

Deutsche Postbank Group
Preliminary Annual Results 2009
in accordance with International
Financial Reporting Standards

20
09



Postbank

Postbank Group in figures 2009

		Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008 ¹
Consolidated income statement			
Total income	€m	3,088	2,288
Administrative expenses	€m	-2,864	-2,969
Loss/profit before tax	€m	-398	-1,064
Consolidated net profit/loss	€m	76	-886
Total cost/income ratio	%	92.7	129.8
Return on equity			
before tax	%	-7.8	-23.3
after tax	%	1.5	-19.4
Earnings per share	€	0.35	-5.26
		Dec. 31, 2009	Dec. 31, 2008¹
Consolidated balance sheet			
Total assets	€m	226,609	231,219
Customer deposits	€m	111,067	95,077
Customer loans	€m	108,971	101,228
Allowance for losses on loans and advances	€m	1,641	1,323
Equity	€m	5,251	4,952
Tier 1 ratio	%	7.6	7.2
Headcount (FTEs)	thousand	20.86	21.13
Long-term ratings			
Moody's	outlook	Aa3 rating under review	Aa2 stable
Standard & Poor's	outlook	A- positive	A- positive
Fitch	outlook	A+ stable	A negative
Information on Postbank shares			
		Dec. 31, 2009	Dec. 31, 2008
Share price at the balance sheet date	€	22.88	15.50
Share price (Jan. 1 – Dec. 31)	high €	26.86	67.10
	low €	6.81	12.19
Market capitalization on December 31	€m	5,006	3,391
Number of shares	million	218.8	218.8

¹Prior-period figures restated

Consolidated Income Statement for the period January 1 to December 31, 2009

	2009 €m	2008 ¹ €m
Interest income	7,987	9,938
Interest expense	-5,582	-7,443
Net interest income	2,405	2,495
Allowance for losses on loans and advances	-678	-498
Net interest income after allowance for losses on loans and advances	1,727	1,997
Fee and commission income	1,614	1,683
Fee and commission expense	-285	-252
Net fee and commission income	1,329	1,431
Net trading income	-498	-389
Net income from investment securities	-148	-1,249
Administrative expenses	-2,864	-2,969
Other income	187	218
Other expenses	-131	-103
Loss before tax	-398	-1,064
Income tax	475	179
Profit or loss from ordinary activities after tax	77	-885
Minority interest	-1	-1
Consolidated net profit or loss	76	-886
Basic earnings per share (€)	0.35	-5.26
Diluted earnings per share (€)	0.35	-5.26

¹Prior-period figures restated

Consolidated Income Statement – Quarterly Overview¹

	2009				2008				2009	2008
	Q4 €m	Q3 €m	Q2 €m	Q1 €m	Q4 €m	Q3 €m	Q2 €m	Q1 €m	Jan.–Dec. €m	Jan.–Dec. €m
Interest income	1,868	1,901	2,009	2,209	2,636	2,475	2,510	2,317	7,987	9,938
Interest expense	-1,247	-1,323	-1,440	-1,572	-1,898	-1,897	-1,888	-1,760	-5,582	-7,443
Net interest income	621	578	569	637	738	578	622	557	2,405	2,495
Allowance for losses on loans and advances	-308	-142	-120	-108	-194	-143	-86	-75	-678	-498
Net interest income after allowance for losses on loans and advances	313	436	449	529	544	435	536	482	1,727	1,997
Fee and commission income	415	412	402	385	425	421	418	419	1,614	1,683
Fee and commission expense	-73	-70	-65	-77	-65	-59	-68	-60	-285	-252
Net fee and commission income	342	342	337	308	360	362	350	359	1,329	1,431
Net trading income	-149	-139	-103	-107	-406	-56	61	12	-498	-389
Net income from investment securities	-45	15	-14	-104	-700	-470	-80	1	-148	-1,249
Administrative expenses	-765	-696	-719	-684	-808	-741	-718	-702	-2,864	-2,969
Other income	84	36	38	29	93	39	44	42	187	218
Other expenses	-49	-23	-17	-42	-39	-17	-21	-26	-131	-103
Profit/loss before tax	-269	-29	-29	-71	-956	-448	172	168	-398	-1,064
Income tax	170	91	44	170	181	99	-51	-50	475	179
Profit/loss from ordinary activities after tax	-99	62	15	99	-775	-349	121	118	77	-885
Minority interest	0	0	0	-1	0	0	0	-1	-1	-1
Consolidated net loss/profit	-99	62	15	98	-775	-349	121	117	76	-886

¹ Q1 to Q3 2009 and Q4 2008 figures restated

Consolidated Balance Sheet as of December 31, 2009

Assets	Dec. 31, 2009 €m	Dec. 31, 2008 ¹ €m
Cash reserve	4,534	3,417
Loans and advances to other banks	14,467	18,684
Loans and advances to customers	111,043	105,318
Allowance for losses on loans and advances	-1,641	-1,323
Trading assets	20,471	16,573
Hedging derivatives	520	474
Investment securities	72,359	83,058
Intangible assets	2,368	2,371
Property and equipment	838	879
Investment property	73	73
Current tax assets	280	162
Deferred tax assets	552	863
Other assets	745	670
Total assets	226,609	231,219

Equity and Liabilities	Dec. 31, 2009 €m	Dec. 31, 2008 ¹ €m
Deposits from other banks	39,318	62,790
Due to customers	131,988	117,472
Securitized liabilities	16,722	16,342
Trading liabilities	22,434	16,987
Hedging derivatives	2,051	2,693
Provisions	2,148	2,138
a) Provisions for pensions and other employee benefits	1,104	1,149
b) Other provisions	1,044	989
Current tax liabilities	174	192
Deferred tax liabilities	305	1,091
Other liabilities	711	826
Subordinated debt	5,507	5,736
Equity	5,251	4,952
a) Issued capital	547	547
b) Share premium	2,010	2,010
c) Retained earnings	2,614	3,278
d) Consolidated net profit/loss	76	-886
Minority interest	4	3
Total equity and liabilities	226,609	231,219

¹Prior-period figures restated

Statement of Changes in Equity

	Issued capital	Share premium	Retained earnings	Currency translation reserve	Revaluation reserve	Consolidated net profit/loss	Equity before minority interest	Minority interest	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at Jan. 1, 2008	410	1,160	3,502	-149	-556	856	5,223	2	5,225
Dividend payment			-205				-205		-205
Changes in retained earnings			856			-856	0		0
Capital increase	137	850					987		987
Total comprehensive income Jan. 1 – Dec. 31, 2008					-168	-821	-989	1	-988
IAS restatement				-2		-65	-67	-	-67
Treasury shares							-	-	-
Other changes							-	-	-
Balance at Dec. 31, 2008	547	2,010	4,153	-151	-724	-886	4,949	3	4,952
Dividend payment							-		-
Changes in retained earnings			-886			886	0		0
Total comprehensive income Jan. 1 – Dec. 31, 2009					222	76	298	1	299
Treasury shares							-	-	-
Other changes							-	-	-
Balance at Dec. 31, 2009	547	2,010	3,267	-151	-502	76	5,247	4	5,251

Segment reporting by business division

	Retail Banking		Corporate Banking ¹		Transaction Banking		Financial Markets		Others		Consolidation		Group ¹	
	2009 €m	2008 €m	2009 €m	2008 €m	2009 €m	2008 €m	2009 €m	2008 €m	2009 €m	2008 €m	2009 €m	2008 €m	2009 €m	2008 €m
Net interest income	2,141	2,226	543	386	1	4	125	162	-496	-281	91	-2	2,405	2,495
Net trading income	-32	25	-140	-92	-	-	47	-6	-282	-325	-91	9	-498	-389
Net income from investment securities	-	-2	-51	-241	-	-	-21	-110	-76	-895	-	-1	-148	-1,249
Net fee and commission income	1,113	1,178	104	107	322	340	27	57	-42	-33	-195	-218	1,329	1,431
Balance sheet-related revenues	3,222	3,427	456	160	323	344	178	103	-896	-1,534	-195	-212	3,088	2,288
Administrative expenses	-2,136	-2,220	-180	-171	-317	-312	-90	-92	-922	-973	781	799	-2,864	-2,969
Allowance for losses on loans and advances	-345	-304	-300	-143	-	-	-33	-22	-	-29	-	-	-678	-498
Other income/expenses	29	26	-2	1	33	16	5	-3	577	662	-586	-587	56	115
Profit/loss before tax	770	929	-26	-153	39	48	60	-14	-1,241	-1,874	0	0	-398	-1,064
Cost/income ratio (CIR)	66.3%	64.8%	39.5%	106.9%	98.1%	90.7%	50.6%	89.3%	-	-	-	-	92.7%	129.8%
Return on equity before taxes (RoE)	34.9%	41.9%	-4.8%	-37.4%	-	-	8.1%	-2.2%	-78.6%	-145.9%	-	-	-7.8%	-23.3%
Segment assets	89,882	87,048	34,679	28,650	399	351	30,710	31,437	101,506	115,812	-30,567	-32,079	226,609	231,219
Segment liabilities	119,754	107,579	29,684	23,023	399	351	28,379	27,113	78,960	105,232	-30,567	-32,079	226,609	231,219

¹Prior-period figures restated

Income Statement

Net interest income

	2009 €m	2008 €m
Interest and current income		
Interest income from:		
Lending and money market transactions	5,445	6,245
Fixed-income and book-entry securities	2,493	3,377
Trading operations	40	202
Net gains/losses on hedges	-5	28
	7,973	9,852
Current income from:		
Equities and other non-fixed-income securities	5	75
Investments in associates	9	11
	14	86
	7,987	9,938
Interest expense on:		
Deposits	3,975	6,292
Securitized liabilities	563	641
Subordinated debt	261	307
Swaps	739	5
Trading operations	44	198
	5,582	7,443
Total	2,405	2,495

	2009 €m	2008 €m
Gains on the fair value remeasurement of hedged items	197	2,797
Losses on the fair value remeasurement of hedging instruments	-202	-2,769
Total	-5	28

Allowance for losses on loans and advances

	2009 €m	2008 ¹ €m
Cost of additions to allowance for losses on loans and advances		
Specific valuation allowances	746	521
Portfolio-based valuation allowances	31	32
Cost of additions to provisions for credit risks	14	23
Direct loan write-offs	63	39
Income from reversals of the allowance for losses on loans and advances		
Specific valuation allowances	146	92
Income from the reversal of provisions for credit risks	14	4
Recoveries on loans previously written off	16	21
Total	678	498

¹Prior-period figures restated

Net fee and commission income

	2009 €m	2008 €m
Giro business	370	364
Securities business	133	165
Lending and guarantee business	128	116
Branch business	445	473
Other fee and commission income	253	313
Total	1,329	1,431

Net trading income

	2009 €m	2008 €m
Net income from sale of securities and loans	45	37
Net gains/losses on remeasurement of securities and loans		
Bonds and other fixed-income securities	41	-48
Equities	3	-
Loans (held for trading)	2	13
	46	-35
Net gains/losses on derivatives carried in the trading portfolio and the banking book		
Gain on derivatives	4,929	18,787
Loss on derivatives	-5,542	-19,150
	-613	-363
Net gains/losses from application of the fair value option		
of which loans and advances to customers	64	433
of which derivatives substantively linked to the fair value option	-84	-422
	-20	11
Foreign exchange gain/loss	51	-33
Net fee and commission income carried in the trading portfolio	-7	-6
Total	-498	-389

Net income from investment securities

	2009 €m	2008 €m
Net income from loans-and-receivables investment securities	-126	-486
thereof net income from sale	93	2
Gains on sale	159	59
Losses on sale	66	57
thereof net impairment loss	-219	-488
Net income from available-for-sale investment securities	-44	-786
thereof net income from sale	4	-650
Gains on sale	66	205
Losses on sale	62	855
thereof net impairment loss	-48	-136
Net income from loans to other banks	-2	-
thereof net income from sale of loans and receivables	-2	-
Net income from loans to customers	19	30
thereof net income from sale of loans and receivables	19	30
Net income from investments in associates	5	-7
Total	-148	-1,249

	2009 €m	2008 €m
Net income from bonds and promissory note loans	104	-6
Net income from equities and other non-fixed-income securities	10	-612
Net income from investments in associates	5	-7
Impairment	-267	-624
Total	-148	-1,249

Administrative expenses

	2009 €m	2008 €m
Staff costs		
Wages and salaries	1,070	1,092
Social security contributions	108	106
Expenses for pensions and other benefits	228	212
	1,406	1,410
Other administrative expenses	1,295	1,373
Amortization of intangible assets	74	95
Depreciation and writedowns of property and equipment	89	91
Total	2,864	2,969

Other income

	2009 €m	2008 €m
Income from property and equipment	36	27
Income from reversal of accruals	33	32
Income from reversal of other provisions	26	22
Reimbursements from internal welfare institutions	20	19
Participation in loss by silent partnerships and profit participation certificates outstanding	13	37
Income from uncollectable transactions	4	6
Miscellaneous	55	75
Total	187	218

Other expenses

	2009 €m	2008 €m
Additions to allowance for losses on loans and advances	19	17
Expenses for claims settlement and ex gratia payments	9	6
Expenses for other taxes	5	11
Expenses for the Federal Posts and Telecommunications Agency (BAntPT and StiftPT)	5	6
Expenses from property and equipment	3	6
Miscellaneous	90	80
Total	131	103

Balance Sheet**Loans and advances to other banks**

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Domestic banks		
Payable on demand	593	935
Other loans and advances	3,764	6,415
	4,357	7,350
Foreign banks		
Payable on demand	3,546	2,241
Other loans and advances	6,564	9,093
	10,110	11,334
Total	14,467	18,684

Loans and advances to customers

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Private mortgage lending	70,217	69,370
Home savings loans	3,766	3,581
Commercial loans	30,383	24,277
Public sector	1,589	2,182
Installment credits	3,620	2,973
Other loans and advances	1,468	2,935
Total	111,043	105,318
thereof:		
Secured by mortgage charges	56,561	54,319
Public-sector loans	2,871	2,182

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Domestic customers	88,760	83,404
Foreign customers	22,283	21,914
Total	111,043	105,318

Total credit extended

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Loans and advances to other banks	14,467	18,684
Loans and advances to customers	111,043	105,318
Guarantees	1,105	1,296
Total	126,615	125,298

Allowance for losses on loans and advances

	Dec. 31, 2009 €m	Dec. 31, 2008 ¹ €m
Allowances for losses on loans and advances to other banks	64	52
Allowances for losses on loans and advances to customers	1,577	1,271
Total allowances for losses on loans and advances	1,641	1,323
Provisions for credit risks	42	48
Total	1,683	1,371

The allowance for losses on loans and advances carried under assets changed as follows in the year under review:

	Specific valuation allowances		Portfolio-based valuation allowances		Total	
	2009 €m	2008 ¹ €m	2009 €m	2008 €m	2009 €m	2008 ¹ €m
Balance at Jan. 1	1,209	1,071	114	83	1,323	1,154
Reclassification	-5	-	5	-	0	-
Additions						
Allowance charged to the income statement	746	521	31	32	777	553
Disposals						
Utilization	261	260	-	1	261	261
Allowance reversed to the income statement	146	92	-	-	146	92
Unwinding	48	33	-	-	48	33
Currency translation differences	4	-2	-	-	4	-2
Balance at Dec. 31	1,491	1,209	150	114	1,641	1,323

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

	Dec. 31, 2009 €m	Dec. 31, 2008 ¹ €m
Specific valuation allowances		
Private mortgage lending	429	394
Home savings loans	10	12
Commercial loans	412	313
Public sector	-	-
Installment credits	167	118
Other loans and advances	409	320
Portfolio-based valuation allowances	150	114
Total	1,577	1,271

¹Prior-period figures restated

Trading assets

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Bonds and other fixed-income securities		
Public-sector issuers	147	28
Other issuers	525	458
	672	486
Equities and other non-fixed-income securities		
Building loans held for trading	212	216
Positive fair values of derivatives carried as trading assets	18,640	15,209
Positive fair values of banking book derivatives	450	459
Positive fair values from derivatives relating to hedged items accounted for under the fair value option	197	185
Total	20,471	16,573

Investment securities

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Bonds and other fixed-income securities		
Public-sector issuers	24,887	26,617
Other issuers	46,937	55,855
	71,824	82,472
Equities and other non-fixed-income securities		
Equities	4	-
Investment fund shares	460	475
	464	475
Investments in associates	19	19
Investments in unconsolidated subsidiaries	52	92
Total	72,359	83,058

Intangible assets

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Acquired goodwill	1,651	1,631
Acquired software, concessions, industrial rights	622	649
Internally generated intangible assets and software	68	80
Advance payments on intangible assets and in-process intangible assets	27	11
Total	2,368	2,371

Property and equipment

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Land and buildings	686	721
Operating and office equipment	142	141
Advance payments and assets under development	10	17
Total	838	879

Other assets

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Prepaid expenses	478	452
Trade receivables	107	116
Receivables from tax authorities	14	12
Advances to members of the mobile sales force	13	12
Miscellaneous	133	78
Total	745	670

Deposits from other banks

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Domestic banks		
Payable on demand	468	2,043
With an agreed maturity or withdrawal notice	28,434	42,700
	28,902	44,743
Foreign banks		
Payable on demand	1,289	1,533
With an agreed maturity or withdrawal notice	9,127	16,514
	10,416	18,047
Total	39,318	62,790

Due to customers

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Savings deposits		
With an agreed withdrawal notice of three months	48,876	34,663
With an agreed withdrawal notice of more than three months	177	361
	49,053	35,024
Home savings deposits	16,341	16,196
thereof: on terminated contracts	72	67
thereof: on allotted contracts	6	6
Other amounts due		
Payable on demand	33,569	26,891
With an agreed maturity or withdrawal notice	33,025	39,361
	66,594	66,252
Total	131,988	117,472
Domestic customers	125,982	110,293
Foreign customers	6,006	7,179
Total	131,988	117,472

Securitized liabilities

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Public-sector mortgage bonds (<i>Pfandbriefe</i>)	1,735	–
Mortgage bonds (<i>Hypothekendarlehenpfandbriefe</i>)	4,237	3,675
Other debt instruments	10,750	12,667
Total	16,722	16,342

Trading liabilities

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Negative fair values of trading derivatives	19,229	14,638
Negative fair values of banking book derivatives	2,223	1,577
Negative fair values from derivatives relating to hedged items accounted for under the fair value option	982	772
Total	22,434	16,987

Provisions

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Provisions for pensions and other employee benefits	1,104	1,149
Provisions for home savings business	758	715
Miscellaneous other provisions	286	274
Total	2,148	2,138

Other liabilities

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Liabilities from other taxes	231	243
Trade payables	118	189
Liabilities from expenses for management bonuses	68	79
Liabilities from expenses for outstanding invoices	55	56
Deferred income	54	45
Liabilities from expenses for commissions and premiums	50	52
Liabilities from expenses for outstanding vacation entitlements and other compensated absences	43	54
Miscellaneous liabilities	92	108
Total	711	826

Subordinated debt

	Dec. 31, 2009 €m	Dec. 31, 2008 €m
Subordinated liabilities	2,589	2,774
Hybrid capital instruments	1,681	1,687
Profit participation certificates outstanding	1,224	1,237
Contributions by typical silent partners	13	38
Total	5,507	5,736

Risk-weighted assets and capital ratio

	Dec. 31, 2009 €m	Dec. 31, 2008 ¹ €m
Credit and counterparty risk	57,738	60,615
Market risk positions	9,725	9,100
Operational risk	6,538	6,450
Total capital charge	74,001	76,165
Tier 1 capital	4,906	4,837
thereof: hybrid capital instruments	1,613	1,615
Tier 2 capital	1,866	3,061
thereof: profit participation certificates outstanding	1,115	1,152
thereof: subordinated liabilities	2,233	2,445
Tier 3 capital	0	0
Eligible own funds	6,772	7,898
Tier 1 ratio in %	7.6	7.2
Capital ratio in %	9.2	10.4

¹Prior-period figures restated

Restatement of prior-year and prior-quarter figures

As part of a random sampling examination that was conducted by the Deutsche Prüfstelle für Rechnungslegung e.V. (the Financial Reporting Enforcement Panel, FREP), the view was taken that the allowance for losses on loans and advances in the amount of €90 million posted during the first nine months of 2009 should have been recognized in the 2008 consolidated financial statements. In order to avoid delaying the preparation of the 2009 consolidated financial statements, the Bank has concurred with this appraisal, especially since the result remains unchanged when viewed across both reporting periods. The issue involves a mere period shift.

The retrospective adjustment led to an increase in the cost of additions to the allowance for losses on loans and advances of €90 million in fiscal year 2008. The allowance for losses on loans and advances increased accordingly by €90 million. The adjustment also led to an increase in income from deferred taxes in the amount of €25 million and to an adjustment of the foreign currency translation reserve of €-2m, thus increasing the consolidated net loss for 2008 by €65 million. In the course of the retrospective changes, earnings per share, segment reporting, the cash flow statement, the statement of changes in equity, and the prior-quarter figures have been adjusted accordingly.

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The numbers in this document are still provisional. The annual financial statements of Deutsche Postbank AG and the annual consolidated financial statements are still provisional. The approval of the supervisory board is yet to come. Due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide.