# 2015

## POSTBANK GROUP
## INTERIM REPORT AS OF JUNE 30, 2015

Postbank

# POSTBANK GROUP IN FIGURES

| | | Jan. 1 – June 30, 2015 | Jan. 1 – June 30, 2014[1] |
|---|---|---|---|
| **Consolidated income statement** | | | |
| Total income | €m | 1,720 | 2,148 |
| Administrative expenses | €m | –1,282 | –1,339 |
| Profit before tax | €m | 259 | 538 |
| Consolidated net profit | €m | 243 | 355 |
| **Total cost/income ratio** | % | 82.2 | 70.9 |
| **Return on equity** | | | |
| before tax | % | 7.8 | 17.1 |
| after tax | % | 7.3 | 11.3 |
| **Earnings per share[2]** | € | 1.11 | 1.62 |

| | | June 30, 2015 | December 31, 2014 |
|---|---|---|---|
| **Consolidated balance sheet** | | | |
| Total assets | €m | 154,120 | 155,447 |
| Customer deposits | €m | 103,835 | 103,007 |
| Customer loans | €m | 94,625 | 94,908 |
| Allowance for losses on loans and advances | €m | 1,176 | 1,361 |
| Equity | €m | 6,605 | 6,601 |
| **Common Equity Tier 1 capital ratio, regular phased-in** | % | 10.3/10.7[3] | 11.0 |
| **Common Equity Tier 1 capital ratio, fully phased-in** | % | 9.7/10.1[3] | 10.5 |
| **Headcount (FTEs)** | thousand | 14.94 | 14.77 |
| **Long-term ratings** | | | |
| Fitch | | A–/outlook negative | A+/outlook negative |

| | | June 30, 2015 | June 30, 2014 |
|---|---|---|---|
| **Information on Postbank shares** | | | |
| Share price at the balance sheet date | € | 36.50 | 37.20 |
| Share price (Jan. 1 – June 30) | high € | 37.00 | 38.30 |
| | low € | 31.99 | 34.91 |
| Market capitalization on June 30 | €m | 7,986 | 8,139 |
| Number of shares | million | 218.8 | 218.8 |

[1]Including the discontinued operation
[2]Based on 218.8 million shares
[3]Taking interim profit into account

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# DEVELOPMENTS IN H1 2015

## PRIVATE DEMAND FOR LOANS REMAINS HIGH

Postbank was able to further expand its already high level of new lending business in the first half of 2015. With 200,000 new customers, the success of our checking business also continued unabated.

### Checking accounts and demand deposits continue to be a success

With 5.27 million private checking accounts as of June 30, 2015, Postbank was once again able to expand its book compared with the prior year. As a result, the Bank remained unchallenged as the largest provider on the German market. With more than 200,000 newly opened private checking accounts in the first six months of 2015, Postbank once again demonstrated its selling power.

### Savings deposits on a downward trend in low interest rate environment

Deposit volumes in Postbank's core business, at €103.8 billion, showed little change compared with the end of the prior year. In the process, the volume of savings products decreased by around 2.3 % to €47.9 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 that has generated positive momentum for new business since its launch.

### New business in consumer credits sees further growth

New consumer credit business also had a very satisfying performance in the first half of 2015 – volumes once again exceeded the prior-year level by 2.4 %, reaching approximately €1.2 billion. Direct bank sales continued to play an important role here, constituting almost 27 % of new business volumes.

Total consumer credits also continued to increase without compromising portfolio quality. At €6.0 billion as of June 30, 2015, they were up approximately €0.6 billion or 11 % over the corresponding prior-year figure. Portfolio volumes at Postbank have risen by 4.4 % since the end of 2014. In contrast, the Deutsche Bundesbank reported an increase in consumer credit growth of 1.4 % for all German banks for the first five months of 2015.

### New home savings products successfully introduced

In the new home savings business at BHW Bausparkasse AG, volumes of around €5.3 billion were generated in total home savings written, which corresponds approximately to the prior-year level. The business was fueled primarily by €3.1 billion generated by Postbank Finanzberatung and the €1.2 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 €0.9 billion represented a significant expansion.

Since the start of 2014, BHW has been the Group-wide brand of Deutsche Bank for home savings products. This close cooperation bundles the home-savings competencies of Postbank and Deutsche Bank and serves the future-oriented further development of the home savings business division in the Group. Its first achievement has been the shared range of products on offer since January 2014. A new "Riester pension" product joined that line up on June 1, 2015.

The performance capability of the new home savings products was demonstrated almost immediately in February 2014. A test in the 2/2014 edition of the financial magazine "Capital" showed that BHW is "top of the line" for purchasers and renovators thanks to the new home savings products "BHW WohnBausparen" and "BHW WohnBausparen Plus." The new tariffs came in first place in market comparison. Likewise, a recent study conducted by the financial publication FOCUS-MONEY (21/2015 edition) rated BHW as "very good" overall when it comes to customer satisfaction.

### Mortgage lending trend remains positive

Including disbursed home savings loans, our customers borrowed some €5.4 billion in financial resources for private construction projects by mid-2015 despite tough competition, some 22 % more than the good level of the previous year. Of that, new business acquired under the BHW brand amounted to around €2.0 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 51 % to €3.4 billion.

The mortgage loan portfolio as of June 30, 2015, including third-party portfolios acquired, totaled approximately €71.2 billion, some €0.7 billion below the year-end value for 2014. Given market volumes of around €858.1 billion, unchanged vis-à-vis the first quarter of 2015, this figure corresponds to a strong market share of more than 8 %.

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 linked to the platform.

**Subdued securities and retirement provision business**

In the securities business, the situation on capital markets and the low interest rate level had a positive impact on the equities business and a negative one on the bonds business. The Bank was able to increase new business by just under 3 % to €950 million compared with the prior year. Overall, managed volumes climbed 3.9 % to €13.9 billion year-on-year.

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 reorientation, currently being discussed with the insurance partner and the sales units, should lead to a marked revival of the business division.

Sales in the non-life insurance business with HUK-COBURG performed below target in the first half-year of 2015. More efficient processes in offers and advice should generate a stronger business momentum for the full year.

**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. The corresponding portfolio of loans on June 30, 2015, totaled €6.9 billion compared with €7.1 billion in the prior year.

In the area of payment transactions in the first half of 2015, we managed to increase the number of transactions we processed for our main target group of German SMEs by around 2.6 % compared with the prior-year period, from 378 million to 388 million.

The investment volumes of our business and corporate customers were purposefully cut further back in light of the current interest rate situation and amounted to €5.9 billion as of June 30, 2015, which as expected was markedly lower than the comparable prior-year figure of €8.2 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 €2 billion to €31.5 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 €9.9 billion and liabilities from €22.1 billion to €21.6 billion in the first six months of 2015.

# INTERIM MANAGEMENT REPORT AS OF JUNE 30, 2015

## REPORT ON ECONOMIC POSITION

### Overall economic parameters

#### Macroeconomic environment

In the first half of 2015, the growth of the global economy was restrained. In industrial countries as a whole, the economic situation improved a bit compared with the prior year. On balance, growth in emerging markets deteriorated, but there continued to be major variances within both sets of countries. Primarily those profiting from the low price of oil as importers showed signs of an accelerated recovery. Falling raw-material prices and the strong US dollar hindered economic progress in countries that depend on the export of raw materials or that have closely tied their currencies to the US dollar.

In the United States, the economy grew only moderately. Adverse weather conditions at the start of the year put such a damper on growth that gross domestic product (GDP) even shrank slightly in the first quarter. The economy recovered later but exhibited less vigor. Exports were tempered by merely moderate growth in global demand and the strong US dollar. Investments, especially in the energy sector, were dragged down by sinking oil prices. But the positive trend on the labor market continued. Gainful employment continued to expand, but it could not maintain the brisk pace of the prior year. At the same time, unemployment fell to a seven-year nadir.

In the eurozone, the economic recovery gained speed. First-quarter GDP rose by 0.4 % compared with its immediate predecessor, and the second quarter, in light of current information, should have achieved a comparable growth rate. The expansionary momentum was fueled primarily by private consumption, which had profited from the labor market's moderate recovery and the greater spending power proffered by lower oil prices. In addition, companies stepped up their investments in machinery and equipment. Because lively domestic demand led imports to outstrip exports, foreign trade put a restraining hand on growth despite the weak euro. The significant drop in oil prices engendered an inflation rate that was very low in the first half-year.

The Germany economy continued its recovery during that period. But GDP gains in the first quarter, at 0.3 %, were modest. An essential mainstay of the economy turned out to be private consumption, which grew sharply from rapid gains in real income. Investments in machinery, equipment and construction also rose, with the latter profiting from the mild weather. In contrast, growth took a hit from foreign trade and its powerful surge in imports, but is likely to have picked up slightly in the second quarter. While the upward trend in private consumption and gross capital expenditures continued apparently unabated, foreign trade is also likely to have made a positive contribution to GDP expansion. The healthy economy was also positive for the job market. Unemployment continued to retreat while employment again gained ground, but lost some of its momentum. Contributing factors here are likely to have been increasing bottlenecks in the supply of labor, full pensions with no deductions at the age of 63 and the introduction of the minimum wage. The lackluster global economy and the crisis in Greece also served as a growing shadow on company spirits during the early part of the year. Most recently the ifo Business Climate Index fell twice in succession after marked gains in prior months.

On the whole the trends in macroeconomic conditions in Germany and the eurozone corresponded substantially with the forecasts we made in our 2014 Annual Report. In the U.S.A., however, they fell below our expectations.

After the failure of talks with Greece concerning an extension of the second financial assistance program, state and government heads of member countries of the European Monetary Union (EMU) reached a basic agreement on July 13, 2015, regarding the restart of negotiations for a third financial assistance program with a maturity of three years. Greece's financing requirements were estimated at €82 billion to €86 billion. The contributions of other EMU countries are to be financed through the European Stability Mechanism (ESM). In addition, it was agreed that the country would apply for continued support from the International Monetary Fund (IMF). Greece, in return, undertook to implement extensive reforms and create a €50 billion trust fund incorporating Greek state assets. The privatization revenues to be generated from the fund are supposed to be used mainly to repay debts, with a portion also serving to finance investments. The agreement was approved by all the required institutions in all of the EMU member states. In addition, Greece's parliament has already passed several reforms and implemented a portion of them. This cleared a path for the European Financial Stabilization Mechanism (EFSM) to provide a bridging loan in the amount of €7.2 billion. The bridging loan is meant to put Greece in a position to meet its financial obligations as they wait for the outcome of negotiations for the third bailout, which will probably take some time. Moreover, ESM funds can only flow once talks end. For the most part, Greece used the liquidity from the EFSM to make payments on bonds at the time of their maturity held predominantly by the European Central Bank (ECB) and to settle arrears with the International Monetary Fund (IMF) in the amount of some €2 billion.

The start of 2015 was 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 over German Bunds dropped markedly through March and reached their lowest level 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 of this development was an announcement made by the ECB concerning the launch of an extensive bond purchasing program that includes government bonds. A supporting role was also played here by further economic stabilization in the countries concerned. It was followed, however, by a distinct countermovement. Yield spreads again broadened mildly at the start, based primarily on profit-taking in this phase. Then, yield levels climbed substantially following a general rise in capital market interest rates. The yield spreads of Italian, Spanish and Portuguese government bonds over German Bunds were driven even higher by uncertainty generated by the growing fear that negotiations on further support for Greece would fail and that the country might potentially exit the monetary union. Signs of an agreement on another assistance program for Greece caused another dip after the

start of the second half-year. Ultimately, yield spreads for Italian and Portuguese bonds fell appreciably below the level reached at the start of the year while Spanish bonds were slightly above that level.

The 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 private sector lending in the eurozone, decided to massively expand its existing purchasing program for asset-backed securities (ABSs) and covered bonds. Since March, it has also been acquiring bonds against central bank money 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. At times, however, the ECB has moderately exceeded this amount to prevent possible bottlenecks during summer holidays. The ECB is simultaneously holding its key interest rates in their current place. The main refinancing rate in the first half of the year 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 further expansive monetary policies in the eurozone, money market rates dropped even further. By mid-2015, the three-month Euribor was –0.01 %, 0.09 percentage points lower than at the prior-year end.

Capital market interest rates once again dropped dramatically in the first few months of the year. The yields of 10-year German Bunds plunged in April to a historic low of 0.07 % owing to market responses to the ECB's bond purchasing program as well as fears of deflation. It was followed by a sharp correction as numerous market players became convinced that the mid-term impact of the ECB program had been overestimated. At the same time, the economic recovery in the eurozone stabilized further and the inflation rate, which had been markedly negative, began to rise once again. This curbed deflation fears. Up until the half-year mark the yields of 10-year German Bunds rose to 0.76 %, bringing them 0.22 percentage points higher than at the end of 2014.

At the time of the publication of the 2014 Annual Report, 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. We did not expect more substantial changes with respect to long-term yields.

**Sector situation**

The persistent low interest rate environment was the dominant issue facing the European banking sector in the first half year of 2015.

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 rate of 6 % as defined by the Basel minimum capital requirements and/or below the rate individually imposed by the ECB. The ECB announced the individual Common Equity Tier 1 capital for the banks it directly supervises in March of this year.

In June 2015, the 28 European Union finance ministers agreed a draft law that splits off 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 from the deposit and lending business by July 2016 at the latest. The government coalition is now planning to delay implementation of the German law until legislation is agreed at the European level.

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 are to 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 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 three 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 March 2015 with those of the previous year's levels. All four banks generated net income both before and after tax. Only a single bank managed to boost net income before and after tax in comparison to the same prior-year period. Despite the low interest rate environment, all four reported higher net interest income than they did in the first quarter of 2014. A majority boosted net trading income. Half of them succeeded in increasing net fee and commission income. However, three of the banks saw a rise in administrative expenses during the indicated time period. Only one bank was able to decrease its cost/income ratio. Return on equity after tax climbed at one of the three banks that reported on this metric.

In the first half of 2015, the DAX rose by 11.6 %. Both banks listed in Germany's blue-chip index also saw stock prices rise in the period under review.

### Significant events in the Postbank Group (Postbank) in the first half 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.

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 took six key decisions, one of them being to focus its private and corporate customer business on market-leading customer advisory services. As a consequence, Deutsche Postbank AG should be deconsolidated. In executing its strategy Deutsche Bank AG's plans to float Deutsche Postbank AG on the stock market after a delisting in connection with an exclusion of minority interests, and 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. In the interim 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 P.O.S. Transact GmbH, which is expected to take place in the third quarter of 2015.

### 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 half of 2015, investments related to legal requirements in particular were a focal point at the Bank. Those include most notably the steps necessary to fulfill regulatory requirements.

Investments in maintaining the Bank's competitiveness in the first half of the year centered mainly on ensuring that the Bank has state-of-the art data processing systems and on structural 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 enhancing 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 €243 million in the first half of 2015, as against the prior-year figure of €209 million. Consolidated net profit including the discontinued operation amounted to €355 million in the first half of 2014.

Adjusted for significant non-recurring effects, profit before tax rose significantly year-on-year, climbing by €20 million or 7.2 % to €296 million. The adjustments related to the deconsolidation of the service companies (2014: €361 million), integration expenses (2014: €–22 million, 2015: €–37 million), expenses for legal risks (2014: €–37 million), interest on an additional tax payment for previous fiscal years (2014: €–32 million), and an additional payment under the bank levy (2014: €–9 million).

Healthy growth 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.

Combined net interest income and net fee and commission income declined by 4.4 % year-on-year in the first half of 2015, although there was a slight increase in net interest income. 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 under the contractual terms that came into force at the beginning of the year. The continuing encouraging trend in the allowance for losses on loans and advances led to a further decline compared with the already excellent prior-year figure. This trend received a further boost in the second quarter of 2015 from the agreement to sell 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. This was offset by the absence of the negative effects recognized in other expenses in the second quarter of 2014, which were due among other things to the repurchase of liabilities and expenses for

the actual and expected reimbursement of consumer loan processing fees.

The following comments on individual items primarily compare the results of continuing operations with the first half 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 €243 million in the first half of 2015 (previous year: €209 million). The discontinued operation accounted for €147 million in the first six months of the previous year.

At €259 million, profit before tax including the discontinued operation was down €279 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.

€199 million of the deconsolidation effect was attributable to the discontinued operation, which had generated profit before tax of €219 million in the first half of 2014. Here, too, profit before tax decreased, falling €60 million year-on-year to €259 million due to the €162 million in positive deconsolidation effects attributed to continuing operations. Profit after tax from continuing operations rose by €34 million or 16.3 %, since there was no repeat of the extraordinary tax liabilities incurred in the first half of 2014 in relation to an additional tax payment for previous fiscal years.

These factors caused total income to decline from €1,925 million to €1,720 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. 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. These factors led to continuing operations reporting a €48 million decline in income.

Net interest income was up slightly, rising by 0.4 % or €5 million to €1,255 million, with a positive trend from the first to the second quarter of 2015. 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 18.0 % year-on-year, partly also as a result of our de-risking strategy.

Net trading income improved from €–10 million in the first half of 2014 to €25 million in the reporting period. While income in the prior-year period was primarily 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 derivatives.

Net income from investment securities declined by €164 million to €44 million (first half of 2014: €208 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 €81 million or 17 % to €396 million. This was due to the new contractual terms applicable to the cooperation with Deutsche Post 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.

The allowance for losses on loans and advances decreased by a further €39 million to €81 million. On the one hand, this reflects the positive trend in the customer business, and particularly the highly stabilizing effect of our retail lending business with its significant proportion of highly collateralized German real estate loans, as well as the favorable macroeconomic environment. A further boost to this trend in the second quarter was the agreement to sell two non-performing loan portfolios, which resulted in a €26 million reversal of the allowance for losses on loans and advances. This reversal meant that, at 17 basis points, the annualized net additions ratio for the customer loan portfolio based on the first half of 2015 was significantly lower than in the first half of 2014 (25 basis points). The ratio for full-year 2014 was 28 basis points, while that for the first quarter of 2015 was 23 basis points.

Administrative expenses decreased by €57 million to €1,282 million in the reporting period, following €1,339 million in the first half 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.

Net other income and expenses amounted to €–98 million, following €–147 million in the first half of 2014. The prior-year period included extraordinary charges of €–69 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 decreased by €60 million to €259 million, primarily driven by the significant non-recurring effects from the bundling of the service companies that had been recognized on a proportionate basis in the prior year. Consolidated profit before tax declined by €279 million to €259 million, down from the figure of €538 million in the first half of 2014; this was due to the substantial positive effects in the prior-year period. Excluding these significant non-recurring effects, adjusted profit before tax increased by 7.2 % from €276 million in the first half of 2014 to €296 million in the first six months of 2015. The adjustments related to the deconsolidation of the service companies (2014: €361 million), integration expenses (2014: €–22 million, 2015: €–37 million), expenses for legal risks (2014: €–37 million), interest on an additional tax payment for previous fiscal years (2014: €–32 million), and an additional payment under the bank levy (2014: €–9 million).

Healthy growth 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 adjustment for income taxes of €–16 million (previous year: €–110 million), continuing operations generated a profit after tax of €243 million, following €209 million in the previous year. In the prior-year period, profit after tax from the discontinued operation amounted to €147 million, accounting for the year-on-year decrease in consolidated net profit from €355 million to €243 million.

Earnings per share attributable to continuing operations were €1.11 (previous year: €0.95). Including the discontinued operation, earnings per share in the prior-year period amounted to €1.62.

The return on equity before tax was 7.8 %. The figure of 17.1 % for the first half of 2014 mainly reflected positive non-recurring effects and also included the discontinued operation. The cost/income ratio for continuing operations was 82.2 %, following 78.7 % in the prior-year period.

### Segment reporting

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

### Retail Banking

Profit before tax in the Retail Banking segment rose by 1.6 % or €6 million year-on-year to €387 million. Given the 2.3 % decrease in income, this is primarily due to a tangible decline in expenses and 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 €6 million to €1,304 million. As a consequence, net interest income in the first half 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 14.7 % to €376 million. This decrease was mainly due to the amendments to the contract with Deutsche Post, which provides for lower fee and commission income and a simultaneous reduction in administrative expenses, with a negative effect on balance.

Net trading income – which is mainly generated by our BHW Bausparkasse AG subsidiary, part of this segment – increased by €20 million to €13 million. Substantial measurement effects relating to the mortgage loan portfolio to which the fair value option is applied and related interest rate derivatives were recognized in the first half of 2015; the overall effect was positive.

Total income amounted to €1,693 million, following €1,732 million in the prior-year period. This is primarily attributable to the amendments to the contract with Deutsche Post.

Administrative expenses decreased by €123 million or 14.1 % to €748 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. Although fees for Transaction Banking services are no longer recorded in operating expenses, they are still included in the calculation of the cost/income ratio via the other expenses item, since they form part of internal cost allocation. Compared with the first six months of 2014, internal cost allocations increased by €78 million to €443 million.

Contrary to expectations of a moderate upward trend, the allowance for losses on loans and advances declined by €32 million to €72 million. On the one hand, this was buoyed by the agreement to sell non-performing loans reached in the second quarter 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 mortgage lending business.

Net other income and expenses amounted to €–43 million, after €–11 million in the previous year. 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 half of 2014.

The cost/income ratio for the segment rose from 73.4 % to 74.9 %. The amendments to the terms of the contract with Deutsche Post had a major impact here, too.

### Corporate Banking

Profit before tax in the Corporate Banking segment rose by €7 million or 7.6 % compared with the first six months of the previous year, to €99 million. This is due in particular to the significant year-on-year decline in administrative expenses and allocated items.

Net interest income declined by 4.8 % or €7 million to €139 million, mainly as a result of lower volumes in the short-term deposit business and maturing high-margin transactions on the assets side.

At €1 million, net trading income was again only modest. Net income from investment securities amounted to €–3 million, following €0 million in the prior-year period. Net fee and commission income remained almost unchanged at €42 million.

Total income amounted to €179 million, after €189 million in the comparable prior-year period.

Administrative expenses declined by €14 million to €27 million due to lower non-staff operating expenses (€11 million), staff costs (€2 million), and restructuring expenses (€2 million). This was also primarily due to the transfer of the service companies, the expenses for which have been recognized since then as other expenses. The allowance for losses on loans and advances amounted to €11 million, following €12 million in the previous year.

Allocated items amounted to €–43 million, compared with €–48 million in the prior-year period. The cost/income ratio, including internal cost allocations, improved significantly from 48.0 % to 41.3 %.

### Financial Markets

The loss before tax recorded by the Financial Markets segment widened by €34 million year-on-year to €–42 million in the first half 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 €29 million to €–18 million. This is primarily due to the low interest rates in conjunction with the flat yield curve.

At €13 million, net trading income was in positive territory after breaking even in the previous year. 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 €–8 million to €–11 million. Administrative expenses were down €2 million to €29 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 €–25 million, following €–19 million in the prior-year period, due to higher allocated items at BHW Bausparkasse.

### Non-Core Operating Unit

The Non-Core Operating Unit (NCOU) segment recorded a loss before tax of €185 million, compared with a loss of €289 million in the prior-year period.

Net interest income rose by €35 million to €–172 million. This is primarily due to a reduction in high-interest liabilities, including the €1.5 billion jumbo issue that matured in 2014.

Net trading income increased by €1 million to €0 million.

Net income from investment securities improved significantly from €–7 million to €9 million. This was due on the one hand to gains realized in the first half of 2015 on the sale of peripheral eurozone bonds. On the other, there were no longer any negative effects from closed-end funds.

Administrative expenses were down by €6 million to €9 million, primarily due to the closure of the London branch.

Due to the positive market environment in the first half of 2015, there was no need to recognize 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, the allowance for losses on loans and advances decreased by €1 million. In the prior-year period, a total of €5 million was recognized in the allowance for losses on loans and advances.

Significantly lower expenses were recognized 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 €2 million from €–36 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 €0 million since there were no relevant effects to report in the first half of 2015.

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 unchanged at €2 million.

Net income from investment securities amounted to €11 million, following €373 million in the prior-year period. This is attributable to the above-mentioned non-recurring effect from the transfer of the service companies in 2014.

Net fee and commission income decreased by €35 million to €–14 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 €63 million to €469 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 €533 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., €–533 million.

Net other income and expenses amounted to €–61 million, following €–80 million in the prior-year period. This development is primarily due to the absence of the negative non-recurring effects recognized in the first half of 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 €154.1 billion as of June 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 non-current 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 €98.1 billion as of June 30, 2015, up €0.1 billion on the 2014 year-end figure of €98.0 billion.

Loans and advances to other banks rose by €0.6 billion to €20.2 billion as of June 30, 2015.

In line with our strategy, we reduced our holdings of investment securities in the first half of 2015 by another €1.9 billion as against the end of the previous year, to €31.5 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 €119.5 billion, up €0.2 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 €1.7 billion to €42.8 billion since the beginning of the year; by contrast, home savings deposits rose by €52 million to €18.9 billion and demand deposits increased by €2.9 billion.

Deposits from other banks declined by 1.1 % to €17.4 billion. Debt securities in issue declined by €1.2 billion to €3.4 billion due to mortgage *Pfandbriefe* that had reached maturity.

In line with trading assets, trading liabilities remained roughly on a level with the figure for December 31, 2014, at €0.8 billion.

### Equity

Recognized capital was up €4 million as against year-end 2014, at €6,605 million.

The regular phased-in Common Equity Tier 1 capital ratio required to be reported decreased from 11.0 % at the 2014 year-end to 10.3 %. The fully phased-in Common Equity Tier 1 capital ratio required to be reported declined to 9.7 % compared with the figure of 10.5 % recorded at the end of 2014. This decrease is due to the non-inclusion of the interim profit in the ratios as at June 30, 2015, as well as an increase in operational risk and higher deductions for Tier 1 capital. If the interim profit for the first half of 2015 had been taken into account, the regular phased-in Common Equity Tier 1 capital ratio would have amounted to 10.7 % as at June 30, 2015, and the fully phased-in Common Equity Tier 1 capital ratio would have amounted to 10.1 %.

All of the above-mentioned ratios were influenced by the positive performance of the customer business and the associated increase in risk-weighted assets as well as an increase in operational risk.

### Overall assessment of business performance in the first half 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 7.8 % (previous year, including the discontinued operation: 17.1 %). The cost/income ratio for continuing operations increased from 78.7 % to 82.2 %, 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.

No employee survey was carried out in the course of this year, and as a consequence no employee satisfaction scores were produced. There is no change to the expectation outlined in the Outlook section of the 2014 Annual Report that customer and employee satisfaction in 2015 will at least reach prior-year levels. This has been confirmed by our customer satisfaction surveys.

## REPORT ON POST-BALANCE SHEET DATE EVENTS

On July 7, 2015, Deutsche Bank AG confirmed, and provided the Management Board of Deutsche Postbank AG with further details of, its request in accordance with section 327a(1) of the *Aktiengesetz* (AktG – German Stock Corporation Act), submitted on April 27, 2015, for the Annual General Meeting of Deutsche Postbank AG to resolve on the transfer of the shares belonging to the other shareholders (minority shareholders) of Deutsche Postbank AG to Deutsche Bank AG, as the majority shareholder, in return for payment of an appropriate cash settlement (squeeze out).

In this context, Deutsche Bank AG determined that the cash settlement for the transfer of the shares held by the minority shareholders of Deutsche Postbank AG to Deutsche Bank AG will amount to €35.05 per no-par value registered share of Deutsche Postbank AG.

The necessary resolution is to be adopted at the Annual General Meeting of Deutsche Postbank AG planned for August 28, 2015.

On July 14, 2015, the Supervisory Board of Deutsche Postbank AG elected Mr. Stefan Krause as its Chairman, effective immediately. He replaces Rainer Neske, who stepped down from the Supervisory Board on May 28, 2015, effective from the end of June 25, 2015.

## OPPORTUNITY REPORT

### Low interest rates stimulate private demand for loans

The historically low interest rates have prompted retail customers to step up their spending and/or reduce their level of savings. The low rates are also spurring demand for private residential mortgages. Postbank has already profited from these trends with rises in new business for consumer loans and residential mortgages. In contrast, the volume of savings deposits at Postbank continued its decline, at –3.9 %, compared with the end of 2014.

### 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 consumer confidence in Germany. However, in the medium to long term, these factors could also have a retarding effect on employment trends.

### Monetary policy reversal 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 dramatically altered by decisions related to the future structure of the eurozone and, in particular, to the long-term refinancing of the union or its member countries. This would especially be the case 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. Uncertainty about the future direction of interest rates would likely result in higher long-term interest rates in premiums covering the interest rate risk and have a positive effect on margins in the customer business.

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 juxtaposed against mid- and long-term risks arising in the areas of credit, interest rate and liquidity risks in particular.

### Digitization in the banking sector continues

As an omni-channel bank, Postbank began early on to follow the trend towards 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

### Implementation of disclosure requirements

The following risk report includes selected disclosures on credit, market, and other risks in accordance with International Financial Reporting Standard 7 (IFRS 7) "Financial Instruments: Disclosures," in addition to information in accordance with German Accounting Standard 16 (2012) (GAS 16) on interim financial reporting.

### Summary overview of Postbank's risk exposure

Postbank's stable business model, with its focus on lending and deposit business with retail and business customers, did not result in any significant change in the Bank's risk profile despite the increase in financial market volatility.

The market risk capital requirement resulting from the Bank's banking book was down year-on-year as of 30 June 2015, due to a decrease in the interest rate risk position compared with the year-end closing date. There were no trading book activities in the first half of 2015. Retail and business customer lending profited from the improvement in the economic environment in Germany compared with the previous year; this was mainly boosted by the continuing strong labor market, and by trends in real estate prices and German industry. 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 half 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 in the first half of 2015 due to the ongoing positive trend in Postbank's customer business. This was also attributable to a 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 second half of 2015, we are expecting a continued positive trend in the risk situation, and that the macroeconomic environment will remain positive overall.

*Market risk*

Postbank's market risk is influenced in particular by interest rate and credit spread trends in the European bond markets. The money market remained at a historically low level, 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, most recently, a trend towards higher yields in the first half 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. Looking to the future, Postbank expects market risk utilization to remain at the same level as at present in the second half 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, the last two 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 half of 2015.

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.

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 introduction of a Regulatory Radar Committee (RRC) further optimized governance of the relevant bodies in the first half of 2015. The Regulatory Radar Committee reports regularly to Postbank's Bank Risk Committee (BRC).

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 directed at 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.

In the previous year, the ECB conducted a comprehensive assessment of the relevant banks in preparation for the introduction of the Single Supervisory Mechanism (SSM). Postbank was included in this as part of Deutsche Bank Group. The results will serve as the starting point for the work of the SSM in 2015. A Single Resolution Mechanism (SRM) has been agreed to supplement the SSM, with all elements scheduled to become effective by the beginning of 2016. Postbank is integrated into the Deutsche Bank Group's risk management in this respect. 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 being monitored and examined on an ongoing basis 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).

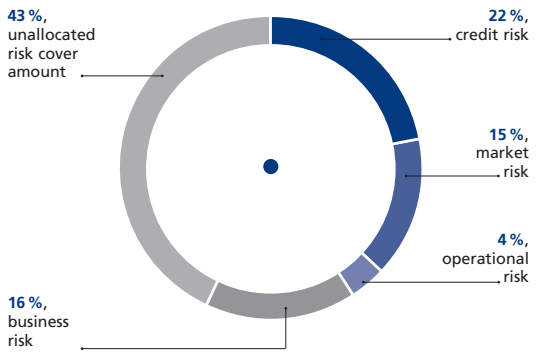
For the purposes of economic creditor protection, risk potential is calculated using a confidence level of 99.93 %. In this approach, the risk cover amount represents the economic asset value and is derived from the IFRS consolidated financial statements; it serves above all to protect prior-ranking 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 first half of fiscal year 2015 (calculated as of June 30, 2015):

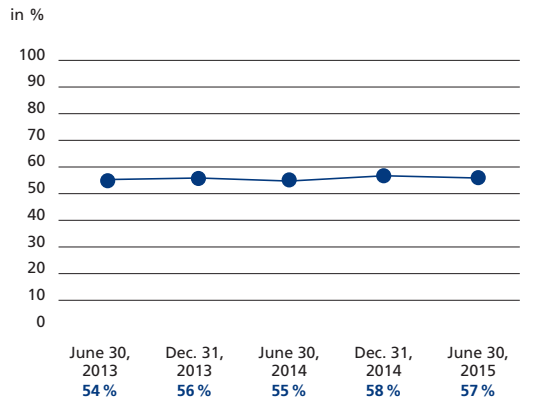
**Breakdown of Postbank's risk cover amount by risk type (approved risk capital)**




The absolute amount of economic creditor protection risk cover and a breakdown of the absolute amount of risk capital by risk type as of June 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 half of 2015, there was no change in the overall allocated capital compared with the 2014 year-end. The risk cover amount increased slightly and utilization therefore declined minimally compared with the start of 2015.

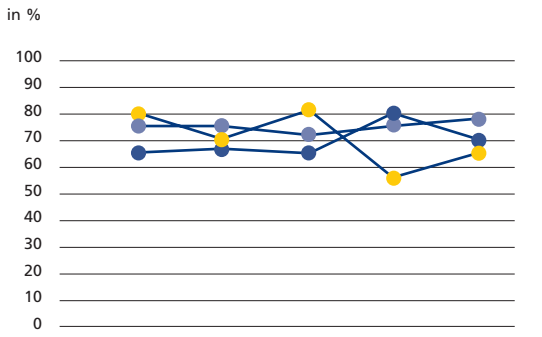
From a going concern perspective as well, the available risk cover amount (free Tier 1 capital) provides sufficient cover for the risk potential calculated.

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**




| | June 30, 2013 | Dec. 31, 2013 | June 30, 2014 | Dec. 31, 2014 | June 30, 2015 |
|---|---|---|---|---|---|
| Market risk | 67 % | 69 % | 64 % | 80 % | 70 % |
| Credit risk | 76 % | 77 % | 71 % | 77 % | 79 % |
| Operational risk | 80 % | 70 % | 81% | 57% | 66% |

As of the June 30, 2015, reporting date, utilization of the authorized risk capital for market risk in the narrower sense of the term amounted to 70 % (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. The authorized risk capital for credit risk was unchanged as against the 2014 year-end, at €2,800 million. Limit utilization amounted to 79 % as of June 30, 2015 (December 31, 2014: 77 %). The increase in the credit risk is due to a volume increase and ratings downgrades. Utilization of the authorized risk capital limit for operational risk increased from 57 % as of the 2014 year-end to 66 % as of June 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 distribution of closed-end funds, which has been discontinued in the meantime. 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.

Postbank took additional measures to reduce concentration risk in the Financial Markets and Non-Core Operating Unit segments.

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.

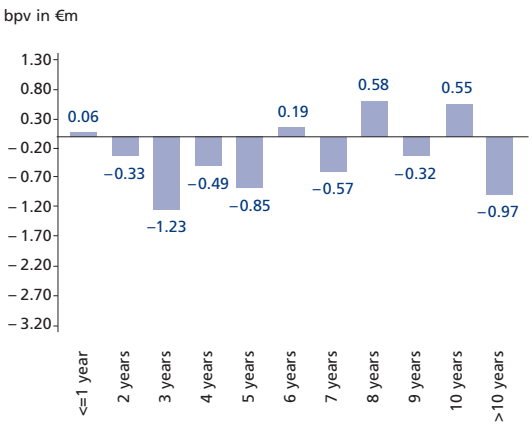
At present, based on the economic capital, a risk concentration is discernible in particular with respect to sovereign exposures.

### 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 June 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 June 30, 2015.

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



The graphic shows that the long positions as of the reporting date of June 30, 2015, are primarily concentrated in the medium-term maturity range of between three and five years as well as in the long-term maturity range of over ten years. In the eight- and ten-year maturity area, on the other hand, the majority of interest rate risk overhangs were on the short side. Overall, Postbank's strategic long interest rate position was reduced in the first half of the year using interest rate swaps. The total bpv as of June 30, 2015, amounted to €–3.4 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 limits authorized at Group and portfolio level were complied with at all times during the reporting period, with the exception of a one-day exceedance of the VaR limit in the Group banking book.

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 June 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 half 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 first half of 2015 and for the comparable period of 2014:

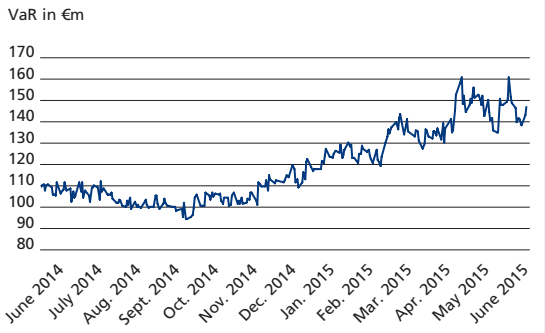
**Value at risk, market risk Postbank Group**

| Group VaR (99 %, 10 days) | VaR at end of half-year | | Maximum VaR | | Minimum VaR | | Average VaR | |
|---|---|---|---|---|---|---|---|---|
| | H1 2015 €m | H2 2014 €m | H1 2015 €m | H2 2014 €m | H1 2015 €m | H2 2014 €m | H1 2015 €m | H2 2014 €m |
| Interest rate risk | 66.6 | 43.5 | 98.8 | 49.6 | 42.9 | 18.2 | 61.8 | 32.7 |
| Equity/stock index risk | 5.0 | 3.5 | 5.3 | 4.0 | 3.5 | 2.4 | 4.1 | 3.4 |
| Currency risk | 2.5 | 0.6 | 5.7 | 8.3 | 0.3 | 0.6 | 2.3 | 1.8 |
| Other market risk (spread) | 103.1 | 97.0 | 120.0 | 108.7 | 95.4 | 89.4 | 107.6 | 99.0 |
| Diversification effects | –39.6 | –31.6 | –56.7 | –55.4 | –30.0 | –20.2 | –41.5 | –32.3 |
| **Total** | **137.6** | **113.0** | **160.4** | **119.5** | **109.0** | **94.3** | **134.3** | **104.6** |

The VaR for market risk (confidence level of 99 %, holding period of 10 days) amounted to a total of €138 million as of June 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) for Postbank for the period from July 1, 2014, to June 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 the year.

The 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 June 30, 2015, compared to the end of 2014 (volumes: IFRS carrying amounts):

| Credit risk | Volume | | Expected loss | | Economic capital[1] | |
|---|---|---|---|---|---|---|
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| Retail Banking | 75,381 | 76,361 | 304 | 297 | 848 | 794 |
| Corporate Banking | 14,235 | 13,928 | 45 | 47 | 326 | 307 |
| Financial Markets | 50,776 | 50,008 | 6 | 5 | 423 | 368 |
| Non-Core Operating Unit | 9,942 | 11,194 | 8 | 11 | 619 | 668 |
| Pension funds | n/a | n/a | 0 | 0 | 3 | 7 |
| **Total** | **150,334** | **151,491** | **363** | **360** | **2,219** | **2,145** |

[1]The underlying confidence level is 99.93 %.

The expected loss (EL) and the economic capital (EC) increased 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 (Retail, 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 due to maturing positions and model recalibrations.

The "Maximum counterparty credit risk" table depicts the maximum credit risk as of June 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 €422 million as of June 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 | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| **Trading assets** | **745** | **697** | **127** | **134** | **–** | **–** | **618** | **563** |
| Held for trading | 745 | 697 | 127 | 134 | – | – | 618 | 563 |
| **Hedging derivatives** | **85** | **119** | **0** | **–** | **–** | **–** | **85** | **119** |
| **Loans and advances to other banks** | **20,247** | **19,659** | **17,504** | **16,357** | **–** | **–** | **2,743** | **3,302** |
| Loans and receivables | 20,247 | 19,659 | 17,504 | 16,357 | – | – | 2,743 | 3,302 |
| Securities repurchase agreements | 17,573 | 16,373 | 17,504 | 16,357 | | – | 69 | 16 |
| Overnight money | 901 | 891 | – | – | | – | 901 | 891 |
| Loans | 361 | 384 | – | – | – | – | 361 | 384 |
| Registered bonds | 185 | 228 | – | – | | – | 185 | 228 |
| Term deposits | 1,103 | 1,101 | – | – | | – | 1,103 | 1,101 |
| Other loans and advances | 124 | 682 | – | – | – | – | 124 | 682 |
| **Loans and advances to customers** | **98,147** | **97,972** | **73,701** | **74,263** | **686** | **630** | **23,760** | **23,079** |
| Loans and receivables | 93,557 | 93,040 | 69,254 | 69,516 | 686 | 630 | 23,617 | 22,894 |
| Private mortgage lending | 63,972 | 64,317 | 61,848 | 62,060 | | – | 2,124 | 2,257 |
| Home savings loans | 3,367 | 3,564 | 3,258 | 3,425 | | – | 109 | 139 |
| Commercial loans | 14,094 | 13,775 | 4,148 | 4,031 | 686 | 630 | 9,260 | 9,114 |
| Public-sector receivables | 4,408 | 3,789 | – | – | | – | 4,408 | 3,789 |
| Installment loans | 6,338 | 6,098 | – | – | | – | 6,338 | 6,098 |
| Other loans and advances | 1,378 | 1,497 | – | – | | – | 1,378 | 1,497 |
| Fair value option | 4,590 | 4,932 | 4,447 | 4,747 | – | – | 143 | 185 |
| Private mortgage lending | 4,590 | 4,932 | 4,447 | 4,747 | | – | 143 | 185 |
| **Investment securities** | **31,115** | **33,044** | **–** | **–** | **–** | **–** | **31,115** | **33,044** |
| Loans and receivables | 18,043 | 20,642 | – | – | – | – | 18,043 | 20,642 |
| Bonds and other fixed-income securities | 18,043 | 20,642 | – | – | – | – | 18,043 | 20,642 |
| Available for sale | 13,072 | 12,402 | – | – | – | – | 13,072 | 12,402 |
| Bonds and other fixed-income securities | 12,798 | 12,195 | – | – | | – | 12,798 | 12,195 |
| Investment fund shares | 235 | 179 | – | – | – | – | 235 | 179 |
| Equity investments | 33 | 22 | – | – | | – | 33 | 22 |
| Investments in unconsolidated subsidiaries | 6 | 6 | – | – | | – | 6 | 6 |
| **Subtotal** | **150,339** | **151,491** | **91,332** | **90,754** | **686** | **630** | **58,321** | **60,107** |
| **Contingent liabilities from guarantees** | **388** | **394** | **–** | **–** | | **–** | **388** | **394** |
| **Revocable and irrevocable loan commitments[1]** | **19,658** | **19,054** | **–** | **–** | **–** | **–** | **19,658** | **19,054** |
| Revocable loan commitments | 13,726 | 13,984 | – | – | – | – | 13,726 | 13,984 |
| Irrevocable loan commitments | 5,932 | 5,070 | – | – | – | – | 5,932 | 5,070 |
| **Total** | **170,385** | **170,939** | **91,332** | **90,754** | **686** | **630** | **78,367** | **79,555** |

[1]2014 figure adjusted

The first half 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 first half of the year 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. There were no securities repurchase transactions requiring recognition (December 31, 2014: €2.4 billion).

€5.3 billion of the amount disclosed in the "investment securities" balance sheet item as of the end of the first half of 2015 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 June 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 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2015 €m | Dec, 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| **Trading assets** | **131** | **139** | **350** | **281** | **–** | **–** | **95** | **104** | **52** | **46** | **27** | **25** | **90** | **102** | **745** | **697** |
| Held for trading | 131 | 139 | 350 | 281 | – | – | 95 | 104 | 52 | 46 | 27 | 25 | 90 | 102 | 745 | 697 |
| **Hedging derivatives** | **–** | **–** | **85** | **119** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **85** | **119** |
| **Loans and advances to other banks** | **–** | **–** | **20,247** | **19,659** | **–** | **–** | **–** | **–** | **0** | **–** | **–** | **–** | **0** | **–** | **20,247** | **19,659** |
| Loans and receivables | – | – | 20,247 | 19,659 | – | – | – | – | 0 | – | – | – | 0 | – | 20,247 | 19,659 |
| Securities repurchase agreements | – | – | 17,573 | 16,373 | – | – | – | – | – | – | – | – | – | – | 17,573 | 16,373 |
| Overnight money | – | – | 901 | 891 | – | – | – | – | – | – | – | – | – | – | 901 | 891 |
| Loans | – | – | 361 | 384 | – | – | – | – | 0 | – | – | – | 0 | – | 361 | 384 |
| Registered bonds | – | – | 185 | 228 | – | – | – | – | – | – | – | – | – | – | 185 | 228 |
| Term deposits | – | – | 1,103 | 1,101 | – | – | – | – | – | – | – | – | – | – | 1,103 | 1,101 |
| Other loans and advances | – | – | 124 | 682 | – | – | – | – | – | – | – | – | – | – | 124 | 682 |
| **Loans and advances to customers** | **80,220** | **80,869** | **352** | **339** | **4,341** | **3,696** | **6,837** | **6,660** | **3,453** | **3,574** | **2,021** | **1,953** | **923** | **881** | **98,147** | **97,972** |
| Loans and receivables | 75,633 | 75,937 | 352 | 339 | 4,341 | 3,696 | 6,837 | 6,660 | 3,452 | 3,574 | 2,021 | 1,953 | 921 | 881 | 93,557 | 93,040 |
| Private mortgage lending | 63,828 | 64,141 | 1 | 1 | 1 | 1 | – | – | 25 | 27 | 0 | – | 117 | 147 | 63,972 | 64,317 |
| Home savings loans | 3,367 | 3,564 | – | – | – | – | – | – | – | – | – | – | – | – | 3,367 | 3,564 |
| Commercial loans | 771 | 680 | 319 | 314 | 9 | – | 6,837 | 6,660 | 3,425 | 3,544 | 2,021 | 1,953 | 712 | 624 | 14,094 | 13,775 |
| Public-sector receivables | – | – | – | – | 4,331 | 3,695 | – | – | 1 | 2 | – | – | 76 | 92 | 4,408 | 3,789 |
| Installment loans | 6,329 | 6,098 | 0 | – | 0 | – | – | – | 1 | – | 0 | – | 8 | – | 6,338 | 6,098 |
| Other loans and advances | 1,338 | 1,454 | 32 | 24 | – | – | – | – | 0 | 1 | 0 | – | 8 | 18 | 1,378 | 1,497 |
| Fair value option | 4,587 | 4,932 | – | – | 0 | – | – | – | 1 | – | – | – | 2 | – | 4,590 | 4,932 |
| Private mortgage lending | 4,587 | 4,932 | – | – | 0 | – | – | – | 1 | – | – | – | 2 | – | 4,590 | 4,932 |
| **Investment securities** | **–** | **–** | **13,307** | **14,551** | **15,362** | **16,078** | **–** | **–** | **1,095** | **1,199** | **678** | **622** | **673** | **594** | **31,115** | **33,044** |
| Loans and receivables | – | – | 8,076 | 9,746 | 8,950 | 9,757 | – | – | 404 | 484 | 305 | 344 | 308 | 311 | 18,043 | 20,642 |
| Available for sale | – | – | 8,076 | 9,746 | 8,950 | 9,757 | – | – | 404 | 484 | 305 | 344 | 308 | 311 | 18,043 | 20,642 |
| Bonds and other fixed-income securities | – | – | 5,231 | 4,805 | 6,412 | 6,321 | – | – | 691 | 715 | 373 | 278 | 365 | 283 | 13,072 | 12,402 |
| Equities | – | – | 4,979 | 4,619 | 6,412 | 6,321 | – | – | 690 | 715 | 373 | 278 | 344 | 262 | 12,798 | 12,195 |
| Investment fund shares | – | – | 235 | 179 | – | – | – | – | – | – | – | – | – | – | 235 | 179 |
| Equity investments | – | – | 12 | 1 | – | – | – | – | 0 | – | – | – | 21 | 21 | 33 | 22 |
| Investments in unconsolidated subsidiaries | – | – | 5 | 6 | – | – | – | – | 1 | – | – | – | 0 | – | 6 | 6 |
| **Subtotal** | **80,351** | **81,008** | **34,341** | **34,949** | **19,703** | **19,774** | **6,932** | **6,764** | **4,600** | **4,819** | **2,726** | **2,600** | **1,686** | **1,577** | **150,339** | **151,491** |
| **Contingent liabilities from guarantees** | **35** | **13** | **5** | **13** | **–** | **–** | **11** | **11** | **205** | **209** | **67** | **83** | **65** | **65** | **388** | **394** |
| **Revocable and irrevocable loan commitments[1]** | **17,140** | **16,521** | **31** | **53** | **160** | **1** | **142** | **123** | **1,184** | **1,355** | **682** | **705** | **319** | **296** | **19,658** | **19,054** |
| Revocable loan commitments | 12,810 | 13,128 | 8 | 37 | - | – | - | – | 465 | 453 | 340 | 267 | 103 | 99 | 13,726 | 13,984 |
| Irrevocable loan commitments | 4,330 | 3,393 | 23 | 16 | 160 | 1 | 142 | 123 | 719 | 902 | 342 | 438 | 216 | 197 | 5,932 | 5,070 |
| **Total** | **97,526** | **97,542** | **34,377** | **35,015** | **19,863** | **19,775** | **7,085** | **6,898** | **5,989** | **6,383** | **3,475** | **3,388** | **2,070** | **1,938** | **170,385** | **170,939** |

[1] 2014 figure 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 | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| **Trading assets** | **530** | **478** | **215** | **219** | **0** | **–** | **745** | **697** |
| Held for trading | 530 | 478 | 215 | 219 | 0 | – | 745 | 697 |
| **Hedging derivatives** | **15** | **54** | **44** | **43** | **26** | **22** | **85** | **119** |
| **Loans and advances to other banks** | **6,410** | **11,160** | **13,822** | **8,486** | **15** | **13** | **20,247** | **19,659** |
| Loans and receivables | 6,410 | 11,160 | 13,822 | 8,486 | 15 | 13 | 20,247 | 19,659 |
| Securities repurchase agreements | 4,659 | 8,729 | 12,914 | 7,644 | – | – | 17,573 | 16,373 |
| Overnight money | 256 | 303 | 630 | 576 | 15 | 12 | 901 | 891 |
| Loans | 172 | 176 | 189 | 208 | – | – | 361 | 384 |
| Registered bonds | 185 | 228 | – | – | – | – | 185 | 228 |
| Term deposits | 1,103 | 1,101 | – | – | – | – | 1,103 | 1,101 |
| Other loans and advances | 35 | 623 | 89 | 58 | 0 | 1 | 124 | 682 |
| **Loans and advances to customers** | **90,172** | **89,911** | **7,165** | **7,389** | **810** | **672** | **98,147** | **97,972** |
| Loans and receivables | 85,595 | 84,994 | 7,154 | 7,376 | 808 | 670 | 93,557 | 93,040 |
| Private mortgage lending | 60,262 | 60,435 | 3,657 | 3,828 | 53 | 54 | 63,972 | 64,317 |
| Home savings loans | 3,347 | 3,542 | 18 | 20 | 2 | 2 | 3,367 | 3,564 |
| Commercial loans | 9,935 | 9,713 | 3,413 | 3,454 | 746 | 608 | 14,094 | 13,775 |
| Public-sector receivables | 4,375 | 3,747 | 33 | 42 | – | – | 4,408 | 3,789 |
| Installment loans | 6,314 | 6,077 | 19 | 17 | 5 | 4 | 6,338 | 6,098 |
| Other loans and advances | 1,362 | 1,480 | 14 | 15 | 2 | 2 | 1,378 | 1,497 |
| Fair value option | 4,577 | 4,917 | 11 | 13 | 2 | 2 | 4,590 | 4,932 |
| Private mortgage lending | 4,577 | 4,917 | 11 | 13 | 2 | 2 | 4,590 | 4,932 |
| **Investment securities** | **11,687** | **12,794** | **18,614** | **19,365** | **814** | **885** | **31,115** | **33,044** |
| Loans and receivables | 6,877 | 8,176 | 10,788 | 11,965 | 378 | 501 | 18,043 | 20,642 |
| Available for sale | 4,810 | 4,618 | 7,826 | 7,400 | 436 | 384 | 13,072 | 12,402 |
| Bonds and other fixed-income securities | 4,544 | 4,416 | 7,818 | 7,395 | 436 | 384 | 12,798 | 12,195 |
| Investment fund shares | 235 | 179 | – | – | – | – | 235 | 179 |
| Equity investments | 25 | 22 | 8 | – | – | – | 33 | 22 |
| Investments in unconsolidated subsidiaries | 6 | 1 | – | 5 | – | – | 6 | 6 |
| **Subtotal** | **108,814** | **114,397** | **39,860** | **35,502** | **1,665** | **1,592** | **150,339** | **151,491** |
| **Contingent liabilities from guarantees** | **347** | **351** | **41** | **43** | **–** | **–** | **388** | **394** |
| **Revocable and irrevocable loan commitments[1]** | **19,418** | **18,855** | **223** | **186** | **17** | **13** | **19,658** | **19,054** |
| Revocable loan commitments | 13,671 | 13,936 | 44 | 37 | 11 | 11 | 13,726 | 13,984 |
| Irrevocable loan commitments | 5,747 | 4,919 | 179 | 149 | 6 | 2 | 5,932 | 5,070 |
| **Total** | **128,579** | **133,603** | **40,124** | **35,731** | **1,682** | **1,605** | **170,385** | **170,939** |

[1]2014 figure 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 | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| Greece | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.8 | 4.8 | 0.0 | 0.0 | 2.8 | 5.8 |
| Ireland | 357.9 | 372.0 | 45.1 | 211.5 | 2.5 | 2.9 | 48.8 | 37.2 | 73.7 | 74.3 | 528.0 | 697.9 |
| Italy | 3,282.5 | 3,404.8 | 801.3 | 814.6 | 2,315.6 | 2,461.3 | 388.3 | 383.7 | 0.0 | 0.0 | 6,787.7 | 7,064.4 |
| Portugal | 61.9 | 61.3 | 92.7 | 220.6 | 2.8 | 3.0 | 4.2 | 3.6 | 0.0 | 0.0 | 161.6 | 288.5 |
| Spain | 115.6 | 431.7 | 1,066.4 | 1,317.9 | 28.4 | 27.2 | 140.0 | 81.6 | 0.0 | 0.0 | 1,350.4 | 1,858.4 |
| **Total** | **3,817.9** | **4,269.8** | **2,005.5** | **2,564.6** | **2,350.3** | **2,495.4** | **583.1** | **510.9** | **73.7** | **74.3** | **8,830.5** | **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 €8.0 billion as of June 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 June 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 | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| **Trading assets** | **1** | **1** | **39** | **45** | **327** | **238** | **94** | **88** | **114** | **89** | **39** | **97** | **614** | **558** |
| Held for trading | 1 | 1 | 39 | 45 | 327 | 238 | 94 | 88 | 114 | 89 | 39 | 97 | 614 | 558 |
| **Hedging derivatives** | **–** | **–** | **–** | **–** | **82** | **118** | **3** | **1** | **–** | **–** | **–** | **–** | **85** | **119** |
| Held for trading | – | – | – | – | 82 | 118 | 3 | 1 | – | – | – | – | 85 | 119 |
| **Loans and advances to other banks** | **125** | **102** | **880** | **216** | **18,825** | **18,963** | **347** | **274** | **23** | **36** | **47** | **68** | **20,247** | **19,659** |
| Loans and receivables | 125 | 102 | 880 | 216 | 18,825 | 18.,963 | 347 | 274 | 23 | 36 | 47 | 68 | 20,247 | 19,659 |
| Securities repurchase agreements | – | – | 710 | – | 16,683 | 16,373 | 180 | – | – | – | – | – | 17,573 | 16,373 |
| Overnight money | – | 3 | 153 | 167 | 710 | 688 | 38 | 33 | – | – | – | – | 901 | 891 |
| Loans | 117 | 96 | – | – | 194 | 194 | – | – | 7 | 31 | 43 | 63 | 361 | 384 |
| Registered bonds | – | – | – | – | 57 | 63 | 128 | 165 | – | – | – | – | 185 | 228 |
| Term deposits | 3 | – | – | – | 1,100 | 1,101 | – | – | – | – | – | – | 1,103 | 1,101 |
| Other loans and advances | 5 | 3 | 17 | 49 | 81 | 544 | 1 | 76 | 16 | 5 | 4 | 5 | 124 | 682 |
| **Loans and advances to customers** | **4,249** | **3,273** | **2,904** | **2,612** | **1,617** | **1,820** | **4,614** | **4,363** | **3,591** | **3,633** | **518** | **838** | **17,493** | **16,539** |
| Loans and receivables | 4,249 | 3,273 | 2,904 | 2,612 | 1,617 | 1,820 | 4,614 | 4,363 | 3,591 | 3,633 | 515 | 838 | 17,490 | 16,539 |
| Private mortgage lending | 17 | 16 | 11 | 10 | 24 | 25 | 38 | 33 | 10 | 40 | 18 | 22 | 118 | 146 |
| Commercial loans | 1,582 | 1,450 | 1,232 | 932 | 1,593 | 1,795 | 4,576 | 4,329 | 3,548 | 3,560 | 385 | 497 | 12,916 | 12,563 |
| Public-sector receivables | 2,650 | 1,807 | 1,660 | 1,669 | – | – | – | – | 33 | 33 | 65 | 280 | 4,408 | 3,789 |
| Other loans and advances | – | – | 1 | 1 | – | – | – | 1 | – | – | 39 | 39 | 40 | 41 |
| **Investment securities** | **12,190** | **12,832** | **8,761** | **8,594** | **8,090** | **8,841** | **1,717** | **2,191** | **325** | **554** | **21** | **18** | **31,104** | **33,030** |
| Loans and receivables | 5,465 | 6,235 | 5,244 | 5,320 | 6,220 | 7,215 | 850 | 1,373 | 253 | 481 | – | 4 | 18,032 | 20,628 |
| Bonds and other fixed-income securities | 5,465 | 6,235 | 5,244 | 5,320 | 6,220 | 7,215 | 850 | 1,373 | 253 | 481 | – | 4 | 18,032 | 20,628 |
| Available for sale | 6,725 | 6,597 | 3,517 | 3,274 | 1,870 | 1,626 | 867 | 818 | 72 | 73 | 21 | 14 | 13,072 | 12,402 |
| Bonds and other fixed-income securities | 6,725 | 6,597 | 3,517 | 3,268 | 1,633 | 1,447 | 867 | 818 | 56 | 65 | – | – | 12,798 | 12,195 |
| Investment fund shares | – | – | – | – | 235 | 179 | – | – | – | – | – | – | 235 | 179 |
| Equity investments | – | – | – | – | 1 | – | – | – | 16 | 8 | 16 | 14 | 33 | 22 |
| Investments in unconsolidated subsidiaries | – | – | – | 6 | 1 | – | – | – | – | – | 5 | – | 6 | 6 |
| **Total** | **16,565** | **16,208** | **12,584** | **11,467** | **28,941** | **29,980** | **6,775** | **6,917** | **4,053** | **4,312** | **625** | **1,021** | **69,543** | **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 June 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 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| **Trading assets** | **–** | **–** | **2** | **2** | **14** | **14** | **66** | **70** | **49** | **53** | **–** | **–** | **131** | **139** |
| Held for trading | – | – | 2 | 2 | 14 | 14 | 66 | 70 | 49 | 53 | – | – | 131 | 139 |
| **Loans and advances to customers** | **6** | **5** | **904** | **739** | **5,503** | **5,568** | **30,207** | **30,897** | **39,188** | **38,684** | **2,414** | **2,693** | **78,222** | **78,586** |
| Loans and receivables | 6 | 5 | 878 | 711 | 5,092 | 5,142 | 27,779 | 28,310 | 37,497 | 36,843 | 2,414 | 2,677 | 73,666 | 73,688 |
| Private mortgage lending | 4 | 3 | 439 | 401 | 4,337 | 4,313 | 25,340 | 25,711 | 30,805 | 30,566 | 1,771 | 1,895 | 62,696 | 62,889 |
| Home savings loans | 0 | – | 90 | 98 | 699 | 736 | 1,687 | 1,750 | 725 | 720 | 33 | 111 | 3,234 | 3,415 |
| Commercial loans | 2 | 2 | 345 | 206 | 4 | 19 | 59 | 85 | 39 | 47 | 322 | 317 | 771 | 676 |
| Installment loans | 0 | – | 1 | 1 | 28 | 31 | 517 | 502 | 5,133 | 4,791 | 197 | 190 | 5,876 | 5,515 |
| Other loans and advances | 0 | – | 3 | 5 | 24 | 43 | 176 | 262 | 795 | 719 | 91 | 164 | 1,089 | 1,193 |
| Fair value option | – | – | 26 | 28 | 411 | 426 | 2,428 | 2,587 | 1,691 | 1,841 | – | 16 | 4,556 | 4,898 |
| Private mortgage lending | – | – | 26 | 28 | 411 | 426 | 2,428 | 2,587 | 1,691 | 1,841 | – | 16 | 4,556 | 4,898 |
| **Total** | **6** | **5** | **906** | **741** | **5,517** | **5,582** | **30,273** | **30,967** | **39,237** | **38,737** | **2,414** | **2,693** | **78,353** | **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 June 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 | | | | | | | | | | Fair value of the collateral for 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 | | | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| **Loans and advances to customers** | **227** | **239** | **52** | **22** | **45** | **49** | **131** | **202** | **455** | **512** | **378** | **433** |
| Loans and receivables | 227 | 238 | 52 | 21 | 40 | 44 | 124 | 195 | 443 | 498 | 367 | 422 |
| Private mortgage lending | 211 | 217 | 25 | 12 | 34 | 40 | 115 | 182 | 385 | 451 | 341 | 389 |
| Home savings loans | 4 | 4 | 3 | 2 | 4 | 4 | 8 | 11 | 19 | 21 | 18 | 20 |
| Commercial loans | 1 | 6 | 22 | 4 | 2 | – | 0 | 1 | 25 | 11 | 3 | 4 |
| Installment loans | 1 | 2 | 0 | – | 0 | – | 0 | – | 1 | 2 | – | – |
| Other loans and advances | 10 | 9 | 2 | 3 | 0 | – | 1 | 1 | 13 | 13 | 5 | 9 |
| Fair value option | 0 | 1 | 0 | 1 | 5 | 5 | 7 | 7 | 12 | 14 | 11 | 11 |
| Private mortgage lending | 0 | 1 | 0 | 1 | 5 | 5 | 7 | 7 | 12 | 14 | 11 | 11 |
| **Total** | **227** | **239** | **52** | **22** | **45** | **49** | **131** | **202** | **455** | **512** | **378** | **433** |

*Impaired loans*

The following table shows all impaired financial assets as of June 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 | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| **Loans and advances to other banks** | – | – | – | – | – | – | – | – |
| **Loans and advances to customers** | **1,977** | **2,335** | **1,016** | **1,208** | **961** | **1,127** | **831** | **1,061** |
| Loans and receivables | 1,958 | 2,315 | 1,016 | 1,208 | 942 | 1,107 | 813 | 1,040 |
| Private mortgage lending | 773 | 831 | 308 | 320 | 465 | 511 | 595 | 787 |
| Home savings loans | 114 | 128 | 4 | 4 | 110 | 124 | 100 | 118 |
| Commercial loans | 382 | 525 | 203 | 262 | 179 | 263 | 111 | 135 |
| Installment loans | 453 | 581 | 278 | 377 | 175 | 204 | – | – |
| Other loans and advances | 236 | 250 | 223 | 245 | 13 | 5 | 7 | – |
| Fair value option | 19 | 20 | – | – | 19 | 20 | 18 | 21 |
| Private mortgage lending | 19 | 20 | – | – | 19 | 20 | 18 | 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** | **2,052** | **2,406** | **1,080** | **1,265** | **972** | **1,141** | **831** | **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 | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| **Performing loans** | **320** | **298** | **94,764** | **94,428** | **95,084** | **94,726** |
| not impaired | 320 | 298 | 94,764 | 94,428 | 95,084 | 94,726 |
| **Non-performing loans** | **305** | **348** | **2,757** | **2,898** | **3,062** | **3,246** |
| impaired | 248 | 305 | 1,899 | 2,030 | 2,147 | 2,335 |
| not impaired | 57 | 43 | 858 | 868 | 915 | 911 |
| **Total** | **625** | **646** | **97,521** | **97,326** | **98,146** | **97,972** |

Within the "Loans and advances to customers" balance sheet item, forborne exposures totaled €625 million and non-performing exposures €3,062 million.

In addition to the exposures presented in the table above, Postbank recorded a non-performing exposure for trading assets in the amount of €4 million and for investment securities in the amount of €11 million. Outside of the "Loans and advances to customers" balance sheet item, the "Loans and advances to other banks" balance sheet item contains a forborne exposure in the amount of €1 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 | €712 million | (Deutsche Postbank AG) |
| Provide Blue 2005-2 | €606 million | (BHW Bausparkasse AG) |
| PB Domicilio 2007-1 | €437 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 €13.8 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 June 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 June 30, 2015, and December 31, 2014, broken down into residual maturity bands:

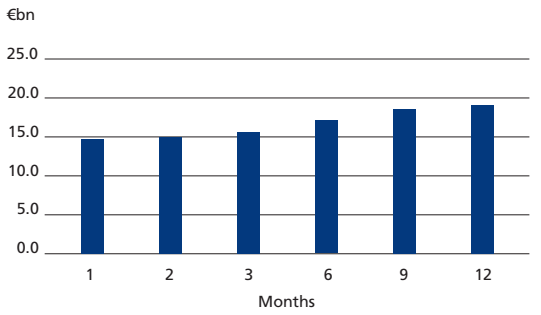
**Liabilities by residual maturity**

| Liabilities | Payable on demand | | ≤ 3 months | | > 3 months and ≤ 1 year | | > 1 year and ≤ 5 years | | > 5 years | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| **Non-derivative liabilities** | **62,883** | **57,634** | **49,972** | **53,433** | **21,196** | **21,265** | **12,389** | **11,410** | **15,047** | **17,587** | **161,487** | **161,329** |
| Deposits from other banks | 1,352 | 94 | 6,053 | 7,552 | 827 | 622 | 4,634 | 3,482 | 4,677 | 6,039 | 17,543 | 17,789 |
| Due to customers | 41,460 | 38,067 | 43,233 | 45,315 | 19,627 | 19,424 | 5,835 | 5,825 | 6,526 | 7,150 | 116,681 | 115,781 |
| Debt securities in issue | – | 0 | 15 | 40 | 66 | 1,015 | 1,277 | 298 | 1,811 | 2,858 | 3,169 | 4,211 |
| Subordinated debt | – | – | 8 | 0 | 676 | 204 | 643 | 1,805 | 2,033 | 1,540 | 3,360 | 3,549 |
| Other liabilities | – | – | 663 | 526 | – | – | – | – | – | – | 663 | 526 |
| Contingent liabilities and other obligations | 20,071 | 19,473 | – | – | – | – | – | – | – | – | 20,071 | 19,473 |
| **Derivative liabilities** | **–** | **–** | **201** | **136** | **95** | **115** | **374** | **378** | **397** | **436** | **1,067** | **1,065** |
| Hedging derivatives | – | – | 49 | 53 | 10 | 12 | 107 | 155 | 79 | 78 | 245 | 298 |
| Trading liabilities | – | – | 152 | 83 | 85 | 103 | 267 | 223 | 318 | 358 | 822 | 767 |
| **Total** | **62,883** | **57,634** | **50,173** | **53,569** | **21,291** | **21,380** | **12,763** | **11,788** | **15,444** | **18,023** | **162,554** | **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 June 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 June 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 first half of the year. 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 €39 million, operational risk losses fell significantly year-on-year in the first half of 2015 (H1 2014: €55 million). This positive development is due on the one hand to a recent decrease in litigation and complaints about investment advice and on the other to a noticeable decline in cases of external fraud. 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 first half 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) | |
|---|---|---|
| | June 30, 2015 €m | Dec. 31, 2014 €m |
| Retail Banking | 309 | 269 |
| Corporate Banking | 46 | 38 |
| Transaction Banking | – | – |
| Financial Markets | 105 | 94 |
| **Postbank total** | **460** | **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 €309 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 €124 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.

## OUTLOOK

### Trends in economic conditions

World economic growth could see mild gains throughout the rest of the year but should continue to remain modest. The International Monetary Fund (IMF) expects global economic output to grow by 3.3 % in 2015. A slight upturn is to be expected in the industrialized countries, since they should continue to benefit from expansionary monetary policies and low raw-material prices. Economic development in the emerging markets is likely to vary quite widely – subject to dependency upon raw materials and the US dollar.

In the United States, the economy has a strong domestic foundation. However, foreign trade is set to put a marked brake on the economy due to the strong US dollar. The slow start to the year has also dimmed prospects for 2015 as a whole. At 2.3 % GDP growth is likely to lag slightly behind the prior-year figure.

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 Germany will continue to enjoy an economic upturn, but without any gain in vitality. Domestic demand should continue to provide momentum. Employment and real income are likely to rise noticeably given very low inflation, events that in all likelihood will lead to a marked rise in real income. This should give a strong tailwind to private consumption. Gross capital expenditures and government spending are also expected to see marked expansions. Foreign trade, in contrast, will probably not make any noteworthy contribution to GDP growth in 2015, despite the weak euro. In summary, we expect German GDP to rise by 1.6 % in 2015. The number of people unemployed may still perhaps inch downward over the course of 2015. The average annual unemployment rate should fall from 6.7 % to 6.4 %.

In contrast to the Outlook in the Bank's 2014 Annual Report, we have slightly raised our 2015 growth forecasts for Germany and the EMU; however, our expectations for the U.S.A. have been markedly lowered.

European capital markets are currently facing a whole range of uncertainties. These include uncertainty about the starting time of the expected hike of the federal funds rate in the U.S.A. as well as the still precarious outcome of talks on a third financial assistance program for Greece. 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 wide-ranging stabilization at the most recently achieved level. This presumes however that budget deficits will be reduced further and the countries in question remain on their course of economic recovery. Should negotiations with Greece break down and lead to the country's exit from the monetary union, it would generate greater uncertainty and probably lead to a rise in risk premiums.

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 mid-year. In addition, the ECB should remain committed to the bond purchasing program launched in March as planned. Should capital markets experience new turbulence, for example in the course of a Greek exit from the monetary union, which we do not expect, we think it is possible the ECB will expand its bond purchasing to minimize the possible risk of contagion to other countries. The U.S. Federal Reserve will probably raise its federal funds rate sometime this year. We expect the first increase – of 0.25 percentage point – in September. A second hike may come by the end of this year. The German capital market will probably face some slightly negative effect over the course of the year as a result of the continuing economic recovery in the eurozone and a presumably noticeable rise in inflation near year's end. We expect the yields of 10-year German Bunds to be 1.0 % by the end of 2015. The long end of the yield curve is likely to become slightly steeper by the end of the year, starting from its current position.

Overall, we project a higher yield level at the end of 2015 than at the time of our last report.

### 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.

Improvement in the operating business of German banks is likely to be made more difficult by the sustained low level of interest rates. Furthermore, we do not expect to see any significant rise in those rates in 2015. Instead we anticipate only a mild steepening of the yield curve, which is likely to make interest margin growth at most banks difficult – especially since tough competition in the German retail and corporate banking segments continues to put a strain on both net interest income and net fee and commission income. What is more, only moderate growth is to be expected for the lending business with these customer groups. Substantial increases in net fee and commission income and net interest income should therefore be quite difficult to achieve. Low financing costs, however, could have a positive effect on the equity and debt capital markets business issues as well as stimulate the mergers and acquisitions activities (M&A) of companies. This could have a positive impact on income from investment banking. Because of the persistently difficult conditions on the income side, many banks are likely to have additional cost optimizations on their agendas in 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 for 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 the German banking industry.

The ECB has announced a stress test for 2016, but the banks to be tested have not yet been determined. An official deadline has also not been set.

### 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 our plans for integration investments fall below the level of the prior year, 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, our expectations as of June 30, 2015, remain unchanged on the whole from those presented in the Group Management Report as of December 31, 2014.

In line with the outlook for full-year 2015, we expect profit after tax to rise by an amount in the low to middle two-digit millions owing to substantial negative effects from tax payments in the prior year that will no longer have an impact in 2015. As a result of the end of the positive non-recurring effects from the deconsolidation of service companies in 2014, we anticipate a downturn in profit before tax in the higher two-digit millions for 2015.

Developments in the first six months of 2015 will lead to changes in the outlook for individual earnings components, in particular for net interest income for which – against the backdrop of current market developments – a revised interest rate forecast with negative impact on net interest income was used. In contrast to our expectations, other earnings components developed positively in the first half of the year, especially the allowance for losses on loans and advances, for which the forecast for the full year must be revised downward.

Postbank no longer assumes that net interest income in 2015 will slightly exceed the prior-year level, only that it will more or less reach this level. The dominant market conditions have led us to revise our interest rates forecast. We now foresee among other things a slower rise in interest levels and a slower steepening of the yield curve than before.

Net fee and commission income will drop noticeably in 2015, as expected.

For net trading income in 2015, we expect positive earnings contributions and thus a moderate improvement compared with 2014 due to improved hedge results among other things.

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. Against expectations expressed in our 2014 Annual Report of a slightly positive value, we assume – in light of the development in the first half of 2015 – that net income from investment securities will be positive for the full year, in the mid-two-digit millions.

Postbank expects a stable development of the risk situation thanks to the healthy performance in the first half of the year combined with a beneficial macroeconomic environment overall. Counter to our forecast in the 2014 Annual Report and despite business growth, we foresee no rise in the allowance for losses on loans and advances for full-year 2015, but rather stabilization or even a slight decline compared with the previous year.

For administrative expenses, our expectation of a slight drop remains unchanged despite the fact that our headcount has risen by 165 full-time employees over the course of the year, as expected. For the year as a whole, we continue to anticipate an expansion of our labor force by 200, attributable among other things to increased regulatory requirements.

Our expectations also remain unchanged for our financial key performance indicators. In addition to a slight improvement of the cost/income ratio, we also foresee a worsening of return on equity before tax on the order of one to two percentage points.

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

| Consolidated Income Statement | Note | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|---|
| Interest income | (4) | 2,218 | 2,425 |
| Interest expense | (4) | –963 | –1,175 |
| Net interest income | (4) | 1,255 | 1,250 |
| Allowance for losses on loans and advances | (5) | –81 | –120 |
| Net interest income after allowance for losses on loans and advances | | 1,174 | 1,130 |
| Fee and commission income | (6) | 541 | 600 |
| Fee and commission expense | (6) | –145 | –123 |
| Net fee and commission income | (6) | 396 | 477 |
| Net trading income | (7) | 25 | –10 |
| Net income from investment securities | (8) | 44 | 208 |
| Administrative expenses | (9) | –1,282 | –1,339 |
| Other income | (10) | 190 | 136 |
| Other expenses | (11) | –288 | –283 |
| Profit before tax from discontinued operation | | – | 219 |
| Total profit before tax | | 259 | 538 |
| Income tax from continued operations | | –16 | –110 |
| Income tax from discontinued operation | | – | –72 |
| Total income tax | | –16 | –182 |
| Profit from ordinary activities after tax – continued operations | | 243 | 209 |
| Profit from ordinary activities after tax – discontinued operation | | – | 147 |
| Profit from ordinary activities after tax | | 243 | 356 |
| Non-controlling interests | | – | –1 |
| **Consolidated net profit** | | **243** | **355** |
| Basic earnings per share (€)[1] | | | |
| from continued operations | | 1.11 | 0.95 |
| from discontinued operation | | 0.00 | 0.67 |
| Diluted earnings per share (€)[1] | | | |
| from continued operations | | 1.11 | 0.95 |
| 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 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Profit from ordinary activities after tax | 243 | 356 |
| **Other comprehensive income after tax** | **–97** | **39** |
| Items that will not be reclassified to profit or loss | –6 | –102 |
| Remeasurement gains/losses (–) on defined benefit plans | –6 | –102 |
| Income tax on items not reclassified to profit or loss | 1 | –5 |
| Items that will be/may be reclassified to profit or loss, before tax | –92 | 146 |
| Change in revaluation reserve | –92 | 146 |
| Unrealized gains/losses (–) for the period, before tax | –95 | 143 |
| Gains (–)/losses reclassified to profit or loss, before tax | 3 | 3 |
| Income tax on items that will be/may be reclassified to profit or loss | 0 | 0 |
| Total comprehensive income for the period attributable to non-controlling interests | 0 | –1 |
| **Total comprehensive income** | **146** | **394** |

## CONSOLIDATED INCOME STATEMENT – QUARTERLY OVERVIEW

| | 2015 | | 2014 | | | |
|---|---|---|---|---|---|---|
| | Q2 €m | Q1 €m | Q4 €m | Q3 €m | Q2 €m | Q1 €m |
| Interest income | 1,102 | 1,116 | 1,144 | 1,166 | 1,210 | 1.215 |
| Interest expense | –467 | –496 | –517 | –535 | –579 | –596 |
| Net interest income | 635 | 620 | 627 | 631 | 631 | 619 |
| Allowance for losses on loans and advances | –27 | –54 | –73 | –72 | –68 | –52 |
| Net interest income after allowance for losses on loans and advances | 608 | 566 | 554 | 559 | 563 | 567 |
| Fee and commission income | 259 | 282 | 299 | 289 | 295 | 305 |
| Fee and commission expense | –81 | –64 | –71 | –65 | –60 | –63 |
| Net fee and commission income | 178 | 218 | 228 | 224 | 235 | 242 |
| Net trading income | –1 | 26 | 1 | 3 | –7 | –3 |
| Net income from investment securities | 15 | 29 | –10 | 18 | 194 | 14 |
| Administrative expenses | –633 | –649 | –701 | –689 | –660 | –679 |
| Other income | 101 | 89 | 146 | 105 | 91 | 45 |
| Other expenses | –144 | –144 | –381 | –138 | –216 | –67 |
| Profit before tax from discontinued operation | – | – | – | – | 198 | 21 |
| Total income tax | 124 | 135 | –163 | 82 | 398 | 140 |
| Income tax from continued operations | –7 | –9 | 10 | –6 | –91 | –19 |
| Income tax from discontinued operation | – | – | – | – | –64 | –8 |
| Total income tax | –7 | –9 | 10 | –6 | –155 | –27 |
| Profit from ordinary activities after tax – continued operations | 117 | 126 | –153 | 76 | 109 | 100 |
| Profit from ordinary activities after tax – discontinued operation | – | – | – | – | 134 | 13 |
| Profit from ordinary activities after tax | 117 | 126 | –153 | 76 | 243 | 113 |
| Non-controlling interests | 0 | 0 | 0 | 0 | –1 | 0 |
| **Consolidated net profit/loss** | **117** | **126** | **–153** | **76** | **242** | **113** |
| Basic earnings/diluted earnings per share (€) | | | | | | |
| from continued operations | 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 | | | |
|---|---|---|---|---|---|---|
| | Q2 €m | Q1 €m | Q4 €m | Q3 €m | Q2 €m | Q1 €m |
| Profit/loss from ordinary activities after tax | 117 | 126 | –153 | 76 | 243 | 113 |
| **Other comprehensive income after tax** | **–185** | **88** | **99** | **63** | **31** | **8** |
| Items that will not be reclassified to profit or loss | 6 | –12 | 11 | –30 | –38 | –64 |
| Remeasurement gains/losses (–) on defined benefit plans | 6 | –12 | 11 | –30 | –38 | –64 |
| Income tax on items not reclassified to profit or loss | 0 | 1 | 13 | 0 | –6 | 1 |
| Items that will be/may be reclassified to profit or loss, before tax | –192 | 100 | 77 | 95 | 75 | 71 |
| Change in revaluation reserve | –192 | 100 | 77 | 95 | 75 | 71 |
| Unrealized gains/losses (–) for the period, before tax | –191 | 96 | 72 | 96 | 70 | 73 |
| Gains (–)/losses reclassified to profit or loss, before tax | –1 | 4 | 5 | –1 | 5 | –2 |
| Income tax on items that will be/may be reclassified to profit or loss | 1 | –1 | –2 | –2 | 0 | 0 |
| Total comprehensive income for the period attributable to non-controlling interests | 0 | 0 | 0 | 0 | –1 | 0 |
| **Total comprehensive income** | **–68** | **214** | **–54** | **139** | **273** | **121** |

## CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2015

| Assets | Note | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|---|
| Cash reserve | | 666 | 1,230 |
| Loans and advances to other banks | (12) | 20,247 | 19,659 |
| Loans and advances to customers | (13) | 98,147 | 97,972 |
| Allowance for losses on loans and advances | (15) | –1,176 | –1,361 |
| Trading assets | (16) | 745 | 697 |
| Hedging derivatives | | 85 | 119 |
| Investment securities | (17) | 31,537 | 33,477 |
| Intangible assets | (18) | 1,932 | 1,952 |
| Property and equipment | (19) | 678 | 683 |
| Current tax assets | | 151 | 148 |
| Deferred tax assets | | 51 | 48 |
| Other assets | (20) | 1,006 | 823 |
| Assets held for sale | (28) | 51 | – |
| **Total assets** | | **154,120** | **155,447** |

| Equity and Liabilities | Note | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|---|
| Deposits from other banks | (21) | 17,337 | 17,583 |
| Due to customers | (22) | 119,488 | 119,295 |
| Debt securities in issue | (23) | 3,445 | 4,571 |
| Trading liabilities | (24) | 821 | 767 |
| Hedging derivatives | | 246 | 298 |
| Provisions | (25) | 1,831 | 1,952 |
| a) Provisions for pensions and other employee benefits | | 159 | 155 |
| b) Other provisions | | 1,672 | 1,797 |
| Current tax liabilities | | 113 | 104 |
| Deferred tax liabilities | | 54 | 51 |
| Other liabilities | (26) | 664 | 526 |
| Subordinated debt | (27) | 3,477 | 3,699 |
| Liabilities directly related to assets held for sale | (28) | 39 | – |
| Equity | | 6,605 | 6,601 |
| a) Issued capital | | 547 | 547 |
| b) Share premium | | 2,010 | 2,010 |
| c) Retained earnings | | 3,800 | 3,761 |
| d) Consolidated net profit | | 243 | 278 |
| Non-controlling interests | | 5 | 5 |
| **Total equity and liabilities** | | **154,120** | **155,447** |

## STATEMENT OF CHANGES IN EQUITY

| | Issued capital €m | Share premium €m | Retained earnings €m | Reva-luation reserve €m | Consoli-dated net profit €m | Equity before non-con-trolling 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 – June 30, 2014 | | | –107 | 146 | 355 | 394 | 1 | 395 |
| Treasury shares | | | | | | – | | – |
| Other changes | | | –135 | | | –135 | –1 | –136 |
| **Balance at June 30, 2014** | **547** | **2,010** | **3,320** | **169** | **355** | **6,401** | **5** | **6,406** |
| Total comprehensive income July 1 – Dec. 31, 2014 | | | –6 | 168 | –77 | 85 | | 85 |
| Treasury shares | | | | | | – | | – |
| Other changes | | | 110 | | | 110 | | 110 |
| **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 – June 30, 2015 | | | –5 | –92 | 243 | 146 | | 146 |
| Treasury shares | | | | | | – | | – |
| Other changes | | | –142 | | | –142 | | –142 |
| **Balance at June 30, 2015** | **547** | **2,010** | **3,555** | **245** | **243** | **6,600** | **5** | **6,605** |

## CONDENSED CASH FLOW STATEMENT

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| **Cash and cash equivalents at start of period** | **1,230** | **1,739** |
| Net cash used in operating activities | –2,072 | –2,393 |
| Net cash from investing activities | 1,829 | 2,231 |
| Net cash used in financing activities | –321 | –803 |
| Effects of exchange rate differences | – | – |
| **Cash and cash equivalents at end of period** | **666** | **774** |

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/ Consolidation | | Total | | Financial information for discontinued operation[1] | | Total of continued operations | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan. 1– June 30, 2015 €m | Jan. 1– June 30, 2014[2] €m | Jan. 1– June 30, 2015 €m | Jan. 1– June 30, 2014[2] €m | Jan. 1– June 30, 2015 €m | Jan. 1– June 30, 2014[2] €m | Jan. 1– June 30, 2015 €m | Jan. 1– June 30, 2014[2] €m | Jan. 1– June 30, 2015 €m | Jan. 1– June 30, 2014[2] €m | Jan. 1– June 30, 2015 €m | Jan. 1– June 30, 2014[2] €m | Jan. 1– June 30, 2015 €m | Jan. 1– June 30, 2014[2] €m | Jan. 1– June 30, 2015 €m | Jan. 1– June 30, 2014[2] €m |
| Net interest income | 1,304 | 1,298 | 139 | 146 | –18 | 11 | –172 | –207 | 2 | 2 | 1,255 | 1,250 | – | 0 | 1,255 | 1.250 |
| Net trading income | 13 | –7 | 1 | 0 | 13 | 0 | 0 | –1 | –2 | –2 | 25 | –10 | – | 0 | 25 | –10 |
| Net income from investment securities | 0 | 0 | –3 | 0 | 27 | 41 | 9 | –7 | 11 | 373 | 44 | 407 | – | 199 | 44 | 208 |
| Net fee and commission income | 376 | 441 | 42 | 43 | –11 | –8 | 3 | 4 | –14 | 21 | 396 | 501 | – | 24 | 396 | 477 |
| **Total income** | **1,693** | **1,732** | **179** | **189** | **11** | **44** | **–160** | **–211** | **–3** | **394** | **1,720** | **2,148** | **–** | **223** | **1,720** | **1.925** |
| Administrative expenses | –748 | –871 | –27 | –41 | –29 | –31 | –9 | –15 | –469 | –406 | –1,282 | –1,364 | – | –25 | –1,282 | –1.339 |
| Allowance for losses on loans and advances | –72 | –104 | –11 | –12 | 1 | 1 | 1 | –5 | 0 | 0 | –81 | –120 | – | 0 | –81 | –120 |
| Other income | 16 | 15 | 1 | 4 | 0 | 0 | 3 | 0 | 170 | 94 | 190 | 113 | – | –23 | 190 | 136 |
| Other expenses | –59 | –26 | 0 | 0 | 0 | –3 | 2 | –36 | –231 | –174 | –288 | –239 | – | 44 | –288 | –283 |
| Allocations | –443 | –365 | –43 | –48 | –25 | –19 | –22 | –22 | 533 | 454 | 0 | 0 | – | 0 | 0 | 0 |
| **Profit/loss before tax** | **387** | **381** | **99** | **92** | **–42** | **–8** | **–185** | **–289** | **0** | **362** | **259** | **538** | **–** | **219** | **259** | **319** |
| Revenues from external customers | 1,691 | 1,730 | 178 | 188 | 11 | 44 | –160 | –211 | 0 | 397 | 1,720 | 2,148 | – | 223 | 1,720 | 1.925 |
| Intersegmental revenues | 2 | 2 | 1 | 1 | 0 | 0 | 0 | 0 | –3 | –3 | 0 | 0 | – | 0 | 0 | 0 |
| Impairment losses | –13 | –14 | –1 | –1 | 0 | 0 | 0 | 0 | –43 | –44 | –57 | –59 | – | –1 | –57 | –58 |
| Reversal of impairment losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | – | 0 | 0 | 0 |
| Depreciation and amortization | –13 | –14 | –1 | –1 | 0 | 0 | 0 | 0 | –43 | –44 | –57 | –59 | – | –1 | –57 | –58 |
| **Cost/income ratio (CIR)** | **74.9 %** | **73.4 %** | **41.3 %** | **48.0 %** | **418.7 %** | **122.8 %** | **–18.5 %** | **–34.7 %** | | | **82.2 %** | **70.9 %** | **–** | **–** | **82.2 %** | **78.7 %** |
| **Return on equity before taxes (RoE)** | **25.2 %** | **28.7 %** | **39.9 %** | **28.2 %** | **–5.7 %** | **–1.8 %** | **–22.2 %** | **–30.4 %** | | | **7.8 %** | **17.1 %** | **–** | **–** | **–** | **–** |

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

[2] Figures adjusted

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.

One change has been made to the structure of the business divisions reported compared with the half-yearly financial report for the previous year. As of the third quarter of 2014, the Transaction Banking segment is no longer reported separately. The profits and losses of Betriebs-Center für Banken AG and VÖB-ZVD Processing GmbH, which had previously been allocated to this segment, were recognized in the Cost Centers/Consolidation segment and allocated to the operating segments. The net income from the discontinued operation was reported separately. In the course of this adjustment, we also assigned Postbank Direkt GmbH, which had previously been reported in the Retail Banking segment, to the Cost Centers/Consolidation segment and allocated it to the operating segments. As a result, the financial information for the five service companies transferred to PBC Banking Services GmbH as of April 1, 2014 were included in the Cost Centers/Consolidation segment until that date.

The profits and losses of Betriebs-Center für Banken AG and VÖB-ZVD Processing GmbH were reported as a discontinued operation in the segment report as of December 31, 2014.

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. 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 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 are 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 Service 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.

The prior-year segment reporting figures were adjusted in the course of the above-mentioned changes to business unit accounting. The main adjustments compared with the 2014 half-yearly financial report are described below.

Income in the Retail Banking segment declined by €6 million. The compensation payment in accordance with section 304 of the AktG was allocated in full to the Cost Centers/ Consolidation segment. Administrative expenses rose by €3 million. This is attributable to the transfer of the service companies to the Cost Centers/Consolidation segment. Due to the reassignment of the service companies, allocated items decreased by €24 million. Overall, the result improved by €15 million.

In the Corporate Banking segment, allocated items increased by €1 million, resulting in a €1 million decline in the segment's profit before tax.

The Transaction Banking segment is no longer reported. Before the adjustment, net income of €14 million was reported in this segment.

There were no changes in the Financial Markets and NCOU segments.

Income in the Cost Centers/Consolidation segment increased by €91 million. Administrative expenses rose by €59 million. Net other income and expenses rose by €2 million. The allocated items decreased by €34 million. The profit before tax remained unchanged.

### Company level disclosures

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

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Deposits and loans for Retail and Corporate Banking customers | 1,527 | 1,486 |
| Payment transaction services for Retail and Corporate Banking customers | 182 | 199 |
| Retail and Corporate Banking fee and commission income | 173 | 256 |
| Transaction Banking insourcing (net fee and commission income) | 0 | 22 |
| Others | –162 | 185 |
| **Total** | **1,720** | **2,148** |

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 "Others" 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 "Others" 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 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| Germany | 1,687 | 2,097 | 237 | 523 | 2,593 | 2,619 |
| Europe | 33 | 51 | 22 | 15 | 17 | 17 |
| **Total** | **1,720** | **2,148** | **259** | **538** | **2,610** | **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 37w of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) in conjunction with section 37y No. 2 of the WpHG, Postbank prepares a half-yearly 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. 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 June 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 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 €17 million in the reporting period.

As of June 30, 2015, Postbank refined the measurement of callable cross currency swaps. Those are now priced using OIS overnight index swap discounting like other collateralized derivatives. This resulted in a negative impact on net trading income of €4 million as of June 30, 2015.

Postbank applied the amendments to IAS 19 "Employee Benefits" 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 June 30, 2015, or the statement of comprehensive income for the period from January 1 to June 30, 2015.

### (3) Basis of consolidation

In addition to the parent company Deutsche Postbank AG, 22 (December 31, 2014: 22) subsidiaries that are presented in the following overview are included in the consolidated financial statements as of June 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 P.O.S. Transact GmbH, Eschborn | 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.

There were no 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 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Interest and current income | | |
| Interest income from: | | |
| Lending and money market transactions | 1,932 | 2,083 |
| Fixed-income and book-entry securities | 285 | 330 |
| Net gains on hedges | –1 | 3 |
| | **2,216** | **2,416** |
| Current income from: | | |
| Equity investments | 2 | 9 |
| | **2** | **9** |
| | **2,218** | **2,425** |
| Interest expense on: | | |
| Deposits | 727 | 872 |
| Debt securities in issue | 73 | 104 |
| Subordinated debt | 89 | 103 |
| Swaps | 74 | 96 |
| | **963** | **1,175** |
| **Total** | **1,255** | **1,250** |

€2,112 million of the interest income (previous year: €2,322 million) relates to financial instruments classified as loans and receivables and €105 million (previous year: €91 million) to financial instruments classified as available for sale.

Interest income from the lending business and from money market transactions includes €10 million (previous year: €13 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 €7.3 million and interest expense includes positive interest from money market transactions in the amount of €7.0 million.

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

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Gains/losses on the fair value remeasurement of hedged items | –61 | –224 |
| Gains/losses on the fair value remeasurement of hedging instruments | 60 | 227 |
| **Total** | **–1** | **3** |

### (5) Allowance for losses on loans and advances

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Cost of additions to allowance for losses on loans and advances | | |
| Specific valuation allowances | 256 | 214 |
| Portfolio-based valuation allowances | 69 | 0 |
| Cost of additions to provisions for credit risks | 15 | 17 |
| Direct loan write-offs | 17 | 26 |
| Income from reversals of the allowance for losses on loans and advances | | |
| Specific valuation allowances | 179 | 107 |
| Portfolio-based valuation allowances | 62 | 12 |
| Income from the reversal of provisions for credit risks | 22 | 6 |
| Recoveries on loans previously written off | 13 | 12 |
| **Total** | **81** | **120** |

€88 million (previous year: €109 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 €7 million due to reversals (previous year: additions of €11 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 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Additions | | |
| Private mortgage lending | 91 | 87 |
| Home savings loans | 1 | 1 |
| Commercial loans | 40 | 43 |
| Installment loans | 93 | 43 |
| Other loans and advances | 31 | 40 |
| Portfolio-based valuation allowances | 69 | 0 |
| **Total** | **325** | **214** |

€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 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Reversal | | |
| Private mortgage lending | 68 | 66 |
| Home savings loans | 1 | 0 |
| Commercial loans | 32 | 28 |
| Installment loans | 59 | 0 |
| Other loans and advances | 19 | 13 |
| Portfolio-based valuation allowances | 62 | 12 |
| **Total** | **241** | **119** |

## (6) Net fee and commission income

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Checking account business | 166 | 183 |
| Securities business | 31 | 22 |
| Lending and guarantee business | 12 | 13 |
| Branch business | 103 | 193 |
| Other fee and commission income | 84 | 66 |
| **Total** | **396** | **477** |

## (7) Net trading income

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Net income from interest rate products | –2 | –2 |
| Net gains/losses on derivatives carried in the trading portfolio and the banking book | 13 | –10 |
| Net gain/loss from application of the fair value option | 6 | –2 |
| Foreign exchange gain | 8 | 5 |
| Net fee and commission income carried in the trading portfolio | 0 | –1 |
| **Total** | **25** | **–10** |

## (8) Net income from investment securities

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Net income from loans and receivables investment securities | 14 | 27 |
| thereof net income from sale | 17 | 27 |
| Gains on sale | 18 | 29 |
| Losses on sale | 1 | 2 |
| thereof net impairment loss | –3 | 0 |
| Net income from available-for-sale investment securities | 19 | 12 |
| thereof net income from sale | 20 | 13 |
| Gains on sale | 20 | 13 |
| Losses on sale | 0 | 0 |
| thereof net impairment loss | –1 | –1 |
| 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 | 11 | 169 |
| thereof net income from investments accounted for using the equity method | 11 | 11 |
| **Total** | **44** | **208** |

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Net income from bonds and promissory note loans | 37 | 40 |
| Net income from equity investments | 11 | 169 |
| Impairment | –4 | –1 |
| **Total** | **44** | **208** |

€4 million (previous year: €1 million) of the net impairment loss on investment securities relates to other debt instruments.

### (9) Administrative expenses

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Staff costs | 571 | 577 |
| Other administrative expenses | 654 | 704 |
| Amortization of intangible assets | 33 | 30 |
| Depreciation and writedowns of property and equipment | 24 | 28 |
| **Total** | **1,282** | **1,339** |

### (10) Other income

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Income from property and equipment | 16 | 15 |
| Miscellaneous | 174 | 121 |
| **Total** | **190** | **136** |

### (11) Other expenses

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Other taxes | 2 | 5 |
| Expenses from property and equipment | 1 | 0 |
| Miscellaneous | 285 | 278 |
| **Total** | **288** | **283** |

## BALANCE SHEET DISCLOSURES

### (12) Loans and advances to other banks

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Payable on demand | 1,080 | 1,515 |
| Other loans and advances | 19,167 | 18,144 |
| **Total** | **20,247** | **19,659** |

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

€4,655 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:

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Securities repurchase agreements | 17,573 | 16,373 |
| Overnight money | 901 | 891 |
| Loans | 361 | 384 |
| Registered bonds | 185 | 228 |
| Term deposits | 1,103 | 1,101 |
| Other loans and advances | 124 | 682 |
| **Total** | **20,247** | **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 | |
|---|---|---|---|---|
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| Financial collateral | 16,838 | 15,833 | 1,480 | 1,392 |
| Non-financial collateral | – | – | – | – |
| **Total** | **16,838** | **15,833** | **1,480** | **1,392** |

### (13) Loans and advances to customers

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Private mortgage lending | 68,562 | 69,249 |
| Home savings loans | 3,367 | 3,564 |
| Commercial loans | 14,094 | 13,775 |
| Public sector | 4,408 | 3,789 |
| Installment loans | 6,338 | 6,098 |
| Other loans and advances | 1,378 | 1,497 |
| **Total** | **98,147** | **97,972** |

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

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Loans and receivables | 93,557 | 93,040 |
| Fair value option | 4,590 | 4,932 |
| **Total** | **98,147** | **97,972** |

€75,640 million (December 31, 2014: €75,016 million) of loans and advances to customers is due after more than 12 months.

### (14) Total credit extended

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Loans and advances to other banks | 20,247 | 19,659 |
| Loans and advances to customers | 98,147 | 97,972 |
| Guarantees | 388 | 394 |
| **Total** | **118,782** | **118,025** |

### (15) Allowance for losses on loans and advances

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

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Specific valuation allowances | 1,016 | 1,208 |
| Portfolio-based valuation allowances | 160 | 153 |
| **Total allowance for losses on loans and advances** | **1,176** | **1,361** |
| Provisions for credit risks | 36 | 43 |
| **Total** | **1,212** | **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 €1,176 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** |
| Reclassification due to IFRS 5 | –130 | – | – | – | –130 | – |
| Additions | | | | | | |
| Allowance charged to the income statement | 256 | 214 | 69 | 0 | 325 | 214 |
| Disposals | | | | | | |
| Utilization | 133 | 148 | – | – | 133 | 148 |
| Allowance reversed to the income statement | 179 | 107 | 62 | 12 | 241 | 119 |
| Unwinding | 10 | 13 | – | – | 10 | 13 |
| Currency translation differences | 4 | 1 | – | – | 4 | 1 |
| **Balance at June 30** | **1,016** | **1,261** | **160** | **150** | **1,176** | **1,411** |

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

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Specific valuation allowances | | |
| Private mortgage lending | 308 | 320 |
| Home savings loans | 4 | 4 |
| Commercial loans | 203 | 262 |
| Installment loans | 278 | 377 |
| Other loans and advances | 223 | 245 |
| Portfolio-based valuation allowances | 160 | 153 |
| **Total** | **1,176** | **1,361** |

### (16) Trading assets

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Building loans held for trading | 131 | 139 |
| Positive fair values of derivatives carried as trading assets | 82 | 93 |
| Positive fair values of banking book derivatives | 532 | 465 |
| **Total** | **745** | **697** |

€485 million (December 31, 2014: €494 million) is due after more than 12 months.

### (17) Investment securities

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Bonds and other fixed-income securities | | |
| Loans and receivables | 18,043 | 20,642 |
| Available for sale | 12,798 | 12,195 |
| | **30,841** | **32,837** |
| Investment fund shares (available for sale) | 235 | 179 |
| Equity Investments (available for sale) | 33 | 22 |
| Investments in unconsolidated subsidiaries (available for sale) | 6 | 6 |
| Investments accounted for using the equity method | 422 | 433 |
| thereof investment | 344 | 344 |
| thereof claim to compensation payment | 78 | 89 |
| **Total** | **31,537** | **33,477** |

Holdings of €28,079 million (December 31, 2014: €29,301 million) are due after more than 12 months.

Investment securities were furnished as collateral for the following liabilities:

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Liabilities | 11,691 | 13,579 |
| Contingent liabilities | 0 | 0 |
| **Total** | **11,691** | **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 June 30, 2015, the total volume of securities reclassified in accordance with IAS 39.50E had a fair value of €9.0 billion and a carrying amount of €8.7 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 €308 million in the period up to June 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 June 30, 2015; net disposal gains on reclassified securities amounted to €21 million (previous year: €11 million).

Interest income amounting to €89 million (previous year: €123 million) accrued for the reclassified securities in the period up to June 30, 2015.

### (18) Intangible assets

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Acquired goodwill | 1,581 | 1,581 |
| Acquired software, concessions, industrial rights | 258 | 277 |
| Internally generated intangible assets and software | 61 | 63 |
| Advance payments on intangible assets and in-process intangible assets | 32 | 31 |
| **Total** | **1,932** | **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 €60 million (December 31, 2014: €62 million), while those for beneficial contracts amounted to €17 million (December 31, 2014: €20 million).

### (19) Property and equipment

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Land and buildings | 525 | 532 |
| Operating and office equipment | 136 | 142 |
| Advance payments and assets under development | 17 | 9 |
| **Total** | **678** | **683** |

### (20) Other assets

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Prepaid expenses | 680 | 575 |
| Trade receivables | 136 | 119 |
| Receivables from tax authorities | 47 | 47 |
| Advances to members of the mobile sales force | 10 | 8 |
| Miscellaneous | 133 | 74 |
| **Total** | **1,006** | **823** |

Other assets amounting to €126 million (December 31, 2014: €475 million) have a maturity of more than 12 months.

### (21) Deposits from other banks

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Payable on demand | 1,481 | 989 |
| With an agreed maturity or withdrawal notice | 15,856 | 16,594 |
| **Total** | **17,337** | **17,583** |

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

€8,879 million (December 31, 2014: €8,932 million) is due after more than 12 months.

### (22) Due to customers

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Savings deposits | 42,755 | 44,493 |
| Home savings deposits | 18,917 | 18,864 |
| Other amounts due | | |
| Payable on demand | 42,655 | 39,746 |
| With an agreed maturity or withdrawal notice | 15,161 | 16,192 |
| | **57,816** | **55,938** |
| **Total** | **119,488** | **119,295** |

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

€24,547 million (December 31, 2014: €25,512 million) is due after more than 12 months.

### (23) Debt securities in issue

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Public-sector *Pfandbriefe* | 66 | 67 |
| Mortgage *Pfandbriefe* | 2,435 | 3,536 |
| Other debt instruments | 944 | 968 |
| **Total** | **3,445** | **4,571** |

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

€3,305 million (December 31, 2014: €3,402 million) is due after more than 12 months.

### (24) Trading liabilities

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Negative fair values of trading derivatives | 102 | 109 |
| Negative fair values of banking book derivatives | 628 | 552 |
| Negative fair values from derivatives relating to hedged items accounted for under the fair value option | 91 | 106 |
| **Total** | **821** | **767** |

€585 million (December 31, 2014: €581 million) is due after more than 12 months.

### (25) Provisions

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Provisions for pensions and other employee benefits | 159 | 155 |
| Provisions for home savings business | 1,114 | 1,098 |
| Miscellaneous | 558 | 699 |
| **Total** | **1,831** | **1,952** |

Miscellaneous other provisions include €112 million for litigation and customer redress (December 31, 2014: €199 million).

€1,354 million (December 31, 2014: €1,450 million) of recognized provisions is due after more than 12 months.

### (26) Other liabilities

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Liabilities to DB Finanz-Holding GmbH under control and profit and loss transfer agreement | 157 | 15 |
| Trade payables | 76 | 117 |
| Liabilities from other taxes | 41 | 84 |
| Liabilities from expenses for outstanding invoices | 80 | 83 |
| Liabilities from expenses for outstanding vacation entitlements and other compensated absences | 45 | 35 |
| Liabilities from expenses for management bonuses | 4 | 42 |
| Liabilities from expenses for commissions and premiums | 25 | 40 |
| Deferred income | 6 | 7 |
| Liabilities from executory contracts relating to securities | 85 | 0 |
| Miscellaneous liabilities | 145 | 103 |
| **Total** | **664** | **526** |

€74 million (December 31, 2014: €25 million) is due after more than 12 months.

### (27) Subordinated debt

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Subordinated liabilities | 2,591 | 2,586 |
| Profit participation certificates outstanding | 864 | 1,091 |
| Contributions by typical silent partners | 22 | 22 |
| **Total** | **3,477** | **3,699** |

A total of €2,527 million of the regular phased-in capital 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.

€2,925 million (December 31, 2014: €3,412 million) is due after more than 12 months.

### (28) Groups of assets and liabilities held for sale

In the first quarter of 2015, the Bank reclassified its subsidiary Postbank P.O.S Transact GmbH (Retail Banking segment) as held for sale. The sale is expected to be completed in the third quarter of 2015. The company's assets and liabilities are composed of the following items:

| Assets | June 30, 2015 €m |
|---|---|
| Property and equipment | 1 |
| Other assets | 9 |

| Equity and Liabilities | June 30, 2015 €m |
|---|---|
| Provisions | 1 |
| Other liabilities | 38 |

In addition to the sale of the above-mentioned company, the Bank has resolved to sell a portfolio of receivables. The portfolio's carrying amount of €171 million and the allowance for losses on loans and advances recognized in the amount of €130 million are reported in the balance sheet on a net basis under "non-current assets held for sale." The receivables are classified in their entirety as loans and receivables and are allocated to Level 3. Their carrying amount is the same as the fair value as of June 30, 2015. The portfolio of receivables is allocated to the Retail Banking segment. The sale is expected to be completed in the course of the third quarter of 2015.

## OTHER DISCLOSURES

### (29) Contingencies and other obligations

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Contingent liabilities | | |
| on guarantees and warranties | 388 | 394 |
| Other obligations | | |
| irrevocable loan commitments | 5,932 | 5,070[1] |
| thereof building loans provided | 3,843 | 3,099 |
| Miscellaneous obligations | 13,751 | 14,009[2] |
| **Total** | **20,071** | **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.

### (30) 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 | June 30, 2015 | | | | |
|---|---|---|---|---|---|
| | | Fair value reported in: | | | |
| Classes | June 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 | 745 | 0 | 744 | 1 | 697 |
| Hedging derivatives | 85 | 0 | 85 | 0 | 119 |
| Loans and advances to customers | 4,590 | 0 | 4,590[1] | 0 | 4,933 |
| Available-for-sale financial assets | | | | | |
| Investment securities | 13,072 | 10,462 | 2,536 | 74 | 12,402 |
| **Total** | **18,492** | **10,462** | **7,955** | **75** | **18,151** |

| Liabilities measured at fair value | June 30, 2015 | | | | |
|---|---|---|---|---|---|
| | | Fair value reported in: | | | |
| Classes | June 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 | 821 | 0 | 819 | 2 | 767 |
| Hedging derivatives | 246 | 0 | 246 | 0 | 298 |
| **Total** | **1,067** | **0** | **1,065** | **2** | **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 since the beginning of 2014 contained a greater share of inputs not observable in the market than in the previous year. These continue to be allocated to Level 2 given their lower 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 | June 30, 2015 | | | | | |
|---|---|---|---|---|---|---|
| | Assets measured at fair value in Level 3 | | | | | |
| | Financial assets at FVtPL | | | AfS financial assets | | Total |
| | Trading assets | Hedging derivatives | Loans and advances to customers | Investment securities | Loans and advances to other banks | |
| | €m | €m | €m | €m | €m | €m |
| Opening balance | 1 | 0 | 0 | 74 | 0 | 75 |
| Total gains or losses | 0 | 0 | 0 | 1 | 0 | 1 |
| in profit or loss | 0 | 0 | 0 | 0 | 0 | 0 |
| in revaluation reserve | 0 | 0 | 0 | 1 | 0 | 1 |
| 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 | –1 | 0 | –1 |
| 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** | **1** | **0** | **1** |

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 | June 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 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** |

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 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:

| | June 30, 2015 | | Dec. 31, 2014 | |
|---|---|---|---|---|
| | Carrying amount €m | Full fair value €m | Carrying amount €m | Full fair value €m |
| **Assets** | | | | |
| Cash reserve | 666 | 666 | 1,230 | 1,230 |
| Loans and advances to other banks (loans and receivables) | 20,247 | 20,271 | 19,659 | 19,671 |
| Loans and advances to customers (loans and receivables) | 93,557 | 99,460 | 93,040 | 100,825 |
| Allowance for losses on loans and advances | –1,176 | –1,176 | –1,361 | –1,361 |
| Investment securities (loans and receivables) | 18,043 | 18,600 | 20,642 | 21,289 |
| Other assets | 257 | 257 | 229 | 229 |
| | **131,594** | **138,078** | **133,439** | **141,833** |
| **Liabilities** | | | | |
| Deposits from other banks (liabilities at amortized cost) | 17,337 | 17,846 | 17,583 | 18,308 |
| Due to customers (liabilities at amortized cost) | 119,488 | 121,721 | 119,295 | 121,855 |
| Debt securities in issue and subordinated debt | 6,922 | 7,327 | 8,270 | 8,807 |
| Other liabilities | 491 | 491 | 349 | 349 |
| | **144,238** | **147,385** | **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.

### (31) 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 any netting opportunities arising 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 | |
|---|---|---|---|---|---|---|
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| Trading derivatives | 155,342 | 168,182 | 614 | 558 | 821 | 767 |
| Hedging derivatives | 22,125 | 20,752 | 85 | 119 | 246 | 298 |
| **Total** | **177,467** | **188,934** | **699** | **677** | **1,067** | **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 | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| Trading derivatives | | | | | | |
| Foreign currency derivatives | 8,683 | 4,563 | 142 | 111 | 164 | 110 |
| Interest rate derivatives | 146,528 | 163,478 | 471 | 446 | 655 | 654 |
| Equity/index derivatives | 9 | 18 | – | – | – | – |
| Credit derivatives | 122 | 123 | 1 | 1 | 2 | 3 |
| **Total holdings of trading derivatives** | **155,342** | **168,182** | **614** | **558** | **821** | **767** |
| Hedging derivatives | | | | | | |
| Fair value hedges | 22,125 | 20,752 | 85 | 119 | 246 | 298 |
| **Total holdings of hedging derivatives** | **22,125** | **20,752** | **85** | **119** | **246** | **298** |
| **Total holdings of derivatives** | **177,467** | **188,934** | **699** | **677** | **1,067** | **1,065** |

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

### (32) 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 June 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 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) | 20,302 | –55 | 20,247 | –13 | – | –17,505 | 2,729 |
| Trading assets | 7,898 | –7,153 | 745 | –255 | –50 | – | 440 |
| Hedging derivatives | 1,374 | –1,289 | 85 | –8 | –7 | – | 70 |
| **Total** | **29,574** | **–8,497** | **21,077** | **–276** | **–57** | **–17,505** | **3,239** |

| | 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 | 6,559 | 0 | 6,559 | –13 | –1 | –6,053 | 492 |
| Trading liabilities | 8,734 | –7,913 | 821 | –255 | –430 | – | 136 |
| Hedging derivatives | 830 | –584 | 246 | –8 | –129 | – | 109 |
| **Total** | **16,123** | **–8,497** | **7,626** | **–276** | **–560** | **–6,053** | **737** |

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" balance sheet 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** |

### (33) 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:

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Credit and counterparty risk (including CVA) | 39,732 | 38,902 |
| Market risk positions | 31 | 93 |
| Operational risk | 5,241 | 4,656 |
| Total risk-weighted assets | 45,004 | 43,651 |
| | | |
| Common Equity Tier 1 capital | 4,636 | 4,812 |
| Additional Tier 1 capital | 0 | 0 |
| Tier 1 capital | 4,636 | 4,812 |
| Tier 2 capital | 2,421 | 2,573 |
| Own funds | 7,057 | 7,385 |
| | | |
| | % | % |
| Common Equity Tier 1 capital ratio | 10.3 | 11.0 |
| Tier 1 capital ratio | 10.3 | 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 9.7 % (December 31, 2014: 10.5 %).

If the interim profit for the first half of 2015 had been taken into account, the regular phased-in Common Equity Tier 1 capital ratio would have amounted to 10.7 % and the fully phased-in Common Equity Tier 1 capital ratio would have amounted to 10.1 %.

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.

### (34) 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 June 30, 2015, compared with December 31, 2014.

| Risk capital by risk types | | |
|---|---|---|
| Capital and risk components | Allocated risk capital | |
| | June 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 | 1,457 | 1,490 |
| **Total after diversification** | **6,893** | **6,860** |
| Unallocated risk cover amount | 5,162 | 5,020 |
| **Total risk cover amount** | **12,055** | **11,880** |

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

### (35) Related party disclosures

Effective April 1, 2014, Postbank transferred the investments in five previously consolidated subsidiaries to PBC Banking Services GmbH (further information on the transaction can be found in Note 3, Basis of consolidation). Consequently, the Postbank Group's relationships with these previously consolidated entities have been presented as related party disclosures in the Notes for the first time from April 1, 2014.

#### Related party receivables

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Loans and advances to other banks | 1,336 | 1,372 |
| Deutsche Bank AG | 8,020 | 7,646 |
| Other related parties | 9,356 | 9,018 |
| | **98** | **100** |
| Loans and advances to customers | | |
| Other related parties | 98 | 100 |
| | | |
| Trading assets | | |
| Deutsche Bank AG | 92 | 27 |
| | **92** | **27** |
| Hedging derivatives | | |
| Deutsche Bank AG | 0 | 39 |
| | **0** | **39** |
| Investment securities | | |
| Deutsche Bank AG | 759 | 961 |
| | **759** | **961** |
| Other assets | | |
| Deutsche Bank AG | 75 | 18 |
| Other related parties | 39 | 36 |
| | **114** | **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

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Deposits from other banks | | |
| Deutsche Bank AG | 6,368 | 7,462 |
| | **6,368** | **7,462** |
| Due to customers | | |
| Subsidiaries | 9 | 10 |
| Other related parties | 220 | 213 |
| | **229** | **223** |
| Trading liabilities | | |
| Deutsche Bank AG | 212 | 193 |
| | **212** | **193** |
| Hedging derivatives | | |
| Deutsche Bank AG | 4 | 36 |
| | **4** | **36** |
| Other liabilities | | |
| Deutsche Bank AG | 45 | 16 |
| DB Finanz-Holding GmbH | 157 | 15 |
| Other related parties | 15 | 8 |
| | **217** | **39** |
| Subordinated debt | | |
| Other related parties | 1,611 | 1,619 |
| | **1,611** | **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 to IV.

### Income and expenses from related parties

| | Jan. 1 – June 30, 2015 €m | Jan. 1 – June 30, 2014 €m |
|---|---|---|
| Interest income | | |
| Deutsche Bank AG | 6 | 23 |
| Other related parties | 6 | 3 |
| | **12** | **26** |
| Interest expense | | |
| Deutsche Bank AG | 1 | 8 |
| Other related parties | 28 | 35 |
| | **29** | **43** |
| Fee and commission income | | |
| Deutsche Bank AG | 0 | 9 |
| Other related parties | 11 | 9 |
| | **11** | **18** |
| Fee and commission expense | | |
| Deutsche Bank AG | 1 | 1 |
| Other related parties | **1** | **0** |
| | 2 | 1 |
| Net trading income | | |
| Deutsche Bank AG | 10 | –28 |
| | **10** | **–28** |
| Net income from investment securities | | |
| Other related parties | 11 | 11 |
| | **11** | **11** |
| Administrative expenses | | |
| Deutsche Bank AG | 9 | 3 |
| Subsidiaries | 6 | 6 |
| Other related parties | 9 | 15 |
| | **24** | **24** |
| Other income | | |
| Deutsche Bank AG | 15 | 12 |
| Subsidiaries | 1 | 0 |
| Other related parties | 151 | 93 |
| | **167** | **105** |
| Other expenses | | |
| Other related parties | 249 | 118 |
| | **249** | **118** |

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.

### (36) 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<br>Member of the Management Board<br>of Deutsche Bank AG,<br>Frankfurt (Chairman) | Chairman since July 14, 2015<br>Member since June 26, 2015 |
| Rainer Neske<br>Member of the Management Board<br>of Deutsche Bank AG,<br>Bad Soden (Chairman) | until June 25, 2015 |
| Edgar Ernst<br>President of the Financial Reporting Enforcement Panel,<br>DPR e.V., Bonn | |
| Stefanie Heberling<br>Cologne/Bonn/Aachen Regional Management,<br>Deutsche Bank Privat- und Geschäftskunden AG, Wuppertal | |
| Tessen von Heydebreck<br>Chairman of the Board of Trustees of Deutsche Bank Foundation, Berlin | |
| Katja Langenbucher, professor of civil law,<br>commercial law, and banking law,<br>Goethe-Universität Frankfurt am Main,<br>Frankfurt am Main | |
| Christian Ricken<br>Chief Operating Officer PBC,<br>Deutsche Bank AG, Bad Homburg v. d. Höhe | |
| Karl von Rohr<br>Global Chief Operating Officer,<br>Regional Management, Deutsche Bank AG, Oberursel | |
| Lawrence A. Rosen<br>Member of the Board of Management of Deutsche Post AG, Bonn | |
| Christian Sewing<br>Member of the Management Board of Deutsche Bank AG, Osnabrück | |
| Werner Steinmüller<br>Member of the Group Executive Committee,<br>Head of Global Transaction Banking,<br>Deutsche Bank AG, Dreieich | |

| 2. Employee representatives |
| --- |
| Frank Bsirske<br>Chairman of the ver.di Trade Union, Berlin<br>(Deputy Chairman) |
| Rolf Bauermeister<br>Head of National Postal Services Group,<br>at ver.di Trade Union (national administration), Berlin |
| Susanne Bleidt<br>Member of the Postbank Filialvertrieb AG's<br>General Works Council, Bell |
| Timo Heider<br>Chairman of the General Works Council of<br>BHW Bausparkasse Aktiengesellschaft and<br>Postbank Finanzberatung AG, Emmerthal |
| Hans-Jürgen Kummetat<br>Civil servant, Cologne |
| Bernd Rose<br>Chairman of Postbank Filialvertrieb AG/<br>Postbank Filial GmbH's General Works Council,<br>Menden (Sauerland) |
| Eric Stadler<br>Chairman of Betriebs-Center für Banken AG's<br>Works Council, Markt Schwaben |
| Gerd Tausendfreund<br>Trade union secretary of the ver.di Trade Union,<br>Nidderau |
| Renate Treis<br>Deputy Chair of Deutsche Postbank AG's<br>General Works Council, Brühl |
| Wolfgang Zimny<br>Banking lawyer, Head of Department,<br>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, July 29, 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 June 30, 2015 which are part of the half-year financial report pursuant to § (Article) 37w 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, July 29, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Ralf Schmitz<br>Wirtschaftsprüfer<br>(German Public Auditor) | Christian F. Rabeling<br>Wirtschaftsprüfer<br>(German Public Auditor) |

## REGULATORY DISCLOSURES

### Regulatory disclosure

Postbank has been part of the Deutsche Bank banking group since December 2010 and has published all information relevant to supervisory disclosures since then within the framework of the Deutsche Bank Group's Pillar III reports. Since 2014, Article 13 of Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation – CRR) has required significant subsidiaries of EU parent institutions to also publish regulatory disclosures. All information given below relates to the Postbank Group (hereinafter referred to as "Postbank") as a subgroup of the Deutsche Bank banking group.

The following table gives an overview of the information to be provided by Postbank in accordance with Part 8 in conjunction with Article 13 of the CRR and the provisions of the *Kreditwesengesetz* (KWG – German Banking Act) transposing the Capital Requirements Directive (CRD) into national law, and lists the section of the Interim Report and, in terms of qualitative information, the section of the 2014 Annual Report in which the relevant disclosures are made:

| Implementation of regulatory disclosure requirements | |
|---|---|
| **Pillar III disclosure topic** | **Relevant section of interim report** |
| **Own funds disclosures in accordance with Article 437 of the CRR and on capital requirements in accordance with Article 438 of the CRR** | - Other Information, "Regulatory Disclosures" |
| **Credit risk adjustment disclosures in accordance with Article 442 of the CRR and on credit risk mitigation techniques in accordance with Article 453 of the CRR, to the extent that these are not already covered by the qualitative disclosures in the Group Management Report (see below)** | - Other Information, "Regulatory Disclosures" |
| **Legal and organizational structure and principles of the proper conduct of business (section 26a of the *Kreditwesengesetz* (KWG – German Banking Act))** | - Corporate Governance Report<br>- 2014 Group Management Report, "Business and Environment"<br>- 2014 Group Risk Report, "Organization of risk management" |
| **Qualitative disclosures on credit risk adjustments in accordance with Article 442a) and b) of the CRR and on credit risk mitigation techniques in accordance with Article 453a) to e) of the CRR** | - 2014 Group Risk Report, "Monitoring and managing credit risk" |
| **Disclosures on remuneration policy (Article 450 of the CRR)** | - 2014 Group Management Report, "Remuneration of the Management Board and the Supervisory Board" |

### Information on regulatory approaches

As of the reporting date of June 30, 2015, Postbank calculated the regulatory capital requirements for the following portfolios – grouped by exposure class in accordance with the CRR – on the basis of the rules set out in the Internal Rating Approaches: central governments (countries), institutions (banks), corporates (domestic corporate customers, foreign corporate customers, commercial real estate finance (commercial real estate)), purchased corporate loans, insurers, retail business (Deutsche Postbank AG mortgage loans, BHW mortgage loans, installment loans, overdraft facilities for self-employed individuals and business customers, purchased retail loans), equity exposures (unless covered by the exception in section 17 of the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation)), securitization positions, and other non-credit obligation assets.

In addition to using the Basic IRB Approach and the IRB Approach to calculate the capital requirements for its retail business, Postbank calculates the capital requirements for its corporate banking, banks, and domestic and UK commercial real estate finance portfolios using the Advanced Approach (A–IRBA), which permits more risk-appropriate capital backing for its risk positions. 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.

Postbank uses the Credit Risk Standardized Approach (CRSA) for the portfolios not calculated in accordance with the IRB approaches. These primarily relate to the following portfolios: overdrafts and collection activities in the Retail Banking segment, portfolios belonging to the other subsidiaries of Postbank with the exception of BHW mortgage loans, business from discontinued operations, and exposures to public-sector counterparties in the European Economic Area.

In the case of securitization positions, the IRB Approach or the CRSA is applied, based on the underlying transactions. Capital backing for securitization positions is generally calculated on the basis of the ratings-based approach using external ratings. Postbank uses a derived credit assessment for the PB Domicile 2006-1 securitization transaction, which it originated.

Postbank calculates the capital backing for other non-credit obligation assets and equity exposures allocated to the banking book that are not required to be consolidated or deducted from own funds for regulatory purposes using regulatory risk weights. Currently, Postbank does not have any equity exposures for which capital backing has been calculated on the basis of default probabilities and loss rates. Strategic equity exposures held prior to January 1, 2008, have been temporarily excluded from IRBA capital backing and are calculated using the CRSA.

Postbank currently uses the supervisory Standardized Approach to calculate its capital requirements for market risk. It uses an Advanced Measurement Approach (AMA) to calculate the capital requirements for its operational risk.

### Information on regulatory consolidation

The regulatory scope of consolidation corresponds to the consolidated group for accounting purposes as presented in Note 3 to the Interim Financial Statements with the exception of the following three companies, which are consolidated for accounting but not for regulatory purposes:

- Postbank Finanzberatung AG
- Postbank Versicherungsvermittlung GmbH
- Postbank Immobilien GmbH.

Postbank does not have any subsidiaries required to be consolidated for regulatory but not for accounting purposes.

### Overall portfolio disclosures

The following tables present the disclosures for the overall portfolio with average amounts per exposure class over the reporting period, broken down by sector, region, and residual maturity in accordance with Article 442 of the CRR. The tables show the lending volume in each case before the effects of credit risk mitigation, broken down by the different types of exposure classes, as of the disclosure date. Exposure values (EAD – expected amount of the exposure at the time of possible default) are reported before factoring in substitution effects, using credit conversion factors. On- and off-balance sheet transactions are reported at cost or at their replacement values, while derivatives are reported at their positive replacement values plus a regulatory add-on. Exposure classes for which Postbank does not have any exposures are not shown in the tables. These are the "Short-term exposures to banks and corporates" and "Items associated with a particularly high risk" exposure classes. The "Other non-credit obligation assets" exposure class is not reported in the tables below. The total amount of the exposures concerned was €2,549 million as of the reporting date (December 31, 2014: €2,882 million). In addition, the exposure for contributions to the default fund of a central counterparty amounted to €57 million as of the reporting date (December 31, 2014: €62 million).

The following table shows the average exposure amounts during the reporting period before the effects of credit risk mitigation, broken down by the different types of exposure classes.

**Total amount of exposure values including average amounts per exposure class**

| Exposure classes | Average amounts | | Total | |
|---|---|---|---|---|
| | July 1, 2014 – June 30, 2015 €m | Jan. 1, 2014 – Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| IRBA governments and central banks | 80 | 11 | 178 | 17 |
| IRBA institutions | 12,105 | 13,188 | 10,298 | 11,963 |
| IRBA corporates | 21,064 | 21,077 | 21,384 | 20,848 |
| IRBA retail exposures | 76,391 | 75,625 | 77,560 | 75,917 |
| IRBA equity exposures | 422 | 320 | 424 | 421 |
| IRBA securitization positions | 1,989 | 2,448 | 1,421 | 1,772 |
| CRSA governments and central banks | 11,050 | 11,508 | 10,476 | 11,307 |
| CRSA regional governments and local authorities | 7,951 | 7,610 | 8,372 | 8,030 |
| CRSA other public-sector entities | 2,413 | 2,588 | 2,343 | 2,382 |
| CRSA multilateral development banks | 908 | 884 | 947 | 881 |
| CRSA international organizations | 1,363 | 1,270 | 1,442 | 1,298 |
| CRSA institutions | 2,206 | 2,880 | 1,586 | 2,877 |
| CRSA corporates | 967 | 1,018 | 979 | 906 |
| CRSA retail exposures | 2,417 | 2,436 | 2,510 | 2,305 |
| CRSA exposures secured by real estate property | 2,660 | 2,731 | 2,564 | 2,664 |
| CRSA exposures in default | 296 | 298 | 297 | 284 |
| CRSA covered bonds | 20 | 24 | 20 | 20 |
| CRSA securitization positions | 998 | 1,429 | 434 | 790 |
| CRSA UCITS | 1,493 | 1,328 | 1,681 | 1,619 |
| CRSA equity exposures | 268 | 334 | 228 | 227 |
| CRSA other items | – | – | – | – |
| **Total** | **147,061** | **149,007** | **145,144** | **146,528** |

The following table shows the exposure values broken down by the different types of exposure classes and by the sectors and obligor groups of relevance to Postbank:

**Total amount of exposure values by sector and obligor group**

| Exposure classes | Retail customers | | Banks/ insurers/ financial services providers | | Govern-ments | | Commer-cial real estate finance | | Service providers/ wholesale and retail | | Industry | | Other sectors | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| IRBA governments and central banks | – | – | – | – | 178 | 17 | – | – | – | – | – | – | – | – | 178 | 17 |
| IRBA institutions | – | – | 10,298 | 11,958 | – | – | 0 | 5 | – | – | – | – | – | – | 10,298 | 11,963 |
| IRBA corporates | 298 | 308 | 2,160 | 1,957 | 1 | 2 | 6,522 | 6,333 | 6,859 | 7,045 | 3,791 | 3,647 | 1,753 | 1,556 | 21,384 | 20,848 |
| IRBA retail exposures | 77,560 | 75,917 | – | – | – | – | – | – | – | – | – | – | – | – | 77,560 | 75,917 |
| IRBA equity exposures | – | – | 423 | 420 | – | – | – | – | 1 | – | – | – | 0 | 1 | 424 | 421 |
| IRBA securitization positions | 451 | 672 | 815 | 944 | 155 | 156 | – | – | – | – | – | – | – | – | 1,421 | 1,772 |
| CRSA governments and central banks | – | – | 55 | 273 | 10,421 | 11,034 | – | – | – | – | – | – | – | – | 10,476 | 11,307 |
| CRSA regional governments and local authorities | – | – | 31 | – | 8,321 | 8,010 | 20 | 20 | 0 | – | – | – | – | – | 8,372 | 8,030 |
| CRSA other public-sector entities | – | – | 1,983 | 2,101 | 275 | 189 | – | – | 41 | 43 | – | – | 44 | 49 | 2,343 | 2,382 |
| CRSA multilateral development banks | – | – | 947 | 881 | – | – | – | – | – | – | – | – | – | – | 947 | 881 |
| CRSA international organizations | – | – | 869 | 719 | 573 | 579 | – | – | – | – | – | – | – | – | 1,442 | 1,298 |
| CRSA institutions | – | – | 1,581 | 2,872 | – | – | – | – | – | – | – | – | 5 | 5 | 1,586 | 2,877 |
| CRSA corporates | 3 | 24 | 80 | 58 | 0 | 3 | 389 | 339 | 220 | 181 | 147 | 177 | 140 | 124 | 979 | 906 |
| CRSA retail exposures | 2,510 | 2,305 | – | – | – | – | – | – | – | – | – | – | – | – | 2,510 | 2,305 |
| CRSA exposures secured by real estate property | 2,474 | 2,574 | – | – | – | – | 88 | 85 | 1 | 4 | – | – | 1 | 1 | 2,564 | 2,664 |
| CRSA exposures in default | 231 | 234 | 0 | – | 0 | – | 20 | 21 | 28 | 2 | 2 | – | 16 | 27 | 297 | 284 |
| CRSA covered bonds | – | – | 20 | 20 | – | – | – | – | – | – | – | – | – | – | 20 | 20 |
| CRSA securitization positions | 428 | 784 | 6 | 6 | – | – | – | – | – | – | – | – | – | – | 434 | 790 |
| CRSA UCITS | – | – | 19 | 31 | 1,609 | 1,570 | – | – | – | – | 43 | 8 | 10 | 10 | 1,681 | 1,619 |
| CRSA equity exposures | – | – | 54 | 54 | – | – | – | – | 10 | 10 | – | – | 164 | 163 | 228 | 227 |
| CRSA other items | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| **Total** | **83,955** | **82,818** | **19,341** | **22,294** | **21,533** | **21,560** | **7,039** | **6,803** | **7,160** | **7,285** | **3,983** | **3,832** | **2,133** | **1,936** | **145,144** | **146,528** |

Of the amounts reported, the following exposures relate to loans to small and medium-sized enterprises (SMEs):

| Total amount of exposure values by sector and obligor group for small and medium-sized enterprises | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Exposure classes | Retail customers | | Banks/ insurers/ financial services providers | | Govern-ments | | Commercial real estate finance | | Service providers/ wholesale and retail | | Industry | | Other sectors | | Total | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| IRBA retail exposures | 280 | 283 | – | – | – | – | – | – | – | – | – | – | – | – | 280 | 283 |
| IRBA corporates | 0 | 1 | 10 | 10 | 0 | – | 31 | – | 474 | 474 | 338 | 428 | 59 | 68 | 912 | 981 |
| CRSA corporates | – | – | 0 | 1 | – | – | 28 | 35 | 16 | 18 | 30 | 25 | 4 | 5 | 77 | 84 |
| CRSA retail exposures | 36 | 42 | – | – | – | – | – | – | – | – | – | – | – | – | 36 | 42 |
| CRSA exposures secured by real estate property | – | – | – | – | – | – | 5 | 6 | 0 | – | – | – | – | – | 5 | 6 |
| **Total** | **316** | **326** | **10** | **11** | **0** | **–** | **64** | **41** | **490** | **492** | **367** | **453** | **62** | **73** | **1,310** | **1,396** |

The following table shows the exposure amounts broken down by the different types of exposure classes and by Postbank's significant geographic business regions. The exposures are allocated on the basis of the obligor's legal country of domicile.

| Total amount of exposure values by geographic region | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Exposure classes | Germany | | Western Europe | | North America | | Other regions | | Total | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| IRBA governments and central banks | – | – | 145 | 17 | – | – | 33 | – | 178 | 17 |
| IRBA institutions | 6,129 | 7,203 | 3,941 | 4,441 | 223 | 266 | 5 | 319 | 10,298 | 11,963 |
| IRBA corporates | 12,965 | 12,848 | 7,354 | 7,079 | 613 | 468 | 452 | 921 | 21,384 | 20,848 |
| IRBA retail exposures | 77,215 | 75,581 | 277 | 266 | 24 | 25 | 44 | 70 | 77,560 | 75,917 |
| IRBA equity exposures | 424 | 421 | – | – | – | – | – | – | 424 | 421 |
| IRBA securitization positions | 1,304 | 1,659 | 117 | 113 | – | – | – | – | 1,421 | 1,772 |
| CRSA governments and central banks | 596 | 801 | 9,812 | 10,461 | – | – | 68 | 45 | 10,476 | 11,307 |
| CRSA regional governments and local authorities | 8,319 | 7,804 | 53 | 226 | – | – | – | – | 8,372 | 8,030 |
| CRSA other public-sector entities | 2,272 | 2,380 | 71 | 2 | – | – | – | – | 2,343 | 2,382 |
| CRSA multilateral development banks | – | – | 827 | 758 | – | – | 120 | 123 | 947 | 881 |
| CRSA international organizations | – | – | 1,289 | 1,145 | – | – | 153 | 153 | 1,442 | 1,298 |
| CRSA institutions | 1,001 | 2,379 | 585 | 498 | – | – | 0 | – | 1,586 | 2,877 |
| CRSA corporates | 849 | 765 | 57 | 68 | 7 | 7 | 66 | 73 | 979 | 906 |
| CRSA retail exposures | 2,426 | 2,223 | 81 | 80 | 1 | – | 2 | 2 | 2,510 | 2,305 |
| CRSA exposures secured by real estate property | 237 | 240 | 2,325 | 2,422 | 1 | 1 | 1 | 2 | 2,564 | 2,664 |
| CRSA exposures in default | 152 | 138 | 141 | 146 | 0 | – | 4 | – | 297 | 284 |
| CRSA covered bonds | 20 | 20 | – | – | – | – | – | – | 20 | 20 |
| CRSA securitization positions | – | 293 | 434 | 497 | – | – | – | – | 434 | 790 |
| CRSA UCITS | 1,663 | 1,599 | 18 | 20 | – | – | – | – | 1,681 | 1,619 |
| CRSA equity exposures | 223 | 222 | 5 | 5 | – | – | – | – | 228 | 227 |
| CRSA other items | – | – | – | – | – | – | – | – | – | – |
| **Total** | **115,795** | **116,576** | **27,532** | **28,244** | **869** | **767** | **948** | **1,708** | **145,144** | **146,528** |

The following table presents the regulatory exposure values, broken down by the different types of exposure classes and the residual maturities of relevance to Postbank. Checking accounts, other guarantees, and pending transactions are assigned to the "less than one year" maturity band. The amounts assigned to the "more than five years" maturity band largely comprise longer-term bonds, private mortgage lending, and commercial lending.

| Total amount of exposure values by residual maturity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Exposure classes | < 1 year | | 1–5 years | | > 5 years | | Total | |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| IRBA governments and central banks | 8 | 17 | 60 | – | 110 | – | 178 | 17 |
| IRBA institutions | 3,266 | 4,050 | 5,993 | 6,882 | 1,039 | 1,031 | 10,298 | 11,963 |
| IRBA corporates | 5,000 | 4,457 | 6,938 | 6,682 | 9,446 | 9,709 | 21,384 | 20,848 |
| IRBA retail exposures | 4,085 | 4,205 | 6,546 | 6,970 | 66,929 | 64,742 | 77,560 | 75,917 |
| IRBA equity exposures | – | – | – | – | 424 | 421 | 424 | 421 |
| IRBA securitization positions | 86 | 81 | 72 | 71 | 1,263 | 1,620 | 1,421 | 1,772 |
| CRSA governments and central banks | 351 | 402 | 7,190 | 7,175 | 2,935 | 3,730 | 10,476 | 11,307 |
| CRSA regional governments and local authorities | 1,091 | 1,402 | 2,963 | 3,106 | 4,318 | 3,522 | 8,372 | 8,030 |
| CRSA other public-sector entities | 414 | 341 | 1,497 | 1,638 | 432 | 403 | 2,343 | 2,382 |
| CRSA multilateral development banks | 113 | – | 669 | 778 | 165 | 103 | 947 | 881 |
| CRSA international organizations | 98 | 83 | 906 | 982 | 438 | 233 | 1,442 | 1,298 |
| CRSA institutions | 296 | 1,014 | 43 | 52 | 1,247 | 1,811 | 1,586 | 2,877 |
| CRSA corporates | 108 | 170 | 324 | 324 | 547 | 412 | 979 | 906 |
| CRSA retail exposures | 1,109 | 1,163 | 428 | 445 | 973 | 697 | 2,510 | 2,305 |
| CRSA exposures secured by real estate property | 984 | 984 | 487 | 564 | 1,093 | 1,116 | 2,564 | 2,664 |
| CRSA exposures in default | 297 | 284 | – | – | – | – | 297 | 284 |
| CRSA covered bonds | 20 | 20 | – | – | – | – | 20 | 20 |
| CRSA securitization positions | – | – | 6 | 6 | 428 | 784 | 434 | 790 |
| CRSA UCITS | 43 | 8 | 10 | 10 | 1,628 | 1,601 | 1,681 | 1,619 |
| CRSA equity exposures | – | – | – | – | 228 | 227 | 228 | 227 |
| CRSA other items | – | – | – | – | – | – | – | – |
| **Total** | **17,369** | **18,681** | **34,132** | **35,685** | **93,643** | **92,162** | **145,144** | **146,528** |

The following table provides an overview of the exposure values for the specialized lending exposures calculated in accordance with Article 153(5) of the CRR, broken down by risk weight category. The exposures relate to commercial real estate finance, loans to property developers, operator models, real estate leasing and private mortgage finance for the construction of properties with more than ten residential units.

**Exposure values for IRBA specialized lending**

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Risk weight 1 (strong) | 1,310 | 1,380 |
| Risk weight 2 (good) | 82 | 61 |
| Risk weight 3 (satisfactory) | 35 | 41 |
| Risk weight 4 (weak) | 16 | 40 |
| Risk weight 5 (defaulted) | 45 | 103 |
| **Total** | **1,488** | **1,625** |

The following table shows the exposure values for equity exposures calculated using the simple risk weight approach in accordance with Article 155(2) of the CRR. In addition to these equity exposure values, Postbank had further exposures amounting to €25 thousand as of the reporting date (previous year-end: €9 million) in relation to equity exposures that have been assigned a regulatory risk weight of 250 % in accordance with Article 48 of the CRR.

**Exposure values for IRBA equity exposures in accordance with simple risk weight approach**

| | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| Private equity exposures in sufficiently diversified portfolios (risk weight 190 %) | – | – |
| Exchange-traded equity exposures (risk weight 290 %) | – | – |
| Other equity exposures (risk weight 370 %) | 424 | 412 |
| **Total** | **424** | **412** |

### Information on credit risk mitigation techniques

The following two tables present the collateralized IRBA and CRSA exposure amounts. The relevant qualitative information in accordance with Article 453 of the CRR is contained in the "Collateral management and credit risk mitigation techniques" section of the chapter of the 2014 Group Management Report entitled "Monitoring and managing credit risk." In addition to the collateral disclosed in this table, the eligible collateral for the corporate receivables disclosed in the "IRBA specialized lending exposures" table totaled €3,998 million as of June 30, 2015 (previous year-end: €3,874 million).

**Collateralized exposure values in the internal rating approaches**

| Exposure classes | Total risk exposure | | Financial collateral | | Guarantees, indemnities, and credit derivatives | | Other collateral | | Total collateralized risk exposure | |
|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| IRBA governments and central banks | 178 | 17 | – | – | – | – | – | – | – | – |
| IRBA institutions | 10,298 | 11,963 | 148 | – | 0 | – | – | – | 148 | – |
| IRBA corporates | 21,384 | 20,848 | – | – | 650 | 610 | – | – | 650 | 610 |
| IRBA retail exposures | 77,560 | 75,917 | – | – | 48 | 14 | 66,110 | 64,702 | 66,158 | 64,716 |
| IRBA equity exposures | 424 | 421 | – | – | – | – | – | – | – | – |
| IRBA securitization positions | 1,421 | 1,772 | – | – | 155 | 156 | – | – | 155 | 156 |
| **Total** | **111,265** | **110,938** | **148** | **–** | **853** | **780** | **66,110** | **64,702** | **67,111** | **65,482** |

Financial collateral and, to a limited extent, guarantees, indemnities and credit derivatives can be counted toward the Credit Risk Standardized Approach. The following table does not include any collateral in the form of real estate liens since exposures secured by real estate are assigned a preferential risk weighting under the Standardized Approach.

**Collateralized exposure values in the credit risk standardized approach**

| Exposure classes | Total risk exposure | | Financial collateral | | Guarantees, indemnities, and credit derivatives | | Total collateralized risk exposure | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| CRSA governments and central banks | 10,476 | 11,307 | – | – | – | – | – | – |
| CRSA regional governments and local authorities | 8,372 | 8,030 | – | – | – | – | – | – |
| CRSA other public-sector entities | 2,343 | 2,382 | – | – | – | – | – | – |
| CRSA multilateral development banks | 947 | 881 | – | – | – | – | – | – |
| CRSA international organizations | 1,442 | 1,298 | – | – | – | – | – | – |
| CRSA institutions | 1,586 | 2,877 | 1 | 750 | – | – | 1 | 750 |
| CRSA corporates | 979 | 906 | – | – | 6 | 6 | 6 | 6 |
| CRSA retail exposures | 2,510 | 2,305 | – | – | – | – | – | – |
| CRSA exposures secured by real estate property | 2,564 | 2,664 | – | – | – | – | – | – |
| CRSA exposures in default | 297 | 284 | 0 | – | – | – | 0 | – |
| CRSA covered bonds | 20 | 20 | – | – | – | – | – | – |
| CRSA securitization positions | 434 | 790 | – | – | 68 | 68 | 68 | 68 |
| CRSA UCITS | 1,681 | 1,619 | – | – | – | – | – | – |
| CRSA equity exposures | 228 | 227 | – | – | – | – | – | – |
| CRSA other items | – | – | – | – | – | – | – | – |
| **Total** | **33,879** | **35,590** | **1** | **750** | **74** | **74** | **75** | **824** |

### Information on the allowance for losses on loans and advances

The figures for the allowance for losses on loans and advances shown in the following tables relate to the entire Postbank Group portfolio; in other words, they cover the portfolios subject both to the IRB approaches and to the CRSA. The relevant qualitative information in accordance with Article 442(a) and (b) of the CRR is contained in the "Past due and impaired exposures" and "Allowance for losses on loans and advances" sections of the chapter of the 2014 Group Management Report entitled "Monitoring and managing credit risk."

The recognized allowance for losses on loans and advances relates to loans and advances to customers and to other banks. Gains and losses on the sale and remeasurement of investment securities, equity interests, and investments in unconsolidated subsidiaries are not reported below but in net income from investment securities (see Note 11 to the 2014 Consolidated Financial Statements).

The following table shows the carrying amounts of impaired and past due exposures, the amounts of and changes in specific valuation allowances, portfolio-based valuation allowances, and provisions as of the reporting date, as well as direct writedowns of and recoveries on loans written off in the first half of 2015 and in the previous year, broken down in each case by the sectors of relevance to Postbank. The net amounts recognized represent the difference between additions to and reversals of the allowances for losses and provisions. The provisions relate primarily to undrawn commitments and guarantees.

Overall, the presentation of the allowance for losses on loans and advances – broken down by the sectors and obligor groups of relevance to Postbank – reflects Postbank's focus on the retail business. The carrying amounts of impaired exposures also include exposures to customers that have been classified as impaired due to cross default clauses.

**Allowance for losses on loans and advances, broken down by sector and obligor group**

| Exposure classes | | Retail customers | | Banks/ insurers/ financial services providers | | Govern-ments | | Commercial real estate finance | | Service providers/ wholesale and retail | | Industry | | Other sectors | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| Exposures | Impaired exposures | 2,027 | 2,105 | 52 | 47 | 8 | 9 | 231 | 353 | 89 | 90 | 89 | 117 | 44 | 64 | 2,540 | 2,785 |
| | Past due exposures | 142 | 143 | 10 | – | – | – | 0 | 6 | 6 | 2 | 5 | 3 | 1 | – | 164 | 154 |
| Portfolios | Specific valuation allowances | 815 | 948 | – | – | 4 | – | 93 | 137 | 27 | 31 | 59 | 73 | 18 | 19 | 1,016 | 1,208 |
| | Portfolio-based valuation allowances | 141 | 131 | 0 | – | – | – | 8 | 10 | – | – | 9 | 9 | 2 | 3 | 160 | 153 |
| | Provisions | 19 | 27 | – | – | – | – | – | – | – | – | 17 | 15 | – | – | 36 | 43 |
| Period expense | Specific valuation allowances | 71 | 239 | – | (1) | 4 | – | 5 | 39 | (3) | 3 | 3 | 3 | 3 | (1) | 83 | 282 |
| | Portfolio-based valuation allowances | 12 | 4 | 0 | – | – | – | (3) | (10) | – | – | (1) | (3) | (1) | – | 7 | (9) |
| | Provisions | (9) | (13) | (0) | – | – | – | 0 | – | – | – | 2 | 6 | – | – | (7) | (8) |

Similarly, the following overview gives a breakdown of the allowance for losses on loans and advances by the geographic regions/areas of relevance to Postbank. In line with the CRR, no changes in the allowance for losses on loans and advances are shown in this table. The distribution of the allowance for losses on loans and advances corresponds to the distribution of the exposure amounts in the underlying loan portfolios.

**Allowance for losses on loans and advances, broken down by geographic region**

| | | Germany | | Western Europe | | Other regions | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| | | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m |
| Exposures | Impaired exposures | 2,188 | 2,375 | 319 | 384 | 33 | 26 | 2,540 | 2,785 |
| | Past due exposures | 141 | 140 | 18 | 8 | 5 | 7 | 164 | 155 |
| Portfolios | Specific valuation allowances | 901 | 1,084 | 104 | 117 | 11 | 7 | 1,016 | 1,208 |
| | Portfolio-based valuation allowances | 152 | 148 | 8 | 5 | – | – | 160 | 153 |
| | Provisions | 36 | 43 | – | – | – | – | 36 | 43 |

For information on changes in the allowance for losses on loans and advances in the course of the reporting period and the disclosures in accordance with Article 442i) of the CRR, please see Note 15 to the Interim Financial Statements.

### Composition and reconciliation of Postbank's capital

Postbank's capital is calculated on the basis of its IFRS consolidated financial statements and in accordance with the requirements of the CRR and SolvV. This section deals with the capital adequacy of the banking group as consolidated for the purposes of bank supervisory reporting in accordance with Article 11 ff. of the CRR and the KWG, respectively, and serves to disclose the elements of own funds during the transitional period in accordance with Article 492(3) of the CRR and Article 437(1) d) and e), respectively, and to reconcile the own funds items with the balance sheet items in accordance with Article 437(1)a) of the CRR.

The following table first shows the figures given in the IFRS consolidated balance sheet, which reflect the scope of consolidation for accounting purposes, and, second, the figures disclosed in the "regulatory balance sheet," which reflect the regulatory scope of consolidation. In contrast to the IFRS consolidated balance sheet, the regulatory balance sheet does not include the following subsidiaries: Postbank Finanzberatung AG, Postbank Versicherungsvermittlung GmbH, and Postbank Immobilien GmbH. The delta column shows the difference between the figures in the IFRS consolidated balance sheet and the figures in the regulatory balance sheet. The references in the last column point to the tables that follow, which present the composition of Postbank's own funds. These references are explained at the end of this section below the table "Transitional own funds disclosure and balance sheet references" in order to reconcile the balance sheet items used to calculate the own funds to the regulatory own fund items.

| Presentation of the balance sheet by financial reporting consolidation and regulatory scope of consolidation | | | | | | | |
|---|---|---|---|---|---|---|---|
| | IFRS balance sheet | | Regulatory balance sheet | | Delta | | Reference |
| | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | |
| **Assets** | | | | | | | |
| Cash reserve | 666 | 1,230 | 666 | 1,230 | 0 | 0 | |
| Loans and advances to other banks | 20,247 | 19,659 | 20,247 | 19,659 | –1 | 0 | |
| Loans and advances to customers | 98,147 | 97,972 | 98,139 | 97,965 | –8 | –7 | |
| Allowance for losses on loans and advances | –1,176 | –1,361 | –1,176 | –1,361 | 0 | 0 | |
| Trading assets | 745 | 697 | 745 | 697 | 0 | 0 | |
| Hedging derivatives | 85 | 119 | 85 | 119 | 0 | 0 | |
| Investment securities | 31,537 | 33,477 | 31,746 | 33,685 | 208 | 208 | |
| Intangible assets | 1,932 | 1,952 | 1,503 | 1,523 | –429 | –429 | g |
| Goodwill | 1,581 | 1,581 | 1,152 | 1,152 | –429 | –429 | |
| Other intangible assets | 351 | 371 | 351 | 371 | 0 | 0 | |
| Property and equipment | 678 | 683 | 676 | 681 | –2 | –2 | |
| Current tax assets | 151 | 148 | 150 | 147 | –1 | –1 | |
| Deferred tax assets | 51 | 48 | 40 | 37 | –11 | –11 | |
| Other assets | 1,006 | 823 | 995 | 817 | –11 | –6 | |
| Assets held for sale | 51 | 0 | 51 | 0 | 0 | 0 | |
| **Total assets** | **154,120** | **155,447** | **153,865** | **155,198** | **–254** | **–249** | |
| **Equity and liabilities** | | | | | | | |
| Deposits from other banks | 17,337 | 17,583 | 17,337 | 17,583 | 0 | 0 | |
| Due to customers | 119,488 | 119,295 | 119,566 | 119,370 | 78 | 75 | |
| Debt securities in issue | 3,445 | 4,571 | 3,445 | 4,571 | 0 | 0 | |
| Trading liabilities | 821 | 767 | 821 | 767 | 0 | 0 | |
| Hedging derivatives | 246 | 298 | 246 | 299 | 0 | 1 | |
| Provisions | 1,831 | 1,952 | 1,794 | 1,913 | –36 | –39 | |
| Current tax liabilities | 113 | 104 | 112 | 103 | –1 | –1 | |
| Deferred tax liabilities | 54 | 51 | 47 | 44 | –7 | –7 | |
| Other liabilities | 663 | 526 | 618 | 483 | –45 | –43 | |
| Subordinated debt | 3,477 | 3,699 | 3,477 | 3,699 | 0 | 0 | h |
| thereof: Contributions by typical silent partners | 20 | 20 | 20 | 20 | 0 | 0 | i |
| Liabilities directly related to assets held for sale | 39 | 0 | 39 | 0 | 0 | 0 | |
| Equity | 6,605 | 6,601 | 6,362 | 6,366 | –243 | –235 | f |
| a) Issued capital | 547 | 547 | 547 | 547 | 0 | 0 | a |
| b) Share premium | 2,010 | 2,010 | 2,010 | 2,010 | 0 | 0 | b |
| c) Other reserves | 3,799 | 3,761 | 3,565 | 3,522 | –235 | –239 | |
| Retained earnings | 4,040 | 3,904 | 3,782 | 3,641 | –258 | –263 | c |
| AOCI | –240 | –143 | –217 | –120 | 23 | 23 | d |
| d) Consolidated net profit | 243 | 278 | 235 | 283 | –8 | 5 | e |
| Non-controlling interests | 5 | 5 | 5 | 5 | 0 | 0 | |
| **Total equity and liabilities** | **154,120** | **155,447** | **153,865** | **155,198** | **–254** | **–249** | |

Regulatory capital is broken down into three categories: Common Equity Tier 1 capital, Additional Tier 1 capital, and Tier 2 capital. In accordance with the transitional provisions of the CRR, capital instruments that are no longer permitted to be recognized are being successively phased out and the new prudential adjustments successively phased in.

The following tables provide information in accordance with Article 492(3) of the CRR and Article 437(1)d) and e), respectively, about the Common Equity Tier 1 capital, the Additional Tier 1 capital, and the Tier 2 capital, as well as about the prudential filters, deductions, and restrictions. The table is based on the "Transitional Own Funds Disclosure Template" contained in Annex VI of Implementing Regulation No. 1423/2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions in accordance with the CRR (CRR IR).

The "Amount of own funds position" column contains the amount used as the basis for calculating Postbank's own funds as of the reporting date and as of the previous year-end. The "CRR reference" column lists the applicable provisions of the CRR. The next column gives the residual amounts deducted under the transitional provisions by other categories of capital, or not deducted at all, along with amounts that will not be deducted following full phase-in. The last column contains references to the balance sheet items used to calculate the own funds.

| Transitional own funds disclosure and balance sheet references | | | | | | | |
|---|---|---|---|---|---|---|---|
| No. | Own funds position in CRR Impl. Reg. Annex VI | Amount of own funds position | | Amount before CRR/residual amount[1] | | Refe-rence | CRR reference |
| | | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | | |
| **Common Equity Tier 1 (CET1): instruments and reserves** | | | | | | | |
| 1 | Capital instruments and related share premium accounts | 2,557 | 2,557 | | | a+b | 26(1), 27, 28, 29 |
| | thereof: issued capital[2] | 547 | 547 | | | a | |
| | thereof: share premium[2] | 2,010 | 2,010 | | | b | |
| 2 | Retained earnings | 3,903 | 3,620 | | | c | 26(1) (c) |
| 3 | Accumulated other comprehensive income (and other reserves, to include unrealized gains and losses under the applicable accounting standards) | –120 | –120 | | | d | 26(1) |
| 3a | Funds for general banking risk | – | – | | | | 26(1) (f) |
| 4 | Amount of qualifying items referred to in Article 484(3) of the CRR and the related share premium accounts subject to phase out from CET1 | – | – | | | | 486(2) |
| | Public-sector capital injections grandfathered until January 1, 2018 | – | – | | | | 483(2) |
| 5 | Minority interests (amount allowed in consolidated CET1) | – | – | – | – | | 84, 479, 480 |
| 5a | Independently reviewed interim profits net of any foreseeable charge or dividend | – | 283 | | | e | 26(2) |
| **6** | **Common Equity Tier 1 (CET1) capital before regulatory adjustments** | **6,340** | **6,340** | | | f | |
| **Common Equity Tier 1 (CET1): regulatory adjustments** | | | | | | | |
| 7 | Additional value adjustments (negative amount) | –20 | –20 | | | | 34, 105 |
| 8 | Intangible assets (net of related tax liability) (negative amount) | –588 | –291 | –881 | –1,165 | g | 36(1) (b), 37, 472(4) |
| 10 | Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) are met) (negative amount) | –2 | –1 | –3 | –4 | | 36(1) (c), 38, 472(5) |
| 11 | Fair value reserves related to gains or losses on cash flow hedges | – | – | | | | 33(a) |
| 12 | Negative amounts resulting from the calculation of expected loss amounts | –141 | –52 | –212 | –208 | | 36(1) (d), 40, 159, 472(6) |
| 13 | Any increase in equity that results from securitized assets (negative amount) | – | – | | | | 32(1) |
| 14 | Gains or losses on liabilities valued at fair value resulting from changes in own credit standing[3] | –1 | – | –1 | –2 | | 33(b) |
| 15 | Defined benefit pension fund assets (negative amount) | – | – | – | – | | 36(1) (e), 41, 472(7) |
| 16 | Direct and indirect holdings by an institution of own CET1 instruments (negative amount) | – | – | – | – | | 36(1) (f), 42, 472(8) |
| 17 | Holdings of the CET1 instruments of financial-sector entities where those entities have a reciprocal cross-holding with the institution that has been designed to inflate artificially the own funds of the institution (negative amount) | – | – | – | – | | 36(1) (g), 44, 472(9) |
| 18 | Direct and indirect holdings by the institution of the CET1 instruments of financial-sector entities where the institution does not have a significant investment in those entities (amount above the 10 % threshold and net of eligible short positions) (negative amount) | – | – | – | – | | 36(1) (h), 43, 45, 46, 49(2) (3), 79, 472(10) |
| 19 | Direct, indirect, and synthetic holdings by the institution of the CET1 instruments of financial-sector entities where the institution has a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount) | – | – | – | – | | 36(1) (i), 43, 45, 47, 48(1) (b), 49(1) bis (3), 79, 470, 472(11) |
| 20a | Exposure amount of the following items which qualify for a RW of 1,250 %, where the institution opts for the deduction alternative | – | – | | | | 36(1) (k) |
| 20b | thereof: qualifying holdings outside the financial sector (negative amount) | – | – | | | | 36(1) (k) (i), 89 bis 91 |
| 20c | thereof: securitization positions (negative amount) | – | – | | | | 36(1) (k) (ii), 243(1) (b), 244(1) (b), 258 |
| 20d | thereof: free deliveries (negative amount) | – | – | | | | 36(1) (k) (iii), 379(3) |
| 21 | Deferred tax assets that rely on future profitability and arise from temporary differences (amount above 10 % threshold, net of related tax liability, where the conditions in 38(3) are met) (negative amount) | – | – | – | – | | 36(1) (c), 38, 48(1) (a), 470, 472(5) |
| 22 | Amount exceeding the 15 % threshold (negative amount) | – | – | – | – | | 48(1) |
| 23 | thereof: direct and indirect holdings by the institution of the CET1 instruments of financial-sector entities where the institution has a significant investment in those entities | – | – | – | – | | 36(1) (i), 48(1) (b), 470, 472(11) |
| 25 | thereof: deferred tax assets that rely on future profitability and arise from temporary differences | – | – | – | – | | 36(1) (c), 38, 48(1) (a), 470, 472(5) |

[1]This column is used to report the residual amounts that were deducted from other categories of capital or not deducted at all on the basis of the transitional provision, and amounts that are subject to phase out.

[2]EBA list in accordance with Article 26(3)

[3]Also includes fair value gains and losses arising from Postbank's own credit risk related to derivative liabilities in accordance with Article 33c of the CCR

| Transitional own funds disclosure and balance sheet references | | | | | | | |
|---|---|---|---|---|---|---|---|
| No. | Own funds position in CRR Impl. Reg. Annex VI | Amount of own funds position | | Amount before CRR/residual amount[1] | | Refe-rence | CRR reference |
| | | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | | |
| **Common Equity Tier 1 (CET1): regulatory adjustments** | | | | | | | |
| 25a | Losses for the current financial year (negative amount) | –38 | – | –57 | – | d | 36(1) (a), 472(3) |
| 25b | Foreseeable tax charges relating to CET1 items (negative amount) | – | – | | | | 36(1) (l) |
| 26 | Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment | 59 | 89 | | | | |
| 26a | Regulatory adjustments relating to unrealized gains and losses pursuant to Articles 467 and 468 | 59 | 89 | | | | |
| | thereof: filter for unrealized gains on exposures to central governments classified in the "available for sale" category pursuant to the International Accounting Standard (IAS) 39 as adopted by the EU | –32 | –32 | | | | |
| | thereof: filter for other unrealized gains on equity and debt instruments | – | | | | | |
| | thereof: filter for unrealized losses on exposures to central governments classified in the "available for sale" category pursuant to the International Accounting Standard (IAS) 39 as adopted by the EU | – | | | | | 467 |
| | thereof: filter for other unrealized losses on equity and debt instruments | 91 | 121 | | | | 468 |
| 26b | Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR | – | – | | | | 481 |
| 27 | Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount) | –973 | –1,253 | | | | 36(1) (j) |
| **28** | **Total regulatory adjustments to Common Equity Tier 1 (CET1)** | **–1,704** | **–1,528** | | | | |
| **29** | **Common Equity Tier 1 (CET1) capital** | **4,636** | **4,812** | | | | |
| **Additional Tier 1 capital (AT1): instruments** | | | | | | | |
| 30 | Capital instruments and related share premium accounts | – | – | | | | 51, 52 |
| 31 | thereof: classified as equity under applicable accounting standards | – | – | | | | |
| 32 | thereof: classified as liabilities under applicable accounting standards | – | – | | | | |
| 33 | Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1 | 14 | 16 | | | i | 486(3) |
| | Public-sector capital injections grandfathered until January 1, 2018 | – | – | | | | 483(3) |
| 34 | Qualifying Tier 1 capital instruments included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties | – | – | | | | 85, 86, 480 |
| 35 | thereof: instruments issued by subsidiaries subject to phase out | – | – | | | | 486(3) |
| **36** | **Additional Tier 1 (AT1) capital before regulatory adjustments** | **14** | **16** | | | | |
| **Additional Tier 1 capital (AT1): regulatory adjustments** | | | | | | | |
| 37 | Direct and indirect holdings by an institution of own AT1 instruments (negative amount) | – | – | | | | 52(1) (b), 56(a), 57, 475(2) |
| 38 | Holdings of the AT1 instruments of financial-sector entities where those entities have reciprocal cross-holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | – | – | | | | 56(b), 58, 475(3) |
| 39 | Direct and indirect holdings by the institution of the AT1 instruments of financial-sector entities where the institution does not have a significant investment in those entities (amount above the 10 % threshold and net of eligible short positions) (negative amount) | – | – | | | | 56(c), 59, 60, 79, 475(4) |
| 40 | Direct and indirect holdings by the institution of the AT1 instruments of financial-sector entities where the institution has a significant investment in those entities (amount above the 10 % threshold net of eligible short positions) (negative amount) | – | – | | | | 56(d), 59, 79, 475(4) |
| 41 | Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e., CRR residual amounts) | –987 | –1,269 | | | | |
| 41a | Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No. 575/2013 | –987 | –1,269 | | | | 472, 472(3) (a), 472(4), 472(6), 472(8) (a), 472(9), 472(10) (a), 472(11) (a) |
| | thereof: intangible assets | –881 | –1,165 | | | | |
| | thereof: negative amounts resulting from the calculation of expected loss amounts | –106 | –104 | | | | |
| | thereof: own instruments | – | – | | | | |
| 41b | Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to Article 475 of Regulation (EU) No. 575/2013 | – | – | | | | 477, 477(3), 477(4) (a) |
| 41c | Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR | – | – | | | | 467, 468, 481 |

[1]This column is used to report the residual amounts that were deducted from other categories of capital or not deducted at all on the basis of the transitional provision, and amounts that are subject to phase out.

| Transitional own funds disclosure and balance sheet references | | | | | | | |
|---|---|---|---|---|---|---|---|
| No. | Own funds position in CRR Impl. Reg. Annex VI | Amount of own funds position | | Amount before CRR/residual amount[1] | | Refe-rence | CRR reference |
| | | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | | |
| **Additional Tier 1 capital (AT1): regulatory adjustments** | | | | | | | |
| 42 | Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount) | – | – | | | | 56(e) |
| **43** | **Total regulatory adjustments to Additional Tier 1 (AT1) capital** | **–987** | **–1,269** | | | | |
| **44** | **Additional Tier 1 (AT1) capital** | **–** | **–** | | | | |
| **45** | **Total Tier 1 capital (T1 = CET1 + AT1)** | **4,636** | **4,812** | | | | |
| **Tier 2 (T2) capital: instruments and reserves** | | | | | | | |
| 46 | Capital instruments and the related share premium accounts | 2,455 | 2,589 | | | h | 62, 63 |
| 47 | Amount of qualifying items referred to in Article 484(5) and the related share premium accounts subject to phase out from T2 | 3 | 3 | | | h, i | 486(4) |
| | Public-sector capital injections grandfathered until January 1, 2018 | | | | | | 483(4) |
| 48 | Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 and 34) issued by subsidiaries and held by third parties | 69 | 85 | –28 | –33 | h | 87, 88, 480 |
| 49 | thereof: instruments issued by subsidiaries subject to phase out | – | – | | | | 486(4) |
| 50 | Credit risk adjustments | – | – | | | | 62(c) and (d) |
| **51** | **Tier 2 capital (T2) before regulatory adjustments** | **2,527** | **2,677** | | | | |
| **Tier 2 (T2) capital: regulatory adjustments** | | | | | | | |
| 52 | Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount) | – | – | | | | 63(b) (i), 66(a), 67, 477(2) |
| 53 | Holdings of the T2 instruments and subordinated loans of financial-sector entities where those entities have reciprocal cross-holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | – | – | | | | 66(b), 68, 477(3) |
| 54 | Direct and indirect holdings of the T2 instruments and subordinated loans of financial-sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount) | – | – | | | | 66(c), 69, 70, 79, 477(4) |
| 54a | thereof: new holdings not subject to any transitional arrangements | – | – | | | | |
| 54b | thereof: holdings existing before January 1, 2013, and subject to transitional arrangements | – | – | | | | |
| 55 | Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial-sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount) | – | – | | | | 66(d), 69, 79, 477(4) |
| 56 | Regulatory adjustments applied to Tier 2 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e., CRR residual amounts) | –106 | –104 | | | | |
| 56a | Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No. 575/2013 | –106 | –104 | | | | 472, 472(3) (a), 472(4), 472(6), 472(8) (a), 472(9), 472(10) (a), 472(11) (a) |
| | thereof: negative amounts resulting from the calculation of expected loss amounts | –106 | –104 | | | | |
| 56b | Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to Article 475 of Regulation (EU) No. 575/2013 | – | – | | | | 475, 475(2) (a), 475(3), 475(4) (a) |
| 56c | Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR | – | – | | | | 467, 468, 481 |
| **57** | **Total regulatory adjustments to Tier 2 (T2) capital** | **–106** | **–104** | | | | |
| **58** | **Tier 2 (T2) capital** | **2,421** | **2,573** | | | | |
| **59** | **Total capital (TC = T1 + T2)** | **7,057** | **7,385** | | | | |
| **Risk-weighted assets** | | | | | | | |
| 59a | Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e., CRR residual amounts) | 201 | 161 | | | | |
| | thereof: deferred tax assets that rely on future profitability, resulting from temporary differences | 201 | 161 | | | | 472, 472(5), 472(8) (b), 472(10) (b), 472(11) (b) |
| | thereof: Common Equity Tier 1 instruments of relevant entities where the institution has a significant investment in those entities | – | – | | | | 475, 475(2) (b), 475(2) (c), 475(4) (b) |
| **60** | **Total risk-weighted assets** | **45,004** | **43,651** | | | | |

[1]This column is used to report the residual amounts that were deducted from other categories of capital or not deducted at all on the basis of the transitional provision, and amounts that are subject to phase out.

| Transitional own funds disclosure and balance sheet references | | | | | | | |
|---|---|---|---|---|---|---|---|
| No. | Own funds position in CRR Impl. Reg. Annex VI | Amount of own funds position | | Amount before CRR/residual amount[1] | | Reference | CRR reference |
| | | June 30, 2015 €m | Dec. 31, 2014 €m | June 30, 2015 €m | Dec. 31, 2014 €m | | |
| **Capital ratios and buffers** | | | | | | | |
| 61 | Common Equity Tier 1 capital ratio (as a percentage of total risk exposure amount) | 10.30 % | 11.02 % | | | | 92(2) (a), 465 |
| 62 | Tier 1 capital ratio (as a percentage of total risk exposure amount) | 10.30 % | 11.02 % | | | | 92(2) (b), 465 |
| 63 | Total capital ratio (as a percentage of total risk exposure amount) | 15.68 % | 16.92 % | | | | 92(2) (c) |
| 64 | Institution-specific buffer requirement (CET1 requirement in accordance with Article 92(1)(a), plus capital conservation and counter-cyclical buffer requirements, plus the systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of total risk exposure amount)) | 4.50 % | 4.00 % | | | | CRD 128, 129, 130 |
| 65 | thereof: capital conservation buffer requirement | – | – | | | | |
| 66 | thereof: counter-cyclical buffer requirement | – | – | | | | |
| 67 | thereof: systemic risk buffer requirement | – | – | | | | |
| 67a | thereof: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer | – | – | | | | CRD 131 |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of total risk exposure amount) | 4.30 % | 5.52 % | | | | CRD 128 |
| **Deductions from Common Equity Tier 1 capital** | | | | | | | |
| 72 | Direct and indirect holdings by the institution of the capital instruments of financial-sector entities where the institution does not have a significant investment in those entities (amount below 10 % threshold and net of eligible short positions) | 8 | 23 | | | | 36(1) (h), 45, 46, 472(10), 56(c), 59, 60, 475(4), 66 (c), 69, 70, 477(4) |
| 73 | Direct and indirect holdings by the institution of the CET1 instruments of financial-sector entities where the institution has a significant investment in those entities (amount below 10 % threshold and net of eligible short positions) | – | – | | | | 36(1) (i), 45, 48, 470, 472(11) |
| 75 | Deferred tax assets that rely on future profitability, resulting from temporary differences (amount below 10 % threshold, net of related tax liability, where the conditions in Article 38(3) are met) | 80 | 64 | | | | 36(1) (c), 38, 48, 470, 472(5) |
| **Applicable caps on the inclusion of provisions in Tier 2** | | | | | | | |
| 76 | Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap) | – | – | | | | 62 |
| 77 | Cap on inclusion of credit risk adjustments in T2 under standardized approach | 61 | 61 | | | | 62 |
| 78 | Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap) | – | – | | | | 62 |
| 79 | Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach | 206 | 201 | | | | 62 |
| **Equity instruments to which the transitional provisions apply (only applicable from January 1, 2013, to January 1, 2022)** | | | | | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | – | – | | | | 484(3), 486(2) and (5) |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | – | – | | | | 484(3), 486(2) and (5) |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | 14 | 16 | | | | 484(4), 486(3) and (5) |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | 6 | 4 | | | | 484(4), 486(3) and (5) |
| 84 | Current cap on T2 instruments subject to phase out arrangements | 3 | 3 | | | | 484(5), 486(4) and (5) |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | 3 | 1 | | | | 484(5), 486(4) and (5) |

[1]This column is used to report the residual amounts that were deducted from other categories of capital or not deducted at all on the basis of the transitional provisions, and amounts that are subject to phase out.

Common Equity Tier 1 capital (row 29) primarily consists of Postbank's issued capital and the share premium (row 1), the retained earnings (row 2), changes in other comprehensive income (row 3), and consolidated net profit (row 5a), and takes into account the prudential adjustments listed in rows 7 to 27.

Additional Tier 1 capital comprises contributions by typical silent partners, which will cease to qualify as Additional Tier 1 capital in accordance with Article 486(3) of the CRR on December 31, 2021 (row 33). Since the prudential adjustments to Additional Tier 1 capital (row 43) exceed the Additional Tier 1 capital instruments (row 36), Postbank does not disclose any Additional Tier 1 capital after prudential adjustments (row 44). The amount in excess of the Additional Tier 1 capital that must be deducted from the Additional Tier 1 capital items (row 27) is accounted for in the prudential adjustments to Common Equity Tier 1 capital.

The Tier 2 capital (row 58) primarily comprises profit participation rights outstanding and subordinated liabilities (row 46). In addition, contributions by typical silent partners that will no longer qualify as Tier 2 capital in accordance with Article 486(4) of the CRR after December 31, 2021 (row 47), capital instruments qualifying as Tier 2 capital that were issued by Postbank's subsidiary BHW Bausparkasse AG and are held by third parties (row 48), and the prudential adjustments listed in rows 52 to 56c count as Tier 2 capital. The prudential adjustments as of the reporting date consisted solely of deductions resulting from the transitional provisions (row 56), as at the previous year-end.

The following additional explanations relate to the individual references:

- (a+b): The Common Equity Tier 1 capital instruments and the related premium in the amount of €2,557 million as of the reporting date (December 31, 2014: €2,557 million) correspond to the issued capital in the amount of €547 million as of the reporting date (December 31, 2014: €547 million) plus the share premium in the amount of €2,010 million (December 31, 2014: €2,010 million).

- (c): The difference of €121 million as of the reporting date (December 31, 2014: €–21 million) between the retained earnings in accordance with CRR requirements in the amount of €3,903 million (December 31, 2014: €3,620 million) and the retained earnings in the regulatory balance sheet in the amount of €3,782 million (December 31, 2014: €3,641 million) is due to the requirement to deduct the fund for home loans and savings protection (technical security reserve; €–21 million) and to the fact that the intra-year transfer of the HGB profit in the amount of €142 million was not recognized since the interim profit was not taken into account.

- (d) The accumulated other comprehensive income in the amount of €–120 million (December 31, 2014: €–120 million) does not correspond as of the reporting date to the amount of €–217 million disclosed on the balance sheet, since the non-inclusion of the interim profit led to the figure as of December 31, 2014, being used as the basis for reporting. The losses for the current fiscal year reported in row 25a correspond to the losses for the current year in accumulated other comprehensive income. The variance in the amount of €–97 million between the total losses for the current year reported in the amount of €–95 million and the difference between accumulated other comprehensive income as of December 31, 2014 (€–120 million) and the figure disclosed on the balance sheet as of June 30, 2015 (€–217 million) is due to Postbank's exercise of the option under Article 467(2) sentence 2 of the CRR and BaFin's General Decree dated March 14, 2015, not to include unrealized gains and losses on exposures to central governments classified in the "available for sale" category. Accumulated other comprehensive income less exposures to central governments is used as the basis for calculating the losses for the current year. Postbank exercised this option for the first time as of March 31, 2015.

- (e) The consolidated net profit of €235 million was not included in the report.

- (f) The difference of €–22 million as of the reporting date (December 31, 2014: €–26 million) between the capital reported in the regulatory balance sheet in the amount of €6,362 (December 31, 2014: €6,366 million) and the Common Equity Tier 1 capital before prudential adjustments in the amount of €6,340 million (December 31, 2014: €6,340 million) comprises the deduction of the technical security reserve (€–21 million; December 31, 2014: €–21 million), the non-inclusion of the intra-year transfer of the HGB profit (€142 million; December 31, 2014: €0 million), the difference in accumulated other comprehensive income (€97 million; December 31, 2014: €0 million), the non-inclusion of the interim profit (€–235 million; December 31, 2014: €0 million), and the ineligibility of the non-controlling interests (€–5 million; December 31, 2014: €–5 million).

- (g) The difference in the presentation of intangible assets between the amount of €1,503 million as of the reporting date (December 31, 2014: €1,523 million) shown in the regulatory balance sheet and the amount of €1,469 million (December 31, 2014: €1,456 million) given in the overview of capital amounted to €–34 million (December 31, 2014: €–67 million) and is due to the deduction of deferred tax liabilities and to the fact that depreciation, amortization, and impairment losses were not recognized since the interim profit was not taken into account.

- (h) Of the €3,477 million of subordinated debt on the balance sheet as of the reporting date (December 31, 2014: €3,699 million), a total of €2,528 million (December 31, 2014: €2,677 million) qualifies as regulatory Tier 2 capital.

- (i) The transitional provisions permit €14 million (December 31, 2014: €16 million) of the balance sheet contributions by typical silent partners in the amount of €20 million as of the reporting date (December 31, 2014: €20 million) to be counted toward Additional Tier 1 capital (see row 33) and €3 million (December 31, 2014: €3 million) to be counted toward Tier 2 capital (see reference (h) and row 47).

The Tier 2 capital in the amount of €2,527 million as of the reporting date (December 31, 2014: €2,677 million) that qualifies for regulatory purposes comprises the following items:

- €2,455 million (December 31, 2014: €2,589 million) of the qualifying Tier 2 capital instruments of Deutsche Postbank AG (amortization in the last five years of their duration) (see row 46)

- €3 million (December 31, 2014: €3 million) of the contributions by typical silent partners of Deutsche Postbank AG qualifying as Tier 2 capital under the transitional provisions (see reference (i) and row 47)

- €69 million (December 31, 2014: €85 million) of the instruments issued by BHW Bausparkasse AG allocated to consolidated Tier 2 capital (see row 48).

### Composition of own funds, taking interim profit into account

If the interim profit for the first half of 2015 had been recognized, the following (regular phased-in) capital ratios would have resulted, in contrast to the reportable figures in the table entitled "Transitional own funds disclosure and balance sheet references":

- Common Equity Tier 1 (CET 1): €4,814 million (row 29)
- Total Tier 1 capital: €4,814 million (row 45)
- Total capital: €7,258 million (row 58)

Consequently, the regular phased-in Common Equity Tier 1 capital ratio and the Tier 1 capital ratio would have amounted to 10.7 %. The total capital ratio would have amounted to 16.1 %.

### Capital profiles and agreements and prospectuses for capital instruments issued

In accordance with Article 437(1) b) and c) of the CRR, institutions required to apply the CRR must disclose a description of the main features and full terms and conditions of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments. Postbank complies with this obligation by publishing this information on its website. The information provided is updated every quarter. It can be accessed via the following link: https://www.postbank.com/postbank/en/ ir_capital_instruments_prospectuses.html

## Capital requirements

The following table provides an overview of Postbank's capital backing, calculated with reference to the regulatory bases of assessment, broken down by the type of risk and approach. The capital backing, taking into account the applicable transitional provisions in the CRR and the SolvV, represents the total exposures required to be included, multiplied by 8 % in each case. Total capital backing as of June 30, 2015, amounted to €3,600 million (December 31, 2014: €3,492 million).

| Capital backing by type of risk and approach | June 30, 2015 €m | Dec. 31, 2014 €m |
|---|---|---|
| **Total credit risk exposure, calculated using the Standardized Approach[1]** | | |
| Governments and central banks | – | – |
| Regional governments and local authorities | 0 | 0 |
| Public-sector entities | 5 | 5 |
| Multilateral development banks | – | – |
| International organizations | – | – |
| Institutions | 15 | 16 |
| Corporates | 77 | 74 |
| Retail exposures | 150 | 138 |
| Exposures secured by real estate property | 73 | 76 |
| Exposures in default | 28 | 26 |
| Covered bonds | 0 | 0 |
| UCITS | 14 | 9 |
| **Total Standardized Approach** | **362** | **344** |
| **Total credit risk exposure, calculated on the basis of internal ratings[1]** | | |
| **Basic IRB Approach** | | |
| Governments and central banks | – | 2 |
| Institutions | 86 | 98 |
| Corporates | 306 | 315 |
| **Total Basic IRB Approach** | **392** | **415** |
| **Advanced IRB Approach** | | |
| Governments and central banks | 1 | – |
| Institutions | 107 | 110 |
| Corporates | 567 | 509 |
| Retail exposures to SMEs, secured by real estate property | 0 | 1 |
| Retail exposures, other than to SMEs, secured by real estate property | 1,013 | 982 |
| Qualifying revolving retail exposures | 7 | 7 |
| Other retail exposures to SMEs | 5 | 6 |
| Other retail exposures, other than to SMEs | 337 | 326 |
| **Total Advanced IRB Approach** | **2,037** | **1,941** |
| **Other non-credit obligation assets** | **161** | **162** |
| **Total IRB Approaches** | **2,590** | **2,518** |
| **Total risk exposure for securitization positions** | | |
| Securitization positions (IRBA) | 33 | 34 |
| Securitization positions (Standardized Approach) | 9 | 31 |
| **Total risks from securitization positions** | **42** | **65** |
| **Total risk exposure for equity exposures** | | |
| Equity exposures – retention of existing calculation/grandfathering | 18 | 18 |
| Equity exposures (simple risk weight approach under the IRBA) | 126 | 122 |
| Exchange-traded | – | – |
| Private equity exposures in sufficiently diversified portfolios | – | – |
| Other equity exposures | 126 | 122 |
| Equity exposures with regulatory risk weighting in accordance with Article 48 of the CRR | 0 | 2 |
| **Total risks from equity exposures** | **144** | **142** |
| **Other total risk exposure amounts** | | |
| Exchange-traded debt instruments (calculated using the Standardized Approach) | – | – |
| Foreign exchange positions (calculated using the Standardized Approach) | 3 | 7 |
| Other market risk exposures (calculated using the Standardized Approach) | – | – |
| Total risk exposure amount for operational risk (calculated using Advanced Measurement Approaches) | 419 | 373 |
| Total risk exposure amount due to credit valuation adjustments (CVAs, calculated using the Standardized Approach) | 40 | 43 |
| Exposure amount for default fund contributions to central counterparties (CCPs) | 0 | 0 |
| Other total risk exposure amounts | – | – |
| **Total** | **3,600** | **3,492** |

[1]excluding securitization positions, equity exposures, and CCP default funds

# FINANCIAL CALENDAR 2015

| | |
|---|---|
| August 13, 2015 | Publication of Interim Report as of June 30, 2015 |
| November 12, 2015 | Interim Management Statement as of September 30, 2015 |

No responsibility is taken for the correctness of this information – the right is reserved to make changes at short notice.

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This Interim Report contains forward-looking statements that relate to macroeconomic developments (in particular the development of money and capital market rates), the business and the net assets, financial position and results of operations of the Postbank Group. Forward-looking statements by definition do not depict the past and are in some instances indicated by words such as "believe", "anticipate", "predict", "plan", "estimate", "aim", "expect", "assume" and similar expressions. Forward-looking statements are based on the Company's current plans, estimates, projections, and forecasts and are therefore subject to risks and uncertainties that could cause actual development or the actual results or performance to differ materially from the development, results or performance expressly or implicitly assumed in these forward-looking statements.

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