2015

POSTBANK GROUP

INTERIM REPORT AS OF SEPTEMBER 30, 2015

Postbank

POSTBANK GROUP IN FIGURES

		Jan. 1 – Sept. 30, 2015	Jan. 1 – Sept. 30, 2014[1]
Consolidated income statement			
Total income	€m	2,577	3,024
Administrative expenses	€m	–1,893	–2,053
Profit before tax	€m	403	620
Consolidated net profit	€m	383	431
Cost/income ratio	%	81.0	75.0
Return on equity			
before tax	%	8.0	13.0
after tax	%	7.6	9.1
Earnings per share[2]	€	1.75	1.97

		September 30, 2015	December 31, 2014
Consolidated balance sheet			
Total assets	€m	151,666	155,447
Customer deposits	€m	102,756	103,007
Customer loans	€m	94,983	94,908
Allowance for losses on loans and advances	€m	1,201	1,361
Equity	€m	6,804	6,601
Common Equity Tier 1 capital ratio, regular phased-in	%	10.4 / 11.1[3]	11.0
Common Equity Tier 1 capital ratio, fully phased-in	%	9.9 / 10.7[3]	10.5
Headcount (FTEs)	thousand	14.82	14.77
Long-term ratings			
Fitch		A–/outlook negative	A+/outlook negative

		September 30, 2015	September 30, 2014
Information on Postbank shares			
Share price at the balance sheet date	€	35.38	37.00
Share price (Jan. 1 – Sept. 30)	high €	37.00	38.50
	low €	31.99	34.55
Market capitalization on September 30	€m	7,741	8,096
Number of shares	million	218.8	218.8

[1]Including the discontinued operation
[2]Based on 218.8 million shares
[3]Taking into account the interim profit for the first nine months of 2015

CONTENTS

DEVELOPMENTS IN THE FIRST NINE MONTHS OF 2015

LENDING BUSINESS AND DIGITIZATION SERVE AS DRIVERS OF GROWTH

Postbank was able to further expand its already high level of new lending business in the first nine months of 2015. With nearly 300,000 new accounts, the Bank also saw continued success in the checking business. A long-term positive development is ensured thanks to the expansion of our market position as a digital bank.

New consumer credit business growth continues above market level

New consumer credit business had a very satisfying performance in the first nine months of 2015 – volumes once again exceeded the prior-year level by 5.6 %, reaching more than €1.9 billion. Direct bank sales continued to play an important role here, constituting approximately 32 % of new business volumes. More than a quarter of contracts were concluded online.

Total consumer credits also continued to increase without compromising portfolio quality. At €6.2 billion as of September 30, 2015, they were up about €0.6 billion or 10.6 % over the corresponding prior-year figure. Portfolio volumes at Postbank have risen by approximately 8.2 % since the end of 2014. The Deutsche Bundesbank reported an increase in consumer credit growth of 1.1 % for all German banks for the first six months of 2015. Thus, Postbank outperformed the market.

In the consumer credit test, in which the financial publication FOCUS-MONEY and the Deutsches Finanz-Service Institut (DFSI – German Financial Services Institute) rated 27 banks, Postbank was named overall winner.

New home savings products successfully introduced

In the new home savings business at BHW Bausparkasse AG, volumes of around €7.7 billion were generated in total home savings written, which corresponds approximately to the prior-year level. The business was fueled primarily by €4.4 billion generated by Postbank Finanzberatung and €1.8 billion from the Postbank branches, which were once again able to increase their new business in year-on-year comparison. In the Postbank cooperation business, new business of €1.3 billion represented a significant expansion.

A recent study conducted by FOCUS-MONEY (21/2015 edition) rated BHW as "very good" overall when it comes to customer satisfaction.

New business in mortgage lending hits record level

Including disbursed home savings loans, our customers borrowed some €8.1 billion in financial resources for private construction projects by September 2015 despite tough competition, 19 % more than the good level of the previous year. Of that, new business acquired under the BHW brand amounted to around €3.1 billion (including disbursed home savings loans). In our brokerage business, in which we are positioned as a "partner bank to financial service providers" under the DSL Bank brand, we were able to boost volumes by almost 40 % to €5.0 billion.

The mortgage loan portfolio as of September 30, 2015, including third-party portfolios acquired, totaled around €71.1 billion, some €0.8 billion below the year-end value for 2014.

As a major player in the private mortgage lending business, Postbank was the first pilot partner to be linked to the new online application platform of Kreditanstalt für Wiederaufbau (KfW). The platform has allowed customers since mid-2014 to benefit from an end-to-end online application and approval process for initial residential KfW development loans. Since then, other KfW development products and functionalities have also been finalized, making it possible to realize additional process advantages. Via the DSL Bank brand, Postbank (including BHW) acquired KfW loans in the amount of approximately €700 million by September 30, 2015.

Checking accounts and demand deposits remain a success

With 5.25 million private checking accounts as of September 30, 2015, Postbank maintained its prior-year level. As a result, it remained unchallenged as the largest provider on the German market. With some 300,000 newly opened private checking accounts by the end of the 2015 third quarter, Postbank once again demonstrated its selling power. Demand deposits have risen 8.3 % since the start of the year to reach €31.8 billion. Meanwhile, almost

80 % of checking accounts have been authorized for online banking and the percentage of customers who make digital banking transactions is rising steadily.

Savings deposits on a downward trend in low interest rate environment

In line with our strategy, the volume of savings products decreased by around 5.2 % to €47.2 billion year-on-year. Since mid-2014, the focal point of the Bank's product spectrum in this area has been the "Postbank SparCard Rendite plus," a traditional and transparent savings offer in card form, and its corresponding online product "Rendite plus direkt." They have generated positive momentum since their launch.

Subdued securities and retirement provision business

The situation on capital markets and the low interest rate level had a positive impact on the investment funds business and a negative one on the bonds business. The Bank was able to increase new business by 3.6 % to €1.3 billion compared with the prior year. At €13.3 billion, assets under administration remained nearly unchanged overall compared with the same prior-year period.

An altered legal landscape (keyword: the German Life Insurance Reform Act – *Lebensversicherungsreformgesetz*, LVRG) as well as the sustained low level of interest rates are necessitating a fundamental reorientation in the insurance segment for retirement provision schemes. The associated strategic revision, currently being finalized with the insurance partner and the sales units, should lead to a marked revival of the business division.

More efficient processes in offers and advice in the non-life insurance business with HUK-COBURG should generate markedly stronger business momentum.

Corporate Banking

In commercial real estate finance, we continue to adhere to our conservative lending policy and are focusing our new business on the financing of existing properties for professional real estate investors. New business performed very positively compared with the prior year. Despite high disposals at the end of 2014, the Bank was thus able to hold the corresponding portfolio of loans almost steady at €7.0 billion as of September 30, 2015 (prior year: €7.1 billion).

In the area of payment transactions in the first nine months of 2015, we managed to increase the number of transactions we processed for our main target group of German SMEs by around 1.4 % compared with the prior-year period, from 573 million to 581 million.

The deposit volumes of our business and corporate customers were purposefully cut further back in light of the current interest rate situation and amounted to €5.5 billion as of September 30, 2015, which as expected was lower than the comparable prior-year figure of €6.0 billion.

Financial Markets secures customer business margins

The Financial Markets business division performs the Postbank Group's money market and capital market activities. Its responsibilities include hedging net interest margin contributions from the customer business by managing interest rate risk and market risk and managing the liquidity position of the Postbank Group. In so doing, the division supports efforts related to improving metrics that will be relevant in the future (e. g. the leverage ratio). Accordingly, we reduced our holdings of investment securities as against the end of 2014 by around €2 billion to €31.6 billion.

Non-Core Operating Unit successfully reduces risks

Portfolios in the Non-Core Operating Unit have been further scaled down since December 31, 2014. Overall, assets were reduced from €11.1 billion to €9.5 billion and liabilities from €22.1 billion to €20.7 billion in the first nine months of 2015.

INTERIM MANAGEMENT REPORT AS OF SEPTEMBER 30, 2015

REPORT ON ECONOMIC POSITION

Overall economic parameters

Macroeconomic environment

The world economy experienced only modest growth at the start of the second half of 2015 as well. Emerging markets saw their economies weakening slightly once again. In industrialized countries, however, the recovery continued at a mostly unchanged pace overall. But there continued to be major variances within both sets of countries. Primarily those countries that benefit from the low price of oil as importers experienced positive trends. Falling raw materials prices and the strong U.S. dollar hindered economic progress in countries that depend on raw materials or that have closely tied their currencies to the U.S. dollar.

The U.S. economy, after a strong second quarter, lost momentum once again. Gross domestic product (GDP) is likely to have expanded at only a moderate pace in the third quarter, with brisk domestic demand continuing to sustain the economy. Private consumption in particular rose yet again. It benefited from low oil prices as well as a continuing decline in unemployment, which fell to a more than seven-year low despite a slowdown in employment growth. In contrast, foreign trade probably put a marked brake on GDP growth as a result of the continued strength of the U.S. dollar and a muted world economy.

The eurozone's economic recovery continued. GDP is likely to have grown in the third quarter of 2015 at a pace similar to that of the prior two periods, which achieved growth rates of 0.5 % and 0.4 % respectively compared with the previous quarter. Private consumption in particular seems to have maintained its upward trend. A further fall in energy prices and the continued modest recovery on the labor market had a positive impact. Companies too are likely to have increased their investments. Foreign trade, however, probably had a slightly negative effect on growth, with the damping effect of global demand counterbalancing the positive impact of a weak euro. Over the course of the third quarter, dropping energy prices led to a negative inflation rate.

According to current information, the German economy continued its upswing in the third quarter of 2015. Economic momentum is likely to have changed little compared with the first half-year, which saw quarterly growth rates of 0.3 % and 0.4 %. Domestic demand was the primary source of momentum. Private consumption, having grown markedly from strong gains in real income, continued to serve as an economic mainstay. Investments also continued to be expanded apparently. In contrast, the rising trend in exports dipped as a result of limited global demand. The overall healthy economy benefited the employment market. Although unemployment did not drop any further, hiring activities increased once again. Hiring momentum, however, waned year-on-year, serving as an indicator of increasing shortages in the supply of labor. Contributing factors here may also have been full pensions with no deductions at the age of 63 and the introduction of the minimum wage. Despite muted growth of the world economy and the economic risks associated with it, company morale improved in the third quarter of 2015. The ifo Business Climate Index climbed three times in a row recently, following a decline caused by the crisis in Greece.

On the whole, trends in macroeconomic conditions in Germany, the eurozone and the U.S.A. corresponded widely with the forecasts we made in our Interim Management Report as of June 30, 2015.

The European Central Bank (ECB), motivated by an extremely 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 is supposed to run at least until September 2016. The ECB however 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 %. The plan calls for €60 billion in purchasing volumes each month as a rule. Recently, because of heightened downside risks for growth and inflation, the ECB indicated an increased willingness to expand its purchasing program or extend its duration if necessary. The ECB is simultaneously holding its key interest rates at their current level. The main refinancing rate in the course of the year to date stayed at a consistent 0.05 %, its deposit facility rate at –0.20 %. The U.S. Federal Reserve kept its federal funds rate steady in a range of 0 % to 0.25 %.

As a result of highly expansive monetary policies in the eurozone, money market rates dropped even further. By the end of the 2015 third quarter, the three-month Euribor was –0.04 %, 0.12 percentage points lower than year-end 2014.

Capital market interest rates once again fell significantly in the first few months of the year. The yields of 10-year German Bunds plunged to a new historic low of 0.07 % owing to market responses to the ECB's bond purchasing program as well as fears of deflation. The market then made a steep upward turn at the end of April. By the half-year mark the yields of 10-year German Bunds had increased to 0.76 %. They fell again by the end of the third quarter to 0.59 % due to the increasing likelihood that the ECB could once again expand its bond purchasing program and the U.S. Federal Reserve's intention to refrain from increasing the federal funds rate for the time being. As a result, yields ended up 0.05 percentage points higher than at the end of 2014.

The start of 2015 was initially marked by a further calming of the turbulence rocking government bonds issued by members of the European Monetary Union. The yield spreads of Italian, Spanish and Portuguese government bonds vis-à-vis German Bunds dropped markedly through March and reached their lowest values since the first half of 2010. This drop was accompanied by a steep plunge of yield levels. In the countries mentioned, yields fell to historic lows. The primary cause was 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. Then, yield levels climbed significantly following a general rise in capital market interest rates. This was followed by a further widening of the yield spreads of peripheral eurozone bonds vis-à-vis German Bunds in response to the uncertainty created by difficult negotiations with Greece. Signs of an agreement on a third financial assistance program for Greece caused another dip after the start of the second half-year. Since then, yield spreads have moved primarily in a lateral direction with some fluctuations. Ultimately, the yield spreads for Spanish bonds rose moderately higher than their level at the start of the year because of political uncertainties. In Italy, they dropped slightly under that level, and in Portugal, they fell noticeably below it.

At the time of the Interim Management Report as of June 30, 2015, we had expected key interest rates in the eurozone to remain unchanged and the ECB resolutions from January to be implemented without any major changes. On the other hand we did anticipate a mild upward trend for long-term yields.

Sector situation

In the first nine months of 2015, the dominant issues faced by the European banking sector were the persistent low interest rate environment, regulatory requirements as well as consumer-friendly court rulings.

In January of this year, the ECB delivered a written recommendation on dividend distribution policies for 2014 to the significant banks it directly supervises. Banks that wish to deviate from the recommendation must provide justification. The recommendation would be legally binding, however, only if a bank's capital ratio is below the minimum Tier 1 ratio of 6 % as defined by the Basel minimum capital requirements and/or below the ratio individually imposed by the ECB. The ECB announced the individual Common Equity Tier 1 capital ratios to the banks it directly supervises in March of this year.

In June 2015, the 28 European Union finance ministers agreed a draft law that separates risky banking operations from deposit and lending activities. This draft law is now being brought to the European Parliament for approval, but is not expected to be passed quickly since many Members of the European Parliament apparently represent opposing views on the shape a European Bank Separation Act should take. In Germany, a *Trennbankengesetz* (Bank Separation Act) was passed in 2013, prescribing the separation of risky proprietary trading on the one hand and the deposit and lending business on the other by July 2016 at the latest.

Official threshold values for the "Total Loss Absorbency Capacity" (TLAC) have not yet been established. The TLAC is designed to ensure that systemically important global banks have sufficient amounts of liable capital on hand in times of need to facilitate an orderly liquidation process without drawing on public funds or threatening the existence of the finance system. The percentage thresholds for the risk-weighted assets and the timetable for their implementation will be decided at the Antalya G20 Summit in November of 2015.

The German banking landscape continues to feature a three-pillar structure consisting of private, public and cooperative banks. In the first three quarters of 2015, there were no significant developments between or within each individual pillar to report.

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 June 2015 with those of the previous year's levels. All five banks generated net income both before and after tax. Four of the five banks managed to increase profit before and after tax in comparison to the same prior-year period. The cost/income ratio and the return on equity after tax each improved at two banks. Despite low interest rates and a tough competitive environment in Germany, all five reported higher net interest income in the first half of 2015 than in the same period last year. Four of them also increased net trading income and net fee and commission income. However, three of the banks saw a rise in administrative expenses during the indicated time period.

The DAX registered a 1.5 % decline in the first three quarters of 2015. Both banks listed in Germany's blue-chip index also saw stock price drops in the period under review.

Significant events in the Postbank Group (Postbank) in the first nine months of 2015

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 approximately 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 approximately 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.

A key reason for the planned 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 preferably plans to float Deutsche Postbank AG on the stock market after a delisting in connection with an exclusion of minority interests. It expects a deconsolidation from the Deutsche Bank Group by the end of 2016. As an alternative, the disposal of the stake in Deutsche Postbank AG is also under consideration.

On May 28, 2015, Rainer Neske resigned from his office on the Supervisory Board of Deutsche Postbank AG effective as 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.

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

On August 28, 2015, in Bochum, the Annual General Meeting of Deutsche Postbank AG provided nearly unanimous approval to all motions, including the election of Christiana Riley and Stefan Krause as members of the Supervisory Board. They have replaced Lawrence A. Rosen and Rainer Neske on that board.

Postbank's investment focuses

Postbank's investments are broken down into the categories of regulatory requirements, maintaining competitiveness, expanding competitiveness, and integration.

In the first nine months of 2015, investments relating to regulatory requirements were a particular focal point at the Bank. Those include most notably the steps necessary to fulfill new regulatory requirements.

Investments in maintaining the Bank's competitiveness in the first nine months of the year centered mainly on ensuring that the Bank has state-of-the art data processing systems and on physical measures in the real estate portfolio. In addition, investments toward expanding the Bank's competitiveness focused on the development of new digital offers as well as measures to strengthen self-service options and enhance the cash cycle in the branches.

Course of business

Net assets, financial position, and results of operations

Postbank generated profit after tax from continuing operations of €383 million in the first nine months of 2015, as against the prior-year figure of €285 million. Profit after tax including the discontinued operation, which is no longer contributing to profit in 2015, amounted to €432 million in the first nine months of 2014.

Adjusted for significant non-recurring effects, profit before tax rose significantly year-on-year, climbing by €55 million or 13.8 % from €398 million to €453 million. The adjustments related to the deconsolidation of the service companies (2014: €361 million), integration expenses (2014: €–44 million, 2015: €–50 million), expenses for legal risks (2014: €–52 million), interest on an additional tax payment for previous fiscal years (2014: €–34 million), and an additional payment under the bank levy (2014: €–9 million).

Healthy growth in the operating business, particularly in retail and corporate lending, more than offset the negative impact on earnings of interest rate trends and the amendment of the terms of the contract with Deutsche Post AG.

The Group's combined net interest income and net fee and commission income declined by 4.6 % year-on-year in the first nine months of 2015, with net interest income remaining almost unchanged. The lower figure for net fee and commission income was mainly due to the transfer of the service companies to PBC Banking Services GmbH and the decrease in fee and commission income from the provision of postal services for Deutsche Post AG under the contractual terms that came into force at the beginning of the year; conversely, additional income was generated as a result of a change in the recognition of fee and commission income from insurance brokerage. The continuing encouraging trend in the allowance for losses on loans and advances led to a further decline compared with the already very healthy prior-year figure, despite the adjustment of the parameters used to calculate portfolio-based valuation allowances, which negatively affected the allowance for losses on loans and advances in the amount of €26 million. This trend received a further boost in the first nine months of 2015 from the sale of non-performing loans and the associated reversals in the allowance for losses on loans and advances.

Administrative expenses declined significantly year-on-year, due in particular to the transfer of the service companies in the second quarter of 2014, for which the expenses incurred are now included in other expenses. Conversely, the negative effects recognized in other expenses in the prior-year period, which were due among other things to the repurchase of liabilities and expenses for the actual and expected reimbursement of consumer loan processing fees, no longer applied, while strict cost discipline was maintained.

Unless otherwise stated, the following comments on individual items compare the results of continuing operations with the first nine months of 2014 or, in the case of balance sheet disclosures, with December 31, 2014.

Results of operations

Postbank generated profit after tax from continuing operations in the amount of €383 million in the first nine months of 2015 (previous year: €285 million). The discontinued operation had accounted for an additional €147 million in the first nine months of the previous year.

At €403 million, profit before tax including the discontinued operation was down €217 million year-on-year. This was primarily due to the bundling of the service companies in the Deutsche Bank Group in the previous year, which led to a deconsolidation gain of €349 million and the derecognition of pension obligations in the amount of €12 million being reported in net income from investment securities in the second quarter of 2014. By contrast, significant burdens such as expenses for legal risks (2014: €–52 million), interest on an additional tax payment for previous fiscal years (2014: €–34 million), and an additional payment under the bank levy (2014: €–9 million) no longer applied.

€199 million of the deconsolidation effect was attributable to the discontinued operation, which had generated profit before tax of €219 million in the first nine months of 2014. Profit before tax from continuing operations rose by €2 million year-on-year to €403 million, despite the €162 million in positive deconsolidation effects attributed to continuing operations in 2014. Profit after tax from continuing operations rose by €98 million or 34.4 % from €285 million to €383 million, since there was no repeat of the extraordinary tax liabilities incurred in the prior-year period in relation to an additional tax payment for previous fiscal years.

Total income declined from €2,801 million to €2,577 million. Adjusted for the significant non-recurring effects in the respective periods, the earnings trend was down only slightly, despite persistently difficult market conditions. This was due on the one hand to the transfer of the service companies as of April 1, 2014, and on the other to the new contractual terms applicable to the cooperation with Deutsche Post AG. These came into force at the beginning of 2015 and provide for lower fee and commission income for the provision of postal services and lower administrative expenses for the services supplied by the postal agencies and other services. Conversely, additional income was generated as a result of a change in the recognition of fee and commission income from insurance brokerage.

At €1,880 million, net interest income remained almost unchanged compared with the prior-year figure of €1,881 million. The continued low interest rate levels represent a challenge for all deposit-rich banks, but also had a positive effect on interest expense. This decreased by 16.6 % year-on-year, partly also as a result of our de-risking strategy.

Net trading income improved from €–7 million in the prior-year period to €35 million in the reporting period. While the former figure had primarily been impacted by a change in the measurement of derivative positions, factors including positive currency effects were reported in the current year, which offset the negative impact from the continued discounting of foreign currency derivatives.

Net income from investment securities declined by €169 million to €57 million (2014: €226 million), primarily due to the share of deconsolidation and other effects from the bundling of the service companies in the Deutsche Bank Group in the second quarter of 2014.

Net fee and commission income declined by €96 million or 13.7 % to €605 million. This was due to the new contractual terms applicable to the cooperation with Deutsche Post AG that came into force at the beginning of 2015, which provide for lower fee and commission income for the provision of postal services and lower administrative expenses for the services supplied by the postal agencies and other services. These were partially offset by additional income due to the change in recognition of fee and commission income from insurance brokerage.

The allowance for losses on loans and advances decreased by a further €47 million to €145 million. On the one hand, this reflects the positive trend in the customer business, and particularly 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. A further boost to this trend in the first half of 2015 was the agreement to sell two non-performing loan portfolios, which resulted in a €32 million reversal of the allowance for losses on loans and advances. Conversely, the adjustment of the parameters used to calculate portfolio-based valuation allowances negatively affected the allowance for losses on loans and advances in the amount of €26 million.

This reversal meant that, at 21 basis points, the annualized net additions ratio for the customer loan portfolio based on the first nine months of 2015 was significantly lower than in the prior-year period (27 basis points). The ratio for full-year 2014 had been 28 basis points.

Administrative expenses decreased by €135 million to €1,893 million in the reporting period, following €2,028 million in the first nine months of 2014. This is primarily due to the terms of the cooperation with Deutsche Post AG that have been in force since the beginning of the year, as well as continuing strict cost discipline.

Net other income and expenses amounted to €–136 million, following €–180 million in the prior-year period. The latter included extraordinary charges of €–86 million relating to factors including litigation and complaints about investment advice, as well as to the expected and actual reimbursement of consumer loan processing fees and interest on an additional tax payment for previous fiscal years.

Profit before tax from continuing operations increased by €2 million to €403 million despite the absence of the significant non-recurring effects from the bundling of the service companies not allocated to the discontinued operation, which had been recognized on a proportionate basis in the prior year. Consolidated profit before tax declined by €217 million to €403 million, down from the figure of €620 million in the first nine months of 2014; this was due to the substantial positive effects in the prior-year period. Adjusted for significant non-recurring effects, profit before tax increased by 13.8 % from €398 million in the first nine months of 2014 to €453 million in the first nine months of 2015. The adjustments related to the deconsolidation of the service companies (2014: €361 million), integration expenses (2014: €–44 million, 2015: €–50 million), expenses for legal risks (2014: €–52 million), interest on an additional tax payment for previous fiscal years (2014: €–34 million), and an additional payment under the bank levy (2014: €–9 million).

Healthy developments in the operating business, particularly in retail lending, more than offset the negative impact on earnings of interest rate trends and the amendment of the terms of the contract with Deutsche Post AG.

After factoring in income taxes of €–20 million (previous year: €–116 million), continuing operations generated profit after tax of €383 million, following €285 million in the previous year. In the prior-year period, profit after tax from the discontinued operation had amounted to €147 million, accounting for the year-on-year decrease in consolidated net profit from €431 million to €383 million.

Earnings per share attributable to continuing operations were €1.75 (previous year: €1.30). Including the discontinued operation, earnings per share in the prior-year period had amounted to €1.97.

The return on equity before tax was 8.0 %. The figure of 13.0 % for the prior-year period mainly reflected positive non-recurring effects and also included the discontinued operation. The cost/income ratio for the Group increased to 81.0 %, up from 75.0 % in the prior-year period. The figure for continuing operations grew by just 0.5 percentage points to 81.0 %, despite the proportionate non-recurring effects in the prior-year period. The change is primarily due to the proportionate substantial non-recurring effects from the bundling of the service companies in the prior-year period and to the amendment of the terms of the contract with Deutsche Post AG.

Segment reporting

Unless otherwise stated, the following comments on the individual segments represent a comparison with the first nine months of 2014.

Retail Banking

Profit before tax in the Retail Banking segment rose by 12.6 % or €68 million year-on-year to €606 million. Given the 1.9 % decrease in total income, this is primarily due to a tangible decline in administrative expenses and in the allowance for losses on loans and advances.

Driven by high-margin new business and the lower interest expense, net interest income was up slightly year-on-year, rising by €7 million to €1,965 million.

As a consequence, net interest income in the first nine months of 2015 developed in line with the expectations outlined in the 2014 Annual Report. The low interest rate environment is still presenting challenges with regard to investing the customer funds deposited with us, while new business growth in consumer loans and mortgage lending in particular had a positive effect.

As expected, net fee and commission income declined significantly by 12.4 % to €573 million. This decrease was mainly due to the amendments to the contract with Deutsche Post AG, which provides for lower fee and commission income from the provision of postal services and a simultaneous reduction in administrative expenses, with a negative effect on balance. Conversely, additional income was generated as a result of a change in the recognition of fee and commission income from insurance brokerage.

Net trading income – which is mainly generated by our BHW Bausparkasse AG subsidiary, part of this segment – increased by €25 million to €15 million. Substantial measurement effects relating to the mortgage loan portfolio, to which the fair value option is applied, and to related interest rate derivatives were recorded in the first nine months of 2015; the overall effect was positive.

Total income amounted to €2,553 million, following €2,602 million in the prior-year period. This is primarily attributable to the amendments to the contract with Deutsche Post AG.

Contrary to expectations of a moderate upward trend due to the expansion in volume, the allowance for losses on loans and advances declined by €29 million to €129 million. On the one hand, this positive trend was supported by the agreement to sell non-performing loans reached in the first half of 2015 and the associated €26 million reversal of the allowance for losses on loans and advances. On the other, it is due to the high credit quality in the entire retail banking business, which is dominated by our very granular and highly collateralized retail mortgage lending business. This resulted in a decrease as against the very healthy prior-year value, despite the adjustment of the parameters used to calculate portfolio-based valuation allowances, which negatively affected the allowance for losses on loans and advances in the amount of €23 million.

Administrative expenses decreased by €191 million or 14.7 % to €1,112 million. This significant decline is due to a change in the allocation of costs for services that Transaction Banking provides for the Retail Banking segment and to the amended contract with Deutsche Post AG. Although fees for Transaction Banking services are no longer recorded in operating expenses, they are still included in the segment results, since they form part of internal cost allocation. Compared with the first nine months of 2014, internal cost allocations increased by €64 million to €641 million.

Net other income and expenses amounted to €–65 million, after €–26 million in the prior-year period. In the first quarter of the previous year, expenses for payment transaction services and other services were still included in the consolidated service companies' administrative expenses. Following the bundling of the service companies in the second quarter of 2014, these are recognized as service cost allocation items under other expenses. In addition, expenses for expected and actual reimbursements of consumer loan processing fees were recognized in the first nine months of 2014.

The cost/income ratio for the segment improved from 74.8 % to 73.5 %, primarily due to the reduction in administrative expenses. The amendments to the terms of the contract with Deutsche Post AG had a dampening effect.

Corporate Banking

Profit before tax in the Corporate Banking segment rose by €11 million or 8.4 % compared with the first nine months of the previous year, to €142 million. This is due in particular to the significant year-on-year decline in the allowance for losses on loans and advances, administrative expenses, and allocated items.

Net interest income declined by 4.2 % or €9 million to €205 million, mainly as a result of lower volumes in the short-term deposit business and maturing high-margin credit business on the assets side.

No net trading income was generated. Net income from investment securities amounted to €–3 million, following €0 million in the prior-year period. At €61 million, net fee and commission income remained almost level with the prior-year figure of €63 million.

Total income amounted to €263 million, after €277 million in the comparable prior-year period.

Administrative expenses declined by €17 million to €42 million due to lower non-staff operating expenses (€14 million), staff costs (€1 million), and restructuring expenses (€2 million). This was also primarily due to the transfer of the service companies, the cost allocations for which have been recognized since then as other expenses. The allowance for losses on loans and advances amounted to €16 million, following €28 million in the comparable prior-year period. This trend was boosted by the favorable macroeconomic environment, as well as sales of credits and associated reversals of the allowance for losses on loans and advances.

Allocated items amounted to €–64 million, compared with €–73 million in the prior-year period. The cost/income ratio, including internal cost allocations, improved significantly from 47.3 % to 42.6 %.

Financial Markets

The loss before tax recorded by the Financial Markets segment increased by €55 million year-on-year to €–62 million in the first nine months of 2015 due to unfavorable interest rate trends and lower realized gains in net income from investment securities.

The segment’s net interest income declined by €48 million to €–30 million. This is primarily due to the low interest rates in conjunction with the flat yield curve.

At €22 million, net trading income was noticeably more positive after €6 million in the prior-year period. This was due to credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs), as well as foreign exchange gains.

Net fee and commission income declined from €–12 million to €–17 million. Administrative expenses were down €7 million to €33 million as a result of the measures taken to sharpen the focus of the business. Net other income and expenses broke even following €–3 million in the prior-year period. This was primarily driven by the transfer of the Luxembourg business from a subsidiary (PBI) to a branch, which led in particular to a reduction in costs relating to company law requirements and regulatory expenses.

Allocated items amounted to €–33 million, following €–29 million in the prior-year period, due to higher allocated items at BHW Bausparkasse.

The calculational cost/income ratio amounts to 1,261.6 %, while the return on equity is in negative territory.

Non-Core Operating Unit

The Non-Core Operating Unit (NCOU) segment recorded a significantly narrower loss before tax of €288 million, compared with a loss of €404 million in the prior-year period.

Net interest income rose by €49 million to €–261 million. This is primarily due to a reduction in high-interest liabilities, including the €1.5 billion jumbo bond issue that matured in 2014.

Net trading income increased by €2 million to €0 million.

Net income from investment securities improved significantly from €–7 million to €10 million. This was due on the one hand to gains realized in the first nine months of 2015 on the sale of peripheral eurozone bonds. On the other, there were no longer any negative effects from brokered closed-end funds.

Administrative expenses were down by €5 million to €15 million, primarily due to the closure of the London branch.

Due to the positive market environment in the first nine months of 2015, there was no need to recognize larger additional allowances for risk positions in the NCOU segment. On the contrary, individual items in the allowance for losses on loans and advances were reversed, meaning that on balance, just €1 million had to be additionally recognized in the allowance for losses on loans and advances. In the prior-year period, a total of €6 million was recognized in the allowance for losses on loans and advances.

Significantly lower expenses were recorded in other expenses for products that are no longer offered and for the repurchase of liabilities; as a result, the net figure for other income and expenses improved to €5 million from €–33 million in the prior-year period.

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

Cost Centers/Consolidation

This segment comprises Group consolidation adjustments, the profit/loss of the cost centers, the profit/loss of the subsidiaries allocated to this segment (see Note 1 to the Interim Financial Statements), and the reconciliation to consolidated profit. In principle, all income and expenses are allocated to the operating segments.

Both gains and losses are primarily due to non-recurring effects, such as the bundling of the service companies in the previous year. Profit before tax amounted to €5 million in the first nine months of 2015 and resulted from the deconsolidation of Postbank P.O.S. Transact GmbH, Eschborn.

The segment's profit before tax amounted to €362 million in the prior-year period. This was mainly due to a positive deconsolidation effect of €349 million from the bundling of the service companies in the Deutsche Bank Group as of April 1, 2014, and the derecognition of pension obligations for these companies in the amount of €12 million.

Net interest income remained almost unchanged year-on-year at €1 million.

Net income from investment securities amounted to €22 million, following €379 million in the prior-year period. This is attributable to the above-mentioned non-recurring effect from the bundling of the service companies in 2014.

Net fee and commission income decreased by €33 million to €–17 million, mainly due to the absence of external income in the Transaction Banking segment following the transfer of the service companies.

Administrative expenses rose by €60 million to €691 million. This was likewise caused by the bundling of the service companies in the Deutsche Bank Group in the previous year. These companies ceased to be consolidated as from the second quarter of 2014. Since then, fees for their services have been recognized in other expenses.

At €769 million, the allocated items from the other segments, which are included at fully absorbed cost, had a positive impact. This figure equates to the negative effect of the items allocated to the other segments, i.e., €–769 million.

Net other income and expenses amounted to €–77 million, following €–111 million in the prior-year period. This development is primarily due to the absence of the negative non-recurring effects recognized in 2014, primarily for tax charges relating to previous years. The decline was partly offset by the fact that the service companies' fees have been recognized as other expenses since their transfer in the second quarter of 2014.

Net assets and financial position

Total assets

Postbank's total assets amounted to €151.7 billion as of September 30, 2015, following €155.5 billion as of December 31, 2014. This decline is primarily due to the ongoing measures taken to focus the business, which include a further reduction in risk positions, in combination with long-term liabilities reaching maturity.

The assets side of the balance sheet reflects the successful continued reduction of our capital market investments and risk.

Specifically, the items are as follows: Loans and advances to customers, which include securitized assets such as promissory note loans, amounted to €98.7 billion as of September 30, 2015, up €0.7 billion on the 2014 year-end figure of €98.0 billion.

Loans and advances to other banks decreased by €2.5 billion to €17.2 billion as of September 30, 2015.

In line with our strategy, we reduced our holdings of investment securities in the first nine months of 2015 by another €1.9 billion as against the end of the previous year, to €31.6 billion.

Trading assets remained almost unchanged as against December 31, 2014, at approximately €0.7 billion.

On the liabilities side of the balance sheet, amounts due to customers amounted to €118.3 billion, down €1.0 billion as against the end of 2014. Since the current interest rate environment is less conducive to saving, the volume of savings deposits has declined by €2.3 billion to €42.2 billion and home savings deposits have decreased by €0.5 billion to €18.4 billion since the beginning of the year; by contrast, demand deposits increased by €3.2 billion to €42.9 billion.

Deposits from other banks declined by 6.8 % to €16.4 billion. Debt securities in issue declined by €1.1 billion to €3.4 billion due to mortgage *Pfandbriefe* that had reached maturity.

Trading liabilities remained roughly on a level with the figure for December 31, 2014, at €0.7 billion.

Equity

Recognized capital was up €203 million as against year-end 2014, at €6,804 million.

If the interim profit for the first nine months of 2015 had been included, the fully phased-in Common Equity Tier 1 capital ratio would have amounted to 10.7 % as at September 30, 2015, as against 10.5 % as at the end of 2014, and the regular phased-in Common Equity Tier 1 capital ratio would have amounted to 11.1 %, as against 11.0 % as at the end of the prior year.

The increase is due among other things to earnings growth and the regular adjustment of the parameters used to measure the provision in accordance with IAS 19.

Postbank cannot currently include its interim profit at consolidated level since Deutsche Postbank AG is not the parent of a group of institutions and there is also no reporting obligation at the subconsolidation level in accordance with Article 22 of the Capital Requirements Regulation (CRR). As a consequence, the Postbank Group is not formally subject to the requirements of section 10a of the *Kreditwesengesetz* (KWG – German Banking Act), and therefore cannot apply for its interim profits to be included in accordance with Article 26(2) of the CRR. This means that profits are only included in regulatory capital in the year following approval of the consolidated financial statements by the Supervisory Board, i.e., significantly later than when they are generated from an economic perspective.

The regular phased-in Common Equity Tier 1 capital ratio required to be reported decreased from 11.0 % at the 2014 year-end to 10.4 %. The fully phased-in Common Equity Tier 1 capital ratio required to be reported declined to 9.9 % compared with the figure of 10.5 % recorded at the end of 2014.

Overall assessment of business performance in the first nine months of 2015

Postbank's net assets, financial position, and results of operations remained stable, despite the ongoing difficult conditions and the continuing measures taken to sharpen the focus of our business. This is largely attributable to the performance of our retail and corporate banking business, which remains relatively immune to volatility. The lending business continued to have the greatest influence on net assets. Our customer business developed steadily. Our holdings of investment securities and debt securities in issue were further reduced, in line with our de-risking strategy.

Financial and non-financial key performance indicators

The return on equity before tax from continuing operations amounted to 8.0 % (previous year, including the discontinued operation: 17.1 %). The cost/income ratio for continuing operations increased slightly from 80.5 % to 81.0 %, mainly due to the partial inclusion in the prior year of non-recurring effects from the deconsolidation of the service companies and to the amended contract with Deutsche Post AG.

The 2015 people survey has now been carried out, although the results are not yet available and as a result no statement can yet be made about employee satisfaction trends. Initial customer surveys demonstrate the expected positive development.

REPORT ON POST-BALANCE SHEET DATE EVENTS

The following announcement was made in the Federal Gazette on October 16, 2015:

In accordance with section 246(4) sentence 1 of the Aktiengesetz (AktG – German Stock Corporation Act), we hereby announce that shareholders have filed actions for annulment and avoidance against the resolution on agenda item 5 (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.

Four lawsuits are pending before the Second Commercial Division of the Cologne Regional Court (case reference numbers 82 O 115/15, 82 O 117/15, 82 O 118/15, and 82 O 120/15). These lawsuits have not been served on Deutsche Postbank AG to date. A further lawsuit is pending before the Fourth Commercial Division of the Bonn Regional Court (case reference number 16 O 37/15). The Bonn Regional Court has initially ordered preliminary written proceedings. A date for the oral proceedings has not yet been set.

On October 15, 2015, Deutsche Postbank AG filed an application for clearance with the Cologne Higher Regional Court, which is competent in the matter, to enter the resolution on agenda item 5 of the Annual General Meeting of August 28, 2015, in the commercial register.

On October 18, 2015, Deutsche Bank AG announced that Mr. Stefan Krause will leave the Bank's Management Board as of October 31, 2015. At the same time, it also announced that it would propose Mr. Werner Steinmüller as Chairman of the Supervisory Board of Deutsche Postbank AG.

In October 2015, Mr. Stefan Krause declared that he will step down from the Supervisory Board of Deutsche Postbank AG effective October 31, 2015.

OPPORTUNITY REPORT

Low interest rates stimulate private demand for loans

The historically low interest rates have prompted consumers to step up their spending and/or reduce their savings and have a greater willingness to incur debt. The low rates are also spurring demand for private consumer financing and residential mortgages. Postbank has already profited from these trends in the form of rises in new business for consumer loans and residential mortgages. In contrast, the volume of savings deposits at Postbank continued its decline, at – 5.2 % compared with the end of 2014. In turn, the Bank is in a position to achieve markedly improved margins, however, 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 heightened 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 short run

It is unlikely that the European Central Bank 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 dramatically 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 were 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 long-term residential mortgages with 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 fee and commission income.

The short-term opportunities for improved income and expenditures at Postbank that would be created by these developments are counterposed by mid- and long-term 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 distinguished 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 complete 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 Postbank's risk exposure
There were no significant changes to Postbank's risk profile in the reporting period thanks to the Bank's stable business model, with its focus on lending and deposit business with retail and business customers.

The market risk capital requirement resulting from the Bank's banking book was down year-on-year as of September 30, 2015, due to a decrease in the interest rate risk position and lower credit spread sensitivity in the portfolio compared with the year-end closing date. There were no trading book activities in the first three quarters of 2015. The economic environment in Germany remains favorable at present, as can be seen from the rise in public-sector tax revenue. The strong labor market, the trend in real estate prices, and the upbeat performance by German industry offer opportunities for expanding lending to retail and business customers, as well as having a positive effect on credit risk for our existing business. The measures taken by the Bank to permanently reduce its risk also contributed to a positive trend in the allowance for losses on loans and advances.

No risks that could impair the development of Postbank and its subsidiaries, or that could even jeopardize its existence as a going concern, are discernible at present.

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 integrated with the overall management of the Bank via the assessment of the Bank's risk-bearing capacity. Group limits for market, credit, and operational risks were consistently complied with in the first three quarters of 2015. The Group's risk-bearing capacity was ensured at all times.

Credit risk
The allowance for losses on loans and advances remained well below the prior-year level as of September 30, 2015, due to the ongoing positive trend in Postbank's customer business. This was also attributable to the persistently favorable macroeconomic environment in the areas in which the Bank operates, strong proceeds from collateral realization in the mortgage lending area, and systematic risk management.

For the fourth quarter of 2015, we are expecting a continued positive trend in the risk situation, and that the macroeconomic environment will remain favorable overall.

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 the first three quarters of 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, declined compared with the prior-year closing date after the Bank reduced its strategic long interest rate position and its credit spread exposure, particularly in relation to government bonds. Looking to the future, Postbank expects market risk utilization to remain at the same level as at present in the fourth quarter of 2015.

Liquidity risk
Postbank's liquidity situation remains sound due to its stable refinancing basis in the form of customer deposits and its extensive holdings of highly liquid securities.

Although the Bank still aims to reduce the high level of surplus liquidity, the overall liquidity situation was sound at all times, and is also expected to remain extremely stable going forward.

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 declined in the first three quarters of 2015, 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.

There has been no major change in the assessment of business risk as against the description given in the 2014 Group Management Report.

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

Developments in risk management
In addition to using the Basic IRB Approach and the IRB Approach to calculate the capital requirements for its retail business, Postbank uses the Advanced IRB Approach (A-IRBA) to calculate the capital requirements for its corporate banking, banks, and domestic and UK commercial real estate finance portfolios. The Bank plans to extend its use of the A-IRBA to its PK-Dispo overdraft facility portfolio for retail customers in 2015, subject to obtaining the necessary approval from the supervisory authorities.

Since 2011, Postbank has been engaged in implementing a series of liquidity risk management projects designed to meet new/more specific regulatory requirements. 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 (Commission Delegated Regulation 2015/61).

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 again faces extensive regulatory changes in 2015. These include the supervisory review and evaluation process (SREP), the principles for effective risk data aggregation and risk reporting issued by the Basel Committee on Banking Supervision (BCBS # 239), and the Analytical Credit Dataset project (AnaCredit project) established by the ECB.

Risk management within the Deutsche Bank Group

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

The preparations for establishing common A-IRBA rating models were progressed to the point that a uniform Group rating method was achieved with the toleration of Deutsche Bank's LC/FI model by the banking supervisors.

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 will continue to cultivate its close links to national supervisors.

Deutsche Bank's announcement of its strategy as Postbank's majority shareholder is also being examined for its effects on risk management.

Risk types

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

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, and 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. Other risks – and in particular reputational risk and strategic risk – are not part of operational risk.

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

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

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

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

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

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

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

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

Postbank's risk management focuses have not changed materially as against the description given in the 2014 Group Management Report. The methods, systems, and processes discussed in the 2014 Group Management Report, and the reporting system that builds on them, are subject to continuous review and enhancement in order to meet market, business, and regulatory requirements.

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

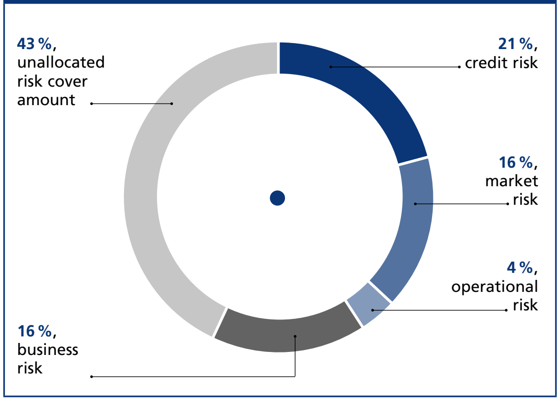
For the purposes of economic creditor protection, risk potential is calculated using a confidence level of 99.93 %. In this approach, the risk cover amount represents the economic asset value and is derived from the IFRS consolidated financial statements; it serves above all to protect prior-ranking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

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 *Mindestanforderungen an das Risikomanagement* (MaRisk – Minimum Requirements for Risk Management).

The percentage allocation of Postbank's economic creditor protection risk cover amount by risk type, after factoring in correlation effects, is as follows for the third quarter of fiscal year 2015 (calculated as of September 30, 2015):

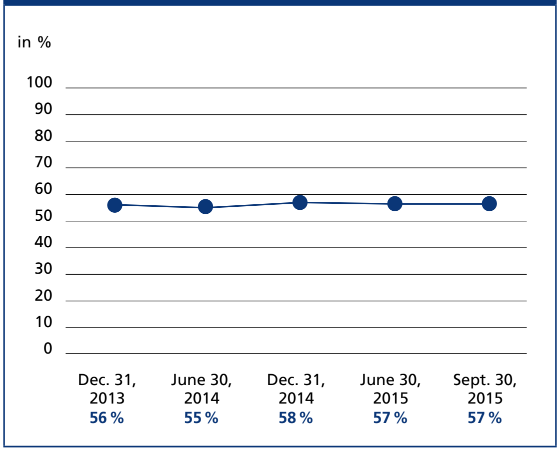
Breakdown of Postbank's risk cover amount by risk type (approved risk capital)



The absolute amount of economic creditor protection risk cover and a breakdown of the absolute amount of risk capital by risk type as of September 30, 2015, and the prior-year closing date are given in Note 33 of the Notes to the Interim Financial Statements.

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

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



Risk cover utilization, measured in terms of the allocated risk capital after diversification, amounted to 57 % as of the reporting date. In the first three quarters of 2015, there was no change in the overall allocated capital compared with the 2014 year-end. The risk cover amount increased slightly as against December 31, 2014, and utilization therefore declined minimally year-on-year.

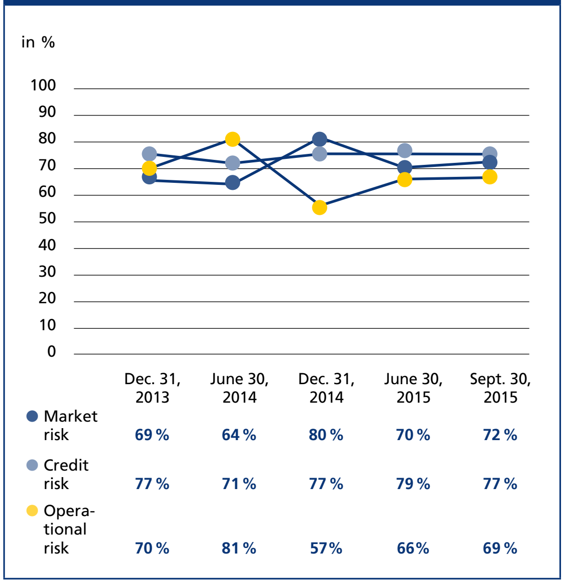
From a going concern perspective as well, the available risk cover amount (free Tier 1 capital) provides sufficient cover for the risk potential calculated.

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

Market risk is managed by allocating VaR and loss limits both at Group level and for the relevant portfolios. Since the second half of 2014, a stressed value at risk concept has been 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 against budget using variance analyses. In the case of operational risk, limits and warning thresholds are defined for each segment. The other risk types are managed using Group-wide limits.

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

Development of the limit utilization for operationally managed risk types



As of the September 30, 2015, reporting date, utilization of the authorized risk capital for market risk in the narrower sense of the term amounted to 72 % (December 31, 2014: 80 %). The lower utilization compared with the prior year-end is attributable in particular to the reduction in the long interest rate position and lower credit spread sensitivity in the portfolio, in particular with respect to government bonds. Credit risk limit utilization amounted to 77 % as of September 30, 2015 (December 31, 2014: 77 %). Credit risk increased in the core segments due to a rise in the volume of business in Retail and Corporate Banking and individual ratings downgrades in Financial Markets, but decreased in the non-core portfolio. Utilization of the authorized risk capital limit for operational risk increased from 57 % as of the 2014 year-end to 69 % as of September 30, 2015. Among other things, this is attributable to the ongoing high volume of litigation and number of complaints – in excess of the long-term average – brought by customers in connection with the now-discontinued distribution of closed-end funds, as well as customer claims for the reimbursement of consumer loan processing fees following the relevant rulings by Germany's Federal Court of Justice. In addition, 2015 saw a substantial year-on-year increase in the litigation and the number of complaints associated with the provision of information on rights of withdrawal from mortgage loans. Since competitors are also affected by litigation relating to advice and disclosure deficiencies and competitor losses are reflected in the capital model, this also increases the Postbank Group's operational risk capital requirements.

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

Risk concentrations and stress testing

For information on the identification, reporting, and monitoring of risk concentrations as well as projects to improve credit portfolio management, please see the 2014 Group Management Report.

Risk concentrations are closely monitored in a timely manner via the segment-specific risk assessment reports and the risk circles used in risk management.

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.

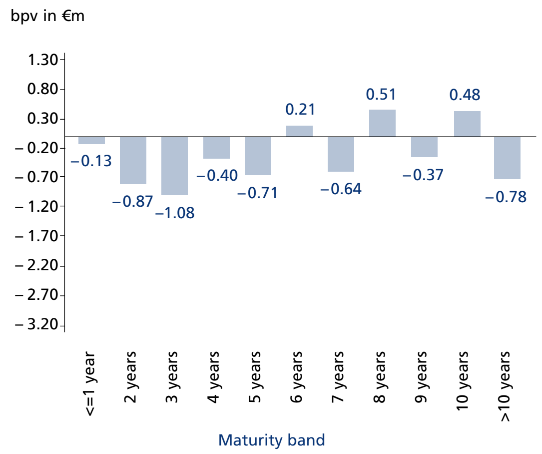
At present, based on the economic capital, a risk concentration is discernible in particular with respect to sovereign exposures.

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

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. Interest rate risk analysis is an integral part of daily market risk measurement in the trading and banking books. The following graphic presents the profile of Postbank's open interest rate positions as of September 30, 2015, in the form of a basis point value (bpv) graph. Positions with a negative value represent an asset-side interest rate risk, which means that there is a surplus of assets. In the same way, positive values indicate a surplus of liabilities. Overall, Postbank continued to have a long interest rate position as of September 30, 2015.

Postbank's interest rate positions (bpv) as of September 30, 2015



The graphic shows that the long positions as of the reporting date of September 30, 2015, are primarily concentrated in the short- and medium-term maturity range of up to seven years as well as in the long-term maturity range of over ten years. Particularly in the eight- and ten-year maturity area, on the other hand, the majority of interest rate risk overhangs were on the short side. The total bpv as of September 30, 2015, amounted to €–3.8 million, after €–4.3 million as of December 31, 2014. Interest rate sensitivity is primarily the result of positions in euros; interest rate sensitivities in other currencies are immaterial. Postbank mainly uses interest rate swaps to actively manage interest rate risk. The risk from equity holdings remains negligible.

Monitoring market 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 September 30, 2015 (one-sided binomial test in accordance with the Basel traffic light approach) produced five outliers at Group level, and were thus in the amber zone. The main reasons for the increased number of outliers were abrupt, significant increases in interest rates and spreads in the second quarter of 2015, following a long period in which yields trended downwards.

For more detailed descriptions of the methods used to measure and limit market risk, see the "Monitoring and managing market risk" section of the Risk Report contained in the 2014 Group Management Report.

Stress testing

The greatest risks that emerge from the regularly performed internal stress tests for market risk continue to be those in connection with interest rates and spreads. In contrast, sensitivities to changes in equity prices, currency rates, and volatilities are significantly less pronounced.

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

Risk indicators

The following VaR figures were calculated for the third quarter of 2015 and for the previous quarter:

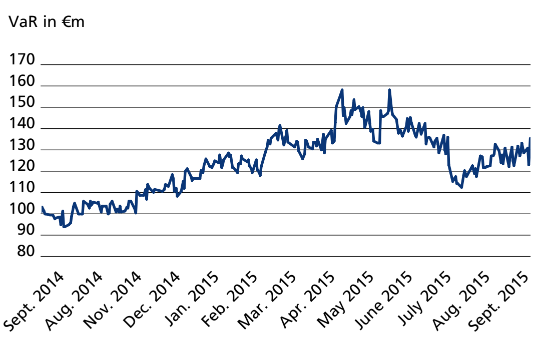
Value at risk, market risk Postbank Group

Group VaR (10 days, 99 %)	VaR at end of quarter		Maximum VaR		Minimum VaR		Average VaR	
	Q3 2015 €m	Q2 2015 €m	Q3 2015 €m	Q2 2015 €m	Q3 2015 €m	Q2 2015 €m	Q3 2015 €m	Q2 2015 €m
Interest rate risk	60.6	66.6	78.3	98.8	38.2	52.5	57.0	71.8
Equity/stock index risk	8.9	5.0	9.0	5.3	6.0	3.9	7.8	4.4
Currency risk	4.0	2.5	6.4	5.7	1.9	0.9	4.7	2.4
Other market risk (spread)	104.5	103.1	108.4	118.7	96.1	102.3	101.6	109.2
Diversification effects	−36.8	−39.6	−51.0	−56.7	−32.8	−34.8	−42.1	−45.1
Total	**141.2**	**137.6**	**144.1**	**160.4**	**113.1**	**127.2**	**129.0**	**142.7**

The VaR for market risk (confidence level of 99 %, holding period of 10 days) amounted to a total of €141 million as of September 30, 2015 (for comparative purposes: €113 million as of December 31, 2014).

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

VaR (99 %, 10 days) Postbank Group for the period from September 30, 2014 to September 30, 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. In the third quarter, the reduction of the long interest rate position led to a clear drop in the figures for operating VaR in the banking book.

Postbank's trading book has not contained any active positions since May 2014. No new trading book business is conducted at present.

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. For a detailed presentation, please see the „Monitoring and managing credit risk" section of the 2014 Group Management Report.

The following table provides an overview of material credit risk indicators for the various segments as of September 30, 2015, compared to the end of 2014 (volumes: IFRS carrying amounts):

Credit risk	Volume		Expected loss		Economic capital[1]	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Retail Banking	75,185	76,361	298	297	832	794
Corporate Banking	14,483	13,928	42	47	318	307
Financial Markets	48,662	50,008	6	5	381	368
Non-Core Operating Unit	9,464	11,194	8	11	608	668
Pension funds	n/a	n/a	0	0	7	7
Total	**147,795**	**151,491**	**354**	**360**	**2,146**	**2,145**

[1]The underlying confidence level is 99.93 %.

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

The "Maximum counterparty credit risk" table depicts the maximum credit risk as of September 30, 2015, compared with December 31, 2014. The "Maximum counterparty credit risk" table breaks down the maximum exposure to credit risk in accordance with IFRS 7.36(a) into categories of risk-bearing financial instruments. This figure is reported as a gross amount, since risk-bearing financial instruments are recognized and measured without accounting for credit risk mitigation techniques, recognized transactions are recorded at their carrying amounts, and the maximum counterparty credit risk exposures resulting from the utilization of irrevocable loan commitments or other off-balance sheet items correspond to all externally approved lines. The presentation does not contain any information on ratings, in contrast to the economic risk quantification contained in the "Credit risk" table. In addition to the items shown in the following tables, Postbank held an equity investment in the amount of €428 million as of September 30, 2015, that was accounted for using the equity method (see Note 17).

Maximum counterparty credit risk								
Risk-bearing financial instruments	Maximum counterparty credit risk exposure		Collateral		Guarantees/ credit derivatives		Maximum counterparty credit risk exposure after credit risk mitigation	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Trading assets	**682**	**697**	**111**	**134**	**–**	**–**	**571**	**563**
Held for trading	682	697	111	134	–	–	571	563
Hedging derivatives	**104**	**119**	**–**	**–**	**–**	**–**	**104**	**119**
Loans and advances to other banks	**17,161**	**19,659**	**14,530**	**16,357**	**–**	**–**	**2,631**	**3,302**
Loans and receivables	17,161	19,659	14,530	16,357	–	–	2,631	3,302
Securities repurchase agreements	14,578	16,373	14,530	16,357	–	–	48	16
Overnight money	802	891	–	–	–	–	802	891
Loans	68	384	–	–	–	–	68	384
Registered bonds	479	228	–	–	–	–	479	228
Term deposits	1,100	1,101	–	–	–	–	1,100	1,101
Other loans and advances	134	682	–	–	–	–	134	682
Loans and advances to customers	**98,704**	**97,972**	**73,627**	**74,263**	**933**	**630**	**24,144**	**23,079**
Loans and receivables	94,202	93,040	69,268	69,516	933	630	24,001	22,894
Private mortgage lending	64,084	64,317	61,921	62,060	–	–	2,163	2,257
Home savings loans	3,213	3,564	3,109	3,425	–	–	104	139
Commercial loans	14,285	13,775	4,238	4,031	933	630	9,114	9,114
Public-sector receivables	4,754	3,789	–	–	–	–	4,754	3,789
Installment loans	6,436	6,098	–	–	–	–	6,436	6,098
Other loans and advances	1,430	1,497	–	–	–	–	1,430	1,497
Fair value option	4,502	4,932	4,359	4,747	–	–	143	185
Private mortgage lending	4,502	4,932	4,359	4,747	–	–	143	185
Investment securities	**31,144**	**33,044**	**–**	**–**	**–**	**–**	**31,144**	**33,044**
Loans and receivables	18,077	20,642	–	–	–	–	18,077	20,642
Bonds and other fixed-income securities	18,077	20,642	–	–	–	–	18,077	20,642
Available for sale	13,067	12,402	–	–	–	–	13,067	12,402
Bonds and other fixed-income securities	12,760	12,195	–	–	–	–	12,760	12,195
Investment fund shares	262	179	–	–	–	–	262	179
Equity investments	40	22	–	–	–	–	40	22
Investments in unconsolidated subsidiaries	5	6	–	–	–	–	5	6
Subtotal	**147,795**	**151,491**	**88,268**	**90,754**	**933**	**630**	**58,594**	**60,107**
Contingent liabilities from guarantees	**385**	**394**	**–**	**–**	**–**	**–**	**385**	**394**
Revocable and irrevocable loan commitments[1]	**19,576**	**19,054**	**–**	**–**	**35**	**–**	**19,541**	**19,054**
Revocable loan commitments	13,626	13,984	–	–	–	–	13,626	13,984
Irrevocable loan commitments	5,950	5,070	–	–	35	–	5,915	5,070
Total	**167,756**	**170,939**	**88,268**	**90,754**	**968**	**630**	**78,520**	**79,555**

[1] 2014 figures adjusted

The first three quarters of 2015 saw a further reduction in investment securities in the amount of €1.9 billion, in line with the steady reduction in financial market portfolios and risks that has been under way since the third quarter of 2008.

The table includes netting effects as of the end of the third quarter amounting to €8.4 billion (December 31, 2014: €9.5 billion) and relating to trading assets and hedging derivatives; the amount disclosed is the maximum counterparty credit risk amount before collateral. Securities repurchase transactions requiring recognition amounted to €2.6 billion as of September 30, 2015 (December 31, 2014: €2.4 billion).

€5.7 billion of the amount disclosed in the "investment securities" balance sheet item as of the reporting date and, to a lesser extent, in the "loans and advances to other banks" balance sheet item relates to covered bonds (December 31, 2014: €6.7 billion). In addition, the investor securitization positions also contained in the "investment securities" item, which amounted to €0.1 billion as of September 30, 2015 (December 31, 2014: €0.1 billion), can be considered to be fully collateralized.

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

Risk concentrations by sector and borrower group																
Risk-bearing financial instruments	Retail customers		Banks/ insurers/ financial services		Countries		Commercial real estate finance		Services/ wholesale and retail		Industry		Other sectors		Total	
	Sept. 30, 2015 €m	Dec, 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Trading assets	**114**	**139**	**316**	**281**	**–**	**–**	**102**	**104**	**37**	**46**	**23**	**25**	**90**	**102**	**682**	**697**
Held for trading	114	139	316	281	–	–	102	104	37	46	23	25	90	102	682	697
Hedging derivatives	**–**	**–**	**104**	**119**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**104**	**119**
Loans and advances to other banks	**–**	**–**	**17,161**	**19,659**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17,161**	**19,659**
Loans and receivables	–	–	17,161	19,659	–	–	–	–	–	–	–	–	–	–	17,161	19,659
Securities repurchase agreements	–	–	14,578	16,373	–	–	–	–	–	–	–	–	–	–	14,578	16,373
Overnight money	–	–	802	891	–	–	–	–	–	–	–	–	–	–	802	891
Loans	–	–	68	384	–	–	–	–	–	–	–	–	–	–	68	384
Registered bonds	–	–	479	228	–	–	–	–	–	–	–	–	–	–	479	228
Term deposits	–	–	1,100	1,101	–	–	–	–	–	–	–	–	–	–	1,100	1,101
Other loans and advances	–	–	134	682	–	–	–	–	–	–	–	–	–	–	134	682
Loans and advances to customers	**80,204**	**80,869**	**345**	**339**	**4,676**	**3,696**	**6,894**	**6,660**	**3,408**	**3,574**	**2,220**	**1,953**	**957**	**881**	**98,704**	**97,972**
Loans and receivables	75,705	75,937	345	339	4,676	3,696	6,894	6,660	3,407	3,574	2,220	1,953	955	881	94,202	93,040
Private mortgage lending	63,937	64,141	0	1	1	1	–	–	29	27	0	–	117	147	64,084	64,317
Home savings loans	3,213	3,564	–	–	–	–	–	–	–	–	–	–	–	–	3,213	3,564
Commercial loans	748	680	322	314	0	–	6,894	6,660	3,374	3,544	2,220	1,953	727	624	14,285	13,775
Public-sector receivables	–	–	–	–	4,675	3,695	–	–	1	2	–	–	78	92	4,754	3,789
Installment loans	6,435	6,098	0	–	0	–	–	–	1	–	0	–	0	–	6,436	6,098
Other loans and advances	1,372	1,454	23	24	0	–	–	–	2	1	0	–	33	18	1,430	1,497
Fair value option	4,499	4,932	–	–	0	–	–	–	1	–	–	–	2	–	4,502	4,932
Private mortgage lending	4,499	4,932	–	–	0	–	–	–	1	–	–	–	2	–	4,502	4,932
Investment securities	**–**	**–**	**13,423**	**14,551**	**15,283**	**16,078**	**–**	**–**	**1,053**	**1,199**	**585**	**622**	**800**	**594**	**31,144**	**33,044**
Loans and receivables	–	–	8,179	9,746	8,887	9,757	–	–	403	484	260	344	348	311	18,077	20,642
Bonds and other fixed-income securities	–	–	8,179	9,746	8,887	9,757	–	–	403	484	260	344	348	311	18,077	20,642
Available for sale	–	–	5,244	4,805	6,396	6,321	–	–	650	715	325	278	452	283	13,067	12,402
Bonds and other fixed-income securities	–	–	4,956	4,619	6,396	6,321	–	–	639	715	325	278	444	262	12,760	12,195
Investment fund shares	–	–	262	179	–	–	–	–	–	–	–	–	–	–	262	179
Equity investments	–	–	26	1	–	–	–	–	10	–	–	–	4	21	40	22
Investments in unconsolidated subsidiaries	–	–	–	6	–	–	–	–	1	–	–	–	4	–	5	6
Subtotal	**80,318**	**81,008**	**31,349**	**34,949**	**19,959**	**19,774**	**6,996**	**6,764**	**4,498**	**4,819**	**2,828**	**2,600**	**1,847**	**1,577**	**147,795**	**151,491**
Contingent liabilities from guarantees	**3**	**13**	**8**	**13**	**–**	**–**	**9**	**11**	**227**	**209**	**78**	**83**	**60**	**65**	**385**	**394**
Revocable and irrevocable loan commitments[1]	**17,114**	**16,521**	**73**	**53**	**12**	**1**	**76**	**123**	**1,277**	**1,355**	**715**	**705**	**309**	**296**	**19,576**	**19,054**
Revocable loan commitments	12,644	13,128	34	37	–	–	-	–	496	453	361	267	91	99	13,626	13,984
Irrevocable loan commitments	4,470	3,393	39	16	12	1	76	123	781	902	354	438	218	197	5,950	5,070
Total	**97,435**	**97,542**	**31,430**	**35,015**	**19,971**	**19,775**	**7,081**	**6,898**	**6,002**	**6,383**	**3,621**	**3,388**	**2,216**	**1,938**	**167,756**	**170,939**

[1]2014 figures adjusted

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

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

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

Risk concentrations by geographic region								
Risk-bearing financial instruments	Germany		Western Europe		Other regions		Total	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Trading assets	**459**	**478**	**222**	**219**	**1**	**–**	**682**	**697**
Held for trading	459	478	222	219	1	–	682	697
Hedging derivatives	**15**	**54**	**54**	**43**	**35**	**22**	**104**	**119**
Loans and advances to other banks	**5,375**	**11,160**	**11,762**	**8,486**	**24**	**13**	**17,161**	**19,659**
Loans and receivables	5,375	11,160	11,762	8,486	24	13	17,161	19,659
Securities repurchase agreements	3,614	8,729	10,964	7,644	–	–	14,578	16,373
Overnight money	270	303	509	576	23	12	802	891
Loans	67	176	1	208	–	–	68	384
Registered bonds	283	228	196	–	–	–	479	228
Term deposits	1,098	1,101	1	–	1	–	1,100	1,101
Other loans and advances	43	623	91	58	0	1	134	682
Loans and advances to customers	**90,946**	**89,911**	**6,951**	**7,389**	**807**	**672**	**98,704**	**97,972**
Loans and receivables	86,457	84,994	6,940	7,376	805	670	94,202	93,040
Private mortgage lending	60,485	60,435	3,547	3,828	52	54	64,084	64,317
Home savings loans	3,192	3,542	19	20	2	2	3,213	3,564
Commercial loans	10,232	9,713	3,309	3,454	744	608	14,285	13,775
Public-sector receivables	4,713	3,747	41	42	–	–	4,754	3,789
Installment loans	6,413	6,077	18	17	5	4	6,436	6,098
Other loans and advances	1,422	1,480	6	15	2	2	1,430	1,497
Fair value option	4,489	4,917	11	13	2	2	4,502	4,932
Private mortgage lending	4,489	4,917	11	13	2	2	4,502	4,932
Investment securities	**11,959**	**12,794**	**18,608**	**19,365**	**577**	**885**	**31,144**	**33,044**
Loans and receivables	7,177	8,176	10,522	11,965	378	501	18,077	20,642
Available for sale	4,782	4,618	8,086	7,400	199	384	13,067	12,402
Bonds and other fixed-income securities	4,477	4,416	8,084	7,395	199	384	12,760	12,195
Investment fund shares	262	179	–	–	–	–	262	179
Equity investments	38	22	2	–	–	–	40	22
Investments in unconsolidated subsidiaries	5	1	–	5	–	–	5	6
Subtotal	**108,754**	**114,397**	**37,597**	**35,502**	**1,444**	**1,592**	**147,795**	**151,491**
Contingent liabilities from guarantees	**336**	**351**	**49**	**43**	**–**	**–**	**385**	**394**
Revocable and irrevocable loan commitments[1]	**19,378**	**18,855**	**179**	**186**	**19**	**13**	**19,576**	**19,054**
Revocable loan commitments	13,569	13,936	46	37	11	11	13,626	13,984
Irrevocable loan commitments	5,809	4,919	133	149	8	2	5,950	5,070
Total	**128,468**	**133,603**	**37,825**	**35,731**	**1,463**	**1,605**	**167,756**	**170,939**

[1]2014 figures adjusted

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

Exposures to debtors in selected countries[1]

	Countries		Banks/insurers/ financial services		Retail		Corporates[2]		Other[3]		Total	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Greece	0.0	0.0	0.0	0.0	1.0	1.0	0.2	4.8	0.0	0.0	1.2	5.8
Ireland	361.0	372.0	45.8	211.5	2.3	2.9	49.9	37.2	71.6	74.3	530.6	697.9
Italy	3,251.2	3,404.8	798.7	814.6	2,206.6	2,461.3	379.7	383.7	0.0	0.0	6,636.2	7,064.4
Portugal	62.2	61.3	93.2	220.6	3.7	3.0	3.6	3.6	0.0	0.0	162.7	288.5
Spain	97.6	431.7	840.6	1,317.9	25.8	27.2	128.5	81.6	0.0	0.0	1,092.5	1,858.4
Total	**3,772.0**	**4,269.8**	**1,778.3**	**2,564.6**	**2,239.4**	**2,495.4**	**561.9**	**510.9**	**71.6**	**74.3**	**8,423.2**	**9,915.0**

[1]Based on IFRS carrying amounts. For holdings categorized as available for sale this is the fair value.
[2]Including commercial real estate
[3]Including investor securitization positions

In addition to the exposures shown in the table above, Postbank had accepted securities amounting to a total of €7.5 billion as of September 30, 2015, as collateral in securities repurchase transactions entered into with Deutsche Bank branches in Spain and Italy.

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

Rating structure of the loan portfolio

The following table shows the credit quality of the risk-bearing financial instruments for Postbank's non-retail business that were neither past due nor individually impaired as of the September 30, 2015, reporting date (with the exception of "contingent liabilities" and "other liabilities").

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

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

Risk-bearing financial instruments	AAA		AA		A		BBB		< BBB		Not rated		Total	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Trading assets	**–**	**1**	**37**	**45**	**307**	**238**	**65**	**88**	**118**	**89**	**41**	**97**	**568**	**558**
Held for trading	–	1	37	45	307	238	65	88	118	89	41	97	568	558
Hedging derivatives	**–**	**–**	**–**	**–**	**104**	**118**	**–**	**1**	**–**	**–**	**–**	**–**	**104**	**119**
Held for trading	–	–	–	–	104	118	–	1	–	–	–	–	104	119
Loans and advances to other banks	**117**	**102**	**254**	**216**	**16,550**	**18,963**	**142**	**274**	**20**	**36**	**78**	**68**	**17,161**	**19,659**
Loans and receivables	117	102	254	216	16,550	18,963	142	274	20	36	78	68	17,161	19,659
Securities repurchase agreements	–	–	100	–	14,478	16,373	–	–	–	–	–	–	14,578	16,373
Overnight money	–	3	91	167	699	688	12	33	–	–	–	–	802	891
Loans	18	96	–	–	1	194	–	–	5	31	44	63	68	384
Registered bonds	97	–	–	–	253	63	129	165	–	–	–	–	479	228
Term deposits	–	–	–	–	1,100	1,101	–	–	–	–	–	–	1,100	1,101
Other loans and advances	2	3	63	49	19	544	1	76	15	5	34	5	134	682
Loans and advances to customers	**4,821**	**3,273**	**2,788**	**2,612**	**1,736**	**1,820**	**4,785**	**4,363**	**3,503**	**3,633**	**444**	**838**	**18,077**	**16,539**
Loans and receivables	4,821	3,273	2,788	2,612	1,736	1,820	4,785	4,363	3,503	3,633	441	838	18,074	16,539
Private mortgage lending	12	16	14	10	30	25	38	33	10	40	19	22	123	146
Home savings loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Commercial loans	1,813	1,450	1,086	932	1,706	1,795	4,747	4,329	3,458	3,560	329	497	13,139	12,563
Public-sector receivables	2,996	1,807	1,688	1,669	–	–	–	–	35	33	35	280	4,754	3,789
Other loans and advances	–	–	–	1	–	–	–	1	–	–	58	39	58	41
Investment securities	**12,444**	**12,832**	**8,376**	**8,594**	**8,224**	**8,841**	**1,834**	**2,191**	**212**	**554**	**43**	**18**	**31,133**	**33,030**
Loans and receivables	5,876	6,235	4,914	5,320	6,232	7,215	902	1,373	142	481	–	4	18,066	20,628
Bonds and other fixed-income securities	5,876	6,235	4,914	5,320	6,232	7,215	902	1,373	142	481	–	4	18,066	20,628
Available for sale	6,568	6,597	3,462	3,274	1,992	1,626	932	818	70	73	43	14	13,067	12,402
Bonds and other fixed-income securities	6,568	6,597	3,460	3,268	1,730	1,447	932	818	70	65	–	–	12,760	12,195
Investment fund shares	–	–	–	–	262	179	–	–	–	–	–	–	262	179
Equity investments	–	–	2	–	–	–	–	–	–	8	38	14	40	22
Investments in unconsolidated subsidiaries	–	–	–	6	–	–	–	–	–	–	5	–	5	6
Total	**17,382**	**16,208**	**11,455**	**11,467**	**26,921**	**29,980**	**6,826**	**6,917**	**3,853**	**4,312**	**606**	**1,021**	**67,043**	**69,905**

Similarly, the following table illustrates the credit quality of the risk-bearing financial instruments for Postbank's retail business that were neither past due nor individually impaired as of the September 30, 2015, reporting date (with the exception of "contingent liabilities" and "other liabilities"). Postbank's retail business continued to exhibit a stable rating performance.

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

Risk-bearing financial instruments	AAA		AA		A		BBB		< BBB		Basel II pool rating/ not rated		Total	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept 30, 2015 €m	Dec. 31, 2014 €m
Trading assets	**–**	**–**	**1**	**2**	**12**	**14**	**58**	**70**	**43**	**53**	**–**	**–**	**114**	**139**
Held for trading	–	–	1	2	12	14	58	70	43	53	–	–	114	139
Loans and advances to customers	**4**	**5**	**873**	**739**	**5,629**	**5,568**	**30,182**	**30,897**	**38,962**	**38,684**	**2,623**	**2,693**	**78,273**	**78,586**
Loans and receivables	4	5	847	711	5,219	5,142	27,801	28,310	37,304	36,843	2,623	2,677	73,798	73,688
Private mortgage lending	2	3	458	401	4,458	4,313	25,219	25,711	30,697	30,566	2,031	1,895	62,865	62,889
Home savings loans	0	–	85	98	678	736	1,622	1,750	680	720	20	111	3,085	3,415
Commercial loans	2	2	299	206	6	19	77	85	40	47	323	317	747	676
Installment loans	0	–	2	1	47	31	653	502	5,100	4,791	178	190	5,980	5,515
Other loans and advances	0	–	3	5	30	43	230	262	787	719	71	164	1,121	1,193
Fair value option	–	–	26	28	410	426	2,381	2,587	1,658	1,841	0	16	4,475	4,898
Private mortgage lending	–	–	26	28	410	426	2,381	2,587	1,658	1,841	0	16	4,475	4,898
Total	**4**	**5**	**874**	**741**	**5,641**	**5,582**	**30,240**	**30,967**	**39,005**	**38,737**	**2,623**	**2,693**	**78,387**	**78,725**

Loans past due but not impaired
The following table shows those risk-bearing financial instruments that were past due but not impaired as of September 30, 2015:

Time bands for financial instruments past due but not impaired

Risk-bearing financial instruments and collateral	Financial instruments past due but not impaired: Past due ≤ 3 months		Past due > 3 months, ≤ 6 months		Past due > 6 months, ≤ 1 year		Past due > 1 year		Total		Fair value of the collateral for financial instruments past due but not impaired	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Loans and advances to customers	**218**	**239**	**31**	**22**	**57**	**49**	**126**	**202**	**432**	**512**	**375**	**433**
Loans and receivables	217	238	31	21	52	44	120	195	420	498	364	422
Private mortgage lending	201	217	28	12	35	40	110	182	374	451	339	389
Home savings loans	4	4	2	2	6	4	7	11	19	21	18	20
Commercial loans	3	6	0	4	11	–	2	1	16	11	3	4
Public-sector receivables	–	–	–	–	–	–	–	–	–	–	–	–
Installment loans	1	2	0	–	0	–	0	–	1	2	–	–
Other loans and advances	8	9	1	3	0	–	1	1	10	13	4	9
Fair value option	1	1	0	1	5	5	6	7	12	14	11	11
Private mortgage lending	1	1	0	1	5	5	6	7	12	14	11	11
Total	**218**	**239**	**31**	**22**	**57**	**49**	**126**	**202**	**432**	**512**	**375**	**433**

Impaired loans

The following table shows all impaired financial assets as of September 30, 2015, and December 31, 2014, broken down into individually impaired loans and advances to other banks, loans and advances to customers, and investment securities for which impairment losses have been recognized. The carrying amount after recognition of impairment losses is shown in the table as the difference between the carrying amount before impairment and the amount of the impairment loss.

Impaired financial instruments

Impaired risk-bearing financial instruments and collateral	Carrying amount before impairment		Amount of impairment loss[1]		Carrying amount after impairment		Fair value of collateral for impaired instruments	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Loans and advances to other banks	–	–	–	–	–	–	–	–
Loans and advances to customers	**1,922**	**2,335**	**1,017**	**1,208**	**905**	**1,127**	**776**	**1,061**
Loans and receivables	1,910	2,315	1,017	1,208	893	1,107	765	1,040
Private mortgage lending	722	831	282	320	440	511	587	787
Home savings loans	109	128	4	4	105	124	100	118
Commercial loans	383	525	201	262	182	263	73	135
Installment loans	455	581	301	377	154	204	–	–
Other loans and advances	241	250	229	245	12	5	5	–
Fair value option	12	20	–	–	12	20	11	21
Private mortgage lending	12	20	–	–	12	20	11	21
Investment securities	**75**	**71**	**64**	**57**	**11**	**14**	–	–
Loans and receivables	75	71	64	57	11	14	–	–
Bonds and other fixed-income securities	75	71	64	57	11	14	–	–
Total	**1,997**	**2,406**	**1,081**	**1,265**	**916**	**1,141**	**776**	**1,061**

[1]Portfolio-based valuation allowances were not considered

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

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

Forborne and non-performing exposures to customers						
Financial instruments within the "Loans and advances to customers" balance sheet item	Forborne		Non-forborne		Total	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Performing loans	**319**	**298**	**95,590**	**94,428**	**95,909**	**94,726**
not impaired	319	298	95,590	94,428	95,909	94,726
Non-performing loans	**310**	**348**	**2,485**	**2,898**	**2,795**	**3,246**
impaired	248	305	1,667	2,030	1,924	2,335
not impaired	62	43	809	868	871	911
Total	**629**	**646**	**98,075**	**97,326**	**98,704**	**97,972**

Within the "Loans and advances to customers" balance sheet item, forborne exposures as of the reporting date totaled €629 million, whereas non-performing exposures amounted to €2,795 million.

In addition to the exposures presented in the table above, Postbank recorded a non-performing exposure for trading assets in the amount of €3.2 million as of September 30, 2015, and one of €11 million for investment securities. Outside of the "Loans and advances to customers" balance sheet item, the "Loans and advances to other banks" balance sheet item contained a forborne exposure in the amount of €0.9 million.

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

The following synthetic securitization transactions involving the securitization of residential mortgage loans relating to Germany and Italy not only reduced regulatory capital requirements but also lowered risk concentrations. The amounts reported represent the regulatory bases for assessment. As of the reporting date, Postbank had not conducted any securitization transactions relating to revolving counterparty credit risk.

PB Domicile 2006-1	€645 million	(Deutsche Postbank AG)
Provide Blue 2005-2	€481 million	(BHW Bausparkasse AG)
PB Domicilio 2007-1	€410 million	(BHW Bausparkasse AG)

The Provide Blue 2005-1 originator securitization transaction was terminated in January 2010. This transaction is in deferred redemption; the principal amount after distribution is €12.7 million.

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

The composition of the portfolio has not changed since the end of 2013; it consists of redeemed residential mortgage-backed securities (RMBSs) and impaired holdings. The portfolio had a notional volume of €129 million as of September 30, 2015, having risen slightly due to exchange rate fluctuations (December 31, 2014: €127 million). Please see Note 4h of the Notes to the 2014 Consolidated Financial Statements for further details on measurement.

Monitoring and managing liquidity risk
The goal of liquidity risk management is to ensure Postbank's solvency at all times, including in certain stress situations. As a matter of principle, operational liquidity risk management is performed centrally by Deutsche Postbank AG's Chief Operating Office. BHW Bausparkasse AG and the branch in Luxembourg manage their risks independently but are subject to Group-wide risk monitoring on the basis of uniform procedures and processes. Deutsche Postbank AG serves as the lender of last resort in the case of local liquidity squeezes. In the event of a liquidity shock at the level of the Postbank Group, the Liquidity Crisis Committee has clear responsibility and authority over all portfolio managers at Postbank as well as at its subsidiaries and its foreign branches.

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

Due to its strategic focus as a retail bank, Postbank enjoys a strong refinancing base in its customer business and is therefore relatively independent of the money and capital markets. As in the past, no significant funding measures on the money and capital markets are planned.

The following table shows the financial liabilities as of September 30, 2015, and December 31, 2014, broken down into residual maturity bands:

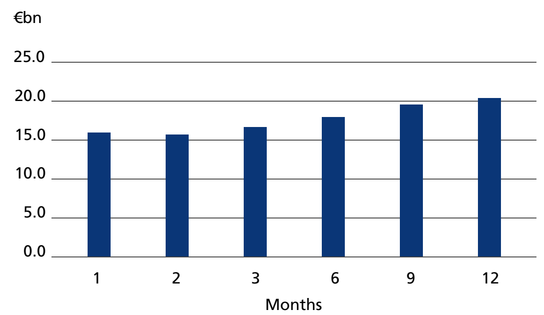
Liabilities by residual maturity

Liabilities	Payable on demand		≤ 3 months		> 3 months and ≤ 1 year		> 1 year and ≤ 5 years		> 5 years		Total	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Non-derivative liabilities	**62,081**	**57,634**	**49,474**	**53,433**	**20,144**	**21,265**	**12,554**	**11,410**	**14,951**	**17,587**	**159,204**	**161,329**
Deposits from other banks	568	94	6,048	7,552	464	622	4,760	3,482	4,706	6,039	16,546	17,789
Due to customers	41,442	38,067	42,804	45,315	18,908	19,424	5,904	5,825	6,398	7,150	115,456	115,781
Debt securities in issue	–	0	0	40	76	1,015	1,267	298	1,810	2,858	3,153	4,211
Subordinated debt	–	–	0	0	696	204	623	1,805	2,037	1,540	3,356	3,549
Other liabilities	–	–	622	526	–	–	–	–	–	–	622	526
Contingent liabilities and other obligations	20,071	19,473	–	–	–	–	–	–	–	–	20,071	19,473
Derivative liabilities	**–**	**–**	**154**	**136**	**78**	**115**	**328**	**378**	**374**	**436**	**934**	**1,065**
Hedging derivatives	–	–	51	53	17	12	89	155	77	78	234	298
Trading liabilities	–	–	103	83	61	103	239	223	297	358	700	767
Total	**62,081**	**57,634**	**49,628**	**53,569**	**20,222**	**21,380**	**12,882**	**11,788**	**15,325**	**18,023**	**160,138**	**162,394**

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

In contrast to the presentation of the contractual cash flows of the financial liabilities, the following overview of Postbank's liquidity status as of September 30, 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 September 30, 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 fiscal year 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 Advanced Measurement Approach (AMA) capital model is based on a loss distribution approach (LDA) that initially uses internal and external loss events, supplemented by scenario data, in its calculations. A scorecard is used to assess the quality of operational risk management in the business divisions so as to enable qualitative adjustments to be made to the capital amounts calculated for them using Monte Carlo simulations; this also represents a material incentive to improve operational risk management.

The VaR limit for operational risk at overall bank level amounted to €700 million as of the closing date for the third quarter of 2015. 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.

At €93 million, operational risk losses rose slightly year-on-year in the first three quarters of 2015 (January 1 – September 30, 2014: €91 million). This development was due to the fact that, although litigation and complaints about investment advice and cases of external fraud declined, there was a sharp increase year-on-year in the litigation and the number of complaints associated with the provision of information on rights of withdrawal.

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 led to a further decline in losses year-on-year in the third quarter of 2015.

The following table shows the operational value at risk (OpVaR) after adjustment at the level of the Bank as a whole and of the individual divisions, for a confidence level of 99.93 %:

Business division	Operational value at risk (OpVaR)	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Retail Banking	335	269
Corporate Banking	37	38
Financial Markets	110	94
Postbank total	**481**	**401**

Postbank's strategic focus on retail and business customers can clearly be seen from the operational value at risk figures for the individual divisions. The Retail Banking business division had by far the highest capital requirements, at €335 million (December 31, 2014: €269 million). The NCOU portfolios, which are relevant for operational risk capital modeling and which are allocated in full to Retail Banking, account for €134 million.

Postbank performs business continuity management (BCM), which comprises both preventive and reactive measures, along its value chain. The objective is to develop and then implement BCM planning (also known as emergency planning) to guarantee the continuity, regularity, and robustness of the Bank's business operations in exceptional situations such as emergencies. Regular BCM risk identification and assessment exercises (RIAs) and business impact analyses (BIAs), which focus on the Bank's main tasks and business processes, are used as the basis for planning. The proper functioning of the emergency planning is reviewed, monitored, and documented on an ongoing basis.

Pending Litigation

Five actions for annulment and avoidance have been brought by a total of seven Deutsche Postbank AG shareholders against the resolution on agenda item 5 passed by the Annual General Meeting on August 28, 2015 (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). These actions are currently preventing the transfer resolution from being entered in the commercial register.

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 so as to be able to have the transfer resolution entered in the commercial register in the near future. If the transfer resolution is not entered in the commercial register, or if its entry is delayed until 2016, this would put Deutsche Postbank AG at a disadvantage, since it would impede further steps to deconsolidate Deutsche Postbank AG from the Deutsche Bank Group.

OUTLOOK

Trends in economic conditions

There are currently no signs of world economic growth accelerating. As a result, the recovery is likely to remain modest. Continued economic recovery is to be expected in industrialized countries and stabilization of growth in emerging markets. At the start of October, the International Monetary Fund adjusted its projection for global growth in 2015 from 3.3 % to 3.1 %.

In the United States, the economy has a strong domestic foundation. Private consumption should continue to benefit from rising employment rates and the low price of oil. Momentum is also expected to be generated by corporate investments and residential construction. However, foreign trade is set to put a marked brake on the economy due to a strong U.S. dollar and restrained world economy. GDP growth, at 2.4 %, is likely to turn out approximately as high in 2015 as it did in 2014.

The economic recovery in the eurozone should continue, with essential momentum generated once again by private consumption. Gross capital expenditures are also likely to be expanded. Exports, owing to the weak euro, should grow faster year-on-year. But because imports are also likely to pick up, foreign trade is not expected to generate any momentum for growth overall. For 2015 as a whole, we expect an acceleration of GDP growth to 1.4 %.

Economic outlook for Germany

Early indicators like the ifo Business Climate Index suggest that the economic upturn in Germany will in fact continue but without any gains in vitality. Domestic demand should continue to provide momentum. Employment and income are likely to rise further given very low inflation, leading in all likelihood to a persistent and marked rise in real income. This should give a strong tailwind to private consumption. Gross capital expenditures and government spending are also expected to expand further and foreign trade will probably also make a positive contribution to GDP growth in 2015. In summary, we expect German GDP to rise by 1.6 %. The unemployment rate is likely to remain largely stable for the rest of the year, dropping from 6.7 % to 6.4 % when viewed as an annual average.

Since our last report, we have not changed our 2015 growth forecasts for Germany and the EMU; however, our expectations for the U.S.A. have been slightly raised.

European capital markets are currently facing a whole range of uncertainties. These include the unclear starting time of the expected federal funds rate hike in the U.S.A. as well as the ambiguous impact of sluggish emerging market growth on the world economy. Volatility is likely to remain high in this context. In light of the risk premiums demanded for the government bonds of the so-called peripheral eurozone countries, we expect stabilization at the achieved level. This presumes however that budget deficits will be reduced further and the relevant countries will continue to see economic recovery.

Even after the decision in favor of a third financial assistance program, there remains the risk of a payment default or a Greek exit from the eurozone if the country fails to comply with reform requirements agreed with creditors. Such increasing uncertainties could lead to a renewed rise in risk premiums for government bonds of peripheral eurozone countries.

The ECB is expected to keep its key interest rate at the record low of 0.05 % for the rest of 2015. The deposit and marginal lending facility rates should also remain at the level reached at the end of the third quarter. In addition, the ECB is likely to remain committed as planned to the bond purchasing program it launched in March. If economic performance dims noticeably or the euro rises markedly in value, the ECB could expand its bond-buying program once again by raising monthly purchasing volumes or extending the time frame beyond September 2016. The U.S. Federal Reserve will probably keep its federal funds rate constant throughout the remainder of this year, with an interest rate hike in December of 2015 not wholly unlikely.

Capital market yields are likely to persist at their historically low level through year's end. Toward the end of the year, yields on government bonds could rise slightly if the economic recovery in the eurozone continues and deflation worries abate. The latter is likely, since inflation should rise to a higher level by the end of the year and thus further distance itself from zero. We expect the yields of 10-year German Bunds to be 0.9 % by the end of 2015, making the yield curve somewhat steeper than it is presently.

Overall, we project a lower yield level at the end of 2015 than at the time of our Annual Report for 2014 when we assumed a yield level of 1.0 % for the end of 2015.

Sector situation

German banks will likely face two key issues through the end of 2015: A clear and sustainable improvement of the operating business in a low interest environment as well as the implementation of new regulatory requirements. Starting in October of this year, for example, the liquidity coverage ratio will be gradually introduced. It is meant to ensure that each bank is in a position to survive a difficult liquidity stress scenario independently over a period of 30 calendar days.

The sustained low level of interest rates is likely to make improvements in the operating business of German banks difficult. Moreover, we do not expect to see any significant rise in interest rates this year. 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 of companies. This could have a positive impact on income from investment banking for institutions with the relevant business activities. Because of the persistently difficult conditions on the income side, many banks are likely to have additional cost optimizations on their agendas in 2015 as well. The financial resources that banks must employ to implement new regulatory requirements also have a negative impact on the income statement. In addition, many banks are investing in the digitizing of numerous 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 2015. Mergers and/or acquisitions should primarily take place within the respective banking groups. The implementation of the German *Trennbankengesetz* (Bank Separation Act) can lead to changes in the market position and/or competitive situation of individual banks.

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 banks in question as well as the exact configuration of the test has not yet been published. At the end of 2015, the EBA will conduct a transparency exercise in which 109 major banks from the 28 EU countries will probably take part. A final list of the participating banks is not yet available. The focus will be on capital resources as well as risks on the balance sheet and in the loan book as well as their development from 2014 to mid-2015. The transparency exercise will primarily involve the information that banks regularly report to the ECB and national supervisory bodies. Queries at individual banks are likely to be the exception. In Germany, the twenty banks under direct supervision of the ECB will likely be subject to the transparency exercise.

Investment focuses

Compliance and modifications related to regulatory issues will continue to be a priority in our investment portfolio in 2015. They continue to include the fulfillment of liquidity and capital requirements as well as accounting standards, SEPA, Basel III, and various consumer protection issues.

Whereas the investments in integration that we have planned fall below the prior-year level, investments dedicated to maintaining the Bank's competitiveness will have a greater scope year-on-year. Investments in expanding the Bank's competitiveness, including additional initiatives for digitizing the customer business and automating the cash cycle, will also be higher than 2014 levels.

Non-financial key performance indicators

Given current assessments, we continue to expect that customer and employee satisfaction will reach the same levels as last year or moderately exceed them in 2015. This forecast, however, does not imply any fundamental changes in the strategic orientation of Postbank.

Outlook for the Postbank Group

In light of business developments at the Postbank Group in fiscal year 2015, we have modified our expectations as of September 30, 2015, from those presented in the Group Management Report as of December 31, 2014, and the Group Interim Management Report as of June 30, 2015. Now that nine months have passed, we can formulate our expectations with greater precision at some points.

In line with the outlook for full-year 2015, we continue to anticipate a downturn in profit before tax in the higher two-digit millions given the end of positive non-recurring effects from the deconsolidation of service companies in 2014. This downturn includes expected disentanglement costs in the amount of €25 million in the fourth quarter of 2015. We still expect profit after tax to rise owing in particular to substantial negative effects from tax payments in the prior year that will no longer have an impact in 2015. The gain will be in the mid-to-high two digit millions, somewhat higher than our previously projected figure in the lower to middle two-digit millions.

The effects of Deutsche Bank's new Strategy 2020 (including the planned deconsolidation of Postbank before the end of 2016) are currently being assessed and will possibly lead to a revision of the outlook in the fourth quarter of 2015, depending on which resolutions are passed by the courts during the clearance proceeding and by the committees of Deutsche Bank AG and Deutsche Postbank AG in this context during the rest of this year. This could lead to positive and negative discrepancies vis-à-vis our current state of planning both in individual positions as well as in profit before and after tax in amounts up to the three-digit millions. Return on equity and the cost/income ratio could be affected as a result.

Developments in the first six months of 2015 have already led to changes in the outlook for individual earnings components, in particular for net interest income. Here, current market developments have led us to use a revised interest rate forecast with a negative impact on net interest income as our basis. Contrary to our expectations, other earnings components have performed positively in both the first half and the third quarter of 2015, making it necessary to revise downward once again, in particular our expectations for the full-year allowance for losses on loans and advances.

Postbank continues to proceed on the assumption that net interest income in 2015 will approximately reach the prior-year level.

Net fee and commission income will fall in 2015 as anticipated but the amount of that drop, at around €200 million, will be more substantial than we expected at the time of the 2014 Annual Report. The primary reasons here are contract terms with Deutsche Post AG and continued caution displayed by customers in the securities business and in retirement provisions.

For net trading income in 2015, our expectations remain unchanged from those we expressed at the start of the year, i.e. a positive earnings contribution and thus a moderate improvement compared with 2014.

We continue to anticipate a pronounced decline in net income from investment securities given the end of positive non-recurring effects from the bundling of service companies in the prior year. As we did after the first half of 2015, we anticipate net income from investment securities to have a positive result in the mid two-digit millions.

With regard to the allowance for losses on loans and advances, Postbank expects an advantageous development of the risk situation thanks to the healthy performance in the first nine months of the year combined with a positive macroeconomic environment overall. Because this positive development has also continued into the third quarter, we foresee a noticeable decline in the allowance for losses on loans and advances for full-year 2015 year-on-year despite persistent business growth. This expectation runs counter to our forecast in the 2015 half-yearly report of stabilization or even a slight decline of this position.

For administrative expenses, our expectation of a slight drop remains unchanged to those we expressed at the start of the year despite the fact that our headcount has risen slightly over the course of the year as expected due among other things to heightened regulatory requirements. Compared with the forecast in our Interim Management Report as of June 30, 2015, we continue to anticipate that our labor force will expand for the year as a whole but at a significantly slower pace.

Now that the third quarter is over, our expectations for our financial key performance indicators have changed somewhat. Due to the negative impact of net fee and commission income in the fourth quarter of 2015 in connection with a mild drop in administrative expenses, we no longer foresee a slight improvement of the cost/income ratio, but an increase of some two percentage points for full-year 2015. Return on equity before tax, as expected, will decline on the order of one to two percentage points.

TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30, 2015

Consolidated Income Statement	Note	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Interest income	(4)	3,307	3,591
Interest expense	(4)	–1,427	–1,710
Net interest income	(4)	1,880	1,881
Allowance for losses on loans and advances	(5)	–145	–192
Net interest income after allowance for losses on loans and advances		1,735	1,689
Fee and commission income	(6)	819	889
Fee and commission expense	(6)	–214	–188
Net fee and commission income	(6)	605	701
Net trading income	(7)	35	–7
Net income from investment securities	(8)	57	226
Administrative expenses	(9)	–1,893	–2,028
Other income	(10)	301	241
Other expenses	(11)	–437	–421
Profit before tax from discontinued operation		–	219
Total profit before tax		403	620
Income tax from continued operations		–20	–116
Income tax from discontinued operation		–	–72
Total income tax		–20	–188
Profit from ordinary activities after tax – continued operations		383	285
Profit from ordinary activities after tax – discontinued operation		–	147
Profit from ordinary activities after tax		383	432
Non-controlling interests		–	–1
Consolidated net profit		**383**	**431**
Basic earnings per share (€)[1]			
from continued operations		1.75	1.30
from discontinued operation		0.00	0.67
Diluted earnings per share (€)[1]			
from continued operations		1.75	1.30
from discontinued operation		0.00	0.67

[1]The earnings per share are based on 218.8 million shares in both reporting periods.

Condensed Statement of Comprehensive Income	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Profit from ordinary activities after tax	383	432
Other comprehensive income after tax	**18**	**102**
Items that will not be reclassified to profit or loss	118	– 132
Remeasurement gains/losses (–) on defined benefit plans	118	– 132
Income tax on items not reclassified to profit or loss	– 3	– 5
Items that will be/may be reclassified to profit or loss, before tax	– 97	241
Change in revaluation reserve	– 97	241
Unrealized gains/losses (–) for the period, before tax	– 109	239
Gains (–)/losses reclassified to profit or loss, before tax	12	2
Income tax on items that will be/may be reclassified to profit or loss	0	– 2
Total comprehensive income for the period attributable to non-controlling interests	0	– 1
Total comprehensive income	**401**	**533**

CONSOLIDATED INCOME STATEMENT – QUARTERLY OVERVIEW

	2015			2014			
	Q3 €m	Q2 €m	Q1 €m	Q4 €m	Q3 €m	Q2 €m	Q1 €m
Interest income	1,089	1,102	1,116	1,144	1,166	1,210	1,215
Interest expense	–464	–467	–496	–517	–535	–579	–596
Net interest income	625	635	620	627	631	631	619
Allowance for losses on loans and advances	–64	–27	–54	–73	–72	–68	–52
Net interest income after allowance for losses on loans and advances	561	608	566	554	559	563	567
Fee and commission income	278	259	282	299	289	295	305
Fee and commission expense	–69	–81	–64	–71	–65	–60	–63
Net fee and commission income	209	178	218	228	224	235	242
Net trading income	10	–1	26	1	3	–7	–3
Net income from investment securities	13	15	29	–10	18	194	14
Administrative expenses	–611	–633	–649	–701	–689	–660	–679
Other income	111	101	89	146	105	91	45
Other expenses	–149	–144	–144	–381	–138	–216	–67
Profit before tax from discontinued operation	–	–	–	–	–	198	21
Total profit before tax	144	124	135	–163	82	398	140
Income tax from continued operations	–4	–7	–9	10	–6	–91	–19
Income tax from discontinued operation	–	–	–	–	–	–64	–8
Total income tax	–4	–7	–9	10	–6	–155	–27
Profit from ordinary activities after tax – continued operations	140	117	126	–153	76	109	100
Profit from ordinary activities after tax – discontinued operation	–	–	–	–	–	134	13
Profit from ordinary activities after tax	140	117	126	–153	76	243	113
Non-controlling interests	0	0	0	0	0	–1	0
Consolidated net profit/loss	**140**	**117**	**126**	**–153**	**76**	**242**	**113**
Basic earnings/diluted earnings per share (€)							
from continued operations	0.64	0.53	0.58	–0.71	0.35	0.50	0.46
from discontinued operation	–	–	–	–	–	0.61	0.06

CONDENSED STATEMENT OF COMPREHENSIVE INCOME – QUARTERLY OVERVIEW

	2015			2014			
	Q3 €m	Q2 €m	Q1 €m	Q4 €m	Q3 €m	Q2 €m	Q1 €m
Profit/loss from ordinary activities after tax	140	117	126	–153	76	243	113
Other comprehensive income after tax	**115**	**–185**	**88**	**99**	**63**	**31**	**8**
Items that will not be reclassified to profit or loss	124	6	–12	11	–30	–38	–64
Remeasurement gains/losses (–) on defined benefit plans	124	6	–12	11	–30	–38	–64
Income tax on items not reclassified to profit or loss	–4	0	1	13	0	–6	1
Items that will be/may be reclassified to profit or loss, before tax	–5	–192	100	77	95	75	71
Change in revaluation reserve	–5	–192	100	77	95	75	71
Unrealized gains/losses (–) for the period, before tax	–14	–191	96	72	96	70	73
Gains (–)/losses reclassified to profit or loss, before tax	9	–1	4	5	–1	5	–2
Income tax on items that will be/may be reclassified to profit or loss	0	1	–1	–2	–2	0	0
Total comprehensive income for the period attributable to non-controlling interests	0	0	0	0	0	–1	0
Total comprehensive income	**255**	**–68**	**214**	**–54**	**139**	**273**	**121**

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2015

Assets	Note	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Cash reserve		795	1,230
Loans and advances to other banks	(12)	17,161	19,659
Loans and advances to customers	(13)	98,704	97,972
Allowance for losses on loans and advances	(15)	–1,201	–1,361
Trading assets	(16)	682	697
Hedging derivatives		104	119
Investment securities	(17)	31,572	33,477
Intangible assets	(18)	1,935	1,952
Property and equipment	(19)	679	683
Current tax assets		153	148
Deferred tax assets		46	48
Other assets	(20)	1,036	823
Total assets		**151,666**	**155,447**

Equity and Liabilities	Note	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Deposits from other banks	(21)	16,388	17,583
Due to customers	(22)	118,263	119,295
Debt securities in issue	(23)	3,426	4,571
Trading liabilities	(24)	700	767
Hedging derivatives		233	298
Provisions	(25)	1,558	1,952
a) Provisions for pensions and other employee benefits		35	155
b) Other provisions		1,523	1,797
Current tax liabilities		115	104
Deferred tax liabilities		55	51
Other liabilities	(26)	622	526
Subordinated debt	(27)	3,502	3,699
Equity		6,804	6,601
a) Issued capital		547	547
b) Share premium		2,010	2,010
c) Retained earnings		3,859	3,761
d) Consolidated net profit		383	278
Non-controlling interests		5	5
Total equity and liabilities		**151,666**	**155,447**

STATEMENT OF CHANGES IN EQUITY

	Issued capital €m	Share premium €m	Retained earnings €m	Revaluation reserve €m	Consolidated net profit €m	Equity before non-controlling interests €m	Non-controlling interests €m	Total €m
Balance at Jan. 1, 2014	**547**	**2,010**	**3,232**	**23**	**330**	**6,142**	**5**	**6,147**
Changes in retained earnings			330		–330	0		0
Total comprehensive income Jan. 1 – Sept. 30, 2014			–137	239	431	533	–1	532
Treasury shares						–		–
Other changes			–157			–157	1	–156
Balance at Sept. 30, 2014	**547**	**2,010**	**3,268**	**262**	**431**	**6,518**	**5**	**6,523**
Total comprehensive income Oct. 1 – Dec. 31, 2014			24	75	–153	–54		–54
Treasury shares						–		–
Other changes			132			132		132
Balance at Dec. 31, 2014	**547**	**2,010**	**3,424**	**337**	**278**	**6,596**	**5**	**6,601**
Changes in retained earnings			278		–278	0		0
Total comprehensive income Jan. 1 – Sept. 30, 2015			115	–97	383	401		401
Treasury shares						–		–
Other changes			–198			–198		–198
Balance at Sept. 30, 2015	**547**	**2,010**	**3,619**	**240**	**383**	**6,799**	**5**	**6,804**

The “Other Changes” item comprises the effects of the control and profit and loss transfer agreement with DB Finanz-Holding GmbH.

CONDENSED CASH FLOW STATEMENT

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Cash and cash equivalents at start of period	**1,230**	**1,739**
Net cash used in operating activities	–1,702	–1,892
Net cash from investing activities	1,641	1,698
Net cash used in financing activities	–374	–808
Effects of exchange rate differences	–	–
Cash and cash equivalents at end of period	**795**	**737**

Reported cash and cash equivalents correspond to the cash reserve.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(1) Segment reporting

Segment reporting by business division

	Retail Banking		Corporate Banking		Financial Markets		Non-Core Operating Unit		Cost Centers/ Consoli-dation		Total		Financial in-formation for discontinued operation[1]		Total of continued operations	
	Jan. 1– Sept. 30, 2015 €m	Jan. 1– Sept. 30, 2014 €m	Jan. 1– Sept. 30, 2015 €m	Jan. 1– Sept. 30, 2014 €m	Jan. 1– Sept. 30, 2015 €m	Jan. 1– Sept. 30, 2014 €m	Jan. 1– Sept. 30, 2015 €m	Jan. 1– Sept. 30, 2014 €m	Jan. 1– Sept. 30, 2015 €m	Jan. 1– Sept. 30, 2014 €m	Jan. 1– Sept. 30, 2015 €m	Jan. 1– Sept. 30, 2014 €m	Jan. 1– Sept. 30, 2015 €m	Jan. 1– Sept. 30, 2014 €m	Jan. 1– Sept. 30, 2015 €m	Jan. 1– Sept. 30, 2014 €m
Net interest income	1,965	1,958	205	214	–30	18	–261	–310	1	1	1,880	1,881	–	0	1,880	1,881
Net trading income	15	–10	0	0	22	6	0	–2	–2	–1	35	–7	–	0	35	–7
Net income from investment securities	0	0	–3	0	28	53	10	–7	22	379	57	425	–	199	57	226
Net fee and commission income	573	654	61	63	–17	–12	5	4	–17	16	605	725	–	24	605	701
Total income	**2,553**	**2,602**	**263**	**277**	**3**	**65**	**–246**	**–315**	**4**	**395**	**2,577**	**3,024**	**–**	**223**	**2,577**	**2,801**
Administrative expenses	–1,112	–1,303	–42	–59	–33	–40	–15	–20	–691	–631	–1,893	–2,053	–	–25	–1,893	–2,028
Allowance for losses on loans and advances	–129	–158	–16	–28	1	0	–1	–6	0	0	–145	–192	–	0	–145	–192
Other income	24	19	1	14	0	0	4	2	272	183	301	218	–	–23	301	241
Other expenses	–89	–45	0	0	0	–3	1	–35	–349	–294	–437	–377	–	44	–437	–421
Allocations	–641	–577	–64	–73	–33	–29	–31	–30	769	709	0	0	–	0	0	0
Profit/loss before tax	**606**	**538**	**142**	**131**	**–62**	**–7**	**–288**	**–404**	**5**	**362**	**403**	**620**	**–**	**219**	**403**	**401**
Revenues from external customers[2]	2,550	2,599	261	275	3	65	–246	–315	9	400	2,577	3,024	–	223	2,577	2,801
Intersegmental revenues	3	3	2	2	0	0	0	0	–5	–5	0	0	–	0	0	0
Impairment losses	–19	–21	–1	–1	0	–1	0	0	–62	–65	–82	–88	–	–1	–82	–87
Reversal of impairment losses	0	0	0	0	0	0	0	0	0	0	0	0	–	0	0	0
Depreciation and amortization	–19	–21	–1	–1	0	–1	0	0	–62	–65	–82	–88	–	–1	–82	–87
Cost/income ratio (CIR)	**73.5%**	**74.8%**	**42.6%**	**47.3%**	**1,261.6%**	**110.9%**	**–18.9%**	**–27.4%**			**81.0%**	**75.0%**	**–**	**–**	**81.0%**	**80.5%**
Return on equity before taxes (RoE)	**26.3%**	**26.7%**	**38.3%**	**27.0%**	**–5.6%**	**–0.8%**	**–23.3%**	**–27.8%**			**8.0%**	**13.0%**	**–**	**–**	**–**	**–**

[1]Financial information for the discontinued operation including related consolidation effects.

[2]The "Revenues from external customers" item is the net amount of the external portions of the interest income, interest expense, fee and commission income, fee and commission expense, net income from investment securities, and net trading income items.

The Postbank Group manages its activities on the basis of a management information system whose core component is management accounting by business division. The business divisions correspond to the Group's organizational structure.

Postbank's Retail Banking business division offers private and business customers a broad spectrum of postal, banking, and financial services. This encompasses checking and savings products, credit and debit cards, mortgage lending, installment loans, the home savings business, securities and securities accounts, and investment funds. Income from brokerage activities is also reported in this segment.

The segment result comprises the operating results of Deutsche Postbank AG's Retail Banking operations, BHW Bausparkasse AG's domestic retail business as well as other subsidiaries, in particular BHW Holding AG, Postbank

Filialvertrieb AG, Postbank Filial GmbH, and Postbank P.O.S. Transact GmbH (until July 31, 2015). In addition, the result of purchase price allocation from the acquisition of BHW has been allocated to the Retail Banking segment.

Postbank's Corporate Banking business division provides payment transaction services. Commercial finance, especially regarding real estate, constitutes the second important pillar of the corporate banking business in national and international terms. The division's third business area is factoring and leasing.

The segment result comprises the results of PB Firmenkunden AG, Postbank Leasing GmbH, PB Factoring GmbH, Deutsche Postbank AG's Corporate Banking business and a portion of the results of Deutsche Postbank International S.A. and the Luxembourg branch (in each case minus selected individual exposures), as well as some commercial real estate finance transactions.

The results of the Group's financial markets transactions (banking and trading books) and of the subpools of assets of PB Spezial-Investmentaktiengesellschaft have been assigned to the Financial Markets business division.

The segment result comprises the banking and trading books of Deutsche Postbank AG and BHW Bausparkasse AG, as well as the profit/loss of the Deutsche Postbank International S.A. subsidiary and the Luxembourg branch (in each case excluding the corporate banking business), as well as the profit/loss of the subpools of assets.

The NCOU segment comprises portfolios and activities that are no longer part of the Bank's core business in line with the Bank's current strategy. Besides further increasing transparency, the main goals of the segment are to continue reducing the risks and the risk-weighted assets.

The segment result comprises investment securities from issuers of GIIPS countries, some international commercial real estate finance transactions and selected corporate customer loans, certain foreign retail business transactions, and selected retail products that have been discontinued. In addition, certain secured and unsecured issues are allocated to the segment.

The Cost Centers/Consolidation segment comprises Group consolidation adjustments – less intra-segment consolidation adjustments – plus the profit/loss of the cost centers. In addition, the segment includes the profit/loss of the following subsidiaries that have been allocated to the cost centers: Postbank Systems AG, Postbank Immobilien und Baumanagement GmbH, and Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, as well as the results for the first quarter of 2014 of Postbank Service GmbH and BHW Kreditservice GmbH, Betriebs-Center für Banken AG, VÖB-ZVD Processing GmbH, and Postbank Direkt GmbH subsidiaries, and the claim for compensation in accordance with section 304 of the AktG. The reconciliation to consolidated profit also falls within this segment. Specific nonrecurring effects are also attributable to this segment. The service companies which were transferred to PBC Banking Services GmbH were deconsolidated in 2014.

In addition to the profit/loss in the income statement of the business units allocated to the business divisions, imputation procedures are applied to ensure correct allocation of the segment profit/loss to their originators. In accordance with IFRS 8.23, we report net interest income (net interest revenue) instead of interest income and interest expense. The allocation of net interest income from customer products to the segments uses the market rate method, under which the customer interest rate is compared with imputed money and capital market rates for matching terms. The administrative expenses of the Deutsche Postbank AG units included in the segment results are primarily based on the results of cost center accounting. Income taxes are not calculated at segment level.

Reversals of impairment losses and impairment losses relate to intangible assets and property and equipment. Both amortization/depreciation and impairments are taken into account.

Equity is allocated to the segments according to their risk capital requirements. Risk capital requirements are derived from Postbank's risk cover amount and define the extent of the permitted exposures to market risk, credit risk, operational risk, business risk, investment and real estate risk, and collective risk. The average IFRS equity is allocated to the segments according to their respective responsibility for the risk capital positions within the individual risk types.

Company level disclosures

The following table contains information about income per product or service:

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Deposits and loans for Retail and Corporate Banking customers	2,295	2,234
Payment transaction services for Retail and Corporate Banking customers	277	298
Retail and Corporate Banking fee and commission income	256	378
Transaction Banking insourcing (net fee and commission income)	0	22
Other	–251	92
Total	**2,577**	**3,024**

The total comprises the Postbank Group's net interest income, net fee and commission income, net trading income, and net income from investment securities. Net interest income and net fee and commission income for the subsidiaries attributable to the Corporate Banking segment are reported under the "Deposits and loans for Retail and Corporate Banking customers" item. The "Other" item includes the Group's net trading income and net income from investment securities, among other things. The income for the NCOU segment is reported under the "Other" item.

The results of the geographical areas are calculated using the profit and loss as reported in the income statements of the legal entities and branches attributable to the areas.

The Europe region contains the Luxembourg entities Deutsche Postbank International S.A., the Luxembourg branch, and Deutsche Postbank Finance Center Objekt GmbH, plus the branches of BHW in Italy and Luxembourg. The Germany region comprises all domestic business units, including all consolidation adjustments.

	Income		Profit before tax		Non-current assets	
	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Germany	2,527	2,951	361	582	2,597	2,619
Europe	50	73	42	38	17	17
Total	**2,577**	**3,024**	**403**	**620**	**2,614**	**2,636**

Non-current assets comprise intangible assets and property and equipment.

BASIS OF PREPARATION

(2) Basis of accounting

The condensed interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements of German commercial law under section 315a (1) of the *Handelsgesetzbuch* (HGB – German Commercial Code), insofar as these were applicable at the balance sheet date. In particular, the interim financial statements comply with the IAS 34 requirements for interim financial reports. In accordance with section 37x (3) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act), Postbank prepares a quarterly financial report, which also comprises an interim management report, including an interim risk report (see the Management Report), in addition to the condensed financial statements presented here. Events after the end of the reporting period are presented in the Report on Post-Balance Sheet Date Events, which forms part of the Management Report. Unless otherwise stated below, the same accounting policies used in preparing the consolidated financial statements for the year ended December 31, 2014 were applied in preparing the condensed interim financial statements for the period ended September 30, 2015.

All assumptions, estimates, and assessments required for recognition and measurement in accordance with the IFRSs are in conformity with the respective standards, are regularly reassessed, and are based on past experience as well as other factors, including expectations as to future events that appear reasonable under the given circumstances. The assumptions and estimates refer primarily to the measurement of the fair value and recoverable amount of certain financial instruments, including the assessment of whether an active or inactive market exists, the recognition and measurement of provisions, and the ability to realize future tax benefits. When determining the intention to hold financial instruments, business strategy and current market conditions are also taken into account.

Derivatives used for asset/liability management are entered into primarily as microhedges (fair value hedges). If there are no effective microhedges, the changes in value of the derivatives used for asset/liability management are reported in net trading income in accordance with IFRSs, regardless of whether risk management was successful or not from an economic perspective. New swaps taking the form of microhedges (microswaps) are entered into and existing hedges are unwound and settled as part of active management of the fixed-rate position in the overall bank balance sheet (asset/liability management). The review of the fixed-rate position and the decision to enter into or unwind and settle microhedges are based on economic factors. The unwinding of microswaps is accounted for in the balance sheet and in net profit or loss for the period in the same way as for ineffective hedges. Effectiveness tests and measurement in profit or loss are performed at the end of the month.

Because of enhancements to the reporting system at a product provider, it is possible, for new business as from 2015 and for portfolio business as from the third quarter of 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. These commissions are now therefore recognized immediately in the amount of their expected present values rather than at the time payment is received, as was the case before. As a result, commission income increased by a total of €55 million in the reporting period.

As of June 30, 2015, Postbank refined the measurement of callable cross currency swaps. These are now priced using OIS overnight index swap discounting like other collateralized derivatives. This resulted in a charge to net trading income of €4 million as of the date of the changeover. Since the changeover date, the Bank has applied the new estimation technique to all its measurements.

Postbank modified the inputs used in the measurement of the portfolio-based valuation allowance as part of its regular review in the reporting period. This resulted in a €26 million increase in the allowance for losses on loans and advances, which was recognized through profit or loss.

Postbank applied the amendments to IAS 19 "Employee Benefits" prior to their effective dates for the first time in the reporting period. IAS 19 contains an amendment to "Defined Benefit Plans: Employee Contributions," as a result of which contributions from employees or third parties that are linked to service are recognized as a negative benefit in the periods in which the related services are rendered. In addition, the Bank applied the clarifications, amendments, and additions made to existing IFRSs as part of the Annual Improvements 2010–2012 and Annual Improvements 2011–2013 cycles for the first time. The application of the amended standards did not affect the consolidated balance sheet as of September 30, 2015, or the statement of comprehensive income for the period from January 1 to September 30, 2015.

(3) Basis of consolidation

In addition to the parent company Deutsche Postbank AG, 21 (December 31, 2014: 22) subsidiaries that are presented in the following overview are included in the consolidated financial statements as of September 30, 2015.

Consolidated companies

Name and domicile	Equity (%) interest direct	Equity (%) interest indirect
BHW Holding AG, Hameln	100.0	
DSL Portfolio GmbH & Co. KG, Bonn	100.0	
DSL Portfolio Verwaltungs GmbH, Bonn	100.0	
PB Factoring GmbH, Bonn	100.0	
PB International S.A., Munsbach, Luxembourg	100.0	
PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Bonn	100.0	
Postbank Beteiligungen GmbH, Bonn	100.0	
Postbank Filialvertrieb AG, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	
Postbank Leasing GmbH, Bonn	100.0	
Postbank Systems AG, Bonn	100.0	
BHW Bausparkasse Aktiengesellschaft, Hameln		100.0
BHW Gesellschaft für Vorsorge mbH, Hameln		100.0
BHW - Gesellschaft für Wohnungswirtschaft mbH, Hameln		100.0
Deutsche Postbank Finance Center Objekt GmbH, Munsbach, Luxembourg		100.0
PB Firmenkunden AG, Bonn		100.0
Postbank Filial GmbH, Bonn		100.0
Postbank Immobilien GmbH, Hameln		100.0
Postbank Versicherungsvermittlung GmbH, Bonn		100.0
Postbank Finanzberatung AG, Hameln	23.3	76.7
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, Bonn		90.0

In addition, the investment in PBC Banking Services GmbH, Frankfurt am Main, is accounted for using the equity method.

In July 2015, the shares of Postbank P.O.S. Transact GmbH were sold and the company was subsequently deconsolidated. The sale resulted in net income from investment securities of €4.7 million. The proceeds received in the amount of €6.5 million, all of which was cash as defined in IAS 7, are reported under net cash from investing activities in the cash flow statement. At the date of disposal, the company's assets recognized in the consolidated balance sheet amounted to €5 million and its liabilities to €30 million. The assets and liabilities disposed of consisted primarily of other assets and other liabilities.

There were no other changes in the basis of consolidation in the reporting period compared with the 2014 consolidated financial statements.

STATEMENT OF COMPREHENSIVE INCOME DISCLOSURES

(4) Net interest income

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Interest and current income		
Interest income from:		
Lending and money market transactions	2,883	3,092
Fixed-income and book-entry securities	423	487
Net gains on hedges	–1	3
	3,305	**3,582**
Current income from:		
Equity investments	2	9
	2	**9**
	3,307	**3,591**
Interest expense on:		
Deposits	1,082	1,277
Debt securities in issue	101	144
Subordinated debt	130	152
Swaps	114	137
	1,427	**1,710**
Total	**1,880**	**1,881**

€3,147 million of the interest income (previous year: €3,439 million) relates to financial instruments classified as loans and receivables and €159 million (previous year: €140 million) to financial instruments classified as available for sale.

Interest income from the lending business and from money market transactions includes €14 million (previous year: €19 million) of interest income accrued on impaired assets (unwinding in accordance with IAS 39).

The Postbank Group reports negative interest from receivables atypically as interest income and negative interest from liabilities atypically as interest expense. Interest income includes negative interest from money market transactions in the amount of €13 million (previous year: €1 million) and interest expense includes positive interest from money market transactions in the amount of €11 million (previous year: €1 million).

Net gains/losses on hedges are composed of the following items:

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Gains/losses on the fair value remeasurement of hedged items	–31	–235
Gains/losses on the fair value remeasurement of hedging instruments	30	238
Total	**–1**	**3**

(5) Allowance for losses on loans and advances

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Cost of additions to allowance for losses on loans and advances		
Specific valuation allowances	301	311
Portfolio-based valuation allowances	94	0
Cost of additions to provisions for credit risks	20	17
Direct loan write-offs	38	38
Income from reversals of the allowance for losses on loans and advances		
Specific valuation allowances	204	130
Portfolio-based valuation allowances	63	13
Income from the reversal of provisions for credit risks	22	12
Recoveries on loans previously written off	19	19
Total	**145**	**192**

€147 million (previous year: €187 million) of the allowance for losses on loans and advances relates to receivables classified as loans and receivables. The allowance for losses on loans and advances for guarantees, warranties, and irrevocable loan commitments was reduced by €2 million due to reversals (previous year: additions of €5 million).

The cost of additions to and the income from reversals of the allowance for losses on loans and advances to customers can be broken down by product group as follows:

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Additions		
Private mortgage lending	104	121
Home savings loans	2	–
Commercial loans	44	68
Installment loans	116	86
Other loans and advances	35	36
Portfolio-based valuation allowances	94	–
Total	**395**	**311**

€0 million (previous year: €0 million) of the cost of additions to the allowance for losses on loans and advances relates to loans and advances to other banks.

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Reversal		
Private mortgage lending	82	80
Home savings loans	1	–
Commercial loans	35	35
Installment loans	62	14
Other loans and advances	24	1
Portfolio-based valuation allowances	63	13
Total	**267**	**143**

(6) Net fee and commission income

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Checking account business	252	273
Securities business	47	34
Lending and guarantee business	19	23
Branch business	153	289
Other fee and commission income	134	82
Total	**605**	**701**

(7) Net trading income

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Net income from interest rate products	–3	–3
Net gains/losses on derivatives carried in the trading portfolio and the banking book	19	–7
Net gain/loss from application of the fair value option	8	–3
Foreign exchange gain	11	7
Net fee and commission income carried in the trading portfolio	0	–1
Total	**35**	**–7**

(8) Net income from investment securities

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Net income from loans and receivables investment securities	14	30
thereof net income from sale	17	30
Gains on sale	18	32
Losses on sale	1	2
thereof net impairment loss	–3	0
Net income from available-for-sale investment securities	20	22
thereof net income from sale	21	22
Gains on sale	21	22
Losses on sale	0	0
thereof net impairment loss	–1	0
Net income from loans to other banks	0	0
thereof net income from sale of loans and receivables	0	0
Net income from loans to customers	0	0
thereof net income from sale of loans and receivables	0	0
Net income from equity investments	23	174
thereof net income from investments accounted for using the equity method	17	17
Total	**57**	**226**

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Net income from bonds and promissory note loans	38	52
Net income from equity investments	23	174
Impairment	–4	0
Total	**57**	**226**

€4 million (previous year: €0 million) of the net impairment loss on investment securities relates to other debt instruments.

(9) Administrative expenses

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Staff costs	834	857
Other administrative expenses	977	1.084
Amortization of intangible assets	46	45
Depreciation and writedowns of property and equipment	36	42
Total	**1,893**	**2,028**

(10) Other income

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Income from property and equipment	26	23
Miscellaneous	275	218
Total	**301**	**241**

(11) Other expenses

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Other taxes	5	6
Expenses from property and equipment	1	0
Miscellaneous	431	415
Total	**437**	**421**

BALANCE SHEET DISCLOSURES

(12) Loans and advances to other banks

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Payable on demand	1,426	1,515
Other loans and advances	15,735	18,144
Total	**17,161**	**19,659**

Loans and advances to other banks consist solely of financial instruments classified as loans and receivables.

€4,029 million (December 31, 2014: €3,853 million) of loans and advances to other banks is due after more than 12 months.

The loans and advances to other banks can be broken down by product group as follows:

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Securities repurchase agreements	14,578	16,373
Overnight money	802	891
Loans	68	384
Registered bonds	479	228
Term deposits	1,100	1,101
Other loans and advances	134	682
Total	**17,161**	**19,659**

Collateral received that can be unconditionally liquidated or unconditionally sold:

	Fair value of collateral that can be unconditionally liquidated or can be unconditionally sold		Fair value of collateral that was sold or repledged and is subject to an obligation to return	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Financial collateral	14,475	15,833	809	1,392
Non-financial collateral	–	–	–	–
Total	**14,475**	**15,833**	**809**	**1,392**

(13) Loans and advances to customers

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Private mortgage lending	68,586	69,249
Home savings loans	3,213	3,564
Commercial loans	14,285	13,775
Public sector	4,754	3,789
Installment loans	6,436	6,098
Other loans and advances	1,430	1,497
Total	**98,704**	**97,972**

Loans and advances to customers are classified as follows in accordance with the measurement categories defined in IAS 39:

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Loans and receivables	94,202	93,040
Fair value option	4,502	4,932
Total	**98,704**	**97,972**

€76,480 million (December 31, 2014: €75,016 million) of loans and advances to customers is due after more than 12 months.

(14) Total credit extended

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Loans and advances to other banks	17,161	19,659
Loans and advances to customers	98,704	97,972
Guarantees	385	394
Total	**116,250**	**118,025**

(15) Allowance for losses on loans and advances

The allowance for losses on loans and advances is composed of the following items:

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Specific valuation allowances	1,017	1,208
Portfolio-based valuation allowances	184	153
Total allowance for losses on loans and advances	**1,201**	**1,361**
Provisions for credit risks	40	43
Total	**1,241**	**1,404**

€0 million of the allowance for losses on loans and advances (December 31, 2014: €0 million) relates to loans and advances to other banks and €1,201 million (December 31, 2014: €1,361 million) to loans and advances to customers classified as loans and receivables.

Collective specific valuation allowances are reported under the specific valuation allowances.

The allowance for losses on loans and advances reported on the assets side of the balance sheet changed as follows:

	Specific valuation allowances		Portfolio-based valuation allowances		Total	
	2015 €m	2014 €m	2015 €m	2014 €m	2015 €m	2014 €m
Balance at Jan. 1	**1,208**	**1,316**	**153**	**162**	**1,361**	**1,478**
Additions						
Allowance charged to the income statement	301	311	94	0	395	311
Disposals						
Utilization	278	207	–	–	278	207
Allowance reversed to the income statement	204	130	63	13	267	143
Unwinding	14	19	–	–	14	19
Currency translation differences	4	1	–	–	4	1
Balance at Sept. 30	**1,017**	**1,272**	**184**	**149**	**1,201**	**1,419**

The allowance for losses on loans and advances to customers can be broken down by product group as follows:

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Specific valuation allowances		
Private mortgage lending	282	320
Home savings loans	3	4
Commercial loans	202	262
Installment loans	301	377
Other loans and advances	229	245
Portfolio-based valuation allowances	184	153
Total	**1,201**	**1,361**

(16) Trading assets

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Building loans held for trading	114	139
Positive fair values of derivatives carried as trading assets	84	93
Positive fair values of banking book derivatives	484	465
Total	**682**	**697**

€477 million (December 31, 2014: €494 million) is due after more than 12 months.

(17) Investment securities

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Bonds and other fixed-income securities		
Loans and receivables	18,077	20,642
Available for sale	12,760	12,195
	30,837	**32,837**
Investment fund shares (available for sale)	263	179
Equity investments (available for sale)	39	22
Investments in unconsolidated subsidiaries (available for sale)	5	6
Investments accounted for using the equity method	428	433
thereof investment	356	344
thereof claim to compensation payment	72	89
Total	**31,572**	**33,477**

Holdings of €27,344 million (December 31, 2014: €29,301 million) are due after more than 12 months.

Investment securities were furnished as collateral for the following liabilities:

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Liabilities	11,178	13,579
Contingent liabilities	0	0
Total	**11,178**	**13,579**

In fiscal years 2008 and 2009, Postbank reclassified securities from the available-for-sale category to the loans and receivables category due to a change in its intention to hold the securities. The fair value of the securities at the respective reclassification dates was reported as the new carrying amount.

As of September 30, 2015, the total volume of securities reclassified in accordance with IAS 39.50E had a fair value of €8.8 billion and a carrying amount of €8.4 billion.

Prior to the above-mentioned reclassification dates, the changes in fair value that had been recognized in the revaluation reserve for the reclassified securities amounted to €468 million before tax. Had Postbank not changed its intention to hold the securities, the loss recognized in the revaluation reserve would have increased by €367 million in the period up to September 30, 2015 (December 31, 2014: €312 million).

Given a nominal weighting of the reclassified securities, the effective interest rate calculated on the basis of their restated cost as of the date of the reclassifications was 4.4 % (range of effective interest rates: 1.8 % to 34.5 %). The estimated cash flows that Postbank expected as of the date of the reclassifications amount to €45.4 billion. Impairments of €621 million (previous year: €621 million) were charged for all reclassified securities in the period up to September 30, 2015; net disposal gains on reclassified securities amounted to €21 million (previous year: €10 million).

Interest income amounting to €131 million (previous year: €178 million) accrued for the reclassified securities in the period up to September 30, 2015.

(18) Intangible assets

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Acquired goodwill	1,581	1,581
Acquired software, concessions, industrial rights	252	277
Internally generated intangible assets and software	58	63
Advance payments on intangible assets and in-process intangible assets	44	31
Total	**1,935**	**1,952**

The “acquired software, concessions, industrial rights” item includes the capitalized BHW brand in the amount of €139 million (December 31, 2014: €139 million). The capitalized amounts for customer relationships amounted to €59 million (December 31, 2014: €62 million), while those for beneficial contracts amounted to €15 million (December 31, 2014: €20 million).

(19) Property and equipment

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Land and buildings	522	532
Operating and office equipment	137	142
Advance payments and assets under development	20	9
Total	**679**	**683**

(20) Other assets

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Prepaid expenses	688	575
Trade receivables	162	119
Receivables from tax authorities	48	47
Advances to members of the mobile sales force	9	8
Miscellaneous	129	74
Total	**1,036**	**823**

Other assets amounting to €632 million (December 31, 2014: €475 million) have a maturity of more than 12 months.

(21) Deposits from other banks

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Payable on demand	702	989
With an agreed maturity or withdrawal notice	15,686	16,594
Total	**16,388**	**17,583**

Deposits from other banks only include financial instruments classified as liabilities at amortized cost.

€9,035 million (December 31, 2014: €8,932 million) is due after more than 12 months.

(22) Due to customers

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Savings deposits	42,196	44,493
Home savings deposits	18,397	18,864
Other amounts due		
Payable on demand	42,856	39,746
With an agreed maturity or withdrawal notice	14,814	16,192
	57,670	**55,938**
Total	**118,263**	**119,295**

Amounts due to customers only include financial instruments classified as liabilities at amortized cost.

€24,561 million (December 31, 2014: €25,512 million) is due after more than 12 months.

(23) Debt securities in issue

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Public-sector *Pfandbriefe*	67	67
Mortgage *Pfandbriefe*	2,460	3,536
Other debt instruments	899	968
Total	**3,426**	**4,571**

Debt securities in issue only include financial instruments classified as liabilities at amortized cost.

€3,303 million (December 31, 2014: €3,402 million) is due after more than 12 months.

(24) Trading liabilities

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Negative fair values of trading derivatives	104	109
Negative fair values of banking book derivatives	511	552
Negative fair values from derivatives relating to hedged items accounted for under the fair value option	85	106
Total	**700**	**767**

€536 million (December 31, 2014: €581 million) is due after more than 12 months.

(25) Provisions

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Provisions for pensions and other employee benefits	35	155
Provisions for home savings business	971	1,098
Miscellaneous	552	699
Total	**1,558**	**1,952**

Miscellaneous provisions include €119 million for litigation and customer redress (December 31, 2014: €199 million).

€1,123 million (December 31, 2014: €1,450 million) of recognized provisions is due after more than 12 months.

(26) Other liabilities

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Liabilities to DB Finanz-Holding GmbH under control and profit and loss transfer agreement	197	15
Trade payables	77	117
Liabilities from expenses for outstanding invoices	68	83
Liabilities from expenses for outstanding vacation entitlements and other compensated absences	38	35
Liabilities from executory contracts relating to securities	36	0
Liabilities from other taxes	27	84
Liabilities from expenses for commissions and premiums	22	40
Deferred income	6	7
Liabilities from expenses for management bonuses	6	42
Miscellaneous liabilities	145	103
Total	**622**	**526**

€24 million (December 31, 2014: €25 million) is due after more than 12 months.

(27) Subordinated debt

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Subordinated liabilities	2,607	2,586
Profit participation certificates outstanding	874	1,091
Contributions by typical silent partners	21	22
Total	**3,502**	**3,699**

A total of €2,465 million of the regular phased-in subordinated debt recognized (December 31, 2014: €2,677 million) is eligible as Tier 2 capital for regulatory purposes. Subordinated debt consists solely of financial instruments classified as liabilities at amortized cost. The decline in profit participation certificates is due to certificates reaching maturity.

€2,746 million (December 31, 2014: €3,412 million) is due after more than 12 months.

OTHER DISCLOSURES

(28) Contingencies and other obligations

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Contingent liabilities		
on guarantees and warranties	385	394
Other obligations		
irrevocable loan commitments	5,950	5,070[1]
thereof building loans provided	4,005	3,099
Miscellaneous obligations	13,651	14,009[2]
Total	**19,986**	**19,473**

[1]Prior-year figure adjusted by €–1,006 million
[2]Prior-year figure adjusted by €1,006 million

Miscellaneous obligations mainly relate to credit lines that can be called in by Postbank at any time.

(29) Fair values of financial instruments

Fair value hierarchy

Postbank uses the three-level fair value hierarchy for financial instruments measured at fair value.

Level 1:
Quoted market prices for the identical asset or the identical liability exist for the instruments classified as Level 1. In other words, Level 1 fair value measurement is based solely on quoted market prices in an active market for an identical financial instrument. Level 1 therefore mainly consists of highly liquid securities and exchange-traded derivatives.

Level 2:
Level 2 fair values are measured either with the help of quoted prices in active markets for similar instruments or using techniques whose inputs are based solely on directly or indirectly observable market data. This category includes non-exchange-traded derivatives (e.g., swaps, caps, floors, and CDSs) as well as bonds and promissory note loans that are valued using yield and spread curves and volatilities.

Level 3:
Level 3 fair values are determined using measurement models whose significant inputs are not observable in the market. Such valuation techniques are used in particular to measure structured credit products.

The following table shows the allocation of the individual categories of financial instruments to the corresponding levels in the fair value hierarchy:

Assets measured at fair value	September 30, 2015				
		Fair value reported in:			
Classes	Sept. 30, 2015 €m	Level 1 €m	Level 2 €m	Level 3 €m	Dec. 31, 2014 €m
Financial assets at fair value through profit or loss (FVtPL)					
Trading assets	682	0	681	1	697
Hedging derivatives	104	0	104	0	119
Loans and advances to customers	4,502	0	4,502[1]	0	4,933
Available-for-sale financial assets					
Investment securities	13,067	10,394	2,601	72	12,402
Total	**18,355**	**10,394**	**7,888**	**73**	**18,151**

Liabilities measured at fair value	September 30, 2015				
		Fair value reported in:			
Classes	Sept. 30, 2015 €m	Level 1 €m	Level 2 €m	Level 3 €m	Dec. 31, 2014 €m
Financial liabilities at fair value through profit or loss (FVtPL)					
Trading liabilities	700	0	699	1	767
Hedging derivatives	233	0	233	0	298
Total	**933**	**0**	**932**	**1**	**1,065**

[1]Due to the trend in interest rates, the discount rate that has been used to measure loans under the fair value option has contained a greater share of inputs not observable in the market since the beginning of 2014. These continue to be allocated to Level 2 given their relatively low expected volatility and their insignificance for the fair value as a whole.

There were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

Postbank uses discounted cash flow models to measure financial instruments allocated to Level 2, if they cannot be measured using recent transactions in identical financial instruments or transactions in similar financial instruments at the measurement date. Most of the above-mentioned financial instruments (derivatives, bonds, promissory note loans) are measured using yield and spread curves (credit spreads, basis spreads) as inputs. In addition, CDS spreads and hazard rates are used to value credit derivatives. Option pricing models also use share prices, index prices, and volatilities as inputs.

The Postbank Group applies the fair value option exclusively to loan portfolios in the mortgage lending business. The current swap yield curve and loan-specific risk and cost premiums are used as inputs. The risk premiums are calculated on the basis of the estimated loss rates and probabilities of default; these are sourced from the Bank's internal rating model, which has been approved by the supervisory authority.

Valuation techniques whose inputs result in allocation to Level 3 are used for both assets and liabilities. Embedded derivatives from the synthetic SCP portfolios are allocated to Level 3.

Financial assets that are required to be allocated to Level 3 changed as follows in the reporting period:

Assets measured at fair value based on Level 3	September 30, 2015					
	Assets measured at fair value in Level 3					
	Financial assets at FVtPL			AfS financial assets		Total
	Trading assets €m	Hedging derivatives €m	Loans and advances to customers €m	Investment securities €m	Loans and advances to other banks €m	€m
Opening balance	1	0	0	74	0	75
Total gains or losses	0	0	0	0	0	0
in profit or loss	0	0	0	0	0	0
in revaluation reserve	0	0	0	0	0	0
Purchases	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Issues	0	0	0	0	0	0
Settlements	0	0	0	–2	0	–2
Exchange rate effects	0	0	0	0	0	0
Transfers out of Level 3	0	0	0	0	0	0
Transfers to Level 3	0	0	0	0	0	0
Closing balance	**1**	**0**	**0**	**72**	**0**	**73**
Total remeasurement gains/losses for assets held at the end of the reporting period	**0**	**0**	**0**	**0**	**0**	**0**

The above-mentioned change in financial assets allocated to Level 3 is due to the redemption of receivables and fluctuations in fair value.

These changed as follows as of December 31, 2014:

Assets measured at fair value based on Level 3	December 31, 2014					
	Assets measured at fair value in Level 3					
	Financial assets at FVtPL			AfS financial assets		Total
	Trading assets €m	Hedging derivatives €m	Loans and advances to customers €m	Investment securities €m	Loans and advances to other banks €m	€m
Opening balance	1	0	0	61	0	62
Total gains or losses	0	0	0	15	0	15
in profit or loss	0	0	0	0	0	0
in revaluation reserve	0	0	0	15	0	15
Purchases	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Issues	0	0	0	0	0	0
Settlements	0	0	0	–2	0	–2
Exchange rate effects	0	0	0	0	0	0
Transfers out of Level 3	0	0	0	0	0	0
Transfers to Level 3	0	0	0	0	0	0
Closing balance	**1**	**0**	**0**	**74**	**0**	**75**
Total remeasurement gains/losses for assets held at the end of the reporting period	**0**	**0**	**0**	**15**	**0**	**15**

Level 3 financial liabilities changed as follows in the reporting period:

Liabilities measured at fair value based on Level 3	September 30, 2015		
	Fair value reported in Level 3		
Financial liabilities at FVtPL	Trading liabilities €m	Hedging derivatives €m	Total €m
Opening balance	2	0	2
Total gains/loss	1	0	1
in profit or loss	1	0	1
Purchases	0	0	0
Disposals	0	0	0
Issues	0	0	0
Settlements	0	0	0
Exchange rate effects	0	0	0
Transfers out of Level 3	0	0	0
Transfers to Level 3	0	0	0
Closing balance	**1**	**0**	**1**
Total remeasurement gains/losses for liabilities held at the end of the reporting period	**1**	**0**	**1**

Liabilities allocated to Level 3 are only subject to fluctuations in fair value.

These changed as follows as of December 31, 2014:

Liabilities measured at fair value based on Level 3	December 31, 2014		
	Fair value reported in Level 3		
Financial liabilities at FVtPL	Trading liabilities €m	Hedging derivatives €m	Total €m
Opening balance	2	0	2
Total gains/loss	0	0	0
in profit or loss	0	0	0
Purchases	0	0	0
Disposals	0	0	0
Issues	0	0	0
Settlements	0	0	0
Exchange rate effects	0	0	0
Transfers out of Level 3	0	0	0
Transfers to Level 3	0	0	0
Closing balance	**2**	**0**	**2**
Total remeasurement gains/losses for liabilities held at the end of the reporting period	**0**	**0**	**0**

Due to the low volume of financial instruments allocated to Level 3, Postbank does not explicitly disclose qualitative and quantitative information. There were no non-recurring fair value measurements of financial instruments in the reporting period.

Fair value of financial instruments carried at amortized cost or hedge fair value

The fair values of financial instruments carried at amortized cost or hedge fair value on the balance sheet are compared with their carrying amounts in the following table:

	September 30, 2015		December 31, 2014	
	Carrying amount €m	Full fair value €m	Carrying amount €m	Full fair value €m
Assets				
Cash reserve	795	795	1,230	1,230
Loans and advances to other banks (loans and receivables)	17,160	17,182	19,659	19,671
Loans and advances to customers (loans and receivables)	94,202	99,918	93,040	100,825
Allowance for losses on loans and advances	–1,201	–1,201	–1,361	–1,361
Investment securities (loans and receivables)	18,077	18,679	20,642	21,289
Other assets	273	273	229	229
	129,306	**135,646**	**133,439**	**141,883**
Liabilities				
Deposits from other banks (liabilities at amortized cost)	16,388	16,847	17,583	18,308
Due to customers (liabilities at amortized cost)	118,263	120,450	119,295	121,855
Debt securities in issue and subordinated debt	6,928	7,300	8,270	8,807
Other liabilities	458	458	349	349
	142,037	**145,055**	**145,497**	**149,319**

In general, fair value is calculated for all financial instruments. The only exceptions are items payable on demand and savings deposits with an agreed withdrawal notice of one year or less.

(30) Derivatives

The Postbank Group uses derivatives to hedge positions as part of its asset/liability management policy. Derivatives are also entered into for trading purposes.

The notional amounts represent the gross volume of all sales and purchases. The notional amount is a reference value for determining reciprocally agreed settlement payments; it does not represent recognizable receivables or liabilities.

The fair values of the individual contracts were calculated using recognized valuation techniques. Postbank utilizes the available netting opportunities when derivative transactions are settled via a central counterparty.

Holdings of derivatives are composed of the following items:

	Notional amount		Positive fair values		Negative fair values	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Trading derivatives	154,814	168,182	568	558	700	767
Hedging derivatives	22,641	20,752	104	119	233	298
Total	**177,455**	**188,934**	**672**	**677**	**933**	**1,065**

The following table presents the Postbank Group's conditional and unconditional forward transactions open at the balance sheet date.

			Fair value			
	Notional amount		Positive fair values		Negative fair values	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Trading derivatives						
Foreign currency derivatives	8,574	4,563	104	111	104	110
Interest rate derivatives	146,116	163,478	463	446	595	654
Equity/index derivatives	2	18	–	–	–	–
Credit derivatives	122	123	1	1	1	3
Total holdings of trading derivatives	**154,814**	**168,182**	**568**	**558**	**700**	**767**
Hedging derivatives						
Fair value hedges	22,641	20,752	104	119	233	298
Total holdings of hedging derivatives	**22,641**	**20,752**	**104**	**119**	**233**	**298**
Total holdings of derivatives	**177,455**	**188,934**	**672**	**677**	**933**	**1,065**

Risks relating to the financial instruments are presented in the Risk Report.

(31) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities that meet the conditions for offsetting set out in IAS 32.42ff. are presented on a net basis in the balance sheet.

The following tables contain the disclosures as of September 30, 2015, on the effects of offsetting on the consolidated balance sheet and the financial effects of offsetting in the case of instruments that are covered by a legally enforceable master netting arrangement or similar agreement.

	Financial assets (gross)	Offset recognized amounts (gross)	Recognized financial assets (net)	Effects of master netting arrangements	Cash collateral	Collateral taking the form of financial instruments	Net amount
	€m	€m	€m	€m	€m	€m	€m
Assets							
Loans and advances to other banks (including allowance for losses on loans and advances)	19,875	–2,714	17,161	0	–	–14,531	2,630
Trading assets	7,736	–7,054	682	–223	–71	–	388
Hedging derivatives	1,418	–1,314	104	–8	–13	–	83
Total	**29,029**	**–11,082**	**17,947**	**–231**	**–84**	**–14,531**	**3,101**

	Financial liabilities (gross)	Offset recognized amounts (gross)	Recognized financial liabilities (net)	Effects of master netting arrangements	Cash collateral	Collateral taking the form of financial instruments	Net amount
	€m	€m	€m	€m	€m	€m	€m
Equity and liabilities							
Deposits from other banks	8,199	–2,605	5,594	0	0	–5,179	415
Trading liabilities	8,537	–7,837	700	–223	–379	–	98
Hedging derivatives	874	–641	233	–8	–127	–	98
Total	**17,610**	**–11,083**	**6,527**	**–231**	**–506**	**–5,179**	**611**

The column headed “Offset recognized amounts (gross)” contains the amounts set off in accordance with the provision of IAS 32.42ff. The column entitled “Effects of master netting arrangements” contains the amounts that are covered by master netting arrangements but that have not been set off because the conditions of IAS 32.42ff. have not been met. The “Cash collateral” and “Collateral taking the form of financial instruments” columns show the fair values concerned. The right to set off collateral taking the form of financial instruments and cash collateral is contingent upon the prior default of the counterparty concerned.

Offset financial assets and financial liabilities from securities repurchase agreements (reverse repos/repos) are included in the “Loans and advances to other banks (including allowance for losses on loans and advances)” and “Deposits from other banks” items.

Offset derivatives are included in the "Trading assets," "Trading liabilities," and "Hedging derivatives" line items. The cash collateral received as security for positive fair values of derivatives and pledged for negative fair values of derivatives are reported under the "Deposits from other banks" and "Loans and advances to other banks" line items.

The following tables contain the comparative figures as of December 31, 2014.

	Financial assets (gross)	Offset recognized amounts (gross)	Recognized financial assets (net)	Effects of master netting arrange-ments	Cash collateral	Collateral taking the form of financial instruments	Net amount
	€m	€m	€m	€m	€m	€m	€m
Assets							
Loans and advances to other banks (including allowance for losses on loans and advances)	22,270	–2,611	19,659	–	–	–16,357	3,302
Trading assets	8,698	–8,001	697	–153	–39	–	505
Hedging derivatives	1,624	–1,505	119	–48	–8	–	63
Total	**32,592**	**–12,117**	**20,475**	**–201**	**–47**	**–16,357**	**3,870**

	Financial liabilities (gross)	Offset recognized amounts (gross)	Recognized financial liabilities (net)	Effects of master netting arrange-ments	Cash collateral	Collateral taking the form of financial instruments	Net amount
	€m	€m	€m	€m	€m	€m	€m
Equity and liabilities							
Deposits from other banks	9,179	–2,419	6,760	–	–14	–6,370	376
Trading liabilities	9,766	–8,999	767	–153	–410	–	204
Hedging derivatives	998	–699	299	–48	–160	–	91
Total	**19,943**	**–12,117**	**7,826**	**–201**	**–584**	**–6,370**	**671**

(32) Risk-weighted assets and capital ratio

Postbank ensures the correct calculation of Tier 1 capital and own funds (also) at subgroup level.

Its regulatory own funds required to be reported in accordance with the CRR/CRD IV (regular phased-in) were as follows:

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Credit and counterparty risk (including CVA)	39,084	38,902
Market risk positions	56	93
Operational risk	5,470	4,656
Total risk-weighted assets	44,610	43,651
Common Equity Tier 1 capital	4,645	4,812
Additional Tier 1 capital	0	0
Tier 1 capital	4,645	4,812
Tier 2 capital	2,353	2,573
Own funds	6,998	7,385
	%	%
Common Equity Tier 1 capital ratio	10.4	11.0
Tier 1 capital ratio	10.4	11.0
Total capital ratio	15.7	16.9

The fully phased-in Common Equity Tier 1 capital ratio required to be reported amounted to 9.9 % (December 31, 2014: 10.5 %).

If the interim profit for the first nine months of 2015 had been included, the regular phased-in Common Equity Tier 1 capital ratio would have amounted to 11.1 % and the fully phased-in Common Equity Tier 1 capital ratio would have amounted to 10.7 %.

Postbank's regulatory risk-bearing capacity is ensured by its compliance with the regulatory minimum capital requirements. These are determined as the ratio of available capital to risk exposures entered into. The key components of Postbank's Tier 1 capital are the share capital and recognized reserves. Tier 2 capital is composed of long-term subordinated liabilities and profit participation certificates outstanding.

(33) Risk capital

The following table shows the Postbank Group's authorized risk capital, broken down by risk types, before and after factoring in correlation effects and the risk cover amount. The figures are given as of September 30, 2015, compared with December 31, 2014.

Risk capital by risk types

Capital and risk components	Allocated risk capital	
	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Credit risk	2,800	2,800
Market risk	2,180	2,150
Operational risk	700	700
Business risk	2,670	2,700
Total before diversification	**8,350**	**8,350**
Diversification effects	1,481	1,490
Total after diversification	**6,869**	**6,860**
Unallocated risk cover amount	5,220	5,020
Total risk cover amount	**12,089**	**11,880**

Other disclosures relating to capital management can be found in the Risk Report section of the Interim Management Report.

(34) Related party disclosures

Effective April 1, 2014, Postbank transferred the investments in five previously consolidated subsidiaries to PBC Banking Services GmbH. Consequently, the Postbank Group's relationships with these previously consolidated entities have been presented as related party disclosures in the Notes as from April 1, 2014.

Related party receivables

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Loans and advances to other banks		
Deutsche Bank AG	1,357	1,372
Other related parties	7,522	7,646
	8,879	**9,018**
Loans and advances to customers		
Other related parties	103	100
	103	**100**
Trading assets		
Deutsche Bank AG	97	27
	97	**27**
Hedging derivatives		
Deutsche Bank AG	0	39
	0	**39**
Investment securities		
Deutsche Bank AG	1,265	961
	1,265	**961**
Other assets		
Deutsche Bank AG	25	18
Other related parties	27	36
	52	**54**

The loans and advances to other banks primarily relate to money market transactions with Deutsche Bank AG and its subsidiaries.

The investment securities relate to the Deutsche Bank AG bonds.

Related party payables

	Sept. 30, 2015 €m	Dec. 31, 2014 €m
Deposits from other banks		
Deutsche Bank AG	6,018	7,462
	6,018	**7,462**
Due to customers		
Subsidiaries	7	10
Other related parties	212	213
	219	**223**
Trading liabilities		
Deutsche Bank AG	232	193
	232	**193**
Hedging derivatives		
Deutsche Bank AG	4	36
	4	**36**
Other liabilities		
Deutsche Bank AG	46	16
DB Finanz-Holding GmbH	197	15
Other related parties	13	8
	256	**39**
Subordinated debt		
Other related parties	1,625	1,619
	1,625	**1,619**

The liabilities to Deutsche Bank AG primarily comprise securities repurchase transactions.

The other liabilities to DB Finanz-Holding GmbH relate to effects of the control and profit and loss transfer agreement that were recognized in retained earnings.

The subordinated debt relates to the initial debt securities originally issued by Deutsche Postbank AG in the course of the Trust issues that were acquired by

- 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.

Income and expenses from related parties

	Jan. 1 – Sept. 30, 2015 €m	Jan. 1 – Sept. 30, 2014 €m
Interest income		
Deutsche Bank AG	14	27
Other related parties	7	5
	21	**32**
Interest expense		
Deutsche Bank AG	2	8
Other related parties	42	55
	44	**63**
Fee and commission income		
Deutsche Bank AG	0	9
Other related parties	16	14
	16	**23**
Fee and commission expense		
Deutsche Bank AG	1	2
Other related parties	**1**	**1**
	2	3
Net trading income		
Deutsche Bank AG	13	–69
	13	**–69**
Net income from investment securities		
Other related parties	17	17
	17	**17**
Administrative expenses		
Deutsche Bank AG	19	10
Subsidiaries	9	9
Other related parties	15	20
	43	**39**
Other income		
Deutsche Bank AG	28	22
Subsidiaries	1	1
Other related parties	232	164
	261	**187**
Other expenses		
Other related parties	373	243
	373	**243**

The net income from investment securities of other companies relates to the net income from the investment accounted for using the equity method.

Other income attributable to other companies mainly relates to income from the staff transferred to the Deutsche Bank Group's service companies.

Other expenses attributable to other companies largely comprise fees for services provided by service companies.

(35) 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

The members of the Supervisory Board of Deutsche Postbank AG are:

1. Shareholder representatives	
Stefan Krause Member of the Management Board of Deutsche Bank AG, Frankfurt am Main (Chairman)	Chairman since July 14, 2015 Member since June 26, 2015
Rainer Neske Member of the Management Board of Deutsche Bank AG, Bad Soden (Chairman)	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, professor of civil law, commercial law, and banking law, Goethe-Universität Frankfurt am Main, Frankfurt am Main	
Christian Ricken Chief Operating Officer PBC, Deutsche Bank AG, Bad Homburg v. d. Höhe	
Christiana Riley Head of Corporate Strategy, Managing Director, Deutsche Bank AG, Bad Homburg	since August 28, 2015
Karl von Rohr Global Chief Operating Officer, Regional Management, 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	
Werner Steinmüller Head of Global Transaction Banking, Deutsche Bank AG, Dreieich	

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 General Works Council of BHW Bausparkasse Aktiengesellschaft and Postbank Finanzberatung AG, 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

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Bonn, October 27, 2015

Deutsche Postbank Aktiengesellschaft

The Management Board

Frank Strauss

Marc Hess

Susanne Klöss-Braekler

Ralph Müller

Hans-Peter Schmid

Ralf Stemmer

Hanns-Peter Storr

REVIEW REPORT

To Deutsche Postbank AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, statement of comprehensive income, condensed statement of cash flows, statement of changes in equity and selected explanatory notes - and the interim group management report of Deutsche Postbank AG, Bonn, for the period from January 1 to September 30, 2015 which are part of the quarterly financial report pursuant to § (Article) 37x par 3 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed concolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, October 27, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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