2015

DEUTSCHE POSTBANK AG, BONN
ANNUAL FINANCIAL STATEMENTS (HGB)
AS OF DECEMBER 31, 2015

Postbank

DEUTSCHE POSTBANK AG, BONN

ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2015
AND MANAGEMENT REPORT FOR FISCAL YEAR 2015

MANAGEMENT REPORT

BUSINESS AND ENVIRONMENT

Corporate profile and business model of Postbank

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
Deutsche Postbank AG (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.

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.

Management at Postbank

Postbank is responsible for the management of the entire Postbank subgroup.

Non-financial key performance indicators at Postbank

In its 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 Bank-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. The key performance indicators relating to Postbank at the subgroup level are of relevance here.

Profit before tax, as the most important metric used to judge and manage the performance of Postbank, contains all of the components of the income statement before tax. Total income (consisting of net interest income, net fee and commission income, net income from investment securities and net trading income), risk provisions, administrative expenses (consisting of personnel expenses, other administrative expenses and writedowns) and other 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 risk provisions – 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

At the level of the Postbank subgroup, 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 the Notes to the Annual 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 289(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

[1]In this context, "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.

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.

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 the Notes to the Annual Financial Statements.

EMPLOYEES

At the end of 2015, Deutsche Postbank AG employed 4,605 full-time equivalents, 147 more than on December 31, 2014. In total, active civil servants account for about 41 % of the workforce. About 18% of our staff works part-time. Our external turnover in 2015 was around 4.3 %, thus remaining level with the prior-year figure. This can mainly be attributed to early retirement arrangements in fiscal year 2015 and to regular retirements.

The average length of employment at the Company was approximately 22.5 years. Deutsche Postbank AG 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 fiscal year 2015, the disposal of the subsidiary Postbank P.O.S. Transact GmbH, Eschborn, a provider of cashless and card-based payment transactions, took place.

On December 10, 2015, Deutsche Postbank AG repurchased from Deutsche Bank AG the following entities: 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.).

The Funding companies act as a refinancing structure. Postbank issued a total of four bonds, each of which is 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.

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 Prozessing 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 €29 million in fiscal year 2015 after €117 million in the previous year.

Net profit for the period after tax and before profit transfer amounted to €2 million (previous year: €15 million). In accordance with the control and profit and loss transfer agreement, Postbank will transfer the profit to DB Finanz-Holding GmbH in full.

The decrease was due, on the one hand, to a decline in net interest income, mainly as a result of the fall in current income (including income from profit and loss transfer agreements), and, on the other, to net losses on the measurement of securities in the liquidity reserve, and higher loss absorption from subsidiaries.

In addition, as expected, the significant positive contribution to earnings from the measurement at fair value of assets transferred under the contractual trust arrangement (CTA) to cover pension obligations was not repeated in fiscal year 2015. In the year under review, the netting of interest income from plan assets with the interest expense from pension obligations had a negative impact on earnings. This decrease was largely offset by compensation payments received in connection with the termination of IT cooperation agreements with Deutsche Bank AG in the reporting year.

In contrast, risk provisions developed on a positive footing. On the one hand, this reflects the positive trend in the customer business, in particular the high 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.

RESULTS OF OPERATIONS

Individual items

Net interest income

In line with our expectations, net interest income, i.e., the balance of interest income and interest expense (including current income from equities, equity investments and investments in affiliated companies, and income from profit and loss transfer agreements) was down 8.4% year-on-year at €2,422 million, due to low interest rates and the absence of non-recurring effects, which had exerted a positive influence in 2014.

The systematic reduction of investment securities portfolios and the low interest rates resulted in a €40 million decline in net interest income to €682 million.

Interest income of €32 million was generated by closing out derivatives prior to maturity (previous year: €65 million).

Current income in the amount of €25 million (previous year: €103 million) largely consists of income in connection with the shares held in PBC Banking Services GmbH.

Income from profit and loss transfer agreements amounted to €147 million (previous year: €242 million).

Net fee and commission income

Contrary to our expectations, net fee and commission income decreased slightly by €10 million to €398 million.

The decline in net fee and commission income resulted largely from the change in the structure for electronic cash fees and the increase in brokerage commissions in the consumer credit business.

Net expense from the trading portfolio

In fiscal year 2015, Postbank reported a net expense from its trading portfolio of €1 million (previous year: net income of €17 million). This is almost in line with our forecast break-even result.

Positive changes of €5 million (previous year: €12 million) in the fair value of the interest rate derivatives held in the trading portfolio were offset by expenses for a risk discount on derivatives in the trading portfolio (including credit/debit valuation adjustment) in the amount of €6 million (previous year: €3 million).

Administrative expenses

Contrary to our expectations, administrative expenses (including depreciation and amortization of property and equipment and intangible assets) increased slightly by €18 million to €2,257 million (previous year: €2,239 million).

Personnel expenses increased by €47 million to €664 million (previous year: €617 million) largely as a result of staff-related provisions.

At €1,593 million, the non-personnel operating expense was €29 million down year-on-year. This was largely due to the new terms and conditions in force since the start of 2015 governing cooperation with Deutsche Post AG.

Net measurement gains/losses

Risk provisions for securities in the liquidity reserve amounted to €49 million in the year under review (previous year: €23 million), the negative contribution to earnings being higher than expected. Despite historically low interest rates, writedowns amounting to €82 million were necessary on securities measured above their par value. These writedowns were offset by reversals of writedowns in the amount of €2.6 million. The sale of securities generated price gains of €30 million and price losses of €2.7 million. Transactions involving derivatives in the non-trading portfolio generated gains of €3.5 million.

In line with expectations, net measurement losses in the lending business narrowed by €97 million to €169 million. This trend was boosted by the favorable macroeconomic environment, as well as sales of credits and associated reversals of risk provisions.

Writedowns and adjustments of equity investments, investments in affiliated companies, and securities treated as fixed assets

In the reporting period, writedowns were recognized on the carrying amounts of the investment in PBC Banking Services GmbH.

Income from reversals of writedowns of equity investments, investments in affiliated companies, and securities treated as fixed assets

The item “income from reversals of writedowns of equity investments, investments in affiliated companies, and securities treated as fixed assets” mainly comprises income from the reversal of writedowns recognized on the carrying amount of the investment in Postbank Immobilien und Baumanagement GmbH in the amount of €18 million, and gains of €15 million on the sale of securities.

Contrary to our expectations, the net measurement loss of €8 million from equity investments, investments in affiliated companies and securities treated as fixed assets narrowed appreciably (previous year: loss of €94 million).

Other income

Net other income and expenses (including other taxes) amounted to €–50 million in the year under review (previous year: €–117 million). The increase of €67 million on the prior-year figure – which contrasted with our expectations of an unchanged scenario – was primarily the result of positive non-recurring effects.

Other operating income fell by 17.0 %. Thanks to income of €101 million from the termination of IT cooperation agreements with Deutsche Bank, the forecast substantial decrease did not materialize. In addition, other operating income primarily includes reimbursements of civil servants’ salaries from affiliated companies amounting to €184 million (previous year: €261 million), rental income of €86 million (previous year: €71 million), and income of €57 million from the reversal of provisions (previous year: €77 million).

The 22.4 % fall in other operating expenses is more or less in line with expectations. Other operating expenses mainly relate to services provided by the service companies amounting to €432 million (previous year: €446 million), expenses arising from the netting of interest expense for pension obligations with interest income from plan assets in the amount of €110 million (previous year: income of €186 million). In addition, they include court and litigation costs amounting to €53 million (previous year: €134 million) and payments made to the Bundesanstalt für Post und Telekommunikation of €11 million (previous year: €9 million).

Expenses from loss absorption
The profit and loss transfer agreement with Postbank Filialvertrieb AG resulted in loss absorption expenses of €101 million.

Addition to the fund for general banking risks
The addition to the fund for general banking risks in accordance with section 340g of the *Handelsgesetzbuch* (HGB – German Commercial Code) amounted to €155 million (previous year: €244 million). Contrary to our forecast, therefore, an addition was made to the fund for general banking risks.

Profit before tax
Profit before tax and profit transfer amounted to €29 million in fiscal year 2015, after €117 million in the previous year. This is almost in line with the slightly positive pre-tax profit predicted for 2015.

Taxes on income
The income tax expense of €27 million (previous year: €102 million) is attributable to the taxes that Postbank was legally required to pay under the control and profit and loss transfer agreement for the Luxembourg branch, as well as to prior-period taxes.

Net profit for the period
Postbank reported net profit of zero in fiscal year 2015 after transferring its profit of €2 million to DB Finanz-Holding GmbH.

NET ASSETS AND FINANCIAL POSITION

Changes in the balance sheet structure

Total assets
Postbank's total assets fell by 3.5% or €4.7 billion year-on-year, down to €128.4 billion.

The assets side of the balance sheet was characterized largely by the reduction in securities repurchase agreements and the contraction of the securities portfolio. With a reduction of debt securities in issue, securities repurchase transactions and customer deposits, this decline was also reflected on the liabilities side of the balance sheet.

Loans and advances to customers
Loans and advances to customers amounted to €68.6 billion as of December 31, 2015, an increase of 3.2 % compared with the previous year. The increase was primarily attributable to public-sector loans (€1.0 billion) and to consumer credits (€0.7 billion).

Money and capital market investments
Money and capital market investments, comprising loans and advances to other banks, investments in the trading portfolio, and bonds, amounted to €50.0 billion as of the reporting date (previous year: €56.5 billion).

Loans and advances to other banks decreased by 16.0 % to €22.7 billion, due in particular to securities repurchase agreements (€–3.4 billion) and term deposits (€–0.7 billion).

Efforts to enhance Postbank's risk structure and earnings quality saw a further reduction in the Bank's securities portfolio, which was down €2.0 billion year-on-year.

The trading portfolio amounted to €0.5 billion as of the reporting date (previous year: €0.7 billion) and mainly comprised positive fair values of derivative financial instruments.

Due to customers
Total amounts due to customers amounted to €99.4 billion as of the reporting date, remaining roughly level with the prior-year figure of €100.5 billion. The €2.9 billion increase in demand deposits was more or less offset by decreases in savings deposits (€–2.7 billion), term deposits (€–0.9 billion) and registered securities (€–0.6 billion).

Money and capital market liabilities
Money and capital market liabilities, comprising deposits from other banks, debt securities in issue, and the trading portfolio, amounted to €18.3 billion (previous year: €21.6 billion).

As in the previous year, the trading portfolio amounted to €0.2 billion as of the reporting date and comprised negative fair values of derivative financial instruments.

The €2.1 billion decrease in deposits from other banks to €14.7 billion resulted primarily from a decline in the volume of both securities repurchase agreements (€–1.4 billion) and overnight money (€– 0.9 billion).

The portfolio of debt securities in issue declined by €1.1 billion to €3.5 billion due to maturities.

Fund for general banking risks
In the reporting period, €155 million was added to the fund for general banking risks in accordance with section 340g of the HGB. Following this addition, the fund for general banking risks amounted to €2,426 million as of the end of the year.

Equity
As of December 31, 2015, equity was unchanged at €2,740 million.

The regular phased-in Common Equity Tier 1 capital ratio increased from 10.4 %[1] at year-end 2014 to 10.6 %[2] at year-end 2015, while the fully phased-in Common Equity Tier 1 capital ratio rose from 9.6 %[1] at the end of 2014 to 10.2 %[2] at the end of the year under review. The positive performance of the capital ratios on the basis of the 2015 annual financial statements is due in particular to the addition to the fund for general banking risks, as well as to changes concerning specific valuation allowances and pension provisions. A more detailed portrayal of the capital ratios can be found in the Notes to the Annual Financial Statements.

[1]Based on the audited annual financial statements as of December 31, 2014.
[2]Subject to the adoption of the annual financial statements as of December 31, 2015.

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
With profit before tax amounting to €29 million, Postbank's net assets, financial position, and results of operations remained stable despite ongoing difficult conditions. This development is largely attributable to the development of our business with retail, business and corporate customers, which remains relatively immune to fluctuation. The lending business continued to have the greatest influence on net assets. Our customer business continued to develop steadily. In line with our de-risking strategy, we had further reduced our portfolio of investment securities and debt securities in issue.

Financial and non-financial key performance indicators
The following information on financial key performance indicators applies to the Postbank Group.

Profit before tax rose by 34.7%, from €432 million 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 had 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 gains from the initial measurement of Deutsche Postbank Funding Trusts I–IV, we did not see the development we had 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).

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 development was higher profit.

The fully phased-in leverage ratio was 3.4 % as of December 31, 2015. The 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.

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

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.

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 (€6.4 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, 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. As the leading institution of the Postbank Group, Deutsche Postbank AG monitors and manages risk limits at the level of the Postbank Group. (Group) limits for market, credit, and operational risks were complied with consistently throughout 2015. The Bank'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.

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 Bank 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 Bank-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.

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, 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) 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.

  c) 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 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 Bank is the responsibility of the units at head office and the local units networked with these. 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 Bank's risk strategy is consistent with its business policies and takes into account all significant areas of business and types of risk.

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 Bank.

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)**
Freuency 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 and savings and checking account risks Manage strategic focus of the banking book Discuss the Bank's earnings and risk positions	Define minimum requirements for business 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 Bank-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 Bank 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 Postbank'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 Trustee-
ship 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 Postbank, 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.

As a matter of principle, operational management of the Bank's market risk is performed centrally by the Financial Markets business division within the Corporates and Markets board department. In addition, Financial Markets performs operational liquidity risk management, 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 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.

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 Bank level by Postbank's Reputation Committee.

Overarching risk management

Risk-bearing capacity

Postbank is included in the Postbank Group's risk-bearing capacity concept 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 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 the Postbank Group'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.

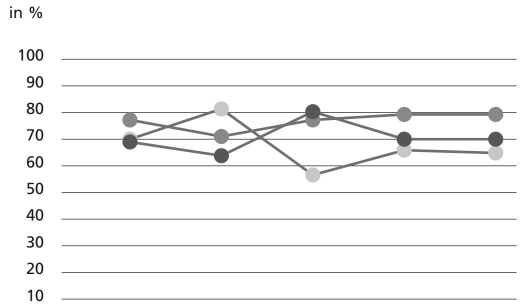
Economic capital is allocated to all the risk types listed in the section entitled "Risk types" with the exception of liquidity risk and reputational risk. To prevent the risk of illiquidity, Postbank maintains a liquidity buffer consisting of highly liquid and liquid assets for a two-month survival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

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 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 Bank-wide limits.

The following graphic depicts the changes in limit utilization for operationally managed risk types at the Postbank Group 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 %

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.

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.

Bank-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 word using, on the one hand, VaR limits and present-value based loss limits at Bank 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.

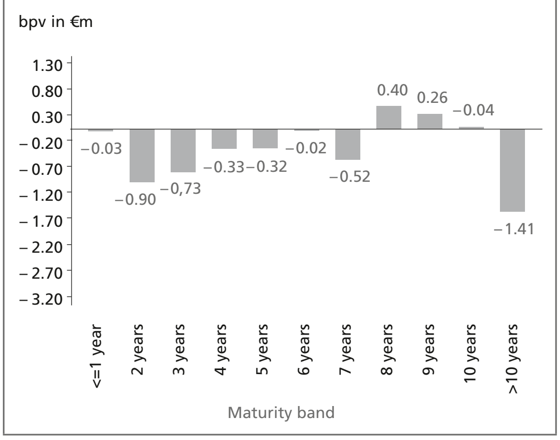
Escalation mechanisms have been defined for critical management parameters and for exogenous events so as to account for the relative significance of market risk to Postbank. These mechanisms ensure a prompt reaction to situations in which limits are approached or exceeded, or to extreme market movements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

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



Value at risk measurement, limit setting, and backtesting

Postbank 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, 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.

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 Bank'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:

Postbank value at risk, market risk

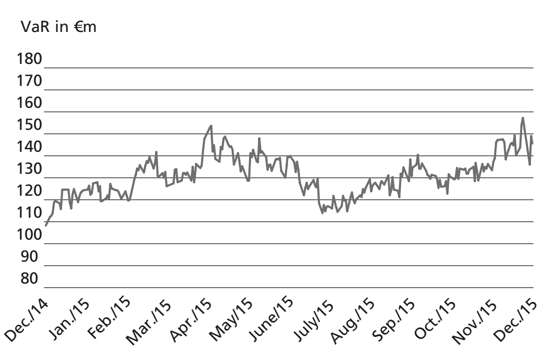
Postbank VaR (10 days, 99 %)	Year-end VaR		Maximum VaR		Minimum VaR		Average VaR	
Market risk types	Dec. 31, 2015 €m	Dec. 31, 2014 €m	2015 €m	2014 €m	2015 €m	2014 €m	2015 €m	2014 €m
Interest rate risk	81.0	41.4	90.9	42.6	35.7	15.3	56.0	29.0
Equity/stock index risk	8.6	3.5	9.2	4.0	3.5	2.4	6.2	3.2
Currency risk	7.3	1.7	13.3	8.9	1.6	1.0	6.9	2.3
Other market risk (spread)	102.6	97.7	121.4	125.7	94.8	92.2	106.6	101.8
Diversification effects	–52.9	–30.1	–63.3	–56.5	–28.6	–19.0	–45.1	–32.8
Total	146.6	114.2	157.2	123.0	107.7	92.5	130.6	103.4

The VaR for market risk (confidence level of 99 %, holding period of 10 days) amounted to a total of €147 million as of December 31, 2015 (for comparative purposes: €114 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. 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:

Postbank VaR for the period from January 1, 2015 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.

Real estate risk management

The properties in the Postbank portfolio are primarily owner-occupied properties used by Postbank itself. 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 Postbank's annual financial statements 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.

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 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 Postbank'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 global 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.

Global valuation allowances are recognized for latent credit risks. 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.

Managing credit risk at portfolio level

Portfolio management

Above and beyond monitoring individual risks, Postbank calculates the necessary economic capital (EC) for all 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 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 is the expected amount of losses due to credit risk in the Bank 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 loan portfolio on a monthly basis. The calculation of EC in the 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 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: carrying amounts). As the EC including portfolio effects is not calculated at the level of Deutsche Postbank AG, the portfolio structure is shown at Group level.

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[2]	145,767	151,434	373	360	2,205	2,145

[1]The underlying confidence level is 99.93 %
[2]2014 figure adjusted (see Note "Adjustments of prior-year figures")

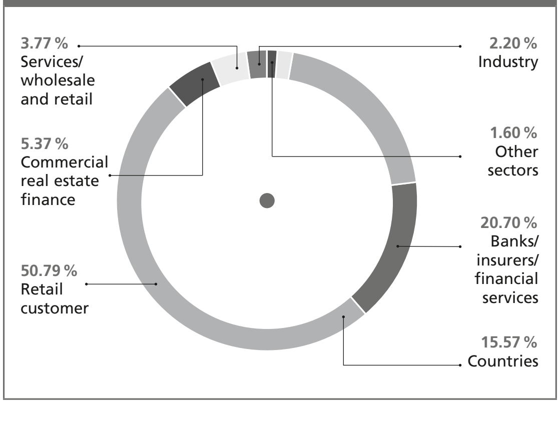
The expected loss (EL) and the economic capital (EC) increased compared with the prior year-end. A rise in EC was recorded in the strategic business areas of the Retail Banking, Corporate Banking, and Financial Markets segments; this was due primarily to increased volumes (installment loans, commercial 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.

Sector structure of the loan portfolio

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 Bank'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.

Sector structure

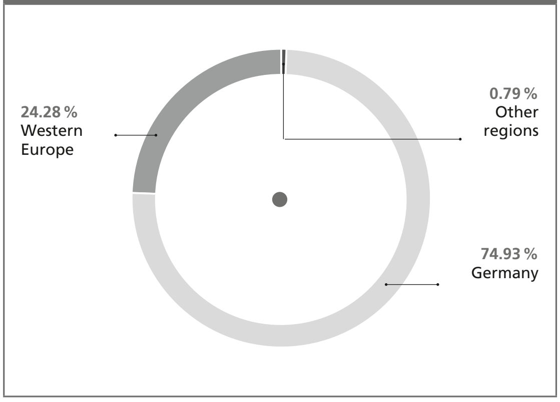


Regional distribution of the loan portfolio

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 central 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.

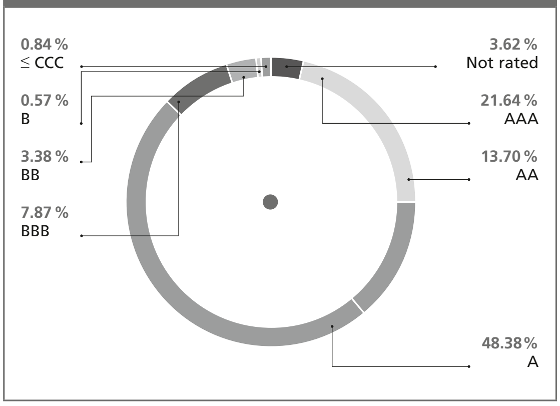
Regional distribution



Rating structure of the loan portfolio

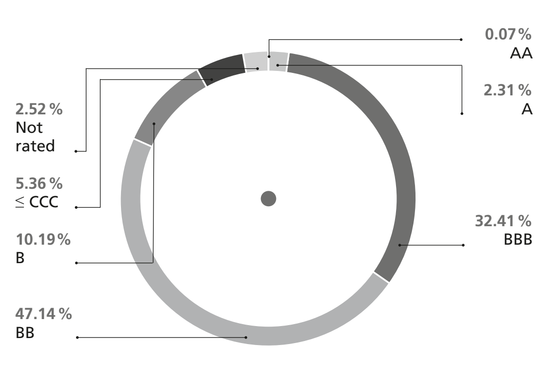
The distribution of ratings in the loan portfolio reflects Postbank's conservative approach. The following graphic depicts the rating structure of the loan portfolio for the non-retail business. The good rating categories classified as investment grade predominate.

Credit rating structure (non-retail)



Similarly, the following graphic illustrates the credit quality of the risk-bearing financial instruments for Postbank's retail business that were neither past due nor for which impairment losses had been recognized 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 rating structure (retail)



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 Postbank's Corporates and Markets board department. 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.

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 liquidity and issue planning and on a series of more far-reaching analyses and forecasts.

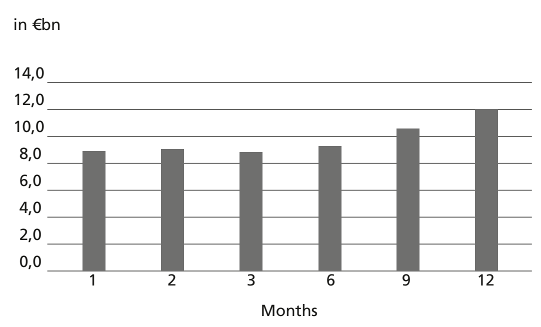
Risk management activities focus above all on ensuring solvency at all times, including in extreme stress situations. The scenarios cover both institution-specific and general market issues and, in the MaRisk scenario, the combination of the two. This permits changes in a variety of market factors, panic 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 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:

Postbank's liquidity status 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.

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.

Operational risk is fully integrated with Postbank's risk-bearing capacity concept. 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:

- 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.

Operational risk losses fell substantially year-on-year. 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 relevant departments.

Legal risks are also identified within Operational Risk Control using various procedures in the established structure with 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 information on the business divisions contained in the following table covers both core and non-core portfolios.

Business segment in accordance with the SolvV	Weighting for operational risk	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Corporate finance	0	–
Trading and sales	–6	23
Retail banking	356	347
Corporate banking	40	42
Payment transactions and processing	0	0
Agency services	1	1
Asset management	0	–
Retail brokerage	9	8
Total Postbank	**400**	**421**

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, 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.

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. Postbank's Risk Management unit 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

The following section describes the key features of the internal control and risk management system for the financial reporting process. In this respect, Deutsche Postbank AG complies with the requirement set out in section 289(5) of the *Handelsgesetzbuch* (HGB – German Commercial Code). Postbank regards information as being material within the meaning of section 289(5) of the HGB if failure to disclose it could influence the economic decisions taken on the basis of the annual 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 annual 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 financial statements and the 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.

Financial reporting is performed primarily by the units 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 annual financial statements and the 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 annual 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 annual financial statements and the 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 prepares its annual financial statements and management report in accordance with the provisions of German commercial law applicable to major stock corporations (sections 242 – 256a, 264 – 286, and 289 – 289a of the HGB), taking into consideration the legal-form specific requirements for German stock corporations (sections 150 – 161 of the AktG), the sector-specific requirements for credit institutions, and the requirements of the Bank's Articles of Association.

Generally applicable measurement procedures are used. The procedures used and the underlying inputs are reviewed at regular intervals and modified as necessary.

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 annual financial statements is assured by the Accounting department.

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.

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 POSTBANK

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 Postbank's earnings situation

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.

For net interest income we expect a moderate decline in the mid-double digit million euro range in 2016. The chief cause of this development will be the forecast interest rate level, which was intensified yet again as a result of interest rate adjustments made by the ECB at the end of 2015. Moreover, net interest income is likely to be negatively affected by the expected lower income resulting from profit and loss transfer agreements – an indirect consequence of the interest rate level. This decline can only be partially offset by growth initiatives in the area of lending products.

Net fee and commission income is expected to experience a marked rise in the low triple-digit million euro range in 2016. Because of the low interest rate environment in particular, we believe positive momentum will be provided here by increasing demand for investment products and an optimization of fee models for checking accounts.

For risk provisions for securities in the liquidity reserve, we expect a substantial uptick in interest-induced writedowns of securities in 2016, brought about by mildly rising interest rates. For risk provisions in the lending business in 2016, we foresee a rise in the mid-double-digit euro range owing to an expansion of the lending business compared with 2015.

Administrative expenses in 2016 should rise by a moderate amount in the low triple-digit millions primarily as the result of strategic one-time investments. Investments here will involve measures to increase efficiency, the deconsolidation from Deutsche Bank Group, and business growth initiatives. In addition, increased expenditures for further standardization of deposit protection at the EU level will have a negative impact on administrative expenses. We expect administrative expenses, apart from the non-recurring effects, to remain mostly at the prior-year level. Anticipated collective wage increases in staff expenses and the inflation-fed rise in the non-personnel operating expense can be offset with measures to increase efficiency.

For other operating income, we anticipate a substantial decline in the low triple-digit million euro range overall compared with 2015, since we will no longer benefit from non-recurring income from IT cooperation agreements with Deutsche Bank. Income from system developments on behalf of Deutsche Bank will then also be lost in the future. In addition, interest rate trends will continue to cause interest expenses for pension obligations to have a negative impact. Positive trends will arise, however, from declining expenses for litigation and complaints related to investment advice in particular, and from reduced expenses for litigation risks.

Following the nearly balanced result from reversals of writedowns/writedowns of equity investments and securities in 2015, we expect a significantly increasing positive earnings contribution in the mid-triple digit million euro range owing notably to sales of securities from the non-core portfolio and changes in the investment structure in 2016.

With regard to the fund for general banking risks, we expect to see additions in the mid-triple digit million euro range in 2016. The background here is the persistently low interest rate environment as well as additional regulatory requirements.

As a consequence of expected additions to the fund for general banking risks in particular, we anticipate a negative pre-tax result in 2016 in the mid-triple digit million euro range. But, given positive non-recurring effects in taxes in connection with the anticipated termination of the control and profit and loss transfer agreement with DB Finanz-Holding GmbH, we anticipate profit after tax to be in the mid-double digit million euro range.

The following forecast for financial key performance indicators applies to the Postbank Group.

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.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Postbank, and the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

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

BALANCE SHEET AS OF DECEMBER 31, 2015 – DEUTSCHE POSTBANK AG, BONN

Assets	€	Previous year €m	€	€	Dec. 31, 2015 €	Previous year €m
1. Cash reserve						
a) Cash balance				962,520,650.40		958
b) Balances with central banks				53,211,427.13		176
of which: with Deutsche Bundesbank	52,912,830.07	175			1,015,732,077.53	
2. Loans and advances to other banks						
a) Payable on demand				1,387,875,487.76		1,254
b) Other loans and advances				21,325,628,816.92		25,794
of which:						
mortgage loans	302,981.26	0				
public-sector loans	20,000,000.00	20			22,713,504,304.68	
3. Loans and advances to customers						
of which:						
mortgage loans	21,091,879,393.61	21,736				
public-sector loans	4,118,457,751.29	3,114			68,588,990,593.70	66,483
4. Bonds and other fixed-income securities						
a) Money market securities						
aa) Public-sector issuers			0.00			0
of which: eligible as collateral with Deutsche Bundesbank	0.00	0				
ab) other issuers			0.00	0.00		0
of which: eligible as collateral with Deutsche Bundesbank	0.00	0				
b) Bonds						
ba) Public-sector issuers			15,759,720,749.82			15,792
of which: eligible as collateral with Deutsche Bundesbank	15,518,295,743.25	15,783				
bb) other issuers			11,015,481,454.61	26,775,202,204.43		12,956
of which: eligible as collateral with Deutsche Bundesbank	10,190,739,222.57	11,840				
c) Own bonds				0.00		0
Principal amount	0.00	0			26,775,202,204.43	
5. Equities and other non-fixed-income securities					0.00	0
5a. Trading portfolio					520,373,694.80	699
6. Equity investments						
of which:						
in other banks	0.00	0				
in financial services providers	0.00	0			19,605,908.82	20
7. Investments in affiliated companies						
of which:						
in other banks	0.00	0				
in financial services providers	12,046,461.58	12			5,619,070,441.81	5,651
8. Trust assets						
of which: trustee loans	440.062,012.92	507			440,936,520.73	508
9. Intangible assets						
a) Internally generated industrial and similar rights and assets				0.00		0
b) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets				177,475.01		27
c) Goodwill				0.00		0
d) Prepayments				0.00	177,475.01	0
10. Property and equipment					367,283,666.55	373
11. Other assets					1,782,155,944.19	1,913
12. Prepaid expenses						
a) From issuing and lending business				247,241,257.79		107
b) Other				26,860,088.40	274,101,346.19	24
13. Deferred tax assets					8,082,722.00	20
14. Excess of plan assets over pension liabilities					233,835,706.00	327
Total assets					128,359,052,606.44	133,082

Equity and liabilities	€	Previous year €m	€	€	Dec. 31, 2015 €	Previous year €m
1. Deposits from other banks						
a) Payable on demand				578,433,625.40		1,567
b) With an agreed maturity or withdrawal notice				14,092,501,914.19		15,232
of which:						
registered mortgage *Pfandbriefe* issued	166,766,417.44	118				
registered public-sector *Pfandbriefe* issued	75,636,590.41	76				
Pfandbriefe lodged with lenders as collateral for loans received:						
registered mortgage *Pfandbriefe*	0.00	0				
registered public-sector *Pfandbriefe*	0.00	0				
registered bonds (mixed cover) in accordance with DSL Bank Reorganization Act (DSLBUmwG)	1,128,710,463.14	1,025			14,670,935,539.59	
2. Due to customers						
a) Savings deposits						
aa) With an agreed withdrawal notice of three months			41,728,280,121.34			44,370
ab) With an agreed withdrawal notice of more than three months			113,272,844.05	41,841,552,965.39		123
b) Registered mortgage *Pfandbriefe* issued				1,661,167,056.37		1,666
c) Registered public-sector *Pfandbriefe* issued				136,511,545.16		137
d) Registered bonds (mixed cover) in accordance with DSLBUmwG				10,914,976,586.60		11,406
e) Other amounts due						
ea) Payable on demand			42,698,910,174.81			39,759
eb) With an agreed maturity or withdrawal notice			2,124,612,321.77	44,823,522,496.58		3,066
of which:						
Pfandbriefe lodged with lenders as collateral for loans received:						
registered mortgage *Pfandbriefe*	0.00	0				
registered public-sector *Pfandbriefe*	0.00	0			99,377,730,650.10	
3. Debt securities in issue						
a) Bonds issued						
aa) Mortgage *Pfandbriefe*			2,499,084,208.43			3,572
ab) Public-sector *Pfandbriefe*			66,373,461.99			66
ac) Bonds (mixed cover) in accordance with DSLBUmwG			0.00			0
ad) Other bonds			910,046,598.76	3,475,504,269.18		949
b) Other debt securities in issue				0.00		0
of which: money market securities	0.00	0			3,475,504,269.18	
3a. Trading portfolio					160,973,067.02	195
4. Trust liabilities						
of which: trustee loans	440,062,012.92	507			440,936,520.73	508
5. Other liabilities					1,116,410,937.90	1,193
6. Deferred income						
a) From issuing and lending business				8,797,289.63		13
b) Other				22,151,595.58	30,948,885.21	19
7. Provisions						
a) Provisions for pensions and other employee benefits				0.00		0
b) Provisions for taxes				57,009,777.64		46
c) Other provisions				565,580,052.73	622,589,830.37	704
8. Subordinated debt					2,441,435,112.26	2,429
9. Profit participation capital						
of which: due within two years	696,500,000.00	873			855,500,000.00	1,052
10. Fund for general banking risks						
of which: special reserve in accordance with section 340e(4) HGB	6,292,421.58	6			2,425,642,647.83	2,270
11. Equity						
a) Issued capital				547,000,000.00		547
b) Capital contributions by typical silent partners				20,225,837.62		20
c) Share premium				1,090,499,481.11		1,090
d) Retained earnings				1,082,719,827.52		1,083
e) Net retained profit for the period				0.00	2,740,445,146.25	0
Total equity and liabilities					128,359,052,606.44	133,082

		Dec. 31, 2015 €	Previous year €m
1. Contingent liabilities			
a) Contingent liabilities from endorsed bills settled with customers	-.--		0
b) Liabilities from guarantees and indemnity agreements[1]	769,188,960.66		732
c) Liabilities from the provision of collateral for third-party liabilities	-.--	769,188,960.66	0
2. Other commitments			
a) Repurchase obligations from non-genuine securities repurchase agreements	-.--		0
b) Placement and underwriting obligations	-.--		0
c) Irrevocable loan commitments	5,170,244,573.26	5,170,244,573.26	5,551

[1]Commitments under letters of comfort are disclosed under point C.IV. in the notes

INCOME STATEMENT – DEUTSCHE POSTBANK AG, BONN, FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015

Comparative figures from January 1, 2014 to December 31, 2014

Expenses	€	Previous year €m	€	€	Dec. 31, 2015 €	Previous year €m
1. Interest expense				1,247,746,800.64		1,480
less negative interest from lending and money market transactions				–16,217,248.81	1,231,529,551.83	–2
2. Fee and commission expense					328,406,243.52	299
3. Net expense from the trading portfolio					1,109,439.55	0
4. General administrative expenses						
a) Personnel expenses						
aa) Wages and salaries			494,433,682.89			463
ab) Social security contributions, pensions, and other employee benefits			169,863,552.57	664,297,235.46		154
of which: for pensions	118,276,487.28	108				
b) Other administrative expenses				1,565,517,480.04	2,229,814,715.50	1,583
5. Depreciation, amortization, and writedowns of intangible assets and property and equipment					27,556,994.91	39
6. Other operating expenses					663,026,722.28	855
7. Writedowns and adjustments to loans and advances and certain securities, and additions to provisions for credit risks					218,171,938.47	243
8. Writedowns and adjustments of equity investments, investments in affiliated companies, and securities treated as fixed assets					51,625,232.31	610
9. Expenses from loss absorption					101,204,887.48	1
10. Extraordinary expenses					0.00	15
11. Taxes on income					27,054,970.33	102
of which from change in recognized deferred taxes	11,831,863.39	–20				
12. Other taxes not reported under item 6					2,449,235.53	3
13. Profit transferred on the basis of profit pooling, profit transfer, or partial profit transfer agreements					1,656,927.97	15
14. Addition to the fund for general banking risks					155,000,000.00	244
15. Net profit for the period					0.00	0
Total expenses					5,038,606,859.68	6,104

Income	€	Previous year €m	€	€	Dec. 31, 2015 €	Previous year €m
1. Interest income from						
a) Lending and money market transactions			2,819,151,691.15			3,058
less negative interest from lending and money market transactions			– 19,867,580.01	2,799,284,111.14		– 1
b) Fixed-income and book entry securities				681,810,906.69	3,481,095,017.83	722
2. Current income from						
a) Equities and other non-fixed-income securities				3,422.82		0
b) Equity investments				2,423,304.05		1
c) Investments in affiliated companies				22,708,486.41	25,135,213.28	101
3. Income from profit pooling, profit and loss transfer agreements, or partial profit and loss transfer agreements					146,947,168.05	242
4. Fee and commission income					726,322,317.91	707
5. Net income from the trading portfolio					0.00	17
of which: appropriated to special reserve in accordance with section 340e(4) HGB	0.00	3				
6. Income from reversals of writedowns of equity investments, investments in affiliated companies, and securities treated as fixed assets					43,876,707.56	516
7. Other operating income					615,230,435.05	741
Total income					5,038,606,859.68	6,104

	Dec. 31, 2015 €	Previous year €m
1. Net profit/loss for the period	0.00	0
2. Net retained profit/net accumulated loss for the period	0.00	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS OF DEUTSCHE POSTBANK AG FOR FISCAL YEAR 2015

A. GENERAL INFORMATION

I. Basis of preparation of the financial statements

The annual financial statements of Deutsche Postbank AG (Postbank) have been prepared in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code), the *Aktiengesetz* (AktG – German Stock Corporation Act), the *Pfandbriefgesetz* (PfandBG – German Pfandbrief Act), as well as the *Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute* (RechKredV – German Bank Accounting Regulation); they cover the period from January 1 to December 31, 2015.

II. Accounting policies

1. General information

Essentially, the accounting policies were applied in the same way as in the previous year.

Currency translation effects arising from portfolios that qualify for special cover as defined by IDW AcP BFA 4 were no longer presented in net income from the trading portfolio in the fiscal year under review, but in other operating income/expenses. The deport/report in the context of forward exchange contracts was reclassified to net interest income. In addition, changes were made to the presentation of expenses in connection with payment transactions.

Because of enhancements to the reporting system at a product provider, it is possible, for new business as from 2015, to estimate reliably the commission to be paid to Postbank for brokering residual debt insurance over the term of these policies as soon as the policies have been brokered, while taking cancellation rates into account. Therefore, these commissions are now recognized at present value in their year of origin, rather than at the time payment is received.

For reasons of clarity, the disclosures in the Notes have been presented differently to the previous year.

2. Accounting policies

Current assets

The cash reserve, loans and advances to other banks and customers, trust assets, and other assets are carried at their principal amounts. Purchased loans and advances are recognized at cost. The registered securities and promissory note loans included in loans and advances to other banks and customers are measured at their principal amounts plus deferred interest in accordance with section 340e(2) sentence 1 of the HGB. Differences between the principal amounts and cost – to the extent that interest is involved – are reported under deferred income/prepaid expenses and reversed to profit or loss on a pro rata basis over the term of the loans.

All discernible individual risks in the lending business as well as country risks are adequately reflected by the recognition of suitable valuation allowances and provisions. General valuation allowances are recognized for potential risks from loans and advances. A fund for general banking risks has also been set up in accordance with section 340g of the HGB.

Bonds and other fixed-income securities, as well as equities and other non-fixed-income securities classified as current assets (with the exception of the trading portfolio) are recognized at historical cost, taking into account the strict principle of lower of cost or market value and the requirement to reverse writedowns (section 340e(1) sentence 2 in conjunction with section 253(4) sentence 1 of the HGB and section 253(5) sentence 1 of the HGB).

Market data in the form of indicative prices (arranger quotes) are used to the greatest possible extent in order to measure structured credit products (SCPs) such as residential mortgage-backed securities. The synthetic collateralized debt obligations (CDOs) included in these assets are structured products as defined by IDW AcP HFA 22 and are presented separately in the balance sheet.

Hedge accounting

Postbank groups assets and liabilities into hedged items, and associated financial instruments held for hedging purposes into hedges in accordance with the requirements of section 254 of the HGB and IDW AcP HFA 35. This takes place in the form of microhedges, the aim being to hedge changes in the value of hedged items arising from fluctuations in market interest rates by using hedging instruments with matching amounts, currencies, or maturities. Hedging relationships end when the hedged item or hedging instrument expires or has been sold or exercised, or the requirements for hedge accounting are no longer met.

Effectiveness testing for all hedges is performed prospectively by way of a sensitivity analysis of the hedged item and the hedging instrument. The changes in the fair value of the hedged item attributable to the hedged risk are compared retrospectively with the change in the fair value of the hedging instrument for each hedging relationship. If the changes in fair value offset each other (effective portion), the fair values of both the hedged item and the hedging instrument are reported in other assets/other liabilities (gross hedge presentation method). If they are negative, ineffective changes in the value of the hedging instrument are recognized in provisions for expected losses. Changes in the value of the hedged item that are not attributable to the hedged risk are recognized in accordance with general accounting rules.

When close-out payments received and paid on microswaps whose underlying contracts are still in the portfolio are reversed, these are offset against the carrying amount of the hedging instrument and, where necessary, against ineffective changes in value recognized in the provision for expected losses. Any remaining amounts are recognized in profit or loss. Changes in the value of the hedged item attributable to the hedged risk that are recognized during the term of the hedging relationship are reversed ratably over the remaining term of the underlying.

Determining the fair value
The fair value is defined as the amount at which an asset could be exchanged or a liability could be settled between knowledgeable, willing and independent business partners. If an active market exists for a financial instrument, the fair value is determined by reference to the market or quoted exchange price at the balance sheet date. A market is considered active when market prices are readily and regularly available from a stock exchange, trader, or independent third party, and these market prices are founded on genuine, regular transactions taking place between independent business partners.

If an active market does not exist, fair value is determined using recognized valuation techniques.

Observable market data is used to the greatest possible extent when determining fair values using valuation techniques. In most cases, Postbank utilizes discounted cash flow analysis, which mainly uses 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.

Trading portfolio
Postbank allocates individual financial instruments to the trading portfolio on the basis of internal guidelines and processes. Postbank's criteria for including transactions in the trading book in accordance with Article 102ff. of the Capital Requirements Regulation (CRR) and the provisions of section 340e of the HGB are applied here. The criteria used to allocate financial instruments to the trading portfolio did not change in the fiscal year under review.

Postbank's trading portfolio mainly comprises derivative financial instruments and is presented in the "trading portfolio" balance sheet item under assets or liabilities, as the case may be.

Derivative netting is applied when settling derivative transactions via a central counterparty. In this case, the positive and negative fair values are offset or netted against the variation margin received or paid.

Interest income and expense from non-derivative financial instruments in the trading portfolio are reported in net interest income.

Financial instruments in the trading portfolio are measured at fair value less a risk discount in accordance with section 340e(3) of the HGB.

The risk discount was calculated using the value-at-risk method (ten-day holding period, 99 % confidence level, one-year historical analysis period), taking the correlations between risk factors and portfolios into account. As part of risk-adjusted marking-to-market as of December 31, 2015, a risk discount of €8.1 million (previous year: €1.3 million) was determined for Postbank's trading portfolio.

In addition to the aforementioned risk discount, credit value/debt value adjustments on the risk relating to the parties involved in the financial instrument of €4.9 million (previous year: €5.1 million) were taken into account for OTC derivatives. Both these discounts were carried as net expenses from the trading portfolio and recognized separately in the Notes in the "trading portfolio" balance sheet item under assets.

Additions to be made pursuant to section 340e(4) of the HGB to the special "fund for general banking risks" item under section 340g of the HGB are recognized in net income from the trading portfolio.

Derivatives in the non-trading portfolio
Derivatives (in particular interest rate swaps, interest rate futures, forward rate agreements, and equity and index derivatives) that are not allocated to the trading portfolio are treated as executory contracts in accordance with the applicable principles.

Gains or losses on derivatives in the non-trading portfolio are generally recognized in net interest income. If the derivatives serve the purpose of preparing for acquisitions, they are recognized in "write-downs and adjustments to loans and advances and certain securities, and additions to provisions for credit risks".

If negative changes in value are established in the course of subsequent measurement, derivatives are accounted for in the balance sheet in accordance with the established accounting convention at banks (banking book measured at net realizable value).

Postbank compares the present value according to the interest rate book with the carrying amount under German GAAP when it measures net realizable value as of December 31 every year. In doing so, it includes interest rate derivatives entered into for interest rate risk management in the banking book. A provision in the amount of the difference is recognized if the present value is lower than the carrying amount. In fiscal year 2015, it was not necessary to recognize any provision.

Options for which Postbank is the beneficiary are initially measured in the amount of the option premium paid. They are reported in "other assets" or in "equities and other non-fixed-income securities" if they are warrants. They are subsequently measured in accordance with the general measurement rules for current assets under section 340e(1) sentence 2 of the HGB.

Paid initial margins are included in "other assets". If securities are pledged to hedge derivatives, they continue to be reported by Postbank as the legal and beneficial owner.

Repurchase transactions
Genuine repurchase transactions are accounted for in accordance with section 340b(4) of the HGB. Securities lent are still reported in Postbank's balance sheet, as the beneficial ownership here has not changed. Securities borrowed are not reported in the balance sheet.

Receivables and liabilities with matching maturities, currencies and the same depositories and counterparties are offset in the area of collateralized money market trading, provided the conditions for offset are met. The net amount after offsetting is reported in the balance sheet.

Negative interest
Negative interest from money market and repurchase transactions (deposits) are reported atypically as interest income. Positive interest from negative money market and repurchase transactions are reported atypically as interest expense. Negative interest of €19.9 million and positive interest of €16.2 million were reported as interest income and interest expense respectively in the reporting period.

Fixed assets
In accordance with section 340e(1) of the HGB in conjunction with section 253(3) sentence 3 of the HGB, securities recognized as fixed assets are measured using the less strict principle of lower of cost or market value. They are written down to their fair value if permanent impairment is deemed likely. The differences between cost and settlement amount (premiums/discounts) are amortized ratably.

In accordance with section 340e(1) sentence 1 of the HGB, equity investments including investments in affiliated companies as well as operating and office equipment are measured using the rules applicable to fixed assets.

Shares in PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen (PB Spezialinvest) are reported under investments in affiliated companies and measured as current assets to ensure continuity and consistency of measurement.

Intangible assets
Purchased intangible assets are recognized at cost less amortization and, where applicable, impairment. Amortization reflects the actual useful lives of the assets.

Property and equipment
Purchased property and equipment are recognized at cost less depreciation and, where applicable, writedowns. Depreciation reflects the actual useful life of the assets.

Ongoing maintenance and acquisition costs of up to €150 are expensed in full as incurred. Replacement part costs for property and equipment are capitalized.

Low-value assets up to €410 are immediately recognized as an expense in the year of acquisition.

Deferred taxes
Postbank exercises the recognition and offsetting option as provided for by section 274(1) sentences 2 and 3 of the HGB.

As Postbank is a member of Deutsche Bank AG's consolidated tax group, deferred taxes are recognized for foreign branches only. No tax allocation agreement has been entered into with the tax group parent.

Liabilities
Liabilities are carried at their settlement amount. Premiums/discounts are reported under deferred income/prepaid expenses and reversed to profit or loss. Zero bonds issued are recognized at their issue amount, plus proportionate interest up to the balance sheet date. The pro rata interest on zero bonds added to the carrying amount is amortized using the effective interest method.

Provisions
Provisions for pensions and other employee benefits are calculated by independent actuaries in accordance with actuarial principles based on the projected unit credit method.

The calculation is based on the following actuarial assumptions:

	Dec. 31, 2015	Dec. 31, 2014
Discount rate	3.89 %	4.54 %
Salary growth	2.10 %	2.10 %
Pension growth	1.50 %	1.60 %
Fluctuation	4.0 % p.a.	4.0 % p.a.
Pensionable age	60–63 years	60–63 years
Mortality, disability, etc.	Heubeck tables 2005G	Heubeck tables 2005G

When discounting, Postbank uses the average market interest rate calculated and published by the Deutsche Bundesbank for an assumed remaining maturity of 15 years.

The plan assets used to cover pension obligations were measured at fair value in accordance with section 253(1) sentence 4 of the HGB, and offset against the corresponding pension provisions. The resulting excess assets are reported in the item "excess of plan assets over pension liabilities".

Income and expense arising from the discounting of pension provisions were offset against income and expense from plan assets in accordance with section 246(2) sentence 2 of the HGB.

The difference resulting from the measurement of pension provisions, as determined when the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Law Modernization Act) was introduced on January 1, 2010, which was required to be added to the provisions by December 31, 2024 at the latest, had been added in full by December 31, 2014.

Provisions for taxes and other provisions are recognized at the settlement amount in accordance with section 253(1) sentence 2 of the HGB. Other provisions with a remaining maturity of more than one year (not including provisions for expected losses on derivative transactions) are discounted using the discounting rates made available by the Deutsche Bundesbank in accordance with the *Rückstellungsabzinsungsverordnung* (German Discounting of Provisions Regulation). In the case of banking provisions, income and expense from discounting are reported as interest income and interest expenses respectively, whereas income and expense from the discounting of the other provisions are recorded as other operating income or other operating expenses respectively.

Currency translation

In accordance with section 256a of the HGB, assets and liabilities denominated in foreign currency are translated into euros at the middle spot rate prevailing at the reporting date. Forward contracts still open at the balance sheet date are measured at the forward rate prevailing at the balance sheet date. In the case of foreign currency transactions in the banking book, the forward rate is split into its constituent components and the swap points are accrued.

Gains and losses on the translation of hedged balance sheet items and corresponding executory contracts are offset by recognizing adjustment items.

Balance sheet items and executory contracts denominated in foreign currency are classified and measured as separately covered in each currency because they are managed in the aggregate by Treasury and because strategic currency positions are not used (section 340h in conjunction with section 256a of the HGB). All gains and losses from currency translation are recognized net in other operating income/expenses. There was no requirement to eliminate any of the income because the items existing at the balance sheet date had been established recently due to the high turnover rate.

III. Information on investors and investees

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

Postbank is consolidated in Deutsche Bank AG's consolidated financial statements. The consolidated financial statements of Deutsche Bank AG are published in the Bundesanzeiger.

A control and profit and loss transfer agreement exists between Postbank, as the dependent company, and DB Finanz-Holding GmbH, Frankfurt am Main (a wholly-owned subsidiary of Deutsche Bank AG), as the controlling company.

IV. Regulatory capital ratios

Postbank measures and reports its regulatory capital and the risk-weighted assets in accordance with the requirements of the CRR/CRD IV at individual bank level. Postbank fulfilled the regulatory capital requirements at all times in 2015.

The following ratios applied as of December 31, 2015:

	Dec. 31, 2015[1] €m	Dec. 31, 2014[2] €m
Credit and counterparty risk (including CVA)	41,372	40,903
Market risk positions	26	52
Operational risk	5,263	5,140
Total risk-weighted assets	46,661	46,095
regular phased-in:		
Common Equity Tier 1 capital (CET1)	4,953	4,802
Additional Tier 1 capital (AT1)	0	0
Tier 1 capital	4,953	4,802
Tier 2 capital	2,291	2,517
Own funds	7,244	7.319
	%	%
CET 1 capital ratio	10.6	10.4
Tier 1 ratio	10.6	10.4
Total capital ratio	15.5	15.9
fully phased-in:		
CET1 capital ratio	10.2	9.6
Tier 1 ratio	10.2	9.6
Total capital ratio	15.2	15.3

[1]Subject to the adoption of the annual financial statements as of December 31, 2015

[2]On the basis of the annual financial statements as of December 31, 2014.

The ratios reported as of December 31, 2015, are based on the audited figures published in the annual financial statements as of December 31, 2014. Thus, the regular phased-in Common Equity Tier 1 capital ratio amounted to 9.9 %, while the regular phased-in total capital ratio amounted to 14.7 %. The positive performance of the capital ratios on the basis of the 2015 annual financial statements is mainly due to the addition to the fund for general banking risks, as well as to changes concerning specific valuation allowances and pension provisions.

B. BALANCE SHEET AND INCOME STATEMENT DISCLOSURES

I. Balance sheet disclosures

1. Disclosures on affiliated companies and on long-term investees and investors

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Loans and advances to other banks		
Presentation in the balance sheet	22,714	27,048
thereof to affiliated companies	14,463	16,929
thereof to long-term investees and investors	–	3
Loans and advances to customers		
Presentation in the balance sheet	68,589	66,483
thereof to affiliated companies	2,793	2,909
thereof to long-term investees and investors	20	28
Bonds and other fixed-income securities		
Presentation in the balance sheet	26,775	28,748
thereof to affiliated companies	3,409	3,657
thereof to long-term investees and investors	–	–
Other assets		
Presentation in the balance sheet	1,782	1,913
thereof to affiliated companies	356	347
thereof to long-term investees and investors	–	–
Deposits from other banks		
Presentation in the balance sheet	14,671	16,799
thereof to affiliated companies	5,713	7,924
thereof to long-term investees and investors	–	–
Due to customers		
Presentation in the balance sheet	99,378	100,527
thereof to affiliated companies	470	751
thereof to long-term investees and investors	4	3
Debt securities in issue		
Presentation in the balance sheet	3,476	4,587
thereof to affiliated companies	–	–
thereof to long-term investees and investors	–	–
Subordinated debt		
Presentation in the balance sheet	2,441	2,429
thereof to affiliated companies	1,608	1,600
thereof to long-term investees and investors	–	–
Other liabilities		
Presentation in the balance sheet	1,116	1,193
thereof to affiliated companies	174	76
thereof to long-term investees and investors	–	–

2. Securities

The following overview provides a breakdown of the securities in the above-mentioned asset items by marketability:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Bonds and other fixed-income securities		
Presentation in the balance sheet	26,775	28,748
thereof negotiable and listed securities	26,307	28,258
thereof negotiable and unlisted securities	461	476
Equities and other non-fixed-income securities		
Presentation in the balance sheet	–	0
thereof negotiable and listed securities	–	0
thereof negotiable and unlisted securities	–	–
Equity investments		
Presentation in the balance sheet	20	20
thereof negotiable and listed securities	9	6
thereof negotiable and unlisted securities	0	0
Investments in affiliated companies		
Presentation in the balance sheet	5,619	5,651
thereof negotiable and listed securities	–	0
thereof negotiable and unlisted securities	1,664	1,664

€3,950 million (previous year: €3,951 million) of the bonds and other fixed-income securities will fall due next year.

The “bonds and other fixed-income securities” and “equities and other non-fixed-income securities” items contain the following negotiable securities that are not measured at the lower of cost or market value, i.e., they are measured as fixed assets:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Bonds and other fixed-income securities	8,177	9,319
Equities and other non-fixed-income securities	–	–

Negotiable securities that are not measured at the lower of cost or market value are distinguished from those that are measured at the lower of cost or market value by means of general ledger accounts and inputs defined for the relevant portfolio.

3. Trading portfolio

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trading portfolio (assets side)		
Derivatives	532	705
Receivables	–	–
Bonds and other fixed-income securities	1	1
Equities and other non-fixed-income securities	–	–
Other assets	–	–
Risk discount	–13	–7
Presentation in the balance sheet	520	699

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trading portfolio (liabilities side)		
Derivatives	161	195
Liabilities	–	–
Presentation in the balance sheet	161	195

4. Hedge accounting

The following table shows the carrying amounts at which hedged items were grouped into hedges, along with the corresponding risk being hedged by this means:

	Carrying amount Dec. 31, 2015 €m	Hedged item hedged against	Hedging instruments	Change in fair value of hedged item €m	Change in fair value of hedging instruments €m
Assets	11,728	interest rate risk	interest rate swaps	–169	169
Liabilities	–10,505	interest rate risk	interest rate swaps	184	–183

Changes in the value of the hedged items and of the hedging instruments virtually balanced each other out as of the balance sheet date. Future interest rate-related changes in the value of the hedged items are likely to be balanced out by changes in the value of hedging instruments with matching maturities until the hedged items mature. Executory contracts and transactions that are highly likely to materialize were not grouped into hedges.

5. Trust activities

	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
Presentation in the balance sheet	**441**	**508**

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Trust liabilities		
Due to customers	441	508
Presentation in the balance sheet	**441**	**508**

6. Fixed assets

	Historical cost	Additions	Disposals	Changes in exchange rates/ deferred interest	Reclassifications	Writedowns		Reversal of writedowns		Carrying amount	
	Jan. 1 2015					in fiscal year	cumulative	in fiscal year	cumulative	Dec. 31, 2015	Dec. 31, 2014
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Investment securities											
Bonds and other fixed-income securities	9,334	700	–1,808	–25	–	–2	–17	–	–	8,184	9,319
Equity investments	61	3	–4	–	–	–2	–45	3	5	20	20
Investments in affiliated companies	7,375	0	–4	–	–	–47	–2,162	19	410	5,619	5,651
Intangible assets	55	0	–22	–	–	–5	–33	–	–	0	27
Property and equipment	808	10	0	–	–	–23	–460	7	9	367	373
Total	**17,633**	**713**	**–1,838**	**–25**	**0**	**–79**	**–2,717**	**29**	**424**	**14,190**	**15,390**

Investment securities comprise the following securities that are carried at fair value because an impairment loss in accordance with section 253(3) sentence 6 of the HGB was not recognized:

	Carrying amount	Fair value	Carrying amount	Fair value
	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2014 €m
Bonds	2,147	2,087	1,174	1,151

The issuers of the bonds are governments, banks, and corporates with good or very good credit ratings. Postbank intends to hold these securities as long-term investments and expects full repayment on maturity.

Additions of bonds and other fixed-income securities mainly relate to securities of affiliated companies, while disposals mainly relate to bullet bonds with a nominal volume of €1,258 million and the sale of six bonds with a carrying amount of €373 million.

Premiums of €-51 million were reversed to income and derecognized in fiscal year 2015. Credit/debt value adjustments in the amount of €-134 million were recognized for current and terminated hedges as a result of the application of the gross hedge presentation method.

Reversals of writedowns of equity investments relate exclusively to Hypoport AG.

Disposals of investments in affiliated companies largely result from the sale of shares in P.O.S. Transact GmbH.

Reversals of writedowns of investments in affiliated companies amounting to €18 million are chiefly attributable to the carrying amount of the investment in Postbank Immobilien und Baumanagement GmbH.

The main writedowns of investments in affiliated companies are attributable to the shares in PBC Banking Services GmbH (€40 million) and to shares in the PB26 Teilgesellschaftsvermögen subpool of assets (€6 million).

The disposal recognized in intangible assets concerns usage rights to an IT platform (core-banking platform) which is no longer deemed recoverable in light of the termination of the IT cooperation with Deutsche Bank.

Property and equipment comprises operating and office equipment with a carrying amount of €19 million (previous year: €20 million), and land and buildings with a carrying amount of €349 million (previous year: €353 million), of which €333 million (previous year: €345 million) is attributable to land and buildings used in Postbank's own operations.

7. Investment funds

Units in domestic investment funds in accordance with section 285 no. 26 of the HGB:

Fund Name	Investment objective	Fair value	Carrying amount	Difference between fair value/ carrying amount
		Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m
PB Spezialinvest				
TGV PB 02	Bond funds	500	468	32
TGV PB 08	Bond funds	541	475	66
TGV PB 09	Bond funds	575	529	46
TGV PB 11	Mixed fund	658	609	49
TGV PB 13	Bond funds	356	333	23
TGV PB 14	Bond funds	356	333	23
TGV PB 21	Bond funds	218	193	25
TGV PB 26	Bond funds	294	294	0

All subpools of assets may be redeemed daily. No dividends were paid in fiscal year 2015. The subpools of assets are measured as current assets to ensure continuity and consistency of measurement.

8. Other assets and liabilities

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Other assets		
Presentation in the balance sheet	1,782	1,913
therein		
Derivative hedging instruments	1,176	1,313
Receivables arising from non-bank business	222	108
Receivables arising from profit and loss transfer agreements with affiliated companies	147	242
Claims to tax reimbursement	73	109
Claims to reimbursement from residual debt insurance	58	–
Claims to reimbursement from life insurance	48	68

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Other liabilities		
Presention in the balance sheet	1,116	1,193
therein		
Derivative hedging instruments	725	837
Liabilities arising from non-bank business	209	103
Adjustment item from currency translation	17	56
Tax liabilities	15	27
Value added tax liabilities to Deutsche Bank AG	5	11

The derivative hedging instruments reported under other assets and other liabilities represent effective positive or negative changes in the value of the hedging instruments in the context of hedge accounting using the gross hedge presentation method.

Of the other assets, €6.5 million is attributable to a receivable in connection with the collateralization of the irrevocable payment obligation arising from the annual contribution for 2015 to the restructuring fund of the Bundesanstalt für Finanzmarktstabilität (FMSA– German Financial Market Stabilization Agency).

Liabilities from non-banking business mainly concern commissions in the amount of €32 million arising from the service framework agreement with PB Firmenkunden AG, loss absorption of €101 million under the contractual arrangement with Postbank Filialvertrieb AG, as well as a liability of €2 million to DB Finanz-Holding GmbH in connection with the control and profit and loss transfer agreement.

9. Prepaid expenses and deferred income

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Prepaid expenses (assets side)		
Presention in the balance sheet	274	131
therein		
Premiums from receivables in acc. with section 340e(2) sentence 3 HGB	206	60
Discounts from liabilities in acc. with section 250(3) HGB	35	39
Investment allowances	2	4

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Prepaid expenses (liabilities side)		
Presention in the balance sheet	31	32
therein		
Discount from hedged securities	17	14
Discounts from receivables in acc. with section 340e(2) sentence 2 HGB	6	10
Issue costs/premiums on bonds issued	2	3

10. Deferred tax assets

Deferred tax assets in respect of domestic business have not been recognized since fiscal year 2012 as Postbank is now a member of Deutsche Bank AG's consolidated tax group. As of the balance sheet date, an amount of €8 million was recognized in respect of measurement differences relating to bonds and other fixed-income securities at the Luxembourg branch (tax rate: 29.22 %).

11. Excess of plan assets over pension liabilities

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Fair value of plan assets	1,120	1,116
Settlement amount of pension obligations	886	789
Excess cover	234	327
Cost of plan assets	896	868
Offset amounts		
Interest cost of pension provisions	35	35
Expense from the change in the discount rate	79	36
Income from plan assets	4	257

The fair value of the plan assets is calculated on the basis of the fair values of the fund units held by Treuinvest e.V., Frankfurt am Main.

12. Genuine repurchase agreements

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Carrying amount of the assets purchased under repurchase agreements	5,971	6,344

13. Foreign-currency amounts

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Translated into euros:		
from assets denominated in foreign currency	3,023	3,313
from liabilities denominated in foreign currency	3,012	3,300

14. Assets designated as coverage for bonds issued

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Mortgage *Pfandbriefe* issued in acc. with ÖPG and PfandBG		
Cover assets		
Loans and advances to other banks	–	–
Loans and advances to customers	5,804	6,113
Bonds and other fixed-income securities	200	1,275
Total	**6,004**	**7,388**
Public-sector *Pfandbriefe* issued in acc. with ÖPG and PfandBG		
Cover assets		
Loans and advances to other banks	3	3
Loans and advances to customers	350	149
Bonds and other fixed-income securities	60	307
Total	**413**	**459**
Bonds issued (mixed cover) in acc. with DSLBUmwG		
Cover assets		
Loans and advances to other banks	20	20
Loans and advances to customers	7,424	8,402
Bonds and other fixed-income securities	5,314	5,224
Total	**12,758**	**13,646**

15. Maturity structure

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Other loans and advances to other banks		
Remaining maturities		
up to 3 months	10,526	9,454
3 months to 1 year	6,009	11,017
1 to 5 years	4,329	4,862
more than 5 years	462	461
Presentation in the balance sheet	**21,326**	**25,794**
Loans and advances to customers		
Remaining maturities		
up to 3 months	5,528	5,599
3 months to 1 year	5,661	6,576
1 to 5 years	24,552	23,193
more than 5 years	30,375	28,984
without fixed maturity	2,473	2,131
Presentation in the balance sheet[1]	**68,589**	**66,483**
Deposits from other banks with an agreed maturity or withdrawal notice		
Remaining maturities		
up to 3 months	5,897	7,159
3 months to 1 year	487	479
1 to 5 years	4,031	3,893
more than 5 years	3,678	3,701
Presentation in the balance sheet	**14,093**	**15,232**
Savings deposits with an agreed withdrawal notice of more than three months		
Remaining maturities		
3 months to 1 year	36	40
1 to 5 years	77	83
more than 5 years	0	0
Presentation in the balance sheet	**113**	**123**
Other amounts due to customers with an agreed maturity or withdrawal notice and registered mortgage *Pfandbriefe* issued, registered public-sector *Pfandbriefe* issued and registered bonds (mixed cover)		
Remaining maturities		
up to 3 months	752	1,047
3 months to 1 year	711	1,121
1 to 5 years	6,593	6,262
more than 5 years	6,781	7,845
Presentation in the balance sheet	**14,837**	**16,275**
Debt securities in issue		
Bonds issued		
Amounts due in the following year	78	1,066

[1]The amount of €3,114 million reported under the "loans and advances to customers – of which public sector loans" balance sheet item for fiscal year 2014 was overstated by €151 million.

16. Other provisions

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Provisions for credit risks	47	47
Staff-related provisions	237	259
Provisions for anticipated losses on derivatives	36	59
Other provisions	246	339
Presentation in the balance sheet	**566**	**704**

Staff-related provisions include €48 million for the voluntary early retirement scheme and severance payments announced by Postbank.

The interest cost added back to other provisions amounted to €2 million (previous year: €1 million) in fiscal year 2015. Of this amount, €1 million (previous year: €1 million) was attributable to non-banking provisions.

17. Subordinated debt

Subordinated debt ranks equally with all other subordinated liabilities; in the event of bankruptcy or liquidation, it may be paid back only after all non-subordinated creditors have been satisfied. A premature repayment obligation cannot arise. Conversion into capital or into another form of debt does not form part of the contract.

As of the balance sheet date, the following borrowings exceeded 10 % of total subordinated debt:

ISIN	Currency	Amount	Interest rate	Due
XF0002431657	€	300,027,000	variable	Dec. 2, 2034
XF0002431707	€	500,027,000	variable	Dec. 23, 2034
XF0002431756	€	300,027,000	variable	June 7, 2035
XF0002432002	€	500,076,000	5.991 %	June 29, 2037

Expenses for subordinated debt (including proportionate interest and premiums) amounted to €97 million in fiscal year 2015 (previous year: €116 million).

18. Profit participation certificates

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Bearer profit participation certificates outstanding	500	560
Registered profit participation certificates outstanding	356	492
Presentation in the balance sheet	**856**	**1,052**

19. Fund for general banking risks[1]

	Dec. 31, 2014 €m	Additions in acc. with section 340g HGB €m	Additions in acc. with section 340e(4) HGB €m	Dec. 31, 2015 €m
Fund for general banking risks	2,270	155	–	2,426

[1]The individual figures have been rounded. This may result in minimal deviations in the totals provided.

20. Equity

	Dec. 31, 2014 €m	Changes	Dec. 31, 2015 €m
Issued capital	547	0	547
Contributions by typical silent partners	20	0	20
Share premium	1,090	0	1,090
Retained earnings			
Statutory reserve	0	0	0
Other retained earnings	1,083	0	1,083
Net retained profit for the period	0	0	0
Equity under German GAAP	**2,740**	**0**	**2,740**

Postbank's issued capital amounts to €547 million and is composed of 218,800,000 no-par value registered shares.

Based on the principal amount of their capital contributions, the typical silent partners receive a share of profits for every fiscal year in the amount of the percentage that Postbank uses to calculate the dividend payment on its share capital, including disclosed reserves. The percentage is limited in each case by minimum and maximum rates.

21. Authorized capital

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 must be granted preemptive rights as a general rule. 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 Bank's share capital on one or more occasions in whole or in part by up to a total of €54.7 million up to May 27, 2018, by issuing new no-par value registered shares against cash contributions (Authorized Capital II). The shareholders must be granted preemptive rights as a general rule. 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.

22. Contingent capital

The Management Board is authorized by way of a resolution of the Annual General Meeting under the terms of agenda item 9a on July 9, 2014 to issue, on one or more occasions in the period up to July 8, 2019, profit participation certificates, hybrid bonds, and convertible bonds or bonds with warrants. The aggregate principal amount may not exceed €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.

23. Forward contracts

Postbank primarily uses derivatives to hedge exposures as part of its asset/liability management policy, as well as to manage foreign currency exposure. In addition, a small number of derivative financial transactions is allocated to the trading portfolio.

The volume of unsettled derivatives subject to settlement risk, and currency, interest, and/or market risk from open and (in the case of counterparty credit risk) from closed positions, amounted to €173 billion as of December 31, 2015.

The disclosures in the following tables are based on the requirements of section 285 nos. 19 and 20 of the HGB in connection with section 36 of the *Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute* (RechKredV – German Bank Accounting Regulation). The notional amounts shown 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 the valuation techniques described in the accounting policies. Credit/debt value adjustments were also taken into account for derivatives carried in the banking book.

A rise in the market interest rate by one basis point would lead to an increase in the fair value of interest-based derivative financial instruments of approximately €4.457 million (previous year: €0.37 million).

Derivatives (non-trading portfolio) not recognized at fair value				
Broken down by volume	Notional amounts	Carrying amounts	Positive fair values	Negative fair values
	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m
Interest rate risk				
OTC products				
Interest rate swaps	65,951	–	3,048	–3,027
FRAs	–	–	–	–
Interest rate options	0	–	3	– 50
Swaptions (long)	73	–	0	–
Swaptions (short)	43	–	–	0
Caps, floors	1,331	–	3	–6
Other interest rate forwards	–	–	–	–
Exchange-traded products				
Interest rate futures (Bund, Bobl, Schatz)	–	–	–	–
Interest rate options (Bund, Bobl, Schatz)	–	–	–	–
Subtotal	67,398	–	3,054	– 3,083
Currency risk				
OTC products				
Currency forwards/swaps	6,248	–	78	–91
Cross-currency swaps	911	–	111	–50
Currency options (long)[1]	579	–	13	0
Currency options (short)[1]	545	–	0	–13
Other currency forwards	–	–	–	–
Exchange-traded products				
Currency futures	–	–	–	–
Currency options	–	–	–	–
Subtotal	8,283	–	202	–154
Equity and other price risk				
OTC products				
Equity forwards	–	–	–	–
Equity/index options (long)	2	–	0	–
Equity/index options (short)	–	–	–	–
Other equity/index contracts	–	–	–	–
Exchange-traded products				
Equity/index futures	–	–	–	–
Equity/index options	–	–	–	–
Subtotal	2	–	0	–
Credit derivatives				
Calls	–	–	–	–
Puts	50	–	–	0
Subtotal	50	–	–	0
Total	75,733	–	3,256	–3,237

[1]Including gold options, which are recognized under currency risk.

Derivatives (non-trading portfolio) not recognized at fair value				
Remaining maturities	Interest rate risk	Currency risk[1]	Equity and other price risk	Credit derivatives
	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m
Remaining maturities				
less than 3 months	1,217	5,219	2	50
3 months to 1 year	3,411	1,539	–	–
1 year to 5 years	37,098	911	–	–
more than 5 years	25,672	614	–	–
Total	67,398	8,283	2	50

Derivatives (non-trading portfolio) not recognized at fair value			
Broken down by counterparty	Notional amounts	Positive fair values	Negative fair values
	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m
Counterparties			
Banks in OECD countries	70,242	3,011	−3,153
Banks outside OECD countries	–	–	–
Other counterparties	5,491	245	−84
Total	75,733	3,256	−3,237

[1]Including gold options, which are recognized under currency risk.

Derivatives (trading portfolio) recognized at fair value				
Broken down by volume	Notional amounts	Carrying amounts	Positive fair values	Negative fair values
	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m
Interest rate risk				
OTC products				
Interest rate swaps	97,092	358	518	– 160
FRAs	–	–	–	–
Interest rate options	–	–	–	–
Swaptions (long)	–	–	–	–
Swaptions (short)	–	–	–	–
Caps, floors	595	0	1	– 1
Other interest rate forwards	–	–	–	–
Exchange-traded products	–	–	–	–
Interest rate futures (Bund, Bobl, Schatz)	–	–	–	–
Interest rate options (Bund, Bobl, Schatz)	–	–	–	–
Subtotal	97,687	358	519	– 161
Currency risk				
OTC products				
Currency forwards/swaps	–	–	–	–
Cross-currency swaps	–	–	–	–
Currency options (long)[1]	–	–	–	–
Currency options (short)[1]	–	–	–	–
Other currency forwards	–	–	–	–
Exchange-traded products	–	–	–	–
Currency futures	–	–	–	–
Currency options	–	–	–	–
Subtotal	–	–	–	–
Equity and other price risk				
OTC products				
Equity forwards	–	–	–	–
Equity/index options (long)	–	–	–	–
Equity/index options (short)	–	–	–	–
Other equity/index contracts	–	–	–	–
Exchange-traded products				
Equity/index futures	–	–	–	–
Equity/index options	–	–	–	–
Subtotal	–	–	–	–
Credit derivatives				
Calls	–	–	–	–
Puts	–	–	–	–
Subtotal	–	–	–	–
Total	97,687	358	519	– 161

[1]Including gold options, which are recognized under currency risk.

Derivatives (trading portfolio) recognized at fair value				
Remaining maturities	Interest rate risk	Currency risk[1]	Equity and other price risk	Credit derivatives
	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m
Remaining maturities				
less than 3 months	5,725	–	–	–
3 months to 1 year	11,722	–	–	–
1 year to 5 years	53,541	–	–	–
more than 5 years	26,699	–	–	–
Total	97,687	–	–	–

Derivatives (trading portfolio) recognized at fair value			
Broken down by counterparty	Notional amounts	Positive fair values	Negative fair values
	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m
Counterparties			
Banks in OECD countries	97,687	519	–161
Banks outside OECD countries	–	–	–
Other counterparties	–	–	–
Total	97,687	519	–161

[1]Including gold options, which are recognized under currency risk.

II. INCOME STATEMENT DISCLOSURES

1. Allowance for losses on loans and advances

Postbank exercises its right under section 340f(3) of the HGB to offset gains and losses on the measurement of its lending business with gains and losses on the measurement of securities in the liquidity reserve. The net expense amounted to €218 million (previous year: €243 million).

The item "writedowns and adjustments of equity investments, investments in affiliated companies, and securities treated as fixed assets" primarily concerns the stake in PBC Banking Services GmbH which were written down as the impairment is expected to be permanent.

The item "income from reversals of writedowns of equity investments, investments in affiliated companies, and securities treated as fixed assets" mainly comprises income from the reversal of writedowns on the carrying amount of the investment in Postbank Immobilien und Baumanagement GmbH in the amount of €18.4 million, and price gains of €15.3 million on the sale of securities.

2. Other operating income/expenses

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Other operating income		
Presentation in the income statement	615	741
therein		
Reimbursements of civil servants' salaries from affiliated companies	184	261
Compensation payments for termination of IT cooperation	101	–
Rental income	86	71
Income from the reversal of provisions	57	77
Income from separately covered foreign currency positions	23	–
Offsetting of expenses and income from pension provisions and the plan assets in acc. with section 246(2) sentence 2 HGB	–	186

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Other operating expenses		
Presentation in the income statement	663	855
therein		
Expense for services rendered by service companies	432	446
Offsetting of expenses and income from pension provisions and the plan assets in acc. with section 246(2) sentence 2 HGB	110	–
Court and litigation costs	53	134
Payments made to Bundesanstalt für Post- und Telekommunikation Deutsche Bundespost	11	9
Expense for legal risk from processing fees for consumer loans	2	128
Provision for expected losses on executory contracts	–	56

3. Taxes on income

The income tax expense of €27 million (previous year: €102 million) is attributable to the taxes that Postbank is still legally required to pay under the control and profit and loss transfer agreement for the branch in Luxembourg, as well as to prior-period taxes.

4. Breakdown of income by geographical area

The total includes the following items reported on the income statement:

- Interest income
- Current income from equities and other non-fixed-income securities, equity investments and investments in affiliated companies
- Fee and commission income
- Net income from the trading portfolio
- Other operating income

was generated in the following geographical areas:

	Dec. 31, 2015 €m
Germany	4,704
Europe (without Germany)	144
Total[1]	4,848

[1] Using the above-mentioned items on the income statement, a total of €5,347 million would have resulted for fiscal year 2014, of which €5,243 million is attributable to the geographical area "Germany" and €104 million to "Europe (not incl. Germany)".

5. Auditor's fee
With regard to the total fee for fiscal year 2015 charged by auditors PricewaterhouseCoopers Aktiengesellschaft in accordance with section 285 no. 17 of the HGB, please refer to Note 59 of Deutsche Postbank AG's consolidated financial statements, which contain all the relevant figures of Postbank.

6. Administration and brokerage services
Postbank provides brokerage services in connection with insurance, home savings contracts, and investment fund units under cooperation agreements with HUK Coburg, the Talanx Group, and the DWS Group as well as with BHW Bausparkasse AG.

C. OTHER DISCLOSURES

I. Restriction on distribution

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Amounts subject to a restriction on distribution in acc. with section 268(8) HGB (section 285 no. 28 HGB)		
Difference from the measurement of the plan assets measured at fair value	224	249
Recognized internally generated intangible fixed assets	–	–
Deferred taxes recognized	8	20

The restrictions on distribution do not apply to fiscal year 2015 due to the current capital resources.

II. Contingent liabilities

The contingent liabilities, reported off balance, mainly comprise guarantees and warranties to third parties assumed on behalf of customers. They also include, to a minor extent, guarantees in favor of affiliated companies. Corresponding provisions are recognized if it is likely that a contingent liability will be incurred. Contingent liabilities are reported at their respective amounts as of the balance sheet date, less existing cash collateral and provisions.

The contingent liabilities include a guarantee in favor of the Luxembourg branch of BHW Bausparkasse AG in the amount of €12 million (previous year: €12 million), which will cover the first loss piece of a retail credit portfolio of the BHW Bausparkasse AG branch in Luxembourg.

III. Other commitments

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Irrevocable loan commitments	5,170	5,551[1]
thereof building loans provided	3,175	2,346

[1]Revocable loans in the amount of €1,248 million were recognized in fiscal year 2014. Comparable transactions are no longer reported in the disclosure as of December 31, 2015.

The contingent liabilities and other commitments disclosed do not contain any individual amounts of material significance to the overall business activities of Postbank.

The risk of a contingent liability or other commitment being incurred is assessed within the framework of Postbank's credit monitoring process, which is described in the "Monitoring and managing credit risk" section of the risk report in Postbank's management report. As of December 31, 2015, Postbank had credit lines amounting to €14,163 million (previous year: €13,463 million) that can be called immediately.

There were no placement or underwriting obligations as of the balance sheet date.

IV. Other financial obligations

In accordance with section 16 of the *Postpersonalrechtsgesetz* (Deutsche Bundespost Former Employees Act), Postbank pays an annual contribution for civil servant pensions to the Bundesanstalt für Post und Telekommunikation Deutsche Bundespost (BAnst PT – German posts and telecommunications agency), Postbeamtenversorgungskasse (PVK – postal civil servant pension fund), 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 makes limited use of leases as an alternative means of financing. The main advantages for the Bank are that leases preserve liquidity. These advantages are partially offset by the risk that the lease assets may not be required over the entire term of the lease concerned.

The present value of lease obligations amounts to €100 million.

Additional funding obligation
The existing additional funding obligations derive from statutory provisions and other arrangements.

There are also additional funding obligations in respect of the deposit protection fund of the Bundesverband deutscher Banken e.V. in the amount laid down in its statutes, as well as in respect of the Entschädigungseinrichtung deutscher Banken GmbH – the mandatory compensation scheme for all CRR institutions in Germany – on the basis of the provisions of the Einlagensicherungs- und

Anlegerentschädigungsgesetz (German Deposit Protection and Investor Compensation Act).

In the above cases, there is a risk that the Bank has to meet the obligations concerned but this is offset by the opportunity to participate in the stabilization and development of confidence in the private commercial banking sector in Germany.

Early retirement scheme and severance payments
In addition to the provisions recognized in 2015, each company must bear the full risk for the budget provided for the voluntary early retirement scheme and the severance payments, jointly announced in 2015 with Postbank Filialvertrieb AG and for the resulting benefits. The maximum potential obligation in this connection is €41 million.

Restructuring fund
The annual contribution of €6.5 million to the restructuring fund was made under the irrevocable payment obligation and collateralization agreement.

Letters of comfort
The letters of comfort issued in favor of subsidiaries and creditors of subsidiaries of Postbank primarily lead to benefits for the subsidiaries in the form of improved terms and conditions for business and finance. Postbank profits from these benefits since they have a positive impact on the enterprise value of the subsidiary concerned. These benefits are matched by the possibility of the creditors having recourse against Postbank.

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.

Postbank has issued subordinated letters of comfort in connection with the issuance of subordinated bonds by Deutsche Postbank Funding LLC I, Deutsche Postbank Funding LLC II, Deutsche Postbank Funding LLC III, and Deutsche Postbank Funding LLC IV, all of which are domiciled in Wilmington, Delaware, U.S.A.

V. Employees (average headcount)

	2015	2014
Employees		
Full-time	2,653	2,437
Part-time	454	406
Civil servants full-time	1,829	1,695
Civil servants part-time	561	496
	5,497	5,034
Trainees		
Vocational trainees	158	171
Management trainees	0	0
AIS students	0	0
	158	171
Total employees	5,655	5,205

VI. Equity investments and investments in affiliated companies

Name and domicile of the company	Equity interest %	Equity € thousand	Profit/loss for the period[1] € thousand
Companies in which an equity interest of at least 20 % is held			
BHW Bausparkasse Aktiengesellschaft, Hameln	100.0	905,069	8,657
BHW Gesellschaft für Vorsorge mbH, Hameln	100.0	242,370	0[2]
BHW – Gesellschaft für Wohnungswirtschaft mbH, Hameln	100.0	918,946	0[2]
BHW Holding AG, Hameln	100.0	727,503	0[2]
BHW Invest, Société à responsabilité limitée, Luxembourg, Luxembourg	100.0	5,083	–60
CREDA Objektanlage- und verwaltungsgesellschaft mbH, Bonn	100.0	1,000	0[2]
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		[3]
Deutsche Postbank Funding LLC II, Wilmington, Delaware, U.S.A.	100.0		[4]
Deutsche Postbank Funding LLC III, Wilmington, Delaware, U.S.A.	100.0		[5]
Deutsche Postbank Funding LLC IV, Wilmington, Delaware, U.S.A.	100.0		[6]
Deutsche Postbank Funding Trust I, Wilmington, Delaware, U.S.A.	100.0	33	0[3]
Deutsche Postbank Funding Trust II, Wilmington, Delaware, U.S.A.	100.0	1	–3[4]
Deutsche Postbank Funding Trust III, Wilmington, Delaware, U.S.A.	100.0	47	1[5]
Deutsche Postbank Funding Trust IV, Wilmington, Delaware, U.S.A.	100.0	217	13[6]
DSL Portfolio GmbH & Co. KG, Bonn	100.0	6,180	7
DSL Portfolio Verwaltungs GmbH, Bonn	100.0	56	0
EC EUROPA IMMOBILIEN FONDS NR. 3 GmbH & CO. KG, Hamburg	65.2	–10,390	–6,745
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
Fünfte SAB Treuhand und Verwaltung GmbH & Co. „Suhl Rimbachzentrum“ KG, Bad Homburg v.d. Höhe	74.0	0	-36
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
PBC Banking Services GmbH, Frankfurt am Main	49.9	570,029	0[2]
PB Factoring GmbH, Bonn	100.0	11,546	0[2]
PB Firmenkunden AG, Bonn	100.0	1,100	0[2]
PB International S.A., Schuttrange (Munsbach), Luxembourg	100.0	55,750	–4,021
PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Bonn	100.0	3,599,159	119,233
Postbank Akademie und Service GmbH, Hameln	100.0	1,167	37
Postbank Beteiligungen GmbH, Bonn	100.0	310,325	0[2]
Postbank Filial GmbH, Bonn	100.0	25	0[2]
Postbank Filialvertrieb AG, Bonn	100.0	35,492	35,421[2]
Postbank Finanzberatung AG, Hameln	100.0	70,523	22,105
Postbank Immobilien GmbH, Hameln	100.0	2,908	0[2]
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	18,874	0[2]
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, Bonn	90.0	16,081	2,997
Postbank Leasing GmbH, Bonn	100.0	500	0[2]
Postbank Systems AG, Bonn	100.0	61,566	9,975[2]
SAB Real Estate Verwaltungs GmbH, Hameln	100.0	29	4
Starpool Finanz GmbH, Berlin	49.9	326	16
Equity interests in large corporations in which more than 5 % of the voting rights are held			
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] Profit and loss transfer agreement
[3] 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.
[4] The data are based on the consolidated financial statements of Deutsche Postbank Funding Trust II. These include both Deutsche Postbank Funding Trust II and Deutsche Postbank Funding LLC II.
[5] The data are based on the consolidated financial statements of Deutsche Postbank Funding Trust III. These include both Deutsche Postbank Funding Trust III and Deutsche Postbank Funding LLC III.
[6] The data are based on the consolidated financial statements of Deutsche Postbank Funding Trust IV. These include both Deutsche Postbank Funding Trust IV and Deutsche Postbank Funding LLC IV.

VII. Remuneration of the Management 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 indicators. For this purpose, performance measurement is predominantly weighted toward uniform Postbank Group goals. The goals are laid down in a target agree-

[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.

ment 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

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.

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

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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

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

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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

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

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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 thousand) 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.

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[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	1,655.5	1,031.3	4,424.9	3,187.2	600.3	322.1	587.6	276.5	1,235.2	853.7

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	2,928.9	2,370.1	3,419.8	2,834.7

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).

VIII. 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.

IX. Cover for bonds outstanding

- Registers A and B: closed registers for old issues under the *Gesetz über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich-rechtlicher Kreditanstalten* (ÖPG – German Act on Pfandbriefe and Related Debt Instruments Issued by Public-Sector Credit Institutions)

- Register C: issues under the *Gesetz über die Umwandlung der Deutschen Siedlungs- und Landesrentenbank in eine Aktiengesellschaft* (DSLBUmwG – German Act on the Reorganization of Deutsche Siedlungs- und Landesrentenbank as a Stock Corporation)

- Registers D and E: issues under the *Pfandbriefgesetz* (PfandBG – German Pfandbrief Act)

	Cover assets	*Pfandbriefe* outstanding	Excess cover
	Dec. 31, 2015 €m	Dec. 31, 2015 €m	Dec. 31, 2015 €m
Mortgage *Pfandbriefe* Register A			
Principal amount	6	0	6
Present value	6	0	6
Public-sector *Pfandbriefe* Register B			
Principal amount	118	53	65
Present value	134	61	73
Bonds Register C (mixed cover)			
Principal amount	12,758	11,074	1,684
Present value	14,155	13,352	802
Mortgage *Pfandbriefe* Register D			
Principal amount	5,998	3,804	2,194
Present value	7,169	4,627	2,542
Public-sector *Pfandbriefe* Register E			
Principal amount	295	215	80
Present value	312	266	46

	Cover assets	*Pfandbriefe* outstanding	Excess cover
	Dec. 31, 2014 €m	Dec. 31, 2014 €m	Dec. 31, 2014 €m
Mortgage *Pfandbriefe* Register A			
Principal amount	7	1	6
Present value	8	1	7
Public-sector *Pfandbriefe* Register B			
Principal amount	157	53	104
Present value	178	63	115
Bonds Register C (mixed cover)			
Principal amount	13,646	11,320	2,326
Present value	15,315	14,028	1,287
Mortgage *Pfandbriefe* Register D			
Principal amount	7,381	4,753	2,628
Present value	8,856	5,738	3,118
Public-sector *Pfandbriefe* Register E			
Principal amount	302	215	87
Present value	331	274	57

X. Disclosures in accordance with section 28 of the PfandBG

Section 28(1) nos. 1–3 of the PfandBG

Mortgage *Pfandbrief* issues outstanding and associated cover assets:

	Nominal amount	Nominal amount	Present value	Present value	Present value of risk[1]	Present value of risk[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
Cover assets[2]	5,997.9	7,381.4	7,169.3	8,855.9	6,722.2	8,427.5
thereof: derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Public-sector *Pfandbriefe*	3,803.5	4,753.5	4,626.8	5,738.0	4,325.8	5,432.7
Excess cover in %	57.7	55.3	55.0	54.3	55.4	55.1

Public-sector *Pfandbrief* issues outstanding and associated cover assets:

	Nominal amount	Nominal amount	Present value	Present value	Present value of risk[1]	Present value of risk[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
Cover assets[3]	295.0	301.5	312.1	331.2	319.5	334.7
thereof: derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Public-sector *Pfandbriefe*	215.0	215.0	265.9	273.8	285.7	291.9
Excess cover in %	37.2	40.2	17.4	20.9	11.8	14.7

[1] Dynamic method
[2] Including additional cover assets in accordance with section 19(1) of the PfandBG
[3] Including additional cover assets in accordance with section 20(2) of the PfandBG

Maturity structure of mortgage *Pfandbrief* issues outstanding as well as fixed-interest periods of the associated cover assets:

	Cover assets[1]	Cover assets[1]	Mortgage *Pfandbriefe*	Mortgage *Pfandbriefe*
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
less than 6 months	365.4	466.6	40.0	1,000.0
from 6 months to 12 months	127.0	234.7	0.0	0.0
from 12 months to 18 months	373.7	602.6	0.0	40.0
from 18 months to 2 years	154.8	188.0	50.0	0.0
from 2 to 3 years	553.0	659.6	15.0	0.0
from 3 to 4 years	664.6	628.8	301.0	15.0
from 4 to 5 years	549.8	810.5	1,040.0	301.0
from 5 to 10 years	1,997.2	2,812.7	1,459.5	2,492.5
more than 10 years	1,212.4	977.9	898.0	905.0
Total	5,997.9	7,381.4	3,803.5	4,753.5

Maturity structure of public-sector *Pfandbrief* issues outstanding as well as fixed-interest periods of the associated cover assets:

	Cover assets[2]	Cover assets[2]	Public-sector *Pfandbriefe*	Public-sector *Pfandbriefe*
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
less than 6 months	0.0	15.0	0.0	0.0
from 6 months to 12 months	0.0	31.5	10.0	0.0
from 12 months to 18 months	10.0	0.0	0.0	0.0
from 18 months to 2 years	0.0	35.0	0.0	10.0
from 2 to 3 years	0.0	95.0	35.0	0.0
from 3 to 4 years	65.0	25.0	0.0	35.0
from 4 to 5 years	20.0	0.0	60.0	0.0
from 5 to 10 years	200.0	100.0	50.0	60.0
more than 10 years	0.0	0.0	60.0	110.0
Total	295.0	301.5	215.0	215.0

[1] Including additional cover assets in accordance with section 19(1) of the PfandBG
[2] Including additional cover assets in accordance with section 20(2) of the PfandBG

Section 28(1) nos. 4–6 of the PfandBG

Additional cover assets (nominal amount) for mortgage *Pfandbriefe* by country/country of registration:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Germany		
Equalization claims in acc. with section 19(1) no. 1 of the PfandBG	0.0	0.0
Money claims in acc. with section 19(1) no. 2 of the PfandBG	0.0	1,275.0
of which covered bonds in acc. with article 129 of EU Regulation No. 575/2013	0.0	0.0
Money claims in acc. with section 19(1) no. 3 of the PfandBG	200.0	0.0
Total Germany	200.0	1,275.0
Total	**200.0**	**1,275.0**
of which statutory overcollateralization in acc. with section 4(1) PfandBG	200.0	200.0

Additional cover assets (nominal amount) for public-sector *Pfandbriefe* by country/country of registration:

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Germany		
Equalization claims in acc. with section 20(2) no. 1 of the PfandBG	0,0	0,0
Money claims in acc. with section 20(2) no. 2 of the PfandBG	0,0	0,0
of which covered bonds in acc. with article 129 of EU Regulation No. 575/2013	0,0	0,0
Total Germany	0,0	0,0
Total	0,0	0,0

Section 28(1) nos. 7–11 of the PfandBG and section 28(2) no. 3 of the PfandBG
Indicators for outstanding mortgage *Pfandbriefe* and the associated cover assets:

	Dec. 31, 2015	Dec. 31, 2014
Interest rate structure in acc. with section 28(1) no. 9 of the PfandBG		
Percentage of fixed-interest *Pfandbriefe*	96.5 %	97.2 %
Percentage of fixed-interest cover assets	98.7 %	96.5 %
Exceedance in acc. with section 28(1) no. 8 of the PfandBG		
Total of the claims used for coverage exceeding the limits in acc. with section 19(1) no. 2 of the PfandBG in €m	0.0	599.7
Total of the claims used for coverage exceeding the limits in acc. with section 19(1) no. 3 of the PfandBG in €m	0.0	124.3
Further ratios		
Total of the claims which exceed the limits in acc. with section 13(1) of the PfandBG in €m (section 28(1) no. 7 of the PfandBG)	0.0	0.0
Net present value in acc. with section 6 of the *Pfandbrief* present value regulation for each foreign currency in €m (section 28(1) no.10 of the PfandBG)	–	–
Volume-weighted average of the maturity of the claims (seasoning) in years (section 28(1) no. 11 of the PfandBG)	5,6	5,7
Average, weighted loan-to-value ratio (section 28(2) no. 3 of the PfandBG)	54.8 %	47.6 %

Section 28(1) nos. 8–10 of the PfandBG
Indicators for outstanding public-sector *Pfandbriefe* and the associated cover assets:

	Dec. 31, 2015	Dec. 31, 2014
Interest rate structure in acc. with section 28(1) no. 9 of the PfandBG		
Percentage of fixed-interest *Pfandbriefe*	100.0 %	100.0 %
Percentage of fixed-interest cover assets	100.0 %	100.0 %
Exceedance in acc. with section 28(1) no. 8 of the PfandBG		
Total of the claims used for coverage exceeding the limits in acc. with section 20(2) no. 2 of the PfandBG in €m	0.0	0.0
Further ratios		
Net present value in acc. with section 6 of the *Pfandbrief* Present Value Regulation for each foreign currency in €m (section 28(1) no. 10 of the PfandBG)	–	–

Section 28(2) no. 1a of the PfandBG
Receivables used to cover mortgage *Pfandbrief* issues, by size category (nominal amount):

	Mortgage cover assets	Mortgage cover assets
	Dec. 31, 2015 €m	Dec. 31, 2014 €m
up to and including €300,000	5,738.5	6,039.6
more than €300,000 up to €1 million	57.2	64.6
more than €1 million up to €10 million	2.2	2.2
more than €10 million	0.0	0.0
Total	5,797.9	6,106.4

Section 28(2) nos. 1b and c of the PfandBG
Receivables used to cover mortgage *Pfandbrief* issues (nominal amount), by country in which the mortgaged properties are located, type of property, and type of use:

Mortage cover assets	Residential properties		Commercial properties	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Total	5,797.9	6,106.4	0.0	0.0

Mortage cover assets	Residential properties		Commercial properties	
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Germany				
Condominiums	897.2	1,009.7	0.0	0.0
One- and two-family houses	4,707.3	4,858.5	0.0	0.0
Multi-family houses	193.4	238.2	0.0	0.0
Office buildings	0.0	0.0	0.0	0.0
Trade buildings	0.0	0.0	0.0	0.0
Industrial buildings	0.0	0.0	0.0	0.0
Other commercial buildings	0.0	0.0	0.0	0.0
Buildings under construction	0.0	0.0	0.0	0.0
Construction sites	0.0	0.0	0.0	0.0
Total Germany	5,797.9	6,106.4	0.0	0.0

Section 28(2) no. 2 of the PfandBG
Total amount of payment arrears on mortgage receivables, past due at least 90 days (nominal amount):

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Germany	0.0	0.0
Total	0.0	0.0

Total amount of payment arrears, insofar as the amount due in each case is at least 5 % of the mortgage receivable (nominal amount):

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Germany	0.0	0.0
Total	0.0	0.0

Section 28(2) nos. 4a, b, and c of the PfandBG
Receivables used to cover mortgage *Pfandbrief* issues, by number of foreclosures and compulsory administration proceedings and foreclosed property acquisitions, as well as the total amount of late interest owed by mortgagees:

	Residential properties		Commercial properties	
	Dec. 31, 2015 Number	Dec. 31, 2014 Number	Dec. 31, 2015 Number	Dec. 31, 2014 Number
Number of foreclosures pending at the balance sheet date	2	2	0	0
Number of compulsory administration proceedings including foreclosures pending at the balance sheet date	0	0	0	0
Number of foreclosures carried out during the fiscal year	0	0	0	0
Number of properties taken over during the fiscal year to prevent losses	0	0	0	0
	Dec. 31, 2015 €m	Dec. 31, 2014 €m	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Total amount of outstanding interest	0.0	0.0	0.0	0.0

Section 28(3) no. 1 of the PfandBG
Receivables used to cover public-sector *Pfandbrief* issues, by size category (nominal amount):

	Dec. 31, 2015 €m
up to and including €10 million	10.0[1]
more than €10 million up to €100 million	285.0[1]
more than €100 million	0.0[1]
Total	295.0[1]

[1] Amounts published for the first time for December 31, 2015, in accordance with section 54 of the PfandBG

Section 28(3) no. 2 of the PfandBG
Receivables used to cover public-sector *Pfandbrief* issues, by type of debtor/guaranteeing unit and its registered office (country):

Public-sector cover assets	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Germany		
State	0.0	0.0
Regional authorities	295.0	165.0
Local authorities	0.0	0.0
Other debtors	0.0	25.0
Total Germany	295.0	190.0
Guaranteed and/or guarantees for reasons of export promotion	0.0[1]	
EU institutions		
State	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	35.0
Other debtors	0.0	76.5
Total EU institutions	0.0	111.5
Guaranteed and/or guarantees for reasons of export promotion	0.0[1]	
Total	295.0	301.5

[1] Amounts published for the first time for December 31, 2015, in accordance with section 54 of the PfandBG

Section 28(3) no. 3 of the PfandBG
Total amount of payment arrears on public-sector receivables, past due at least 90 days (nominal amount):

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Germany		
State	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other debtors	0.0	0.0
Total Germany	0.0	0.0
Total	0.0	0.0

Total amount of payment arrears, insofar as the amount due in each case is at least 5 % of the public-sector receivable (nominal amount):

	Dec. 31, 2015 €m	Dec. 31, 2014 €m
Germany		
State	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other debtors	0.0	0.0
Total Germany	0.0	0.0
Total	0.0	0.0

XI. Other disclosures

In accordance with section 2(4) of the *Postumwandlungsgesetz* (PostUmwG – German Postal Service Transformation Act), the German federal government guarantees settlement of all liabilities existing at the time of Deutsche Postbank AG's registration in the commercial register.

The government guarantee for savings deposits expired five years after the date of the entry in the commercial register.

Postbank is a member of the deposit protection fund of the Bundesverband deutscher Banken e.V. and the Entschädigungseinrichtung deutscher Banken GmbH investor compensation scheme.

XII. Declaration of Conformity

On December 17, 2015, the Management Board and the Supervisory Board of Postbank together published the Declaration of Conformity with the German Corporate Governance Code for fiscal year 2015 required by section 161 of the AktG. The Declaration of Conformity can be found on our home page at www.postbank.com.

D. 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 Postbank 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 Postbank 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 Postbank on supervisory boards or other supervisory bodies: Shareholder representatives

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 Vermögensverwaltungs-gesellschaft 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

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Postbank, and the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

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 annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Deutsche Postbank AG, Bonn, for the business year from 1st January 2015 to 31st December 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report, based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB („Handelsgesetzbuch": „German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Audi-tors 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 annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and 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 annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, February 25, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Ralf Schmitz	Christian F. Rabeling
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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Design and layout
EGGERT GROUP, Düsseldorf

Coordination/editing
Postbank
Investor Relations

Translation
Deutsche Post Corporate Language Services