2015

POSTBANK GROUP

INTERIM MANAGEMENT STATEMENT AS OF MARCH 31, 2015

Postbank

PRELIMINARY REMARKS

This document is an interim management statement within the meaning of section 37x of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) in conjunction with section 37y of the WpHG and GAS 16, and contains consolidated figures in accordance with the IFRSs. Unless otherwise stated, the following comments represent a comparison between the figures as of March 31, 2015, and those for the corresponding prior-year period or, in the case of balance sheet disclosures, the figures as of December 31, 2014.

MACROECONOMIC DEVELOPMENT

The German economy evidently experienced further robust growth in the first quarter. Retail sales rose significantly, indicating another marked increase in private consumption. This trend was driven by a substantial increase in real incomes as a result of a clear rise in wages and salaries, while inflation remained very low. Investments in construction benefited from the mild weather at the beginning of the year and are also likely to have increased significantly over the entire quarter. In addition, investments in machinery and equipment are expected to have risen noticeably. Overall, domestic demand probably saw significant growth. The positive performance by the German economy is underlined by substantial improvement in business sentiment. The ifo Business Climate Index has recorded a clear upward trend since November 2014. The healthy economy also had an impact on the job market. Unemployment declined noticeably, while the number of people in work saw a strong increase.

The European Central Bank (ECB) further stepped up its expansionary monetary policy in the first quarter of 2015. In order to raise medium-term inflation rates to a level in line with its target inflation rate of just under 2 %, the ECB resolved an extensive bond-buying program. Since March, it has been purchasing €60 billion a month in bonds issued by member states of the eurozone, national agencies, and European institutions, as well as covered bonds and asset-backed securities (ABSs). This program is expected to run at least until September 2016, but can also be extended if necessary. At the same time, it held its main refinancing rate at 0.05 % and the deposit facility rate at –0.20 %.

German banks again faced a challenging business environment in the first quarter of 2015. Their business is likely to have been impacted by continued stiff competition for customers and further pressure on interest margins resulting from the ECB's ongoing low interest rate policy. By contrast, trading and investment banking may have benefited in particular from the soaring markets. In March this year, the ECB prescribed an individual Common Equity Tier 1 capital ratio for each of the banks it supervises. The banks must meet these ratios independently of the requirements of Basel III. When calculating the individual ratios, the ECB took into account the results of the Asset Quality Review performed in autumn 2014 and information provided by the national supervisory bodies.

BUSINESS PERFORMANCE

Customer business

Postbank's customer business performed encouragingly well in the first quarter. New consumer credit business remained at a high level compared with the first quarter of the previous year, at €601 million (previous year: €598 million). The consumer credit portfolio increased by 1.8 % compared with the end of 2014, to €5.8 billion. The Bank also continued its strong prior-year performance in the checking account business, securing around 109,000 new private accounts in the first quarter of 2015. With 5.3 million private checking accounts, Postbank remains the undisputed leader on the German market. Due to the current interest rate environment and the preference of consumers for spending money over saving, the volume of savings deposits declined by around €1.4 billion compared with year-end 2014, to €48.5 billion. In the home savings business, which Postbank operates under the BHW brand, home savings deposits rose by around 0.5% since the beginning of the year to approximately €18.8 billion. New mortgage lending business, including disbursed home savings loans, was up

30.0 % on the prior-year figure, at around €2.6 billion in the period under review. The private mortgage lending portfolio, including purchased portfolios, amounted to €71.4 billion as of March 31, 2015, as against €71.9 billion at the prior year-end.

Income statement

In the first quarter of 2015, Postbank generated consolidated net profit amounting to €126 million (previous year: €113 million). At €135 million, profit before tax was down €5 million year-on-year. In contrast to the prior year, the total European bank levy for fiscal year 2015 (€23 million) was charged in the first quarter. In the first quarter of 2014 on the other hand, the German bank levy was recognized proportionately, with €1 million being levied for 2014 and an additional payment of €9 million being levied for 2013. The European bank levy, which came into force on January 1, 2015, has now replaced the former German bank levy.

At €893 million, total income remained almost unchanged compared with the €897 million generated in the prior-year period. This was mainly due to net interest income remaining stable despite the difficult market environment.

Net interest income rose by 0.2 % or €1 million compared with the prior-year period, to €620 million. The increase is primarily attributable to a tangible decline in interest expenses due to maturing high-interest securities in the previous year. Overall, net interest income is negatively impacted by the continued low interest rate levels, which represent a challenge for all deposit-rich banks.

Net trading income increased by €29 million to €26 million. The change is attributable to market-related effects from the measurement of currencies and derivatives, among other things. Net income from investment securities amounted to €29 million in the first quarter of 2015 (first quarter of 2014: €15 million).

Net fee and commission income saw a tangible decline, falling by €48 million or 18 % to €218 million, in line with expectations. This is due on the one hand to the absence of external fee and commission income following the bundling of our service companies as of the end of the first quarter of 2014. In addition, the contractual terms applicable as from the beginning of 2015 to the cooperation with Deutsche Post provide for lower fee and commission income and lower administrative expenses. On balance, this depressed net income by €28 million in the first quarter. These effects were partially offset by income from payment protection products and the fund business.

In the first quarter of 2015, the allowance for losses on loans and advances was up only slightly on the corresponding prior-year figure, rising by €2 million to €54 million. The retail lending business, with its significant proportion of highly collateralized German real estate loans, is continuing to benefit from the stable economic environment in Germany, and particularly the ongoing good conditions on the German labor market.

Administrative expenses declined from €704 million in the first quarter of 2014 to €649 million. Once again, the main reason for the decrease was the bundling of our service companies in the Deutsche Bank Group. The cost/income ratio increased from 79.1 % in the first quarter of 2014 to 80.8 %. This rise is primarily attributable to technical reasons: the breakdown of income and expenses changed while total income and profit before tax only saw a marginal decline. Among other things, this was also due to the bundling of our service companies in the Deutsche Bank Group.

Total assets

Postbank's total assets declined by 1.1 % compared with year-end 2014, to €153.7 billion. The assets side of the balance sheet reflects our continued de-risking strategy with a stronger focus on Germany. The total volume of loans and advances to customers rose by €0.2 billion as against December 31, 2014, to €98.2 billion.

On the liabilities side of the balance sheet, the amounts due to customers declined from €119.3 billion at the end of 2014 to €118.5 billion as of March 31, 2015. This trend reflects consumers' continued preference for spending over saving due to the historically low level of interest rates.

Deposits from other banks declined by €1.4 billion to €16.2 billion over the same period.

The regular phased-in Common Equity Tier 1 capital ratio reported changed from 11.0 % at year-end 2014 to 10.6 % as of the end of the first quarter of 2015. If the interim profit for the first quarter of 2015 had been taken into account, the regular phased-in Common Equity Tier 1 capital ratio would have amounted to 10.8 % (pro forma value). The decline is attributable to higher deductions in Tier 1 in 2015 as part of the transitional provisions.

Taking into account the interim profit for the first quarter of 2015, the fully phased-in Common Equity Tier 1 capital ratio remained unchanged, at 10.5 % (pro forma value). Not taking into account the interim profit, the fully phased-in Common Equity Tier 1 capital ratio reported was 10.2 %.

All of the above-mentioned ratios were influenced by the positive performance of the customer business (increase in RWA).

Recognized capital was up €133 million as against year-end 2014, at €6,734 million.

Outlook

For detailed information on business developments at the Postbank Group in fiscal year 2015, please refer to the Outlook section of the 2014 Annual Report, which continues to apply. The effects of Deutsche Bank's new 2020 strategy (including the planned deconsolidation of Postbank before the end of 2016) are currently being assessed and may result in the outlook being revised in the course of the year.

On April 27, 2015, Deutsche Bank AG requested the Management Board of Deutsche Postbank AG to take the necessary steps to prepare a squeeze-out of its external 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 to a later date in the period up to and including August 31, 2015; this still has to be determined.

KEY GROUP FIGURES (IFRSs) AS OF MARCH 31, 2015

Income statement	Jan. 1 – March 31, 2015 €m	Jan. 1 – March 31, 2014 €m
Net interest income	620	619
Allowance for losses on loans and advances	–54	–52
Net interest income after allowance for losses on loans and advances	566	567
Net fee and commission income	218	266
Net trading income	26	–3
Net income from investment securities	29	15
Administrative expenses	–649	–704
Other income/other expenses	–55	–1
Profit before tax	135	140
Income tax	–9	–27
Profit from ordinary activities after tax	126	113
Non-controlling interests	0	0
Consolidated net profit	**126**	**113**

Balance sheet extract	March 31, 2015 €m	December 31, 2014 €m
Total assets	**153,732**	**155,447**
Cash reserve	797	1,230
Loans and advances to other banks	17,578	19,659
Loans and advances to customers	98,151	97,972
Allowance for losses on loans and advances	–1,367	–1,361
Trading assets	858	697
Investment securities	33,692	33,477
Deposits from other banks	16,222	17,583
Due to customers	118,503	119,295
Debt securities in issue	4,499	4,571
Trading liabilities	998	767
Hedging derivatives	341	298
Provisions	1,904	1,952
Subordinated debt	3,788	3,699
Equity	**6,734**	**6,601**
a) Issued capital	547	547
b) Share premium	2,010	2,010
c) Retained earnings	4,046	3,761
d) Consolidated net profit	126	278
Non-controlling interests	5	5

Other key figures		Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Cost/income ratio	%	80.8	79.1
Return on equity before taxes	%	8.1	9.1
Earnings per share[1]	€	0.58	0.52
Headcount (FTEs)	thousand	15.1	18.6
		March 31, 2015	**December 31, 2014**
Risk-weighted assets	€bn	44.36	43.65
Common Equity Tier 1 capital ratio, regular phased-in	%	10.6	11.0
Common Equity Tier 1 capital ratio, fully phased-in	%	10.2	10.5

Long-term ratings	March 31, 2015	December 31, 2014
Fitch	A+/outlook negative	A+/outlook negative

[1]Based on 218.8 million shares

CONTACTS

Published by
Deutsche Postbank AG
Head Office
Investor Relations
Friedrich-Ebert-Allee 114–126
53113 Bonn, Germany
Postfach 40 00
53105 Bonn, Germany
Phone: +49 228 920 - 0

Investor Relations
Phone: +49 228 920 - 18003
E-mail: ir@postbank.de
www.postbank.com/ir

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