

Deutsche Postbank AG

9M 2016 - Results

Bonn, November 9, 2016



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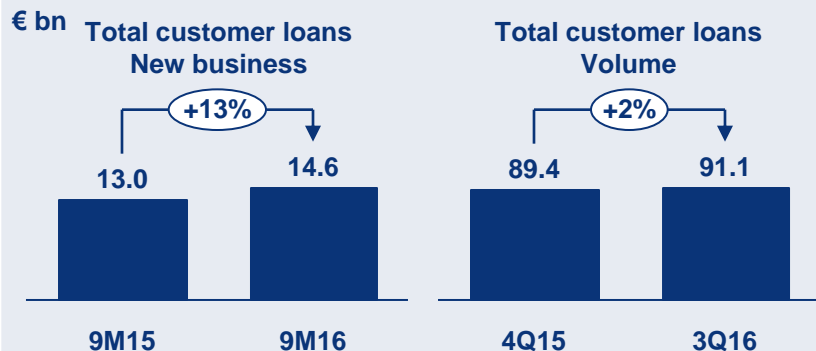
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Strategic Highlights

Strategic transformation of Postbank on track

Stabilizing NII in low interest environment



LtD ratio increased by 2 percentage points

Implementation of new checking account models

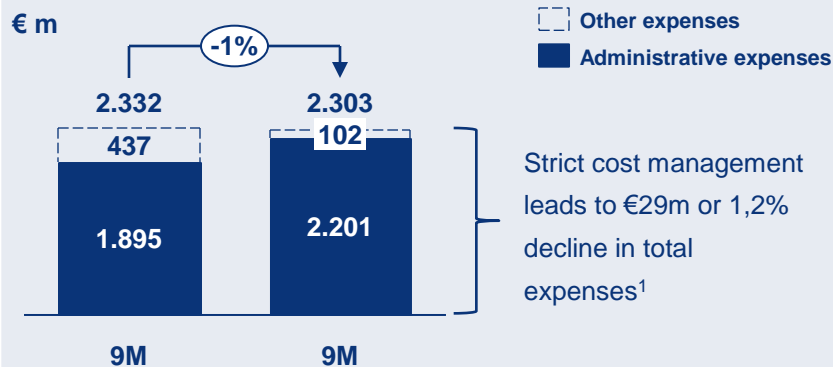


New attractive checking account models from 1st Nov 2016 onwards:

Giro direkt	1,90€ / month
Giro plus	3,90€ / month
Giro extra plus	0,00€ / month

Positive impact on commission income

Managing costs



Strategic measures show first signs of success

Measures to increase efficiency

- Increasing self-service levels via continued investments in our branch network (ATMs, self service terminals etc.)
- Optimized back-office processes
- Fully digitalized checking account opening
- Adjustment of capacities with 200 FTE lower growth expectation of staff by year-end 2016

Implementation of further efficiency measures continues

¹ Total expenses (administrative expenses and other expenses)

9M16 Highlights

Facing the challenging market environment:
Growth in new lending business and good cost control



On our way to improved Loan-to-Deposit ratio (LtD): New lending business growing to record level – increase of ~€ 1.6bn compared to 9M15 while deposits are decreasing



Further improved cost of risk (-16.6% y-o-y) reflecting Postbank's low risk business model, a high portion of well collateralized mortgages and benign economy in Germany



Disciplined cost management lead to a decrease of € 29m in total expenses¹ despite higher regulatory burden and higher ESI²



Slightly improved CET 1 ratio (fully phased-in) at 11.6%³ and stabilized leverage ratio (fully phased-in) at 3.3%^{3/4} compared to year-end 2015



Digitization: Fully digitized process of private checking account opening in less than 10 minutes live since mid August 2016



Postbank with continued leading position based on its 5.2 million private checking accounts in Germany



Despite strong new lending business challenging low interest rate environment led to a decrease in Postbank's core revenue component net interest income



Profit before tax down due to pressure on net interest income as a result of low interest rate environment and other (especially nonrecurring) effects

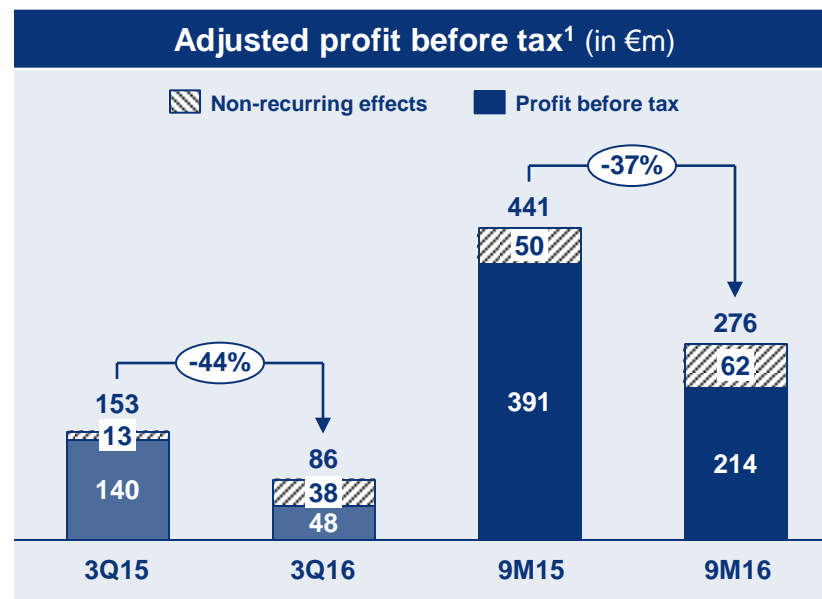
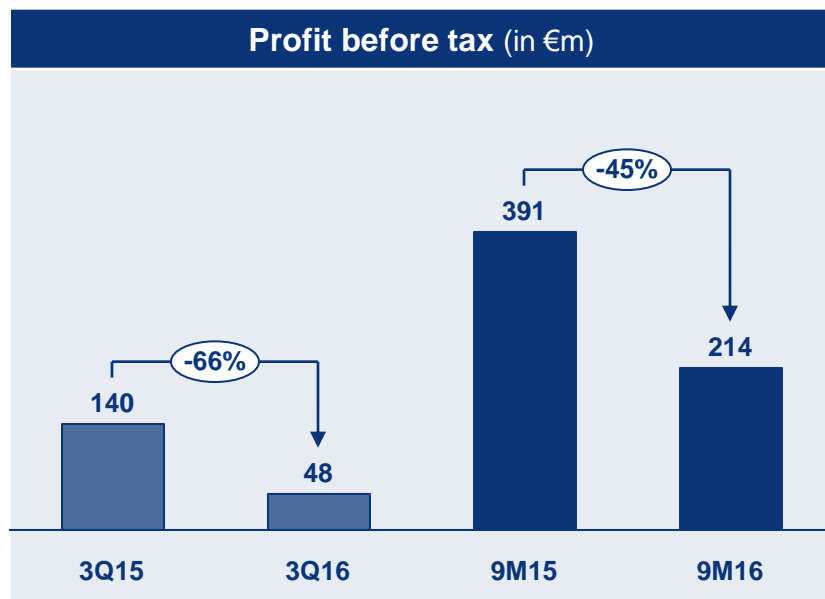
Note: FY2015 figures restated

¹ Total expenses (administrative expenses and other expenses) | ² Expenses for strategic initiatives | ³ Under consideration of counting of 9M16 interim profit |

⁴ Calculations are based on the new regulatory requirements as laid out in the Commission Delegated Regulation (EU) 2015/62

Income Statement

Profit before tax declined due to challenging market environment



9M16 vs. 9M15

- ✓ Profit before tax down due to pressure on net interest income as a result of low interest rate environment
- ✓ Profit before tax also impacted by a number of nonrecurring effects and other factors (see details on the right)

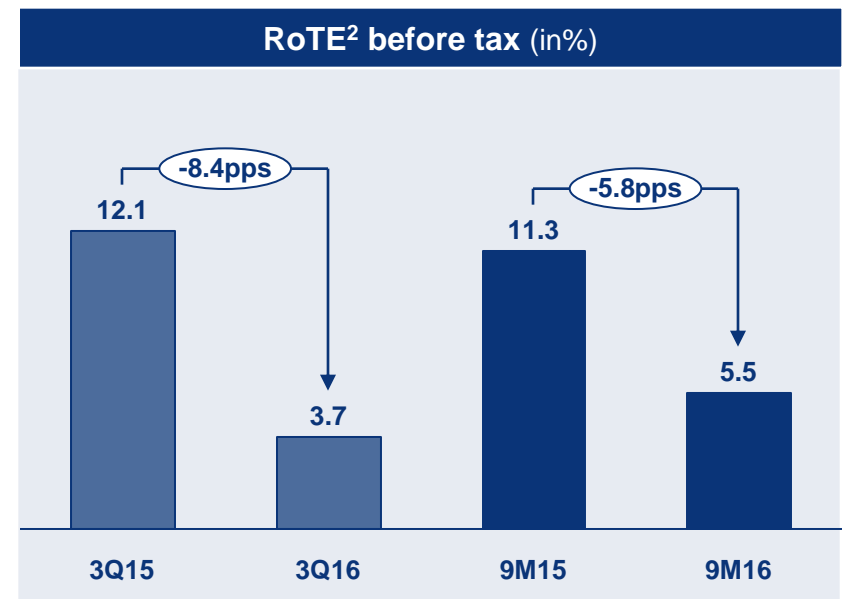
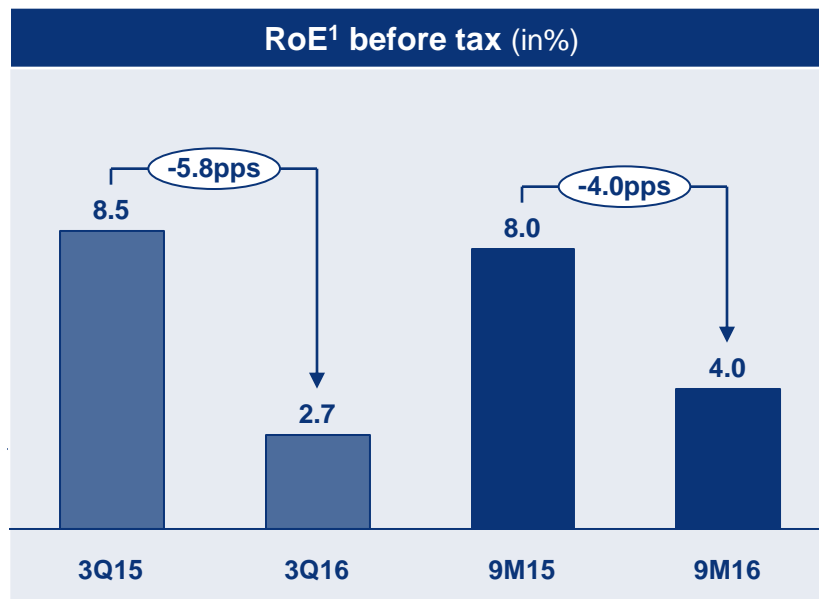
9M16 vs. 9M15

- ✓ Net nonrecurring effects in 9M16 vs. 9M15 increased due to higher ESI² (€ +60m) and higher legal expenses (€ +56m) offset by an extraordinary gain resulting from VISA Europe Ltd. transaction (€ +104m) in 9M16
- ✓ Further non adjusted factors explaining decline include: increased payments for protection schemes in 9M16 (€ -26m); positive impact from changed recognition of revenues for brokering residual debt insurance (€ +43m) and interest income (€ +10m) as well as higher extraordinary measurement gains (€ +15m) recognized in net trading income in 9M15

¹ For details see page 20 | ² Expenses for strategic initiatives

Income Statement

Return on (tangible) equity before tax declined



9M16 vs. 9M15

- ✓ Profit before tax development with corresponding impact on RoE
- ✓ Pressure on net interest income, nonrecurring effects and other factors as drivers for RoE decline

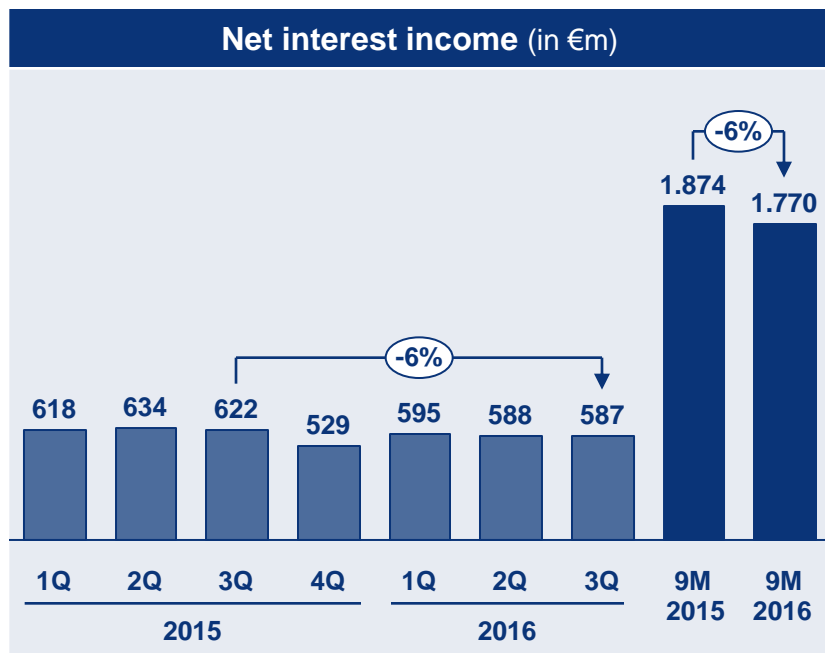
9M16 vs. 9M15

- ✓ Return on tangible equity with a corresponding decline
- ✓ No material changes recorded in intangibles

¹ Return on equity = profit before tax divided by average time-weighted equity | ² Return on tangible equity = profit before tax divided by average time-weighted equity minus average time-weighted intangibles

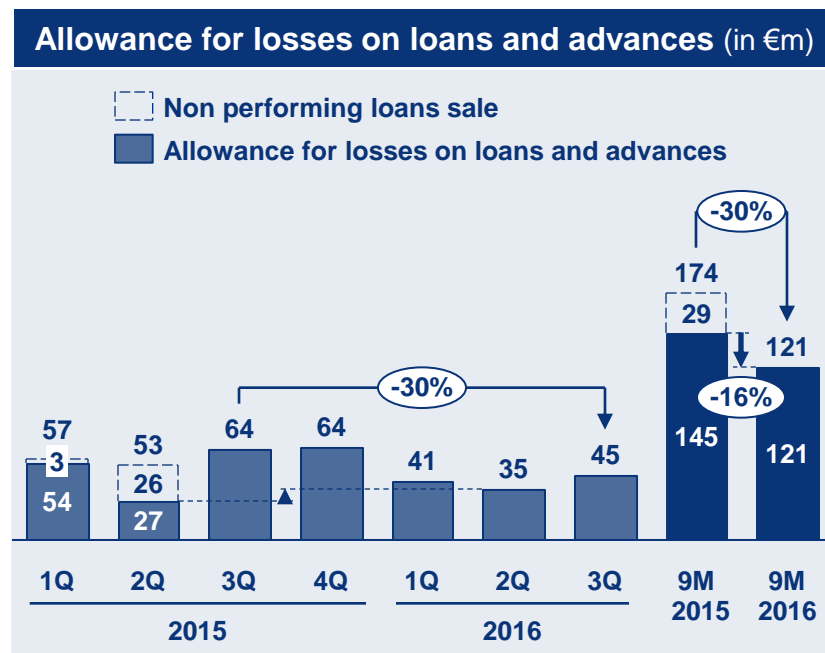
Income Statement

Moderate decline in net interest income



9M16 vs. 9M15

- ✓ Low interest rate levels remain challenging for Postbank's core revenue component
- ✓ Achieved growth of customer loan volume and decline in deposits helps to achieve targeted reduction of deposit overhang
- ✓ Pressure on deposit margins lowered by good performance in new lending business – which showed a double-digit growth of 13% y-o-y (for details see page 13)



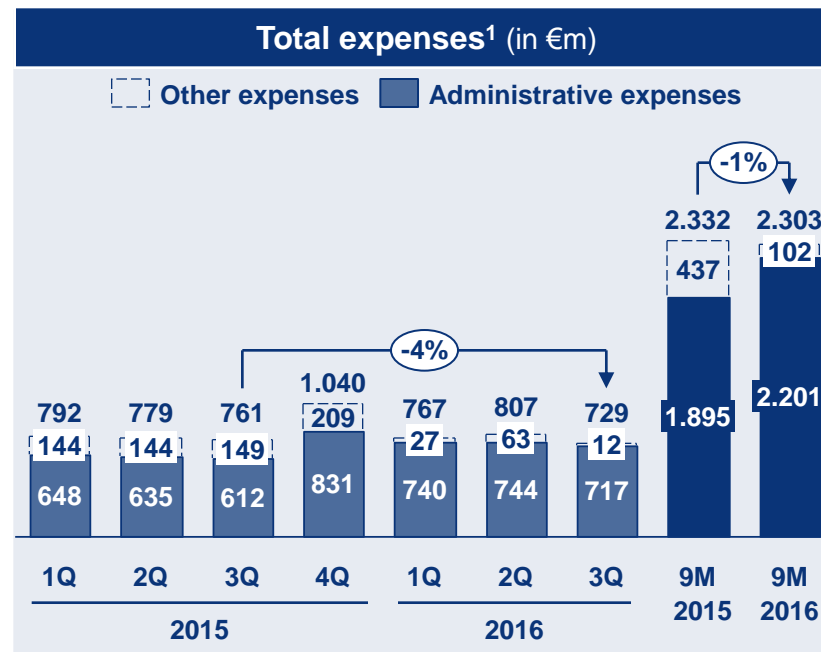
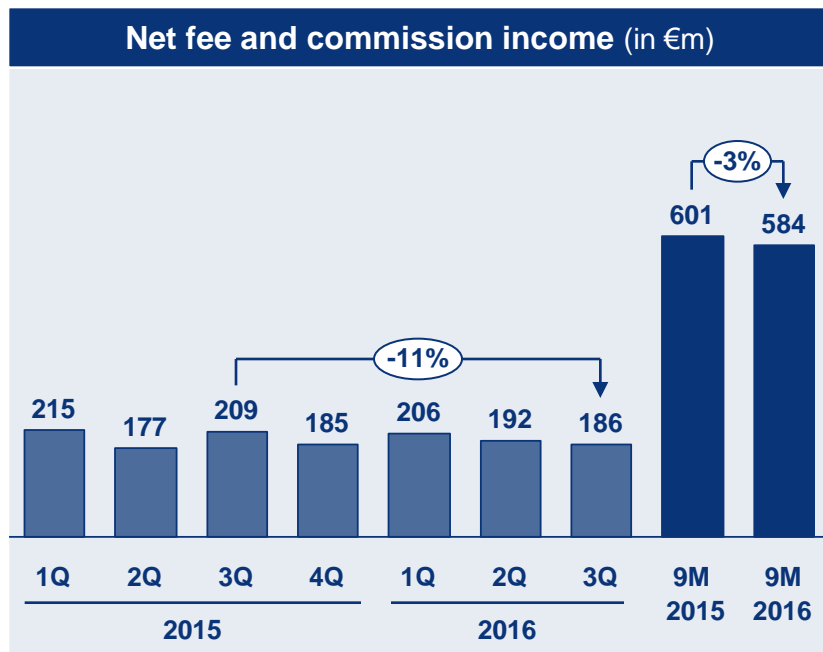
9M16 vs. 9M15

- ✓ Decreased allowance for losses on loans and advances (LLP) despite € 29m positive one-off impact through the sale of two non-performing loan portfolios in 9M15
- ✓ Low level of non-performing loans (annualized 3Q16 net addition ratio of 16bp) reflecting Postbank's low risk business model with a high portion of well collateralized mortgages and benign economy in Germany

¹ Mortgage loans incl. disbursed home savings loans | ² Excl. new factoring business

Income Statement

Total expenses down y-o-y despite cost inflation items



9M16 vs. 9M15

- ✓ Structural effect from reconsolidation of the service companies in 9M16 with positive impact on net fee and commission income due to revenues written with third party clients (€ +70m)
- ✓ 9M15 with positive one-off effect resulting from changed recognition of revenues for brokering residual debt insurance (€ +43m)
- ✓ New checking account price model became effective as of 1 November 2016
- ✓ Decline due to customer restraint toward select products

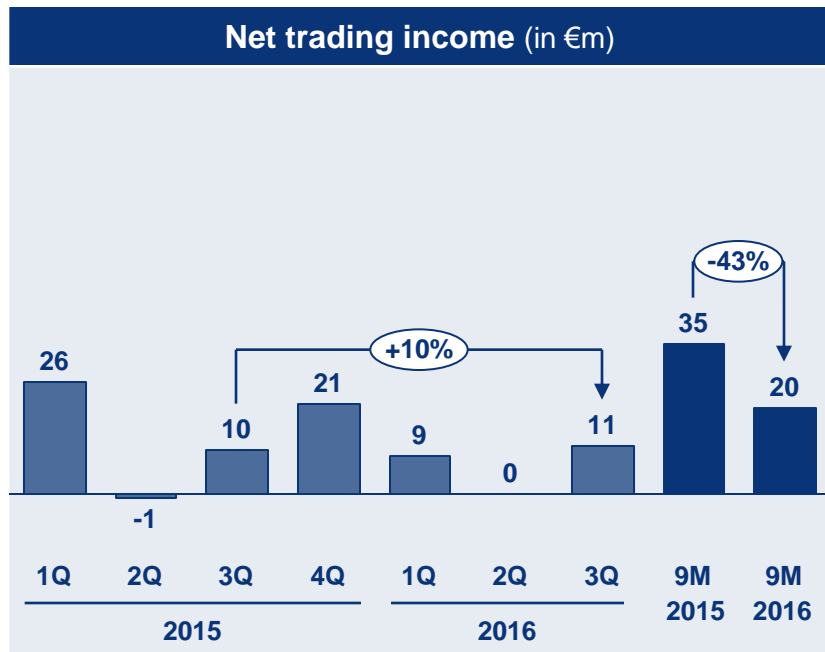
9M16 vs. 9M15

- ✓ Total expenses¹ decreased by € -29m or 1.2%
- ✓ Strategic efficiency measures show first signs of success
- ✓ Further efficiency measures implemented to counter cost inflation and rising regulatory expenses

¹ Administrative expenses plus other expenses | ² Expenses for strategic initiatives

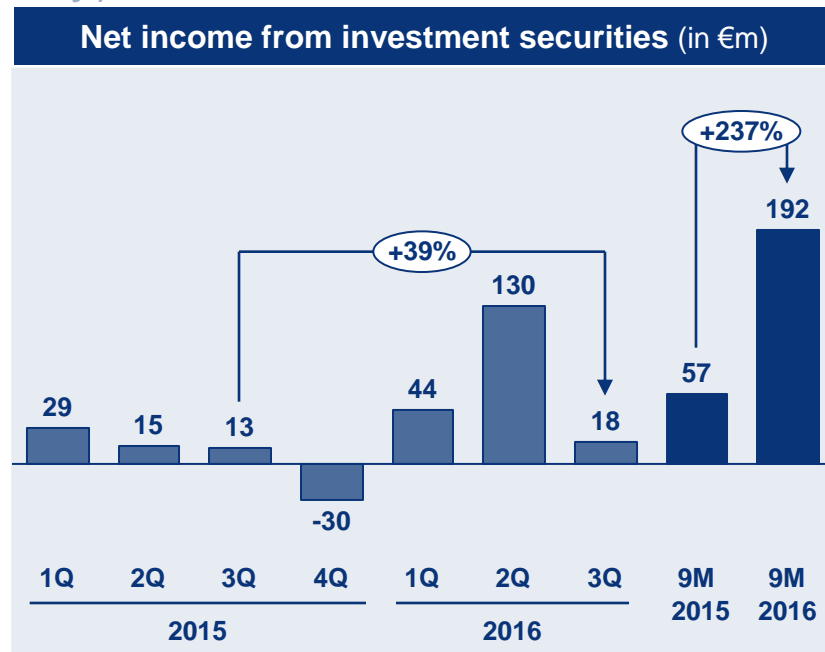
Income Statement

Decline in net trading income more than compensated by increased net income from investment securities (y-o-y)



9M16 vs. 9M15

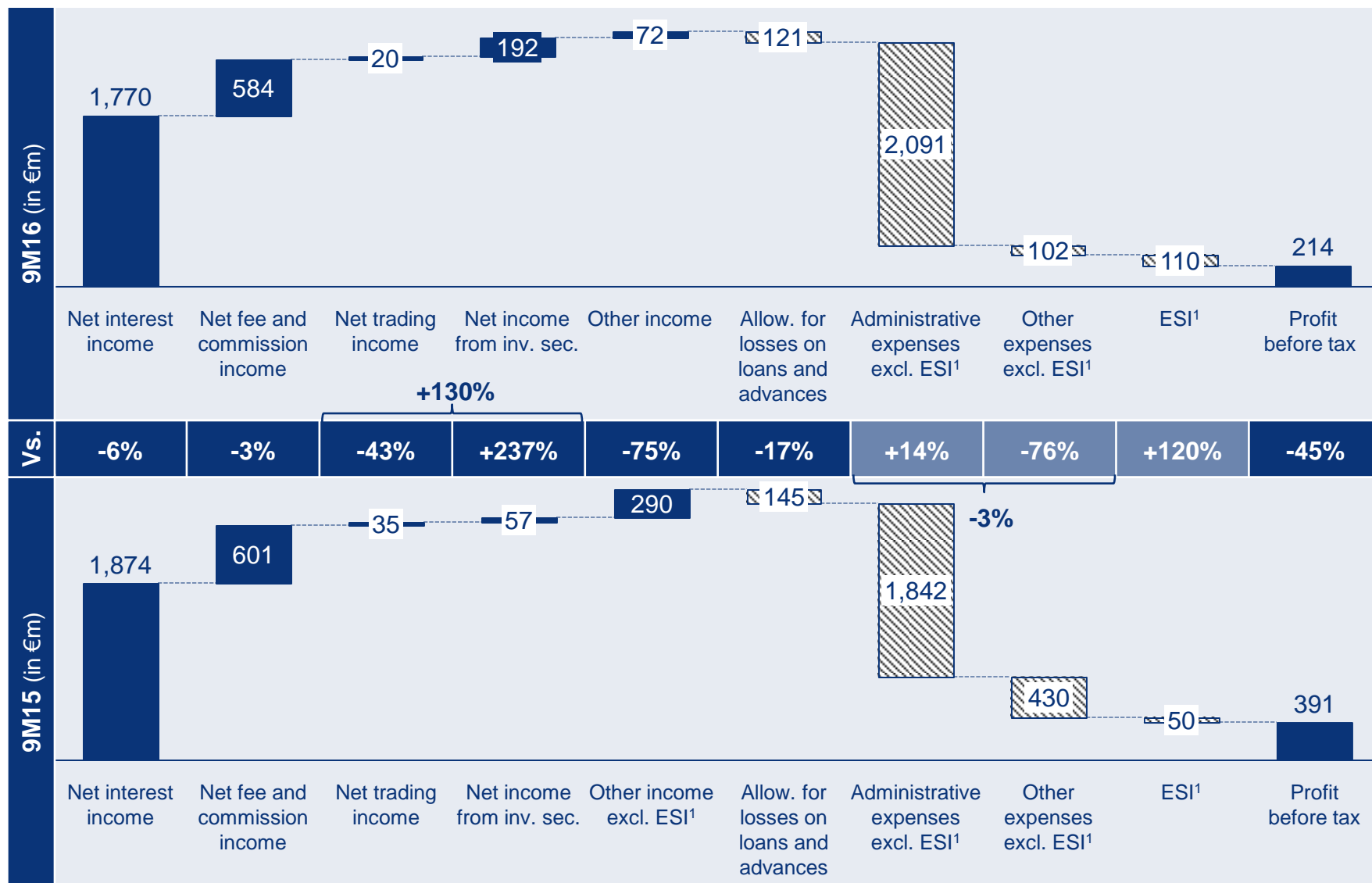
- ✓ Lower net trading income (€ -15m) due to extraordinary positive market valuation effects related to higher measurement gains (€ +15m) in 9M15
- ✓ Low absolute level reflecting our client driven business model



9M16 vs. 9M15

- ✓ Extraordinary increase in net income from investment securities mainly due to the sale of a stake in Visa Europe Ltd. (€ +104m) in 2Q16 and the reduction of a strategic equity investment, which is based on a sales cooperation (€ +22m) in 1Q16

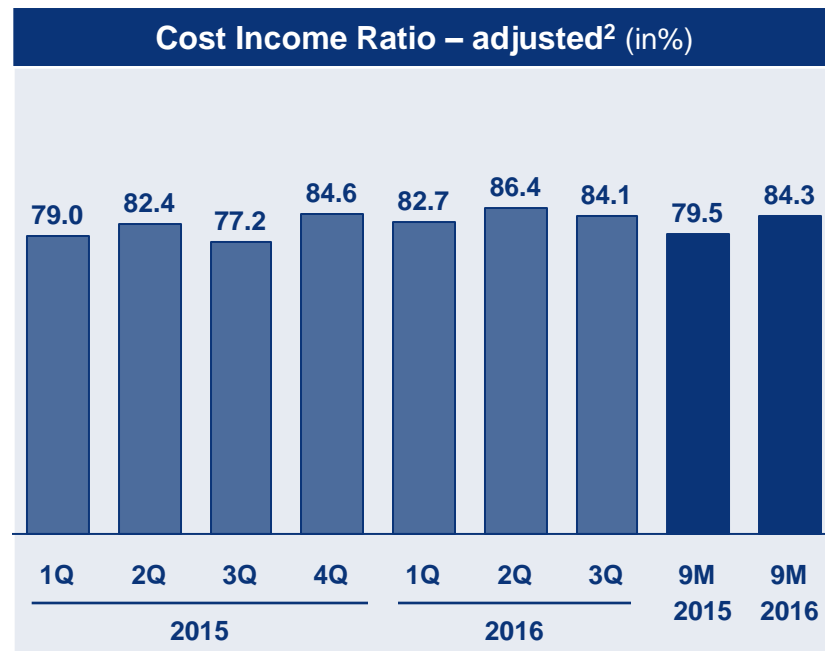
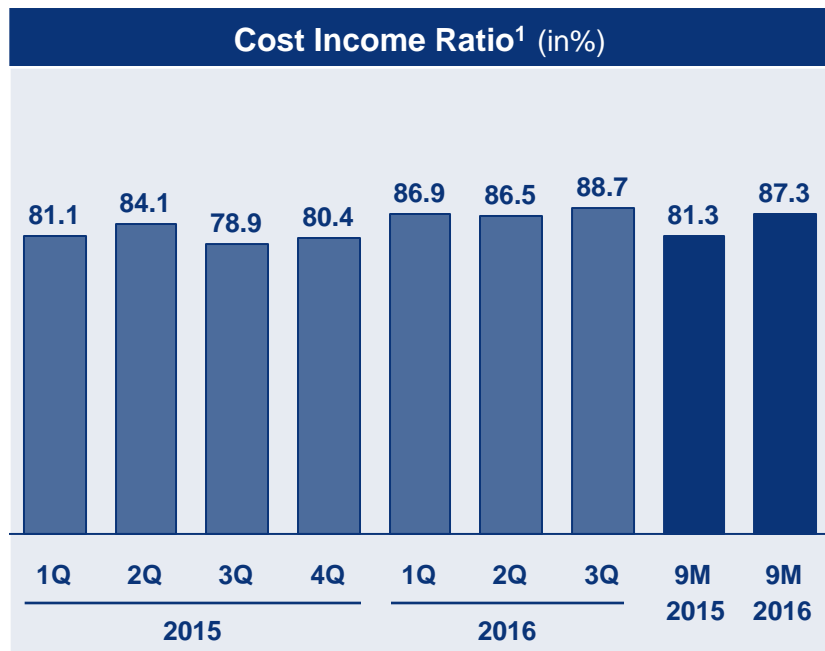
Profit before tax bridge



¹ Expenses for strategic initiatives

Income Statement

Cost discipline not fully reflected in Cost Income Ratio (CIR)



9M16 vs. 9M15

- ✓ Despite declining total expenses CIR increased due to:
 - ✓ Lower other revenues resulting from reconsolidation of the service companies
 - ✓ Higher expenses for ESI³ (€ +60m)
 - ✓ Higher expenses to cover legal risks (€ +56m)
 - ✓ Higher expenses for several deposit protection schemes (€ +26m)

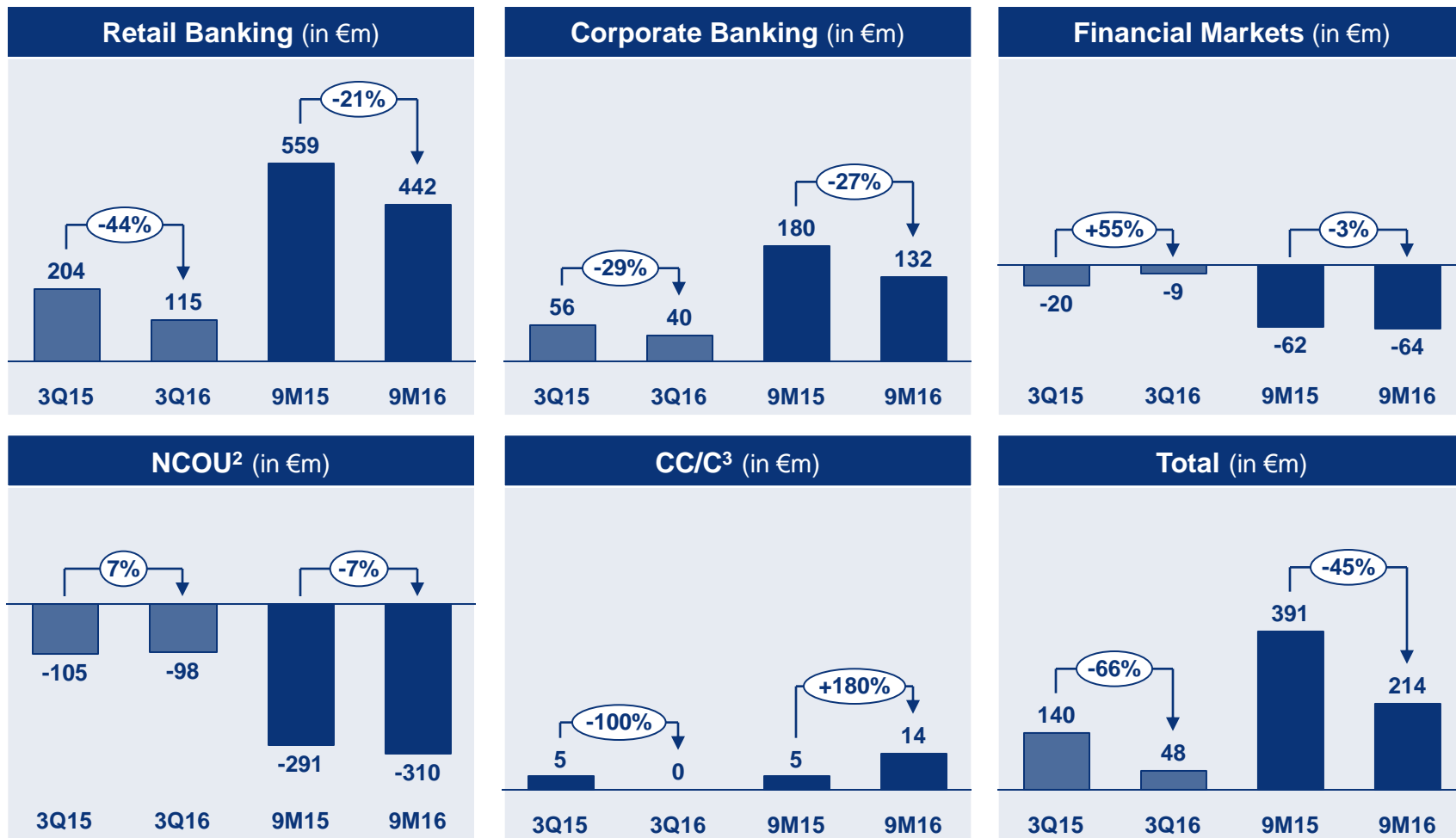
9M16 vs. 9M15

- ✓ Despite further decrease in costs CIR increased mainly attributable to decrease in other revenues (after adjustments € -230m)
- ✓ Adjusted CIR excludes the positive one-off effects from the sale of a stake in VISA Europe Ltd., ESI³ and expenses to cover legal risks

¹ Cost Income Ratio: Administrative expenses plus other expenses divided by comprehensive income plus other income before loan loss provisions | ² Adjusted Cost Income Ratio without one-off items like expenses for strategic initiatives and legal expenses (for details see page 20) | ³ Expenses for strategic initiatives

Income Statement

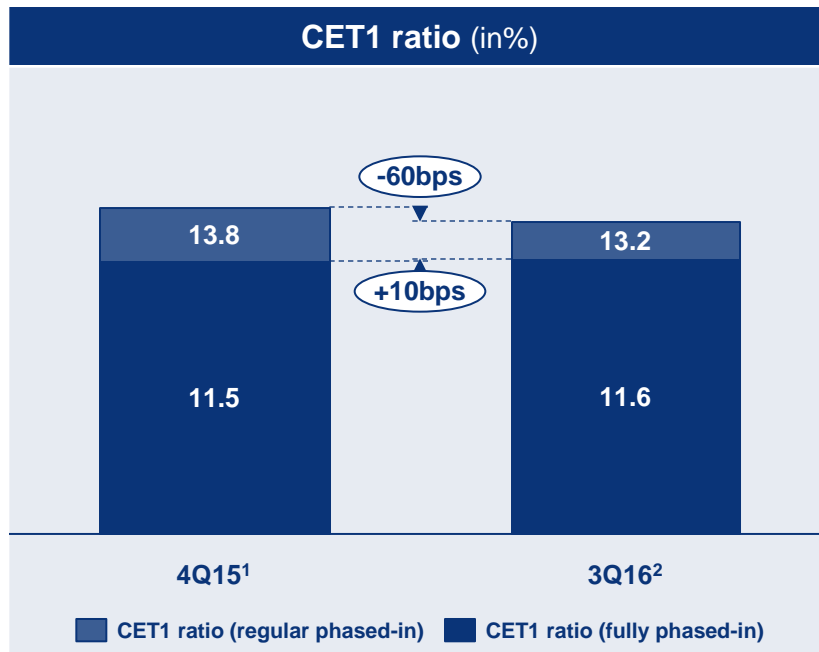
Segments¹: Overall y-o-y decline in profit before tax due to challenging market environment



¹ 9M15 & 3Q15 profit before tax restated for resegmentation of business customers from Retail Banking to Corporate Banking | ² Non-Core Operating Unit | ³ Cost Centers/Consolidation

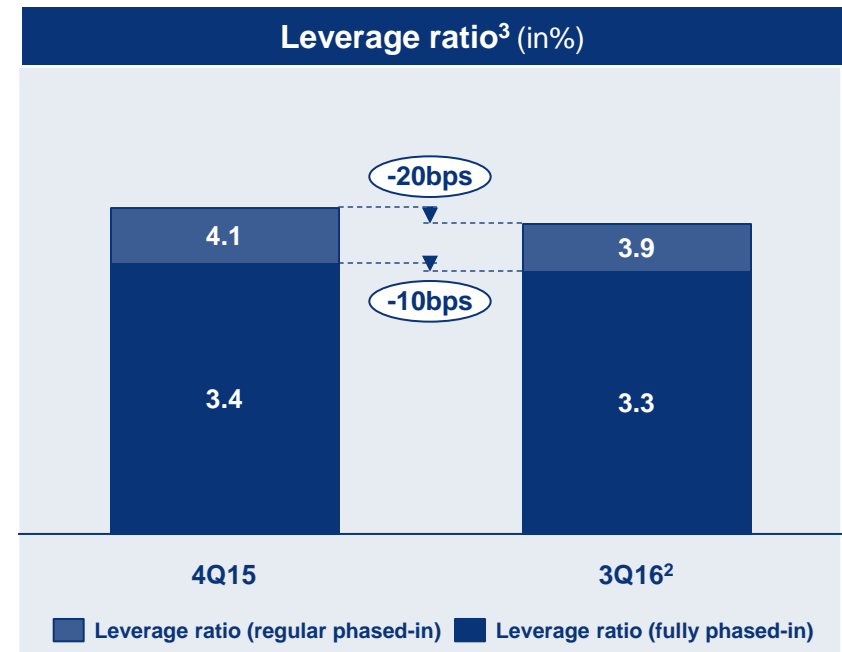
Regulatory Capital Position

Slightly improved CET1 and stable Leverage ratio fully phased-in



3Q16 vs. 4Q15

- ✓ Common Equity Tier 1 (CET1) capital ratio (fully phased-in) increased due to reduction of RWA despite loan volume growth and negative impact from pension obligations
- ✓ Reduction of regular phased-in CET1 ratio due to increased capital deduction items within phasing period



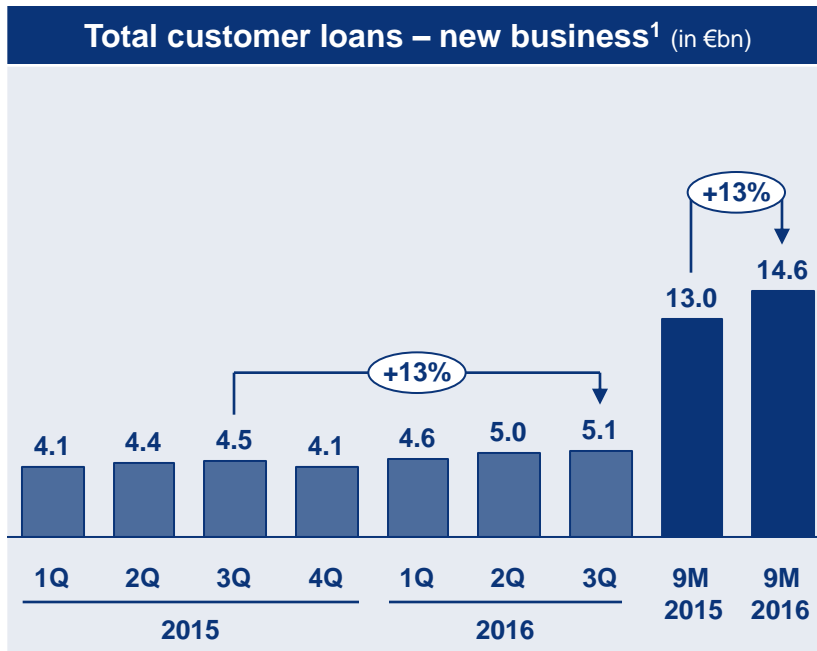
3Q16 vs. 4Q15

- ✓ Leverage ratio (fully phased-in) stabilized well over 3%-threshold despite loan volume growth
- ✓ Slight drop in leverage ratio (regular phased-in) due to full reconsolidation of the service companies and phasing of Additional Tier 1 capital instruments and capital deduction items

¹ On the basis of the consolidated financial statements as of December 31, 2015, figures restated | ² Under consideration of counting of 3Q16 interim profit | ³ Calculations are based on the new regulatory requirements as laid out in the Commission Delegated Regulation (EU) 2015/62.

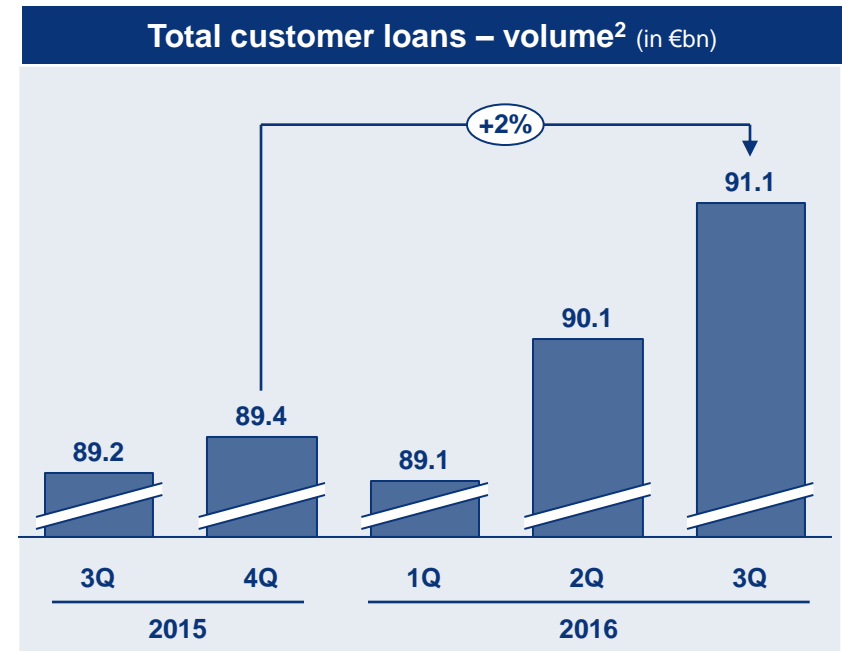
Operations: Lending business | Overview

Overall new lending business on record levels



9M16 vs. 9M15

- ✓ Continued double-digit growth in total loans new business
- ✓ Especially strong growth in corporate and consumer loans new business, while maintaining loan portfolio quality at high level
- ✓ Digitization supports growth in new loans via digitally transacted new business in consumer loans and a combination of digital and personal advisory in mortgage business



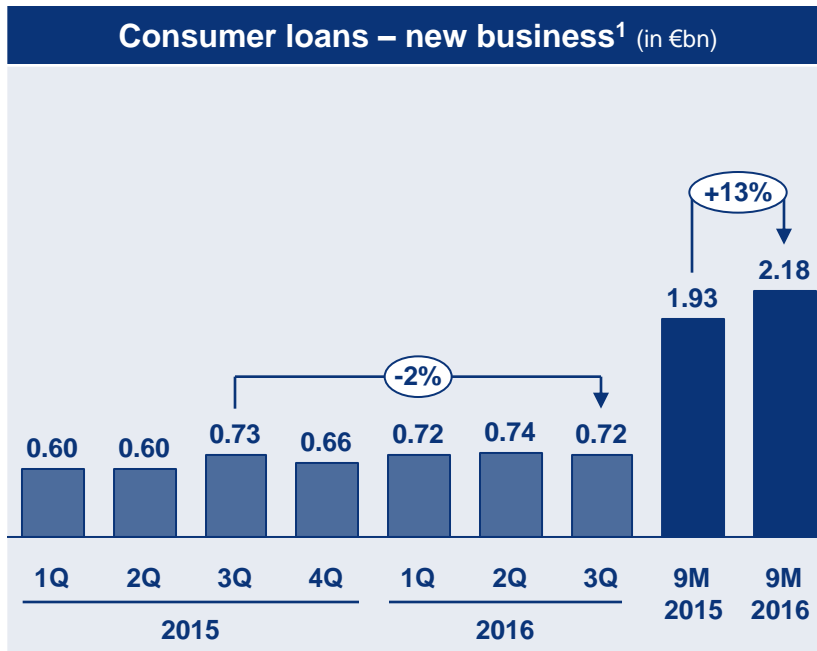
9M16 vs. 4Q15

- ✓ Total customer loans volume increased by € 1.6 bn y-o-y mainly driven by increase in consumer loans and corporate loan portfolio

¹ Including new business in mortgage loans (incl. disbursed home savings loans), consumer loans and corporate loans | ² Calculation adjusted compared to previous quarters

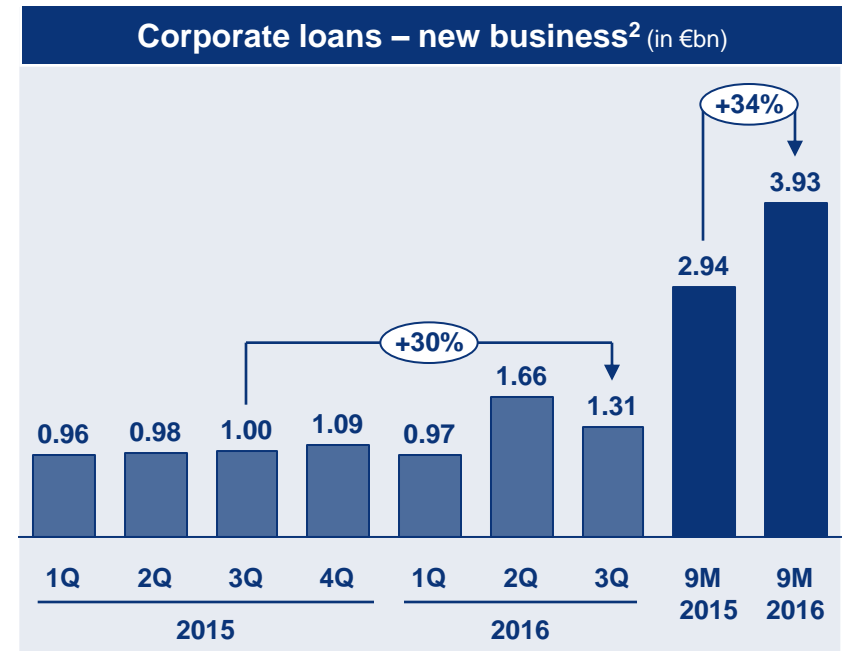
Operations: Lending business | Consumer & Corporate

Strong new business development in consumer and corporate loans



9M16 vs. 9M15

- ✓ Continued double-digit growth in new consumer loan business compared to 9M15
- ✓ Higher interest margin written in consumer loans supports profitability
- ✓ Total consumer loans volume grew by € 0.5bn vs. FY15



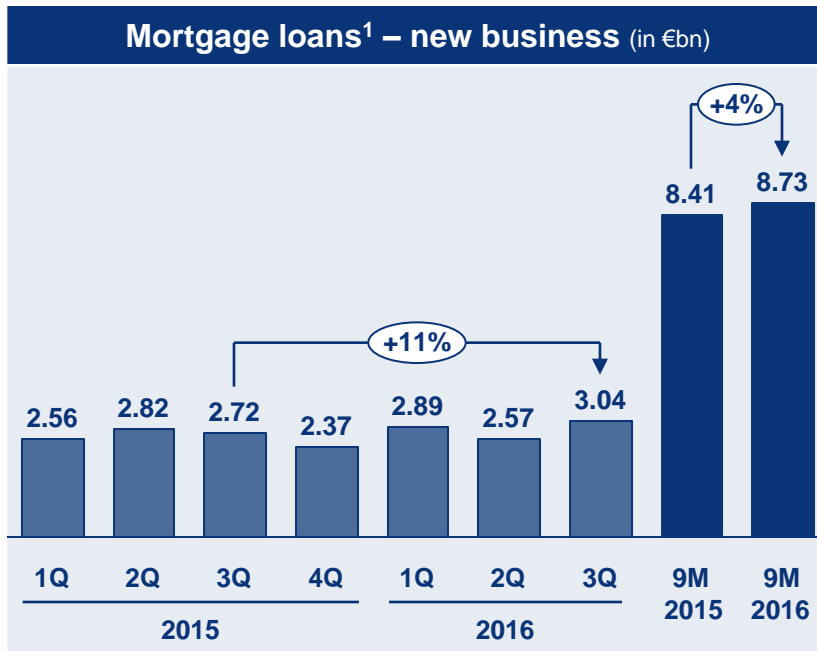
9M16 vs. 9M15

- ✓ Strong growth in corporate loans new business on the back of well performing new business in commercial mortgages
- ✓ Corporate loans volume (including commercial mortgages) grew by € ~0.7bn vs. FY15 while maintaining loan portfolio quality

¹ Including Postbank PK, GK Businesskredit and GK Investitionskredit | ² Excl. new factoring business

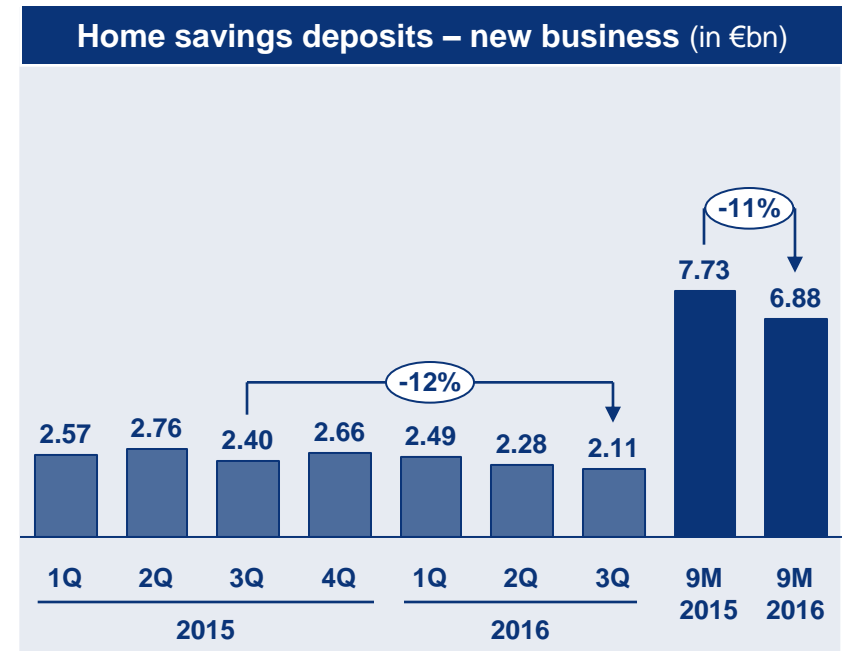
Operations: Lending business | Mortgage & Home savings

Continued growth in mortgage loan new business



9M16 vs. 9M15

- ✓ Continued growth in new mortgage loan business despite market uncertainty around new mortgage credit directive (2Q16)
- ✓ Mortgage loans portfolio volume showed stable development compared to year-end 2015



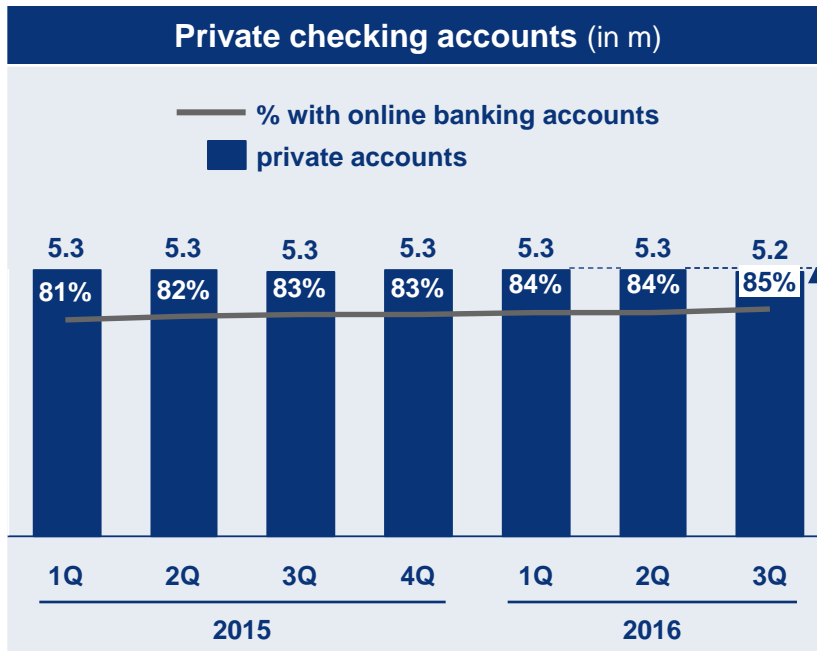
9M16 vs. 9M15

- ✓ Home savings deposits business impacted by the overall low interest rate environment
- ✓ Home savings new business declined palpably by 11%
- ✓ Total home savings deposits declined by € 0.2bn

¹ Mortgage loans incl. disbursed home savings loans

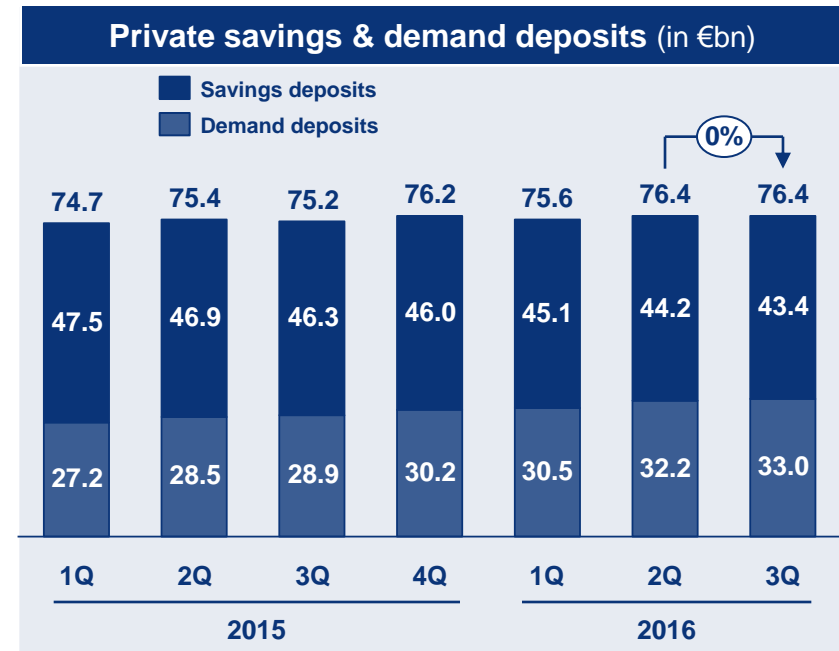
Operations: Retail savings business

Stable development in retail savings business



3Q16 vs. 3Q15

- ✓ Stable development in total private checking accounts and in customers enabled to use online banking function
- ✓ Postbank with continued leading position based on the number of private checking accounts in Germany
- ✓ New price model announced in August 2016 – which became effective as of 1. November 2016 – has led to only a small decrease in private checking accounts

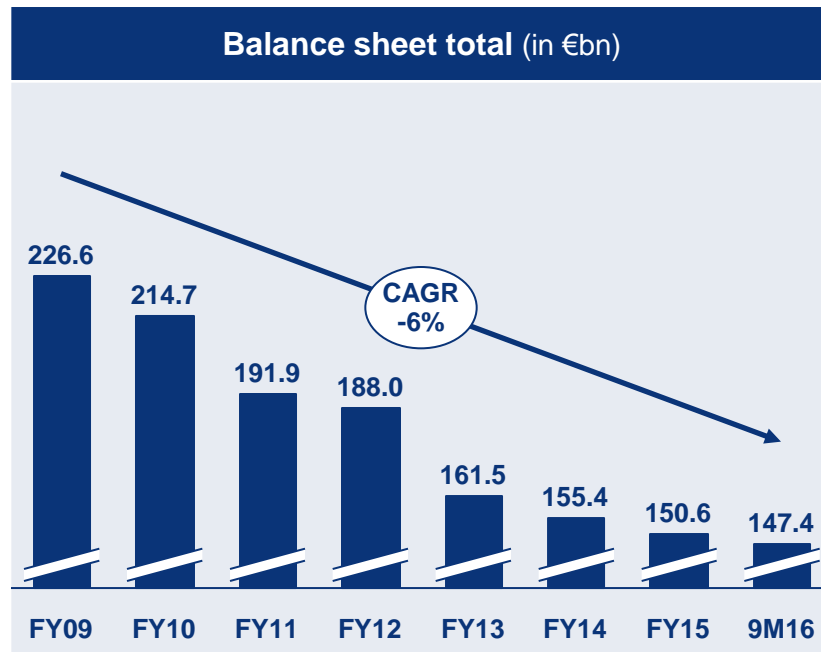


3Q16 vs. 3Q15

- ✓ Opposing development in savings and demand deposits attributable to convergence of savings and demand deposit interest rates
- ✓ Conversion of deposits into assets under management is on Postbank's agenda to increase net commission income in low interest rate environment

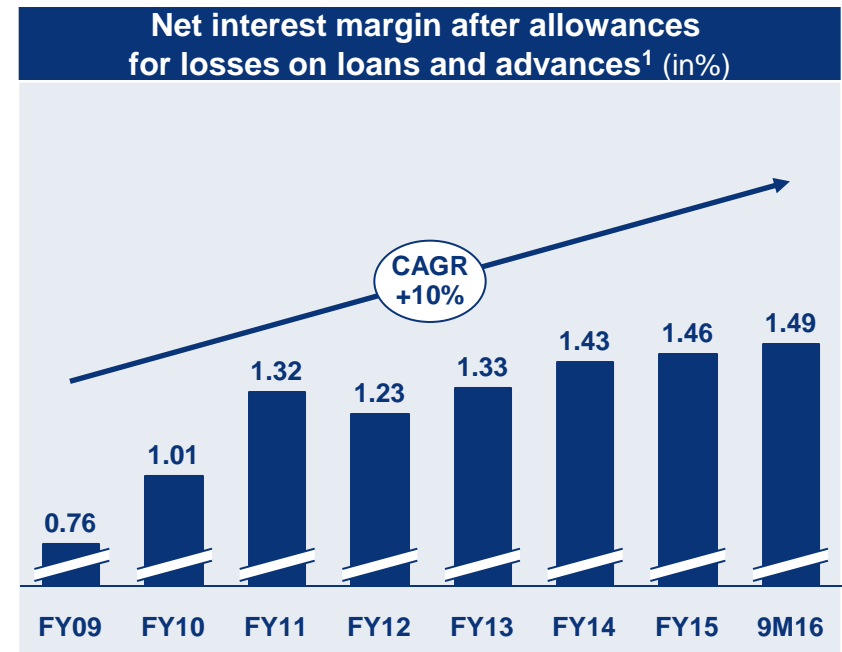
Transformation of Postbank's balance sheet

Disciplined de-risking and focus on client business



9M16 vs. FY09

- ✓ On track to become a pure play customer bank with continued low risk profile and adequate risk adjusted profitability
- ✓ Successful reduction of balance sheet and investment securities, loans and advances to other banks while increasing loans to customers by € 2.3bn
- ✓ Reduced liability overhang due to strong loan growth and maturity of liabilities



9M16 vs. FY09

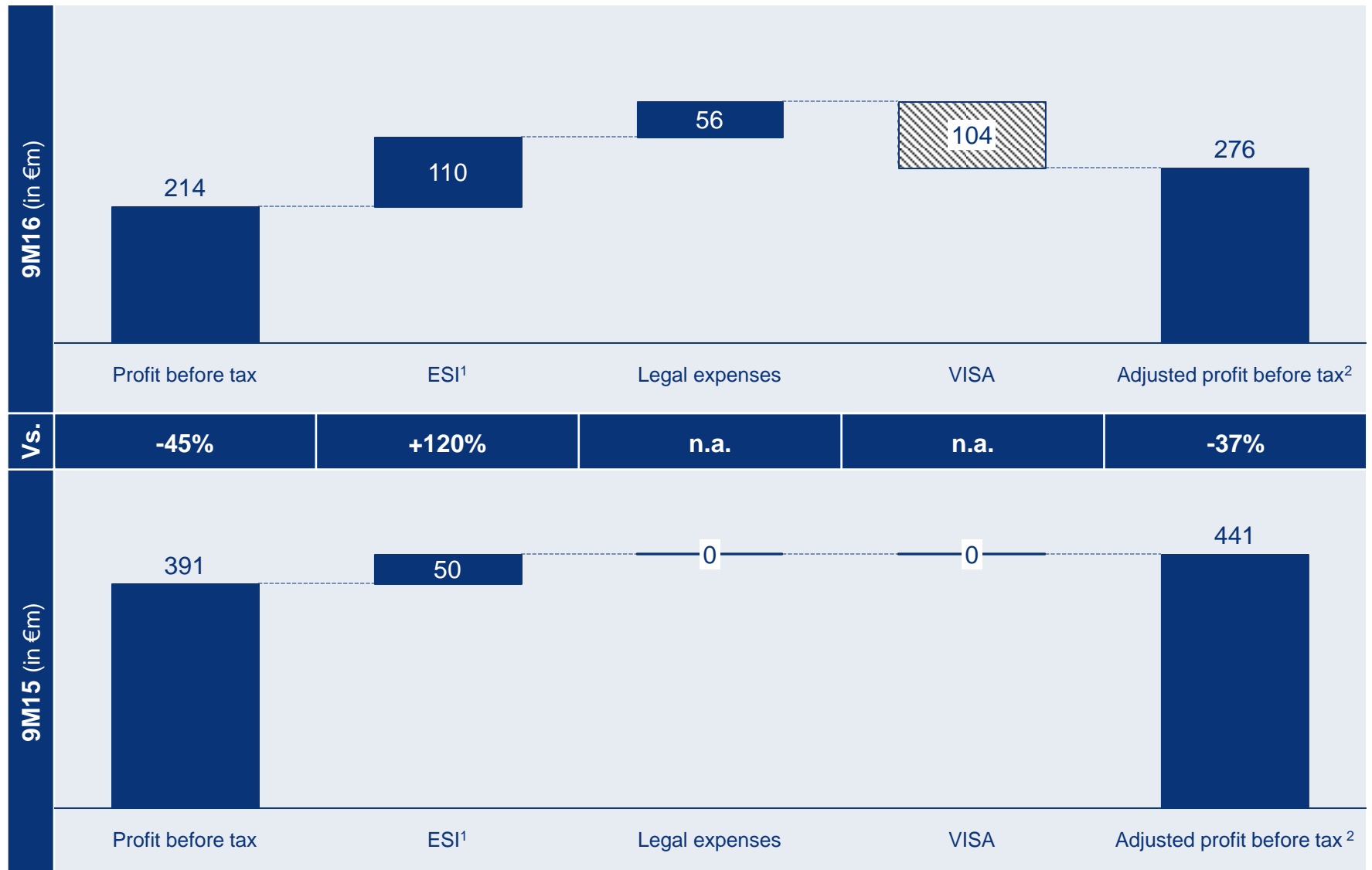
- ✓ Increased customer business supports reduction in liability overhang
- ✓ Higher share of customer business has a subsequently positive impact on net interest margin after allowances for losses on loans and advances
- ✓ Low risk profile and healthy macroeconomic situation

¹ (Net interest income – allowances for losses on loans & advances) / balance sheet total

Appendix

Back-up information

Non-recurring effects – adj. profit before tax development



¹ Expenses for strategic initiatives | ² Adjusted profit before tax is calculated by adjusting the aforementioned one-off items