Deutsche Postbank AG

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	BBB+
Short-Term IDR	F2
Viability Rating	bbb+
Support Rating	2

Sovereign Risk

Foreign-Currency Long-Term IDR	AAA
Local-Currency Long-Term IDR	AAA

Outlooks

Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Watch

Support Rating	RWN

Financial Data

Deutsche Postbank AG

	30 Jun 16	31 Dec 15
Total assets (EURm)	147,927	150,597
Total equity (EURm)	7,097	7,158
NPL ratio (%)	1.9	2.0
Operating profit (EURm)	134	482
Operating return on risk-weighted assets (%)	0.6	1.1
Cost/income ratio (%)	87.7	81.4
Common equity Tier 1 ratio (transitional, %)	13.1	13.7

Related Research

Deutsche Postbank AG – Ratings Navigator (September 2016)

Fitch Affirms Postbank at 'BBB+'; Outlook Stable; Assigns 'bbb+' VR (August 2016)

Germany – September 2016 Global Economic Outlook Forecast (October 2016)

Global Housing and Mortgage Outlook – 2016 (January 2016)

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Key Rating Drivers

VR Drives IDR: Deutsche Postbank AG's (PB) Issuer Default Ratings (IDRs) are driven by the bank's Viability Rating (VR). PB's VR reflects its adequate nationwide retail franchise, stable and transparent business model, and satisfactory financial profile. PB is being prepared for separation from its parent, Deutsche Bank AG (DB, A−/Stable/a−). This process began in 2Q15, when DB said it would sell PB. Operational enhancements to ensure PB's operational independence from DB upon its sale are now completed.

DB's Support Likely Until Sale: Fitch Ratings continues to view DB's support for PB as highly probable, but only for as long as DB remains PB's majority owner, which is reflected by the Negative Watch on PB's Support Rating. This is primarily because PB's default would result in huge reputational damage to DB. The timing of the disposal is uncertain. We believe it is more likely to take the form of an initial public offering than a sale to an institutional investor.

Moderate Profitability Constrains VR: PB's VR is constrained by its moderate profitability, which has been dented by the negative contributions from the bank's non-core operating unit (NCOU). Additional costs have arisen in recent years in connection with PB's separation from DB. Similarly to peers, low interest rates and regulatory costs hamper PB's performance. We expect positive momentum from the gradual run-off of the NCOU's liabilities, albeit not in the short term. PB's moderate profitability is counterbalanced by its relatively low risk appetite.

Adequate Franchise: PB has strong brand recognition as the largest centrally managed retail bank in Germany. It operates a nationwide branch network and benefits from a mutually exclusive cooperation with Deutsche Post. However, PB's market penetration and pricing power are moderate by international comparison. This reflects the competitive nature of German retail banking, which is dominated by savings and cooperative banks.

Solid Asset Quality: PB's loan quality reflects the bank's focus on German retail banking, especially residential mortgage lending, which has historically been robust and resilient. Its non-performing loans (NPLs) are low and loan concentration is moderate. PB has significantly reduced its securities portfolio, which is now dominated by German and western European sovereign and (mostly covered) bank bonds. PB's Italian sovereign exposure is large, but we understand that the bank intends to reduce it significantly in the next few years.

Improved Capitalisation: PB's regulatory capital ratios have improved materially, and capitalisation is adequate in light of PB's granular loan book and solid asset quality. PB's leverage should benefit from the further deleveraging driven by the NCOU's gradual run-off, which we also expect to improve internal capital generation.

Strong Funding and Liquidity: PB has a large, stable and granular deposit base. Its reliance on unsecured wholesale funding sensitive to changes in market sentiment is not material.

Rating Sensitivities

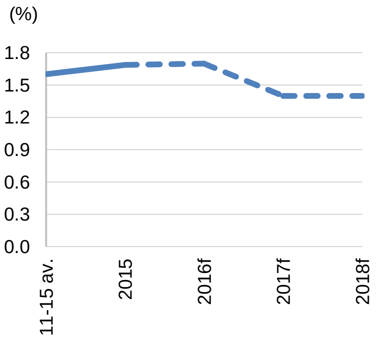
Ratings Sensitive to Fundamentals: An upgrade would require materially and sustainably improved profitability or capitalisation while maintaining resilient asset quality. A downgrade could arise from an unexpected severe deterioration of Germany's operating environment, including a recession, falling property prices and a sharp increase in unemployment, which would trigger high loan impairments. The ratings are also sensitive to material changes in PB's strategic objectives, including those that may result from an ownership change.

- Preparation of PB's sale is on track, evidenced by the completed steps to ensure operational independence from DB upon its divestment.
- Timing of the sale remains uncertain.

- Fitch views DB's support as highly likely until PB's deconsolidation, because a default of PB could cause huge reputational damage to DB.

- PB operates primarily in Germany.
- German economy is resilient, open and diversified, with a competitive manufacturing sector and solid domestic property market.

Germany Real GDP Growth



Source: Fitch

Related Criteria

Global Bank Rating Criteria (July 2016)

Support

Preparation of PB's Sale on Track

After DB announced its intention to sell PB in 2Q15, the two banks initiated the preparation of PB's operational separation from its parent. DB became PB's 100% shareholder, and shares in PB were delisted after minority shareholders were squeezed out at end-2015. At end-1H16, the banks completed enhancements at PB to ensure its operational independence upon its sale. Concurrently, DB withdrew its declaration of backing for PB. We expect the control and profit-and-loss transfer agreement (CPTA) between PB and DB via PB's intermediate parent, DB Finanz-Holding GmbH, to be terminated upon PB's deconsolidation at the latest.

DB's Support Likely as Long as it Remains PB's Majority Owner

The preparation of PB's operational independence upon its sale is completed and DB may soon terminate the CPTA. Nevertheless, Fitch considers DB's support for PB as highly probable as long as it is PB's majority owner, because a default of PB would result in huge reputational damage to DB.

Operating Environment

Benign Domestic Economic Environment

Over 90% of PB's loan portfolio is extended to domestic borrowers, which benefit from the benign German operating environment. Property markets remain generally sound and corporate insolvencies are low. The growing household consumption is underpinned by the strong labour market. Fitch expects sound domestic fundamentals to continue to support growth, while global uncertainties remain a key risk for the highly open German economy. Fitch forecasts stable GDP growth of 1.7% in 2016 and 1.4% in 2017 and 2018.

Residential mortgages, which represent about 70% of PB's total loans, have been a key area of new lending for many peers. Despite material price increases in several large urban centres, Fitch expects real-estate affordability and the overall residential mortgages' performance to remain robust, supported by rising disposable income, and low unemployment and interest rates.

Impairment charges are at a historical low in most domestic banks' portfolios, with few exceptions, such as shipping. However, subdued global growth may have an adverse effect on export-oriented German SMEs. The Brexit vote creates additional risk as it is likely to weigh on EU economies' exports. The moderate weakening in the latest indicators for the corporate sector's confidence highlights the German economy's exposure to the uncertain external outlook.

Developed Banking Sector, Effective Supervision

The German banking sector is developed and supervised effectively. It is highly competitive and more fragmented than most European markets. Within the Single Supervisory Mechanism (SSM), the ECB has directly supervised large German banks since 4Q14. PB is supervised indirectly by the ECB as a subsidiary of DB and has to maintain a sophisticated risk control and reporting infrastructure required from "significant banks". PB will meet the SSM's criteria for the classification as a significant bank after its IPO or sale and will remain under ECB supervision.

Competitive Pressure

German banks' performance benefits from the benign domestic economic environment but is challenged by margin compression, driven by strong competition and low interest rates. This limits banks' internal capital generation and weakens investor confidence in the sector's earnings capacity, as in many European markets an average generated return on equity is well below the cost of capital.

The sector's reliance on wholesale unsecured funding is moderate as deposits remain the main funding source. In early 2017, a new hierarchy of creditors for German banks in resolution comes into effect, including retroactive statutory subordination of senior unsecured bonds to deposits and structured liabilities. The new regime should mitigate the need to raise additional unsecured debt to fulfil minimum requirement for own funds and eligible liabilities (MREL) and total loss-absorbing capacity (TLAC), which the regulator has yet to set. This could raise the cost of banks' senior unsecured funding, although there is little evidence of this so far.

Company Profile

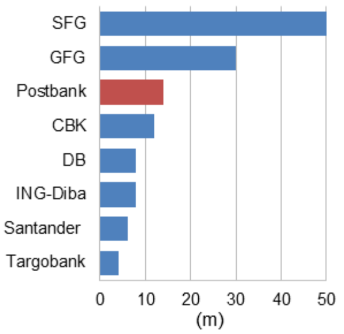
- Largest centrally-managed German retail bank.
- Adequate franchise focused on domestic retail banking.
- Pricing power constrained by intense competition and dominant savings and cooperative banks.

PB focuses on deposit taking, residential mortgage lending and payment services for domestic retail and SME clients.

Adequate Franchise

PB is the largest centrally managed German retail bank. Due to its historical roots, PB enjoys strong market positions in deposit taking, and accounts and payments services. It also has a solid franchise in residential mortgage lending and is expanding into other retail lending areas, such as consumer loans. PB provides lending, transaction banking and factoring to SMEs and targets growth in this area.

Leading German Retaile Banks
Approximate number of retail clients in Germany



SFG = Sparkassenfinanzgruppe
GFG = Genossenschaftliche Finanzgruppe
DB = Deutsche Bank (ex. Postbank)
Santander = Santander Consumer Bank AG
Source: Banks' data, Fitch's estimates

PB operates a dense nationwide network of own branches and shared postal agencies. Its cooperation with Deutsche Post widens PB's network coverage and brings about additional acquisition opportunities due to high non-customers traffic driven by postal services in PB branches. This partnership also allows PB to operate its network more cost-efficiently because the contractual terms of the cooperation – although less favourable for PB following the 2015 revision – still effectively result in sharing branch costs and additional fee income. In addition to its branch network, PB's sales channels include mobile and internet banking, call centres and sales via intermediary agents.

Despite its solid market position, PB's market penetration and pricing power are moderate by international standards. This reflects the fact that PB operates in a highly competitive, saturated and fragmented domestic retail and SME market dominated by the savings and cooperative banking groups.

Clear Business Model, Low Organisational Complexity

PB has reduced its investments in securities and credit substitution assets materially over the past few years and, with it, its reliance on volatile revenues sources, vulnerability to capital markets and exposure to valuation risk. At the same time, it has increased its focus on client lending, whose share of total assets increased to 67% at end-1H16 from 45% at end-2008. This has contributed to a reduction of the bank's organisational complexity, which is now fairly low.

Management and Strategy

- Experienced management team
- Fitch expects the senior management team to remain stable after the divestment

Experienced Management

DB reorganised PB's management board after it became the majority owner in 2010. Several of PB's management board members had previously held senior management roles at DB. Turnover in senior management has been fairly low since 2011-2012. We expect the composition of the management board to remain stable after the bank's divestment, which in our view is likely to take the form of an IPO.

Satisfactory Execution Record

Management's record of meeting its strategic goals has been overall satisfactory. PB has made strong progress in deleveraging, refocusing its business on customer-driven traditional commercial banking and strengthening capitalisation. Success in enhancing the bank's profitability has been moderate. However, this has to be seen in the context of the challenging interest-rate environment, the NCOU charges and costs incurred in preparing the bank's independence from DB upon its sale. The bank's low risk appetite mitigates its moderate internal capital generation.

We expect PB's strategy and its commitment to a low credit risk retail banking to remain broadly unchanged. Any material shifts in strategic objectives, including those that may result from an ownership change, could lead to a reassessment of the bank's ratings.

- PB's credit risk profile benefits from the bank's focus on secured domestic retail lending.

Risk Appetite

Largely Secured and Granular Loan Portfolio

PB's underwriting standards are fairly conservative. PB's management applies risk strategy principles consistently, avoiding undue opportunistic shifts. PB's credit risk is underpinned by its focus on domestic residential mortgage lending, in which it has a deep long-standing expertise and which has historically demonstrated a resilient performance. This business focus results in a large part of the loan book being well collateralised, sufficiently granular and less vulnerable to the economic cycle. The implementation of the EU's Residential Real Estate Lending Directive in Germany will make the underwriting in this area more restrictive.

PB's unsecured consumer lending has grown significantly faster the market average, albeit from a low level. However, its share in the loan portfolio is still moderate at 7% and we expect its relative growth to remain constrained by management's moderate risk appetite.

- Robust risk management and reporting.
- Enhancements required to perform risk management independently upon divestments are completed.
- PB submits risk data to DB within a joint reporting system.

Independent Risk Controls Established, but Integrated Reporting Maintained

We view PB's risk-management and reporting tools as robust and adequate for the level of complexity of the bank's business. PB has continued implementation of systemic enhancements to ensure compliance with the extended regulatory requirements with regard to the risk-bearing capacity, liquidity coverage and net stable funding reporting.

In course of preparing PB's divestment, all measures required for a fully independent operation of risk-management functions upon deconsolidation were, according to the bank, implemented at end-1H16. Nevertheless, PB remains integrated in DB for the purposes of the group's risk management and reporting. There is a joint reporting system for the key risk reports and ratios.

VaR (99%, 10d.)

(EURm)	1H16	YE15	YE14
VaR bank book (after diversification)	145	161	113
- O/w interest rates	73	88	44
- O/w other market risks (spread)	94	105	97
- O/w equity/ stock index	8	9	4
- O/w currency risk	6	3	1
In % of FCC (%)	3	3	3

Source: Fitch

Exposure to Interest-Rate Risk Through Structural Maturity Mismatches

PB has operated as a non-trading book bank since May 2014. It manages market risk in its banking book by allocating Value at Risk (VaR) and loss limits. VaR is dominated by interest and credit spread risks. PB's sensitivity to credit spread risk is mitigated by the sound credit quality of the portfolio. Moreover, spread-induced valuation risk is unlikely to materialise as long as the assets are held to maturity and the respective counterparty does not default.

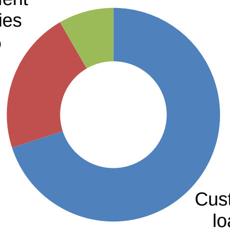
The same consideration is broadly applicable to fair-value fluctuations resulting from interest-rate changes. However, the protracted unfavourable interest-rate environment is also materially affecting the bank's actual results. This risk is particularly relevant for PB with its structural maturities mismatches of assets and liabilities.

A prolonged period of low or negative interest rates would increase pressure on earning as the assets' downward repricing progresses and the sector remains reluctant to pass negative rates on to retail depositors. An exit from a prolonged low-rate environment could also trigger a challenging adjustment process as the bank's liabilities would reprice more rapidly than its generally long-term, fixed-rate loans. However, this could be partly offset by the margins on PB's sticky retail sight deposits, as well as, to a lesser extent, on the savings and term deposits.

Financial Profile

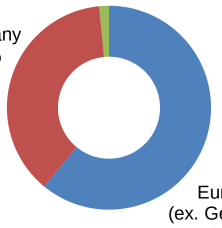
- Strong loan quality.
- Over 70% of total loans are secured.
- Unreserved portion of NPLs is largely covered by collateral.

Structure of Counterparty Credt Risk at End-1H16



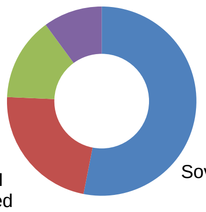
Source: PB, Fitch

Structure of the Securities Portfolio at End-1H16 by Region



Source: PB, Fitch

Structure of the Securities Portfolio at End-1H16 by Counterparty



Source: PB, Fitch

Asset Quality

Loan Portfolio

(%)	1H16	FYE15	FYE14	FYE13
Impaired loans/gross loans	1.9	2.0	2.7	2.9
Growth of gross loans	1.6	0.4	-3.3	-4.7
Reserves for impaired loans/impaired loans	51	48	52	51
Impaired loans less reserves for impaired loans/FCC	18	19	28	35
Loan impairment charges/average gross loans	0.2	0.2	0.3	0.3

Source: PB, Fitch

Strong Loan Quality

PB's asset quality has a high degree of stability, reflected in modest level of impaired assets and a granular loan book. Customer loans account for about 70% of the bank's credit risk exposure and are dominated by low-risk domestic secured retail lending. The NPL ratio has gradually improved to a strong 1.9% at end-1H16. At about 0.8% of total loans, forborne exposures are also moderate and almost half are included in impaired loans. Except for consumer loans, the impaired loans not covered by reserves are largely covered by collateral.

Domestic residential mortgage lending and unsecured retail lending (mainly instalment loans) accounts for about 70% and 9% of total loans, respectively. Non-retail exposures comprise mainly highly rated domestic public-sector loans (about 6% of total loans) and commercial loans (about 12% of total loans, over half of which are commercial real estate loans).

Materially Reduced Securities Holdings

PB has reduced its securities holdings by over 60% since 2008. It held about EUR31bn in financial assets at end-1H16, almost entirely in bonds and fixed-income securities, mostly from German and other European issuers. The securities portfolio is mostly composed of covered bank and sovereign bonds and over 90% of the exposure is rated 'A' or higher.

The main concentration outside Germany is the exposure to the Italian sovereign of EUR3.3bn, or 64% of FCC. Fitch understands from management that PB intends to reduce this exposure significantly in the next few years, primarily through regular maturities. Further exposure to the eurozone periphery includes EUR1.2bn Irish and Spanish sovereign bonds and EUR0.56bn claims to Spanish, Italian and Irish banks.

Earnings and Profitability

Performance Ratios

(%)	1H16	FYE15	FYE14	FYE13
Operating profit/risk-weighted assets	0.6	1.1	0.3	1.0
Net interest margin	1.7	1.6	1.6	1.5
Cost/income ratio	88	81	89	80
Impairment charges/pre-impairment profit	36	31	68	41
Return on equity	4.0	9.0	4.1	5.7

Source: PB, Fitch

Modest Profitability and Low-Cost Efficiency

PB's profitability is modest and constrains its VR. Performance is mainly affected by the bank's operating cost inefficiency (especially personnel and IT costs) rather than by insufficient revenue generation. We expect that PB's cost flexibility will gradually increase as employees, who have a relatively high average age, gradually retire and major IT projects come to completion.

NCOU Losses Weigh on Performance

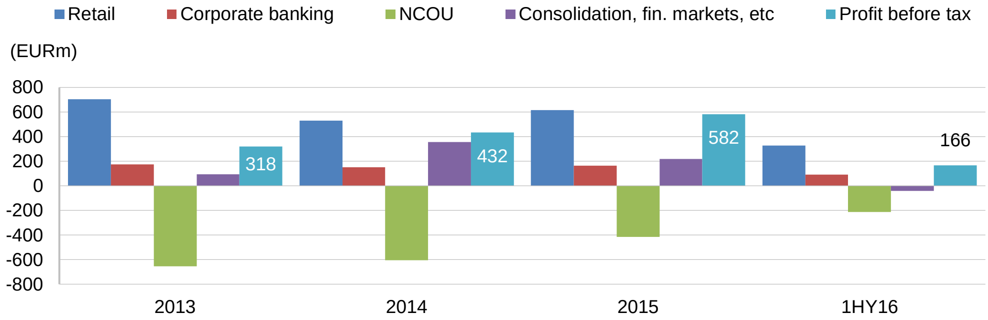
The negative contributions from the NCOU segment and expenses incurred in connection with the preparation of the bank's operational independence from DB have been a drag on PB's profitability. The NCOU was established at end-2012. The segment's assets initially comprised selected legacy securities, structured credit instruments, a part of the bank's international commercial real estate portfolio, certain corporate loans and foreign activities.

The de-leveraging and reduction of NCOU assets has progressed faster than the run-off of the long-dated high-yielding legacy liabilities allocated to this segment. This has led to a material liability overhang. Therefore, unlike many peers whose non-core losses have been driven by impairment charges, PB's NCOU has already reported material negative results on the net interest income level, whereas impairments have not been a big issue in recent years.

The segment's losses have gradually decline since peaking in 2013. Positive momentum is expected from the further reduction of the NCOU's liabilities. However, it will take several years for the liabilities run-off to bring material performance benefits.

- Retail segment is the main revenue driver.
- NCOU losses are driven by a material overhang of the high-yielding liabilities. Despite a gradual decline they are still a significant drag on the bank's performance.

Profit Before Tax[a] by Segment



[a] PbTfor 2014 and 2013 include results from discontinued operations
Source: PB, Fitch

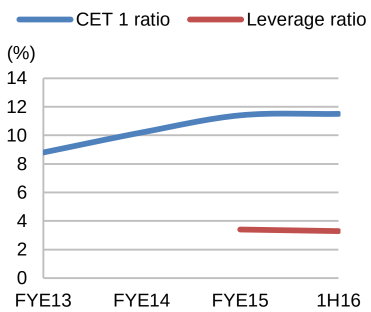
Interest-Rate Environment Led to Revision of Bank's Forecast

PB revised its profit forecast for 2016 in view of the prevailing low interest rates. The bank had expected to generate a moderately higher net interest income (NII), benefitting from higher lending volumes and lower NCOU losses. However, PB revised the NII forecast in 1H16 to a slight decline while administrative expenses will moderately increase, particularly due to the consolidation of the five service companies and the expenses of deconsolidation from DB. Positive momentum is expected from higher fee income and a small reduction in loan impairment charges. The decline of the overall result will be more significant than previously expected.

Capitalisation and Leverage

CET 1 and Leverage Ratio

Fully loaded



Source: PB

Capital Ratios

(%)	1H16[a]	FYE15	FYE14	FYE13
Fitch Core Capital/risk-weighted assets	11.8	11.6	10.3	8.8
Common equity Tier 1 (CET1) ratio, fully loaded	11.5	11.4	10.2	8.8
Total regulatory capital ratio, fully loaded	15.0	15.1	16.3	-
CET1 capital ratio, transitional	13.1	13.7	10.7	9.6
Total regulatory capital ratio, transitional	16.2	16.3	16.6	15.7
Leverage ratio, fully loaded	3.3	3.4	-	-
Internal capital generation	4.0	8.5	4.0	5.4

[a] Capital ratios factor in the interim profit for 1H16, subject to regulatory approval
Source: PB, Fitch

Adequate Risk-Adjusted Capitalisation, Stretched but Improving Leverage

PB's capitalisation has materially improved in recent years driven mostly by deleveraging. The bank's preliminary fully loaded common equity Tier 1 (CET1) ratio increased to 11.5% at end-1H16, which we view as adequate in light of the bank's solid and granular loan book.

A particularly strong increase in the transitional CET1 ratio in 2015 was driven by the initial recognition of the Deutsche Postbank Funding Trusts I–IV, repurchased from DB. Trust preferred securities issued by these finance SPVs qualify as additional Tier 1 (AT1) instruments under transitional CRR-provisions. Due to the reconsolidation of these instruments PB is temporarily able to partially offset the regulatory capital deductions against AT1, while previously these adjustments had to be made against CET1, due to a lack of AT1. The securities will cease to qualify as AT1 capital at end-2021 in the case of Trusts I-III and in June 2017 in case of Trust IV.

PB's leverage has materially improved over recent years, mostly driven by lower assets. At end-2015, the regulatory CRD IV leverage ratio for the first time exceeded 3% on a fully loaded basis.

Long-Term Benefits from the NCOU's Run-Off

We expect PB to report at least stable capital and leverage ratios under the current regulatory rules. This is because we do not expect capital charges or excessive growth in view of the bank's modest risk appetite. In the longer term the run-off of the NCOU's high-yielding liabilities should improve the bank's internal capital generation and drive further deleveraging, which we expect to result in a reduction of securities and interbank exposures. However, this process is gradual and will take several years to bring material capital relief.

Funding and Liquidity

- PB's funding and liquidity profile is one of its main strengths.
- Large and granular deposit base mostly covered by the statutory deposit protection.
- Deposits historically stable despite short contractual maturities.
- Immaterial reliance on market-sensitive funding sources.
- Strong liquidity supported by a large pool of liquid assets.

Funding and Liquidity Ratios

(%)	1H16	FYE15	FYE14	FYE13
Loans/customer deposits	84	83	81	84
Customer deposits/total funding (excluding derivatives)	86	84	82	80

Source: PB, Fitch

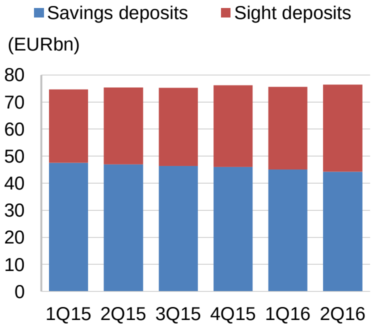
Leading Domestic Retail Deposit Franchise

PB's strong funding and liquidity is underpinned by its large base of stable and granular domestic retail deposits. The bank has the largest centrally managed retail deposit franchise in Germany, but this is much smaller than that of the decentralised savings and cooperative banking groups.

PB's funding is dominated by sight and savings deposits, which are mostly protected by Germany's statutory deposit insurance scheme as they are lower than the EUR100,000 limit. Deposits have been stable despite their shortening contractual maturities driven by low interest rates, which triggered a gradual shift from savings to sight deposits. PB cut its deposits surplus to EUR9bn at end-1H16 to limit the volume of excess cash it has to deposit on the money market at a penalty rate. However, its excess liquidity remains material and PB aims to use a part of it to expand its loan book or transform them into off-balance sheet assets under management to reduce earnings pressure. We expect the bank's loans/deposits ratio to gradually increase as a result, but it is unlikely to exceed 100% materially.

Reliance on unsecured short-term wholesale funding is low. A material share of non-retail funding consists of repos, Pfandbriefe and other covered liabilities. PB reported a satisfactory net stable funding ratio of 109% at end-2015.

Private Savings and Sight Deposits



Source: PB

Strong Liquidity

PB holds a large pool of liquid level 1 bonds of about EUR12bn or 8% of total assets at end-end-1H16. PB has made an effort to reduce its high level of surplus liquidity since 2014 but continues to hold sizeable surplus liquidity.

Debt Ratings

The legacy hybrid capital securities issued by Deutsche Postbank Funding Trust I-IV are notched twice for non-performance risk and twice for loss severity from DB's VR. This reflects Fitch's expectation that DB's support for PB would extend to its hybrid instruments until the deconsolidation is completed. Absent a sale to a higher-rated bank that would support PB's hybrid instruments, the hybrids will be notched down from PB's VR after the bank's divestment.

The rating of the guaranteed debt originally issued by the former DSL, which was later merged with PB, reflects our view that Germany has a strong incentive to ensure timely payments under its grandfathered deficiency guarantee for these notes. The notes are rated two notches below Germany's IDR as we believe that uncertainty around the timeliness of payment is limited given Germany's high reputational risk if holders of these notes incur losses.

Deutsche Postbank AG

Income Statement

	30 Jun 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
	6 Months - Interim	Year End	Year End	Year End
	EURm	EURm	EURm	EURm
	Reviewed - Unqualified	Audited - Unqualified	Audited - Unqualified	Audited - Unqualified
1. Interest Income on Loans	1,834	3,772	4,079	4,410
2. Other Interest Income	263	570	646	741
3. Dividend Income	n.a.	3	12	7
4. Gross Interest and Dividend Income	**2,097**	**4,345**	**4,737**	**5,158**
5. Interest Expense on Customer Deposits	679	1,467	1,694	1,938
6. Other Interest Expense	235	475	558	757
7. Total Interest Expense	**914**	**1,942**	**2,252**	**2,695**
8. Net Interest Income	**1,183**	**2,403**	**2,485**	**2,463**
9. Net Gains (Losses) on Trading and Derivatives	9	56	(6)	(53)
10. Net Gains (Losses) on Other Securities	70	30	226	274
11. Net Gains (Losses) on Assets at FV through Income Statement	0	0	0	0
12. Net Insurance Income	0	0	0	0
13. Net Fees and Commissions	398	786	927	1,011
14. Other Operating Income	52	447	26	104
15. Total Non-Interest Operating Income	**529**	**1,319**	**1,173**	**1,336**
16. Personnel Expenses	692	1,191	1,131	1,281
17. Other Operating Expenses	810	1,837	2,124	1,743
18. Total Non-Interest Expenses	**1,502**	**3,028**	**3,255**	**3,024**
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	n.a.	n.a.
20. Pre-Impairment Operating Profit	**210**	**694**	**403**	**775**
21. Loan Impairment Charge	76	209	265	319
22. Securities and Other Credit Impairment Charges	n.a.	3	10	0
23. Operating Profit	**134**	**482**	**128**	**456**
24. Equity-accounted Profit/ Loss - Non-operating	0	0	0	0
25. Non-recurring Income	104	442	361	0
26. Non-recurring Expense	72	342	276	182
27. Change in Fair Value of Own Debt	n.a.	n.a.	n.a.	n.a.
28. Other Non-operating Income and Expenses	n.a.	n.a.	n.a.	n.a.
29. Pre-tax Profit	**166**	**582**	**213**	**274**
30. Tax expense	25	(27)	172	(13)
31. Profit/Loss from Discontinued Operations	0	0	219	44
32. Net Income	**141**	**609**	**260**	**331**
33. Change in Value of AFS Investments	n.a.	n.a.	n.a.	n.a.
34. Revaluation of Fixed Assets	n.a.	n.a.	n.a.	n.a.
35. Currency Translation Differences	n.a.	n.a.	n.a.	138
36. Remaining OCI Gains/(losses)	(9)	89	200	(88)
37. Fitch Comprehensive Income	**132**	**698**	**460**	**381**
38. Memo: Profit Allocation to Non-controlling Interests	0	1	1	1
39. Memo: Net Income after Allocation to Non-controlling Interests	141	608	259	330
40. Memo: Common Dividends Relating to the Period	0	0	0	0
41. Memo: Preferred Dividends Related to the Period	0	0	0	0
Exchange rate	USD1 = EUR0.90070	USD1 = EUR0.91850	USD1 = EUR0.82370	USD1 = EUR0.72510

Deutsche Postbank AG
Balance Sheet

	30 Jun 2016		31 Dec 2015		31 Dec 2014		31 Dec 2013
	6 Months - Interim	As % of	Year End	As % of	Year End	As % of	Year End
	EURm	Assets	EURm	Assets	EURm	Assets	EURm
Assets							
A. Loans							
1. Residential Mortgage Loans	71,043.0	48.03	71,452.0	47.45	72,813.0	46.86	74,153.0
2. Other Mortgage Loans	n.a.	-	n.a.	-	n.a.	-	n.a.
3. Other Consumer/ Retail Loans	6,911.0	4.67	6,453.0	4.28	6,098.0	3.92	5,454.0
4. Corporate & Commercial Loans	12,461.0	8.42	12,175.0	8.08	11,944.0	7.69	16,603.0
5. Other Loans	9,560.0	6.46	8,317.0	5.52	7,117.0	4.58	5,103.0
6. Less: Reserves for Impaired Loans	961.0	0.65	923.0	0.61	1,361.0	0.88	1,476.0
7. Net Loans	**99,014.0**	**66.93**	**97,474.0**	**64.73**	**96,611.0**	**62.17**	**99,837.0**
8. Gross Loans	**99,975.0**	**67.58**	**98,397.0**	**65.34**	**97,972.0**	**63.05**	**101,313.0**
9. Memo: Impaired Loans included above	1,880.0	1.27	1,925.0	1.28	2,608.0	1.68	2,919.0
10. Memo: Loans at Fair Value included above	4,243.0	2.87	4,409.0	2.93	4,932.0	3.17	5,830.0
B. Other Earning Assets							
1. Loans and Advances to Banks	2,189.0	1.48	2,732.0	1.81	3,229.0	2.08	5,050.0
2. Reverse Repos and Cash Collateral	9,737.0	6.58	13,144.0	8.73	16,373.0	10.54	15,101.0
3. Trading Securities and at FV through Income	0.0	0.00	0.0	0.00	0.0	0.00	0.0
4. Derivatives	872.0	0.59	634.0	0.42	677.0	0.44	1,787.0
5. Available for Sale Securities	15,452.0	10.45	13,356.0	8.87	12,396.0	7.98	10,238.0
6. Held to Maturity Securities	n.a.	-	n.a.	-	n.a.	-	n.a.
7. Equity Investments in Associates	5.0	0.00	5.0	0.00	6.0	0.00	6.0
8. Other Securities	15,508.0	10.48	17,498.0	11.62	21,214.0	13.65	23,921.0
9. Total Securities	**41,574.0**	**28.10**	**44,637.0**	**29.64**	**50,666.0**	**32.60**	**51,053.0**
10. Memo: Government Securities included Above	n.a.	-	n.a.	-	n.a.	-	n.a.
11. Memo: Total Securities Pledged	n.a.	-	n.a.	-	n.a.	-	n.a.
12. Investments in Property	n.a.	-	n.a.	-	n.a.	-	n.a.
13. Insurance Assets	0.0	0.00	0.0	0.00	0.0	0.00	0.0
14. Other Earning Assets	20.0	0.01	489.0	0.32	0.0	0.00	157.0
15. Total Earning Assets	**142,797.0**	**96.53**	**145,332.0**	**96.50**	**150,506.0**	**96.85**	**156,097.0**
C. Non-Earning Assets							
1. Cash and Due From Banks	1,119.0	0.76	1,357.0	0.90	1,230.0	0.79	1,739.0
2. Memo: Mandatory Reserves included above	n.a.	-	n.a.	-	n.a.	-	n.a.
3. Foreclosed Real Estate	n.a.	-	n.a.	-	n.a.	-	n.a.
4. Fixed Assets	675.0	0.46	678.0	0.45	683.0	0.44	698.0
5. Goodwill	1,581.0	1.07	1,581.0	1.05	1,581.0	1.02	1,622.0
6. Other Intangibles	349.0	0.24	321.0	0.21	371.0	0.24	406.0
7. Current Tax Assets	86.0	0.06	101.0	0.07	148.0	0.10	115.0
8. Deferred Tax Assets	144.0	0.10	72.0	0.05	68.0	0.04	92.0
9. Discontinued Operations	0.0	0.00	0.0	0.00	n.a.	-	n.a.
10. Other Assets	1,176.0	0.79	1,155.0	0.77	810.0	0.52	728.0
11. Total Assets	**147,927.0**	**100.00**	**150,597.0**	**100.00**	**155,397.0**	**100.00**	**161,497.0**
Liabilities and Equity							
D. Interest-Bearing Liabilities							
1. Customer Deposits - Current	44,850.0	30.32	43,185.0	28.68	39,746.0	25.58	37,295.0
2. Customer Deposits - Savings	59,080.0	39.94	61,182.0	40.63	64,555.0	41.54	64,989.0
3. Customer Deposits - Term	14,541.0	9.83	14,783.0	9.82	16,192.0	10.42	18,114.0
4. Total Customer Deposits	**118,471.0**	**80.09**	**119,150.0**	**79.12**	**120,493.0**	**77.54**	**120,398.0**
5. Deposits from Banks	13,901.0	9.40	15,443.0	10.25	17,583.0	11.31	18,282.0
6. Repos and Cash Collateral	n.a.	-	n.a.	-	n.a.	-	7.0
7. Commercial Paper and Short-term Borrowings	88.0	0.06	161.0	0.11	1,169.0	0.75	2,928.0
8. Total Money Market and Short-term Funding	**132,460.0**	**89.54**	**134,754.0**	**89.48**	**139,245.0**	**89.61**	**141,615.0**
9. Senior Unsecured Debt (original maturity > 1 year)	3,289.0	2.22	3,285.0	2.18	3,402.0	2.19	4,407.0
10. Subordinated Borrowing	1,161.0	0.78	1,834.0	1.22	3,699.0	2.38	4,358.0
11. Covered Bonds	n.a.	-	n.a.	-	n.a.	-	n.a.
12. Other Long-term Funding	n.a.	-	n.a.	-	n.a.	-	168.0
13. Total LT Funding (original maturity > 1 year)	**4,450.0**	**3.01**	**5,119.0**	**3.40**	**7,101.0**	**4.57**	**8,933.0**
14. Derivatives	874.0	0.59	873.0	0.58	1,065.0	0.69	2,141.0
15. Trading Liabilities	n.a.	-	n.a.	-	n.a.	-	n.a.
16. Total Funding	**137,784.0**	**93.14**	**140,746.0**	**93.46**	**147,411.0**	**94.86**	**152,689.0**
E. Non-Interest Bearing Liabilities							
1. Fair Value Portion of Debt	n.a.	-	n.a.	-	n.a.	-	n.a.
2. Credit impairment reserves	n.a.	-	n.a.	-	n.a.	-	n.a.
3. Reserves for Pensions and Other	804.0	0.54	703.0	0.47	854.0	0.55	1,664.0
4. Current Tax Liabilities	81.0	0.05	110.0	0.07	104.0	0.07	80.0
5. Deferred Tax Liabilities	21.0	0.01	9.0	0.01	41.0	0.03	84.0
6. Other Deferred Liabilities	n.a.	-	n.a.	-	n.a.	-	n.a.
7. Discontinued Operations	0.0	0.00	0.0	0.00	n.a.	-	n.a.
8. Insurance Liabilities	0.0	0.00	0.0	0.00	n.a.	-	n.a.
9. Other Liabilities	667.0	0.45	466.0	0.31	526.0	0.34	833.0
10. Total Liabilities	**139,357.0**	**94.21**	**142,034.0**	**94.31**	**148,936.0**	**95.84**	**155,350.0**
F. Hybrid Capital							
1. Pref. Shares and Hybrid Capital accounted for as Debt	1,473.0	1.00	1,405.0	0.93	0.0	0.00	0.0
2. Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.00	0.0	0.00	0.0	0.00	0.0
G. Equity							
1. Common Equity	6,692.0	4.52	6,825.0	4.53	6,119.0	3.94	6,119.0
2. Non-controlling Interest	6.0	0.00	6.0	0.00	5.0	0.00	5.0
3. Securities Revaluation Reserves	399.0	0.27	327.0	0.22	337.0	0.22	23.0
4. Foreign Exchange Revaluation Reserves	0.0	0.00	0.0	0.00	0.0	0.00	0.0
5. Fixed Asset Revaluations and Other Accumulated OCI	0.0	0.00	0.0	0.00	0.0	0.00	0.0
6. Total Equity	**7,097.0**	**4.80**	**7,158.0**	**4.75**	**6,461.0**	**4.16**	**6,147.0**
7. Total Liabilities and Equity	**147,927.0**	**100.00**	**150,597.0**	**100.00**	**155,397.0**	**100.00**	**161,497.0**
8. Memo: Fitch Core Capital	5,155.0	3.48	5,245.0	3.48	4,504.0	2.90	4,119.0
Exchange rate	USD1 = EUR0.90070		USD1 = EUR0.91850		USD1 = EUR0.82370		USD1 = EUR0.72510

Deutsche Postbank AG

Summary Analytics

	30 Jun 2016 6 Months - Interim	31 Dec 2015 Year End	31 Dec 2014 Year End	31 Dec 2013 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	3.7	3.8	4.1	4.3
2. Interest Expense on Customer Deposits/ Average Customer Deposits	1.2	1.2	1.4	1.5
3. Interest Income/ Average Earning Assets	2.9	2.9	3.1	3.1
4. Interest Expense/ Average Interest-bearing Liabilities	1.3	1.4	1.5	1.7
5. Net Interest Income/ Average Earning Assets	1.7	1.6	1.6	1.5
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.6	1.5	1.5	1.3
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.7	1.6	1.6	1.5
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	30.9	35.4	32.1	35.2
2. Non-Interest Expense/ Gross Revenues	87.7	81.4	89.0	79.6
3. Non-Interest Expense/ Average Assets	2.0	2.0	2.1	1.8
4. Pre-impairment Op. Profit/ Average Equity	5.9	10.3	6.3	13.2
5. Pre-impairment Op. Profit/ Average Total Assets	0.3	0.5	0.3	0.5
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	36.2	30.6	68.2	41.2
7. Operating Profit/ Average Equity	3.8	7.1	2.0	7.8
8. Operating Profit/ Average Total Assets	0.2	0.3	0.1	0.3
9. Operating Profit / Risk Weighted Assets	0.6	1.1	0.3	1.0
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	4.0	9.0	4.1	5.7
2. Net Income/ Average Total Assets	0.2	0.4	0.2	0.2
3. Fitch Comprehensive Income/ Average Total Equity	3.7	10.3	7.2	6.5
4. Fitch Comprehensive Income/ Average Total Assets	0.2	0.5	0.3	0.2
5. Taxes/ Pre-tax Profit	15.1	(4.6)	80.8	(4.7)
6. Net Income/ Risk Weighted Assets	0.7	1.4	0.6	0.7
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	11.8	11.6	10.3	8.8
2. Tangible Common Equity/ Tangible Assets	3.5	3.5	2.9	2.6
3. Tier 1 Regulatory Capital Ratio	13.6	13.9	10.7	9.6
4. Total Regulatory Capital Ratio	16.2	16.3	16.6	15.7
5. Common Equity Tier 1 Capital Ratio	13.1	13.7	10.7	n.a.
6. Equity/ Total Assets	4.8	4.8	4.2	3.8
7. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
8. Internal Capital Generation	4.0	8.5	4.0	5.4
E. Loan Quality				
1. Growth of Total Assets	(1.8)	(3.1)	(3.8)	(14.1)
2. Growth of Gross Loans	1.6	0.4	(3.3)	(4.7)
3. Impaired Loans/ Gross Loans	1.9	2.0	2.7	2.9
4. Reserves for Impaired Loans/ Gross Loans	1.0	0.9	1.4	1.5
5. Reserves for Impaired Loans/ Impaired Loans	51.1	48.0	52.2	50.6
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	17.8	19.1	27.7	35.0
7. Impaired Loans less Reserves for Impaired Loans/ Equity	13.0	14.0	19.3	23.5
8. Loan Impairment Charges/ Average Gross Loans	0.2	0.2	0.3	0.3
9. Net Charge-offs/ Average Gross Loans	0.1	0.4	0.4	0.5
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	1.9	2.0	2.7	2.9
F. Funding and Liquidity				
1. Loans/ Customer Deposits	84.4	82.6	81.3	84.2
2. Interbank Assets/ Interbank Liabilities	15.8	17.7	18.4	27.6
3. Customer Deposits/ Total Funding (excluding derivatives)	85.6	84.3	82.3	80.0
4. Liquidity Coverage Ratio	n.a.	n.a.	n.a.	n.a.
5. Net Stable Funding Ratio	n.a.	109.0	n.a.	n.a.

Deutsche Postbank AG

Reference Data

	30 Jun 2016		31 Dec 2015		31 Dec 2014		31 Dec 2013	
	6 Months - Interim EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
A. Off-Balance Sheet Items								
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	383	0	404	0	394	0	359	0
4. Acceptances and documentary credits reported off-balance sheet	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	6,932	5	5,788	4	4,847	3	7,179	4
6. Other Contingent Liabilities	13,657	9	13,905	9	14,232	9	12,353	8
7. Total Assets under Management	13,500	9	13,900	9	0	0	0	0
B. Average Balance Sheet								
Average Loans	99,112	67	98,274	65	99,505	64	103,793	64
Average Earning Assets	143,972	97	148,282	98	152,778	98	164,883	102
Average Assets	149,054	101	153,102	102	157,846	102	170,704	106
Average Managed Securitized Assets (OBS)	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	139,030	94	143,749	95	148,947	96	160,950	100
Average Common equity	6,896	5	6,517	4	6,244	4	5,854	4
Average Equity	7,144	5	6,752	4	6,355	4	5,857	4
Average Customer Deposits	118,655	80	119,179	79	119,734	77	125,808	78
C. Maturities								
Asset Maturities:								
Loans & Advances < 3 months	n.a.	-	13,910	9	13,446	9	15,863	10
Loans & Advances 3 - 12 Months	n.a.	-	8,696	6	9,510	6	10,063	6
Loans and Advances 1 - 5 Years	n.a.	-	34,302	23	35,237	23	37,299	23
Loans & Advances > 5 years	n.a.	-	41,489	28	39,779	26	38,088	24
Debt Securities < 3 Months	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:								
Retail Deposits < 3 months	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	-	85,854	57	85,509	55	86,072	53
Other Deposits 3 - 12 Months	n.a.	-	8,166	5	8,768	6	8,327	5
Other Deposits 1 - 5 Years	n.a.	-	13,535	9	13,734	9	12,604	8
Other Deposits > 5 Years	n.a.	-	11,595	8	12,482	8	13,395	8
Deposits from Banks < 3 Months	n.a.	-	5,818	4	7,873	5	8,256	5
Deposits from Banks 3 - 12 Months	n.a.	-	562	0	778	1	538	0
Deposits from Banks 1 - 5 Years	n.a.	-	4,616	3	4,456	3	5,000	3
Deposits from Banks > 5 Years	n.a.	-	4,447	3	4,476	3	4,488	3
Senior Debt Maturing < 3 months	n.a.	-	93	0	151	0	1,666	1
Senior Debt Maturing 3-12 Months	n.a.	-	67	0	1,017	1	1,262	1
Senior Debt Maturing 1- 5 Years	n.a.	-	1,348	1	270	0	1,036	1
Senior Debt Maturing > 5 Years	n.a.	-	1,937	1	3,132	2	3,371	2
Total Senior Debt on Balance Sheet	n.a.	-	3,445	2	4,570	3	7,335	5
Fair Value Portion of Senior Debt	n.a.	-	0	0	0	0	0	0
Subordinated Debt Maturing < 3 months	n.a.	-	54	0	83	0	0	0
Subordinated Debt Maturing 3-12 Months	n.a.	-	724	0	204	0	0	0
Subordinated Debt Maturing 1- 5 Year	n.a.	-	636	0	1,329	1	0	0
Subordinated Debt Maturing > 5 Years	n.a.	-	420	0	2,083	1	0	0
Total Subordinated Debt on Balance Sheet	1,161	1	1,834	1	3,699	2	4,358	3
Fair Value Portion of Subordinated Debt	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets								
1. Risk Weighted Assets	43,701	30	45,173	30	43,651	28	46,972	29
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	43,701	30	45,173	30	43,651	28	46,972	29
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	43,701	30	45,173	30	43,651	28	46,972	29
E. Equity Reconciliation								
1. Equity	7,097	5	7,158	5	6,461	4	6,147	4
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	7,097	5	7,158	5	6,461	4	6,147	4
F. Fitch Core Capital Reconciliation								
1. Total Equity as reported (including non-controlling interests)	7,097	5	7,158	5	6,461	4	6,147	4
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0	0	0	0	0	0	0	0
3. Non-loss-absorbing non-controlling interests	0	0	0	0	0	0	0	0
4. Goodwill	1,581	1	1,581	1	1,581	1	1,622	1
5. Other intangibles	349	0	321	0	371	0	406	0
6. Deferred tax assets deduction	12	0	11	0	5	0	0	0
7. Net asset value of insurance subsidiaries	0	0	0	0	0	0	0	0
8. First loss tranches of off-balance sheet securitizations	0	0	0	0	0	0	0	0
9. Fitch Core Capital	**5,155**	**3**	**5,245**	**3**	**4,504**	**3**	**4,119**	**3**
Exchange Rate	USD1 = EUR0.90070		USD1 = EUR0.91850		USD1 = EUR0.82370		USD1 = EUR0.72510	

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.