk includes credit (issuer) risk, country or transfer risk, and counterparty risk. Credit risk is defined as possible losses arising from the inability of a counterparty to discharge its payment obligations, or from a deterioration in its credit rating. Country or transfer risk can arise during cross-border payments due to the unwillingness (political risk) or inability (economic risk) of a country to discharge its payment obligations. Counterparty risk denotes the risk of losses arising from the default of a counterparty in relation to the settlement of payment obligations or its failure to discharge its payment obligations in a timely manner.
CPPI	Constant proportion portfolio insurance – Capital-guaranteed promissory note loans.
CRD IV	Capital Requirements Directive – Directive on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.
Credit conversion factor (CCF)	The credit conversion factor is a multiplier used to translate off-balance sheet exposures into their credit exposure equivalents. The aim is to estimate the expected utilization of an exposure at the time of default of the obligor, taking into account agreed drawing lines (e.g., credit lines).

Credit risk mitigation techniques	Credit risk can be mitigated using various risk management instruments and techniques. Key credit risk mitigation techniques used by Postbank include the following: • real estate liens, which are used to secure private and commercial real estate financing • master netting agreements • guarantees, export credit insurance, and credit derivatives • financial collateral (cash collateral).
Credit Risk Standardized Approach (CRSA)	The CRSA is a recognized approach used to calculate regulatory minimum own funds requirements for credit risk exposures. Under the CRSA, institutions are permitted to use external credit ratings to calculate the risk weight of credit risk positions in certain risk exposure classes. Credit risk positions are allocated a risk weight based on their risk exposure class (0 %, 10 %, 20 %, 50 %, 100 %, 150 %, 225 %, 350 %, 650 %, or 1,250 %), depending on the external credit rating. Fixed regulatory risk weights are defined for unrated credit risk positions.
Credit value adjustment (CVA)	The CRR provides for own funds requirements for credit valuation adjustment risk in the case of OTC derivatives. In contrast to counterparty credit risk, this is the risk that the positive replacement costs decline because the credit spread of the counterparty increases without the latter defaulting.
CRR	Capital Requirements Regulation – Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.
Currency risk	The risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
Default	An obligor is deemed to be in default if a material portion of its total credit exposure to the institution is more than 90 consecutive calendar days past due, or if it is unlikely that the obligor can meet all of its payment obligations without recourse by the institution to additional collateralization measures.
Deferred taxes	Income taxes payable or receivable in the future as a result of differences between the carrying amounts in the IFRS financial accounts and the tax base. At the date of recognition, deferred taxes do not yet represent actual amounts receivable from or due to tax authorities.
Derivative	A financial instrument whose own value is dependent on the value of another financial instrument. The price of a derivative is derived from the price of an underlying equity, currency, interest rate, etc. These instruments provide additional options for risk management and control.
Discount	The negative difference between the historical cost of a financial instrument and its notional value.
Discounted cash flow (DCF)	Discounted cash flow analysis is a recognized valuation technique for calculating fair value in inactive markets. It discounts future cash flows using the current discount rate.
Effective interest method	The amortization of differences between cost and notional value (premium/discount) using the effective interest rate of a financial asset or financial liability. The effective interest rate is the rate that exactly discounts the expected stream of future cash payments through maturity or the next market-based repricing date to the current net carrying amount of the financial asset or financial liability.
Embedded derivatives	Embedded derivatives form part of a non-derivative financial instrument and are inseparably linked with the instrument (“hybrid” financial instruments, such as equity-linked bonds). These components are legally and economically linked, but are accounted for separately under certain circumstances.
Equity method	Method of accounting for investments in companies over whose operating policies a consolidated company has significant influence (associates). Under the equity method, the investor’s share of the net income/loss of the investee is credited/charged to the carrying amount of the investment. Distributions reduce the carrying amount by the investor’s proportionate share of the distribution.

Expected loss (EL)	Expected loss measures the losses from credit, market, and operational risk expected within a period of one year on the basis of historical losses.
Exposure at default (EAD)	Exposure at default is the expected outstanding loan amount owed by a borrower at the time of their default.
Exposure class	Counterparty risk exposures must be allocated to an exposure class as defined in the CRR (e. g., central governments and central banks, banks, retail, and corporates) in order to determine risk-weighted exposure values.
Fair value (full fair value)	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of an asset or liability is often the same as its market price.
Fair value hedge	Fair value hedges primarily relate to fixed-interest balance sheet items (e.g., receivables, equities, or securities), which are hedged against market risk by means of a derivative. They are measured at their fair values.
Fair value option (FVO)	Under the fair value option, financial assets or financial liabilities may be (voluntarily) designated at fair value through profit or loss, provided this leads – among other things – to the elimination or significant reduction of inconsistencies in the measurement or recognition (accounting mismatches).
Financial instruments	These are in particular loans and receivables, interest-bearing securities, equities, investments, liabilities, and derivatives.
Forbearance	Forbearance refers to bank exposures for which the contract terms have been modified due to financial difficulties of the obligor (e. g., renegotiations, restructurings, and refinancing arrangements, as well as guarantees for refinancing purposes).
German Accounting Standards (GASs)	Recommendations on the application of (German) consolidated accounting principles, published by the German Accounting Standards Board (GASB), a body of the Accounting Standards Committee of Germany (ASCG).
Hedge accounting	Presentation of the opposing changes in value of a hedging instrument (e.g., an interest rate swap) and the related hedged item (e.g., a loan). The objective of hedge accounting is to minimize the impact on the income statement of the measurement and recognition in income of gains and losses on the remeasurement of derivatives.
Hedge fair value	Remeasurement gains or losses on hedged items including determination of unhedged risk factors.
Hedging	A strategy by which transactions are entered into for the purpose of obtaining protection against the risk of unfavorable price developments (interest rates, share prices).
Hedging instruments	Transactions whose change in fair value offsets the change in the fair value of the hedged item.
Held-to-maturity investments (HtM)	Financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intent and ability to hold to maturity, with the exception of loans and advances originated by the entity.
ICAAP	Internal Capital Adequacy Assessment Process. An internal process whereby banks have to ensure that they have sufficient capital to cover all key risks at all times.
Impairment	Amount by which the amortized cost of a financial instrument exceeds its estimated recoverable amount on the market.
Internal Ratings-Based Approach (IRBA)	The IRBA is an approach used to calculate regulatory capital requirements for credit risk positions under the Basel Capital Accord. It permits institutions to use internal ratings methods and estimates to calculate specific risk inputs. The main risk inputs significantly influencing the risk weight are the probability of default (PD), the loss given default (LGD), and credit conversion factors (CCFs), which constitute part of the exposure at default (EAD) value.

International Financial Reporting Standards (IFRSs)	This is both the generic term for all financial reporting standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the term used for new financial reporting standards issued by the IASB since 2003. The standards issued up to 2002 are still published as International Accounting Standards (IASs).
Investment property	Land and/or buildings held to earn rentals or for capital appreciation and not used in the production or supply of goods or services or for administrative purposes.
IRBA simple risk weight approach	The simple risk weight approach prescribes a regulatory risk weight of 50 %, 70 %, 90 %, 115 %, or 250 % for specialized lending exposures, depending on the assessment of certain factors (e.g., financial strength, political and legal environment, transaction and/or asset characteristics) in accordance with Article 153(5) of the CRR. The IRBA simple risk weight approach prescribes a regulatory risk weight for calculating the risk-weighted exposure amount of equity exposures in accordance with Article 155(2) of the CRR: • Risk weight of 190% for non-publicly traded equity exposures in sufficiently diversified portfolios • Risk weight of 290% for publicly traded equity exposures • Risk weight of 370% for all other equity exposures.
Leverage Ratio	The ratio of Tier 1 capital to total exposure measures pursuant to Article 429 of the Capital Requirements Regulation (CRR). The latter metric corresponds to the sum of the exposure values of all assets and off-balance sheet items using regulatory valuation adjustments.
Liquidity Coverage Ratio (LCR)	Represents the ratio of highly liquid asset volumes to expected outflow of liquidity in a 30-day stress test scenario.
Liquidity risk	Describes the risk of being unable to meet current and future payment obligations, either as they fall due or in the full amount due. The funding risk arises when the necessary liquidity cannot be obtained on the expected terms when required.
Loans and receivables	Loans and receivables are financial assets that are not quoted in an active market. These include in particular receivables and certain investment securities.
Loss given default (LGD)	The loss given default measures the expected loss at the time of default of a counterparty as a percentage of the outstanding exposure at the time of default.
Loss identification period (LIP)	The period between the date when a borrower defaults and the date when the bank becomes aware of the default. The LIP factor is used in calculating the portfolio-based valuation allowance in accordance with IASs/IFRSs, as well as when quantifying the incurred loss.
Market risk	Refers to potential losses from financial transactions that may be triggered by changes in interest rates, volatility, foreign exchange rates, and share prices. The changes in value are derived from daily marking to market, irrespective of the carrying amounts of assets and liabilities.
Marking to market	Valuation of all of an enterprise's proprietary trading activities at current market prices including unrealized gains, ignoring their historical cost.
Netting agreements	Agreements whereby receivables between two parties can be offset against each other under certain circumstances, such as in the event of insolvency. The inclusion of a legally binding netting agreement reduces the default risk from a gross to a net amount.

Net Stable Funding Ratio (NSFR)	The amount of available stable funding relative to the amount of required stable funding. This ratio should be equal to at least 100% on an ongoing basis” • The available stable funding is defined as that portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. • The required stable funding of a bank is a function of the liquidity characteristics and residual maturities of the various assets held by that bank as well as those of its off-balance sheet (OBS) exposures.
Net trading income	Balance of income and expenses from proprietary trading in securities, financial instruments (in particular derivatives), foreign currencies, and precious metals valued at market prices.
Non-performing	The term “non-performing” is used to describe exposures of which a material portion is more than 90 days past due or for which – irrespective of whether or not they are past due – there is an identifiable risk that full repayment will not be made.
Operational risk	Operational risk is defined by Basel II as “the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events”. In accordance with the Basel II definition this also includes legal risks.
Option	Right to purchase (call option) or sell (put option) an underlying asset, such as securities or currency, from a counterparty (option writer) at a predetermined price and at a specific date or during a specific period.
OTC derivatives	Non-standardized financial instruments (derivatives) which are traded not on a stock exchange, but directly between market participants (over the counter).
Own funds	The term “own funds” denotes the total of Tier 1 capital (comprising Common Equity Tier 1 capital and Additional Tier 1 capital) and Tier 2 capital.
Own funds requirements	Institutions must have adequate own funds available to meet obligations to their creditors and to protect the assets entrusted to them. The Basel Capital Accord therefore requires credit institutions to hold liable capital (own funds) equal to 8% of their risk-weighted assets to cover material banking risks (counterparty credit risk, market risk, and operational risk).
Pillar III	The third pillar of the Basel Framework sets out disclosure requirements for institutions designed to strengthen market discipline. It is based on the assumption that well-informed market participants will reward credit institutions that exhibit risk-aware corporate management and effective risk management when making investment and lending decisions, and that they will penalize those that engage in higher-risk practices. This gives credit institutions an additional incentive to manage and control risk effectively.
Portfolio	Similar transactions, particularly in securities or derivatives, grouped together according to price risk criteria.
Portfolio-based valuation allowances	Portfolio-based valuation allowances are recognized for loan losses that have occurred but that have yet to be identified, e.g., because the customer is still currently meeting their payment obligations. Postbank recognizes portfolio-based valuation allowances for such cases using the probability of default, the loss given default, and the LIP factor for a specific portfolio, depending on the type of product and customer group.
Premium	The positive difference between the historical cost of a financial instrument and its notional value.

Probability of default (PD)	The probability of default of a counterparty is determined for the next 12-month period and expressed as a percentage.
Provisions	Generally speaking, provisions are liabilities, losses, or expenses of uncertain timing or amount. Recognizing provisions ensures that the payments to be made at a later date can be allocated to the periods in which they were incurred. Postbank recognizes provisions for losses on loans and advances, in particular for liabilities under sureties, other guarantees, and irrevocable loan commitments involving a default risk.
Rating	External rating: standardized evaluation of an issuer's credit quality and debt instruments carried out by specialist agencies. Internal rating: detailed risk assessment of every exposure associated with a debtor.
Recovery rate	The recovery rate indicates the percentage of a receivable that a creditor receives following the realization of collateral and other rights in the case of a debtor default, taking the economic loss into account.
Repos (repurchase agreements)	Agreements to repurchase securities (genuine repurchase agreements in which the subject of the agreement is still allocated to the borrower). From the perspective of the lender, such agreements are known as reverse repos.
Return on equity (RoE)	Fundamental ratio showing the relationship between the results of operations of an enterprise (net profit for the period) and the capital employed (net profit as a percentage of average capital employed over the period).
Return on Tangible Equity (RoTE)	A supplement to RoE, showing the relationship between the results of operations of an enterprise (net profit for the period) and the average time-weighted equity in the reporting period minus the average intangible assets at the level of the Bank as a whole in that same period.
Revaluation reserve	Changes in the fair values of available-for-sale financial instruments and the related deferred tax effects are recognized directly in the revaluation reserve in equity.
Reverse repos	see Repos (repurchase agreements)
Risk concentration	A risk concentration is a cluster of risk positions that react in a similar way to certain changes or events. Alongside exposures to individual borrowers that qualify due to their size alone, risk concentrations may arise as a result of clustering of risk positions within a single type of risk or across different types of risk (due to common risk factors or to the interaction of various different risk factors).
Risk-weighted assets (RWA)	Risk-weighted assets are positions exposed to credit, market, and/or operational risk; these are weighted in accordance with supervisory requirements by multiplying the regulatory own funds requirements by a factor of 12.5.
Securities loan	The lending of fixed-income securities or equities; a distinction is made between closed term loans (retransfer of the same type and quantity of securities at an agreed date in the future) and open term loans (securities are made available until future notice).
Securitization	The substitution of loans, or the financing of various kinds of loans and advances, by issuing securities (such as bonds or commercial paper).
Segment reporting	Disclosure of an enterprise's assets and earnings, broken down by area of activity (division) and geographical area.

Sell-and-buy-back	A combination of two purchase agreements, i.e., a separate agreement for each of the spot and forward trades.
SolvV	*Solvabilitätsverordnung* (SolvV – German Solvency Regulation) – a regulation governing the capital adequacy of institutions, groups of institutions, groups headed by a financial holding company and financial conglomerates.
Specific valuation allowance	If the carrying amount of an exposure is higher than the estimated recoverable amount of the loan obligation (taking into account the available collateral), the transaction must be remeasured by recognizing a specific valuation allowance (permanent impairment) on the individual receivable in an adjustment item (asset item with a minus sign), reducing profit. The amount of the specific valuation allowance is measured as the difference between the carrying amount of the total exposure and the present values of estimated future cash flows, including cash flows from the realization of collateral.
Sustainability	The idea behind the principle of sustainable development is that companies accept responsibility for the social and ecological aspects of their business decisions. In addition, as corporate citizens, they actively address social and environmental issues and support their implementation.
Swap	Exchange of cash flows. Interest rate swap: exchange of flows of interest payments denominated in the same currency but with different terms (e.g., fixed/variable rates). Currency swap: exchange of cash flows and principal amounts denominated in different currencies.
Trading assets	This balance sheet item contains securities, promissory note loans, foreign currencies, precious metals, and derivatives held for trading. Trading assets are measured at their fair values.
Trading book	A banking regulatory term for positions in financial instruments, shares, and tradable claims held by a bank that are intended for resale in the short term in order to benefit from price and interest rate fluctuations. This also includes transactions that are closely associated with trading book positions, e.g., for hedging purposes. Risk positions not belonging to the trading book are allocated to the banking book.
Trading liabilities	This balance sheet item contains derivatives used for proprietary trading with negative fair values, and delivery obligations under securities sold short. They are carried at their fair values.
Underlying	The original instrument on which a warrant, certificate, or forward contract is based. Examples of underlyings are shares, currencies, or bonds.
Unwinding	Recognition in profit or loss of changes in the present value of expected future cash flows from impaired loans due to the passage of time.
Value-at-risk model (VaR)	VaR is a method of quantifying risks. VaR is currently used primarily in conjunction with the measurement of market risk. In order to provide meaningful information, the holding period (e.g., ten days) and the confidence level (see Confidence level) (e.g., 99.0 %) must also be disclosed. The VaR thus describes the potential future loss that will not be exceeded during the holding period with a probability equal to the confidence level.
Volatility	Price fluctuation of a security or a currency, often calculated in terms of standard deviation on the basis of historical performance, or implicitly on the basis of a price-setting formula. The higher the volatility, the higher the risk associated with holding the investment.

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FINANCIAL CALENDAR 2016

March 23, 2016	Publication of 2015 Group Annual Report
April 29, 2016	Interim Management Statement as of March 31, 2016
July 29, 2016	Publication of Interim Report as of June 30, 2016
November 9, 2016	Interim Management Statement as of September 30, 2016

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

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This Annual Report contains forward-looking statements that relate to macroeconomic developments (in particular the development of money and capital market rates), the business and the net assets, financial position and results of operations of the Postbank Group. Forward-looking statements by definition do not depict the past and are in some instances indicated by words such as “believe”, “anticipate”, “predict”, “plan”, “estimate”, “aim”, “expect”, “assume” and similar expressions. Forward-looking statements are based on the Company’s current plans, estimates, projections and forecasts and are therefore subject to risks and uncertainties that could cause actual development or the actual results or performance to differ materially from the development, results or performance expressly or implicitly assumed in these forward-looking statements.

Readers of this Annual Report are expressly cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Annual Report. Deutsche Postbank AG does not intend and does not undertake any obligation to revise these forward-looking statements.

The English version of the Group Annual Report constitutes a translation of the original German version. Only the German version is legally binding.

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