2012

DEUTSCHE POSTBANK AG, BONN

ANNUAL FINANCIAL STATEMENTS (HGB)

AS OF DECEMBER 31, 2012

Postbank

DEUTSCHE POSTBANK AG, BONN

ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2012 AND MANAGEMENT REPORT FOR FISCAL YEAR 2012

POSTBANK MANAGEMENT REPORT

BUSINESS AND ENVIRONMENT

Organization and management

Business activities, important products, services and business processes

Deutsche Postbank AG (Postbank) provides financial services for retail and corporate customers as well as for other financial service providers primarily in Germany. The focus of its business activities is Retail Banking. Its work is rounded out by the business it conducts with corporate customers (payment transactions and financing), settlement services (Transaction Banking) as well as money market and capital market activities. On December 3, 2010, the Postbank Group became part of the basis of consolidation of Deutsche Bank AG, which indirectly holds more than 90 % of the shares in Postbank.

With its business activities, Postbank plays a significant role in the Private and Business Clients (PBC) corporate division at Deutsche Bank. It acts as a supporting pillar of the business with private and corporate customers, and makes a substantial contribution to the implementation and execution of Deutsche Bank's strategy to intensify its activities on the domestic market. Postbank is the key component of Consumer Banking Germany in the Private and Business Clients corporate division. Consumer Banking views itself as a financial services provider that is oriented on the needs of a broad base of customers thanks to its simple, standardized products. With its IT and operational units, Postbank is also realizing a large portion of the joint retail target platform (RTP) for Postbank and Deutsche Bank.

Key locations

The head office of Postbank is located in Bonn. In addition, Postbank operates a national network of branches that had 1,092 locations in Germany at the end of 2012. The subsidiary BHW Bausparkasse Aktiengesellschaft is domiciled in Hameln.

In addition, Postbank also maintains a subsidiary in Luxembourg and a branch in London. PB (USA) Holdings, Inc. and its subsidiaries, among which PB Capital Corporation, New York, also belongs, was sold within the Deutsche Bank Group as of the end of December 31, 2012.

Fundamental sales markets and competitive position

In retail banking, Postbank conducts its business almost exclusively in Germany and is the largest single-entity institution in terms of the number of customers. Its major product fields are savings, checking accounts, private mortgage lending and home savings. Postbank is among the leaders in Germany in each of these areas, based on balance-sheet volumes. Private retirement provision solutions, personal loans and the securities business round out the product range for retail customers. In these areas, Postbank offers some products and services as part of partnerships with other banks and insurance companies. One key aspect of this activity is the close collaboration with Deutsche Bank AG that is continuously being intensified. Postbank's major competitors in the retail banking business in Germany are providers from the sector of savings banks and cooperative banks as well as several major banks.

In addition to retail banking, Postbank is involved in the corporate banking business. As a mid-sized market player, it focuses particularly on German SMEs in this area. With its subsidiary Betriebs-Center für Banken AG, Frankfurt am Main (BCB AG), Postbank is one of the largest providers of payment transaction services in the German market. On behalf of Postbank and three other clients, including Deutsche Bank AG, BCB AG processed around 7.5 billion transactions during the reporting year.

Management at Postbank

Postbank is responsible for the management of the entire Postbank subgroup.

The management at Postbank is based on an integrated and consistent system of key performance indicators that is uniform Group-wide. The system links targets, planning, operational management, performance measurement and remuneration. The objective of this management approach is to optimize profitability and efficiency.

The central profitability target for the capital market-oriented management of Postbank is the expectation of returns on equity in accordance with IFRSs, as measured by return on equity (RoE) before and/or after tax.

Efficiency is measured by the cost/income ratio (CIR) – the central metric for income and productivity management. It shows the ratio of administrative expenses to total income (excluding other income) before the allowance for losses on loans and advances.

As the most important metric used to judge and manage income power, total income includes net interest income as the key income indicator in the customer business.

On the segment level, Postbank directs its activities on the basis of a management information system whose core component is management accounting by business division. In general, management is performed much the way it is on the Group level, in which expectations for returns are measured on the basis of RoE. The allocation of equity to the segments is based on their risk capital requirements.

The previously mentioned indicators serve as operational management parameters on the segment level. In the core business, the income drivers of volume, margins and risk as well as the contribution margins are also taken into account in management.

For operational management, the strategic and operational targets are further defined as key performance indicators (KPIs) on the basis of balanced scorecards and subjected to regular reviews. This assures that all business activities are focused on achieving company objectives.

At the moment, the process used to conduct these regular reviews is being revised. The primary reasons for these revisions are the new schedule of responsibilities of the Management Board and the expanded committee structure at Postbank that was introduced as part of the Bank's integration into the Deutsche Bank Group.

In addition to the previously mentioned, established management parameters, Postbank uses the risk/return ratio in internal management. Similar to RoE, the return is calculated on the basis of regulatory capital (RoReC) and forms a basis for decision-making on the individual transaction level and the aggregate level. Furthermore, management of the return is conducted at the overall bank, segments and management portfolio levels on the basis of economic capital (return on risk-adjusted capital or RoRaC). The need for economic capital is determined through the use of relevant types of risk depending on the management level (e.g., credit risk, market risk, operational risk). Both resources – regulatory capital and economic capital – are expected to yield an appropriate return in the form of hurdle rates, which are derived from the return expectations of the capital market and are to be generated by both the Postbank as a whole and the individual business units.

The variable remuneration of Management Board members, executives and employees at Postbank is closely linked to this management system. It is based on individual targets, divisional targets and Postbank Group targets as expressed in profit/loss before tax and CIR. As a result of regulatory requirements and the company goal of sustainable success, a sustainability factor is used to calculate the long-term portion of the variable remuneration of our executives, risk takers and the Management Board (long-term components).

The sustainability factor is based on the concept of Economic Value Added and anchors value-focused, sustainability thinking in the incentive system of Postbank.

Control and profit and loss transfer agreement

Following a corresponding resolution by the Management Board and Supervisory Board of Postbank, the Management Board of Postbank signed the control and profit and loss transfer agreement between Postbank, as the dependent company, and DB Finanz-Holding GmbH, Frankfurt am Main (a wholly-owned subsidiary of Deutsche Bank AG), as the controlling company.

The Annual General Meeting of Postbank on June 5, 2012, approved the control and profit and loss transfer agreement between DB Finanz-Holding GmbH and Postbank. The agreement came into force on entry in the commercial register on June 20, 2012. On September 11, 2012, the Cologne Higher Regional Court confirmed the validity of the control and profit and loss transfer agreement during clearance proceedings. An action for rescission of the above-mentioned resolution approving the agreement was withdrawn following an out-of-court settlement.

DISCLOSURES IN ACCORDANCE WITH SECTION 289(4) OF THE *HANDELSGESETZBUCH* (HGB – GERMAN COMMERCIAL CODE) AND EXPLANATORY REPORT

Share capital, voting rights and transfer of shares
Postbank's share capital amounted to €547,000,000 as of December 31, 2012, and is composed of 218,800,000 no-par value registered shares. Each share conveys the same statutory rights and obligations and grants the holder one vote at the Annual General Meeting. At the moment, no shareholder or group of shareholders is entitled to special rights, in particular those conveying powers of control.

The exercise of voting rights and the transfer of shares are based on the general statutory provisions and the Company's Articles of Association, which do not limit either of the two. Article 17 of the Articles of Association determines the requirements that must be met by shareholders to attend the Annual General Meeting and exercise their voting rights. The Company only regards as shareholders the persons entered as such in the share register. The Management Board is not aware of any agreements between shareholders that restrict voting rights or the transfer of shares.

Equity interests in excess of 10 %
Deutsche Bank AG, Frankfurt am Main, indirectly held through DB Finanz-Holding GmbH and DB Valoren S.à.r.l. or DB Equity S.à.r.l., approximately 94.1 % of Postbank shares on December 31, 2012.

As a result, the free float traded on stock exchanges amounts to around 5.9 % of Postbank's share capital.

Powers of the Management Board to issue or repurchase shares
By way of a resolution adopted by Postbank's Annual General Meeting on April 22, 2009, the Management Board was authorized, with the consent of the Supervisory Board, to increase the Bank's share capital on one or more occasions in whole or in part by up to a total of €273.5 million up to April 21, 2014, by issuing new no-par value registered shares against cash and non-cash contributions including mixed non-cash contributions (Authorized Capital).

The shareholders are generally granted pre-emptive subscription rights. The Management Board is authorized, with the consent of the Supervisory Board, to determine the additional details of the capital increase and its implementation.

The Annual General Meeting on April 29, 2010, created the basis pursuant to the Articles of Association for contingently increasing the Bank's share capital by up to €273.5 million by issuing up to 109.4 million new no-par value registered shares (Contingent Capital). The purpose of the contingent capital increase is to grant no-par value registered shares to owners or creditors of convertible bonds and/or bonds with warrants, participating bonds and/or profit participation certificates (or a combination of these instruments), which are issued or guaranteed until April 28, 2015, by the Company or an enterprise it controls or an enterprise in which the Company holds a majority ownership and which provide for conversion or option rights for new no-par value registered shares of the Company, or establish a conversion requirement. The authorization of the Annual General Meeting on April 29, 2010, provides the basis for the issue and guarantee.

Furthermore, the Management Board was authorized during Postbank's Annual General Meeting on April 29, 2010, to purchase own shares for the purpose of securities trading in accordance with section 71 (1) no. 7 of the *Aktiengesetz* (AktG – German Stock Corporation Act) totaling up to 5 % of the relevant share capital or for other purposes in accordance with section 71 (1) no. 8 of the AktG to acquire up to 10 % of the share capital. In accordance with the legal provisions, the aggregate number of own shares held may not account for more than 10 % of the share capital. The authorizations took effect following the conclusion of the Annual General Meeting described here and will remain in force through April 28, 2015.

In the year under review, the Bank made no use of its authorization to purchase own shares. At the balance sheet date, Postbank did not hold any treasury shares.

Appointment of Management Board members
The members of the Company's Management Board are appointed by the Supervisory Board for a maximum term of five years in accordance with section 84 of the AktG and section 31 of the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act). Members may be reappointed or their term extended, in each case for a maximum of five years, insofar as this is permitted by the relevant statutory provisions. Under Article 5 of the Company's Articles of Association, the Management Board consists of at least two members. Otherwise, the Supervisory Board determines the number of members of the Management Board and can also appoint a Chairman of the Management Board and a Deputy Chairman of the Management Board as well as alternate members.

Under section 24(1) no. 1 and section 33(2) of the *Kreditwesengesetz* (KWG – German Banking Act), the Bank must demonstrate to the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) and Deutsche Bundesbank that the proposed members have sufficient theoretical and practical knowledge of the Bank's business as well as managerial experience before the intended appointment of members of the Management Board.

Amendments to the Articles of Association
Postbank's Articles of Association may be amended in accordance with the provisions of section 119(1) no. 5 and section 179 of the AktG. Under these provisions, amendments to the Articles of Association require a resolution by the Annual General Meeting. Moreover, under Article 19(3) of the Articles of Association, the Supervisory Board is also permitted to make amendments to the Articles of Association that relate exclusively to their wording. Under Article 19(2), the resolutions by the Annual General Meeting are passed by a simple majority of the votes cast, in the absence of binding legal requirements to the contrary. Where the law prescribes a capital majority in addition to a voting majority, resolutions are passed by a simple majority of the share capital represented during the vote.

Compensation agreement concerning takeover bids
No compensation agreements in the case of a takeover bid have been concluded with current members of the Management Board of Postbank.

Section 289a of the HGB: Corporate Governance Statement
The Corporate Governance Statement can be found on our home page at https://www.postbank.com/postbank/en/au_corporate_governance_annual_governance_statement.html

REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Structure of the remuneration of the Management Board in fiscal year 2012

The overall structure of the remuneration of the Management Board and the principal Management Board contract components are stipulated and regularly reviewed by Postbank's Supervisory Board.

The Management Board remuneration system was adapted as follows in the year under review: On March 19, 2012, the Supervisory Board resolved to replace the closing share price used to calculate the share-based remuneration with the average share price for the last ten trading days before the date on which the Supervisory Board finally and without reservation determines that the targets and sustainability criterion have been met, or the last ten trading days of the one-year lock-up period. On December 20, 2012, the Supervisory Board resolved to replace the phantom shares of Postbank allocated for blocked and future components with phantom Deutsche Bank AG shares.

The Supervisory Board resolves the appropriateness of the remuneration of the members of the Management Board of Postbank on the basis of recommendations by the Executive Committee, taking into account the Company's performance, the sector, and the outlook for the future.

As well as appropriateness and sustainability, the core criterion for the design of the Management Board remuneration structure is to ensure that incentives for taking disproportionately high risks are avoided. Therefore, an upper limit has been set for the ratio of fixed to variable remuneration. Furthermore, the level of remuneration for members of the Management Board is determined on the basis of the size and activity of the Company, its economic and financial position, and the tasks of the Management Board members in question. Remuneration is calculated so that it is appropriate and competitive in the national and international job market and therefore offers an incentive for dedicated and successful work. The level of remuneration is performance-linked and designed so as to motivate members of the Management Board to achieve the Bank's strategic aims and thus contribute to the Company's sustainable growth.

Overall remuneration consists of fixed and performance-related components.

The base pay (fixed component), fringe benefits and pension commitments are not performance-linked. The base pay is paid out in cash as a monthly salary in twelve equal installments.

The performance-related component is the variable remuneration. The variable remuneration awarded to the members of the Management Board is based on their achieving quantitative and qualitative targets. These targets are laid down in a target agreement entered into at the start of each fiscal year (base year). The amount of variable remuneration paid depends on the predetermined targets set out in the agreement being met and is subject to a cap set out in the individual agreements.

The variable remuneration is split into a short-term component (40 %) and a long-term component (60 %). It is not fully paid out in cash, even if the agreed targets are met.

Half of the short-term component is immediately paid out in cash in the following year after it has been determined that the targets have been reached (short-term component I). The second half of the short-term component (short-term component II) is converted into phantom shares of Deutsche Bank AG. For this purpose, the euro amount of short-term component II is divided by the average of the Xetra closing prices for Deutsche Bank AG shares on the last ten trading days before the date on which the Supervisory Board determined that the targets were met or the date the lock-up period ended. After a one-year lock-up period, the phantom shares are converted based on the then current share price and paid out. During the lock-up period, the phantom shares attract a dividend equivalent to the actual dividend paid.

The long-term component depends on the Postbank Group's sustainable performance, which is determined based on the satisfaction of a sustainability criterion during the subsequent three-year assessment period (three calendar years following the base year). In the year immediately following the fiscal year for which remuneration is to be calculated, the Supervisory Board examines and determines whether the predetermined targets and the sustainability criterion for the assessment period have been met for that fiscal year. This is known as the adjusted profit after cost of capital (APACC). Sustainable Group performance and the sustainability criterion are achieved if the value of the APACC equates to, or exceeds, or at the end of the sustainability phase cumulatively exceeds, the value of the APACC in the base year.

In line with the three-year sustainability phase, the long-term component is divided into three equal tranches. Again, half of each tranche is paid out in cash (long-term component I) and half is converted into phantom shares (long-term component II). The conversion and valuation of the phantom shares is carried out following the procedure outlined above.

If the Supervisory Board determines that the sustainability criterion has been met at the end of each of the years in the three-year assessment period, the proportionate cash component (long-term component I) is paid out immediately, and the remainder converted into phantom shares (long-term component II).

If the sustainability criterion is not met for a particular year in the assessment period, payment of the corresponding tranches of the long-term component is deferred to the following year for a renewed examination based on the sustainability criterion to be performed. If the sustainability criterion has not been met at the end of the assessment period, the payment of all deferred long-term components lapses without compensation. In this way, remuneration of the Management Board is affected by any negative Company performance during the entire measurement period (negative bonus system). Under an additional negative bonus system, payment for outstanding tranches can be reduced retroactively or canceled completely based on the overall performance of the Management Board member concerned during the assessment period. The members of the Management Board are not permitted to use hedging transactions or other countermeasures to mitigate or remove the risk orientation of deferred remuneration components.

The Supervisory Board has the right to award an appropriate special bonus for exceptional performance. Its size is effectively limited by the upper limit set by the Supervisory Board for the proportion of fixed to variable remuneration.

In accordance with the recommendation of the German Corporate Governance Code, Postbank will provide compensation for no more than the remaining term of the contract in instances in which the contract of a member of the Management Board is terminated prematurely without good cause, and will limit the payment to a maximum of two base payments plus a maximum of 40 % of twice the maximum variable remuneration (severance payment cap).

If the contract of a Management Board member is terminated prematurely as a result of permanent incapacity to work or death, the remuneration is paid pro rata up to the end of the agreed term of the contract, for a maximum of six months.

Remuneration of the Supervisory Board in 2012

Postbank's Annual General Meeting last changed the remuneration of the Supervisory Board in 2004, adjusting it in line with the Corporate Governance Code. The remuneration system is laid down in Article 15 of the Articles of Association of Postbank. In accordance with this article, the annual remuneration of members of the Supervisory Board consists of a fixed and an annual performance-related component, plus a performance-related component with a long-term incentive effect. This reflects the responsibilities and scope of activity of the Supervisory Board's work and the economic performance of Postbank. The positions of Chairman and Deputy Chairman as well as the membership of committees are reflected in the remuneration.

The remuneration of a full member of the Supervisory Board who is not a member of a committee is as follows: The fixed annual component amounts to €15,000, while the performance-related annual component amounts to €300 for each €0.03 by which the consolidated net profit per share for the respective fiscal year exceeds the amount of €2.00. Members of the Supervisory Board will be entitled to performance-related annual remuneration with a long-term incentive effect amounting to €300 for each 1% by which the consolidated net profit per share for the second fiscal year following the fiscal year under review exceeds the consolidated net profit per share of the fiscal year preceding the fiscal year under review.

In the opinion of the Management Board and the Supervisory Board, the performance-related remuneration that is determined on the basis of consolidated net profit per share for the respective fiscal year – when considered in isolation – is not oriented on sustainable corporate development, pursuant to the guidelines of section 5.4.6(2) of the German Corporate Governance Code (DCGK). For that reason Postbank's Management Board and Supervisory Board have decided as a precaution to make a declaration of deviation from section 5.4.6(2) of the DCGK.

The Chairman of the Supervisory Board receives double the remuneration of a full member of the Supervisory Board, while the Deputy Chairman receives one and a half times the remuneration. The chairmanship of a Supervisory Board committee is remunerated by an additional sum in the amount of the remuneration, while members of the Supervisory Board committees additionally receive half this amount for each such position held. This does not apply to membership of the Mediation Committee and the Nomination Committee.

For further information on and explanations of the remuneration of the Management Board and Supervisory Board, please see the Corporate Governance Report or the notes.

EMPLOYEES

At the end of 2012, Postbank employed a total of 4,092 full-time equivalents, 196 fewer than on December 31, 2011. Integration-related adjustments to the calculation basis for employee numbers are reflected in the total number and in the prior-year comparison. Around 33 % of the total figure is made up of actively employed civil servants. 16.4 % of our employees are employed on a part-time basis.

Our external turnover in 2012 was about 8.3 %. The average length of a person's employment at the company was approximately 21.4 years. Postbank remunerates almost all of its employees on the basis of performance- and profit-related criteria that flow into a variable remuneration component.

MACROECONOMIC ENVIRONMENT IN 2012

Weak growth of the global economy

In 2012, the world's economy slowed markedly. It was hurt in particular by the sovereign debt crisis in the European Economic and Monetary Union, a problem that triggered a renewed recession in the eurozone. At the same time, the economies of most other industrial countries grew only modestly. In emerging markets, growth did continue, but the rate dropped appreciably as a result of the weak demand being generated by industrial countries. The International Monetary Fund (IMF) reported that world economic output grew by 3.2 % overall in 2012, compared with 3.9 % in the previous year.

In the United States, the economy rebounded slightly in 2012. Positive momentum was generated in particular by gross capital expenditures. While the rising trend in investments in machinery and equipment eased, investments in construction jumped measurably. One key reason for this rise was residential construction, which generated double-digit percentage growth after bottoming out. Private consumption by contrast remained soft. On balance, foreign trade failed to serve as any significant driving force as exports and imports rose modestly. The economy also continued to be hurt by reduced levels of government spending. Overall, gross domestic product (GDP) rose by 2.2 % in 2012, slightly higher than the previous year.

The emerging countries of Asia managed to continue producing the highest rate of economic growth of all regions in 2012. But the pace slowed significantly. In China, GDP growth eased to 7.8 %, the lowest growth rate since the turn of the millennium. Japan's economy, after experiencing a powerful surge at the beginning of the year, suffered a setback as 2012 progressed. Exports in particular took a steep plunge in the second half of the year, resulting in a slight overall decline here in 2012. Private consumption and investments however rose comparatively sharply. Overall, Japan's GDP rose by a solid 1.9 % in 2012.

During the year under review, the eurozone slipped into a recession once again with GDP in the zone falling each quarter. The area's economic performance as a whole contracted by 0.5 % compared with the previous year's level. The key reasons for the setback were the sovereign debt crisis in the eurozone and the far-reaching budget-consolidation efforts launched in some member states in the wake of this crisis. On average, real government spending was reduced only slightly in the zone. But spending cuts and tax increases acted as a major drag on private consumption, gross capital expenditures and companies' inventory investments. Domestic demand dropped markedly by about 2 % on balance. This recessive trend was cushioned by foreign trade, which rose by 1.5 percentage points. With an economic basis that was substantially weaker than in the previous year, the differences in the eurozone's growth rates remained very wide. While southern member states almost without exception experienced sharp drops in GDP and France's economy stagnated, Germany and Austria were at least able to generate moderate growth.

German economy slows significantly

During 2012, the German economy weakened significantly. After producing solid growth in the first half of the year, the country's economy largely stagnated in the second half. As a result GDP increased by just 0.7 % in 2012, with exports acting as a driving force. A significant drop was recorded in investments in machinery and equipment in particular. Faced with an unsettled business climate resulting from the sovereign debt crisis in the eurozone, companies grew more cautious and put off capital expenditures. Investments in construction also slipped slightly below the previous year's level. This development was triggered by a steep decline in public-sector construction investments, a moderate decrease in commercial construction investments and – contrary to this trend – another strong rise in investments in residential construction.

Private consumption grew only slightly. Disposable income as a whole, despite another significant rise in wages and salaries, increased considerably less than it did in the previous year. Given that the inflation rate declined only slightly from 2.3 % in 2011 to 2.0 %, there continued to be little leeway for real growth in consumption. The upswing on the labor market also stalled to a large extent as the year progressed because of the economic slowdown. Nonetheless, in terms of an annual average, the number of jobless people still dropped by 79,000 to 2,897,000, and the unemployment rate decreased from 7.1 % to 6.8 %. The average number of people in the workforce climbed by about 450,000 to 41.61 million during the year.

On the whole, Germany's macroeconomic performance in 2012 was weaker than we expected at the time of our last Management Report.

Market developments

The ongoing sovereign debt crisis in the eurozone acted as a headwind on global markets throughout the year. This negative trend was intensified by the measureable slowdown in the world's economy. In the second half of the year, however, far-reaching steps taken by central banks to support financial markets, combined with more optimistic economic expectations, significantly brightened the mood of markets – a development that was reflected in a sharp rise in stock prices.

Following high volatility in the first half of the year, prices on the German stock market began to climb steeply at mid-year. In conjunction with the prospect of low longer-term interest rates and a gradual economic recovery, steps taken by the European Central Bank (ECB) to hold the eurozone's sovereign debt crisis in check triggered a powerful rally. The DAX climbed by 29.1 % in 2012. The EURO STOXX 50 was unable to match the DAX's performance, but it still managed to rise 13.8 %. Similar gains were produced in the United States. The S&P 500 climbed by 13.4 % in 2012. Corporate bonds also profited from this trend during the year: The risk premiums for bonds with high ratings and bonds with low ratings plummeted during the second half of the year.

The turbulence sweeping through the market for the sovereign bonds issued by eurozone countries continued in 2012. At times, it grew even more pronounced. In February, eurozone countries and the IMF agreed on a new rescue package for Greece that included a debt waiver involving private sector investors of just above €100 billion, in addition to new loans and a reduction of interest rates for loans that had already been disbursed. As a consequence of the persistently tense financial situation in the public sector, additional aid for Greece was initiated in November 2012. Afterwards the interest rates for rescue loans that had already been disbursed were reduced once more and the terms of the loans significantly extended. In return, Greece had to buy back government bonds at sharply reduced prices in order to reduce outstanding debt. The continuing unsettled political situation in Greece also sent jitters through markets. Nonetheless, backers of the budget-cutting effort won a clear victory in early elections held in June. As a result, the danger that reforms would stop and that Greece might leave the eurozone was averted for the time being.

Not only was Greece a point of concern for markets in 2012, they also focused on Italy and Spain. The growing uncertainty largely resulted from the continuing unfavorable outlook for economies in the eurozone along with persistently inadequate progress in efforts to consolidate government budgets. Added to this was the problem of non-performing real estate loans in Spain and the related distress they were causing the country's banking industry.

An agreement reached among EU countries to provide assistance to the Spanish financial sector – according to which up to €100 billion in aid was made available to the affected banks – was able to calm markets for only a brief period of time. A significant and longer-lasting recovery among the government bonds issued by deeply indebted eurozone members began only after the ECB announced during the summer that it would initiate a new bond-purchasing program. Theoretically, the so-called Outright Monetary Transactions (OMT) Program could purchase an unlimited number of government bonds. The program is primarily designed to purchase bonds with a maturity of between one year and three years. The affected countries must take part in an appropriate program of the European Financial Stability Facility (EFSF) or of the European Stability Mechanism (ESM). No ECB preferred creditor status will be granted. Simply the announcement of the – not-yet-used – OMT Program resulted in a sharp decline in risk premiums on the bond market.

As another milestone in the fight against the sovereign debt crisis, a ruling on the ESM that was handed down by the German Constitutional Court in mid-September 2012 produced a positive reaction from the markets. Under the ruling, Germany was authorized to join the permanent EU relief fund as planned, provided it fulfills modest requirements regarding increased participation by the German parliament. As a result, the ESM formally took effect at the beginning of October, ready to assist financially troubled member countries by providing guarantees, issuing loans or buying government bonds. After creating a single supervisory authority for system-relevant banks in the eurozone, the ESM is also to be given the option of offering direct assistance to troubled banks.

Overall, the programs and decisions significantly eased the sovereign debt crisis in the eurozone. The yields of 10-year Spanish government bonds fell from 7.6 % at the end of July 2012 to 5.3 % at the end of the year. Italian bonds with similar terms had yields of just 4.5 % at the end of 2012, a drop of more than 200 basis points since the high reached during the summer.

During 2012, the monetary policy being applied in the eurozone remained very expansive. In February, the ECB issued its second three-year tender. Together with the first long-range refinancing activity of this type – carried out at the end of 2011 – the ECB has made a gross total of about €1 trillion available to the European banking sector. This step is designed to stave off a possible liquidity crisis or loan crunch as well as to combat the sovereign debt crisis in the eurozone. At mid-year, the ECB cut the benchmark rate by 0.25 percentage points to the record low of 0.75 %. As a whole, the decisions made by the ECB produced an even more expansive monetary policy. This move was also reflected in money market interest rates, which plunged during 2012. At the end of the year, the three-month Euribor rate was just 0.19 %, 1.17 percentage points below its level at the end of 2011.

The U.S. Federal Reserve also remained committed to its expansive monetary policies. The corridor of the Fed Funds Rate was 0 % to 0.25 % throughout the year. The Fed also raised the prospect of leaving rates at this level for an extended period of time: This monetary policy is to remain in place as long as the unemployment rate stays above 6.5 % and the expected inflation rate below 2.5 %. Furthermore, the Fed has decided to purchase $45 billion in long-term U.S. Treasuries each month starting in 2013. The program to purchase agency mortgage-backed securities is also to be continued past 2012. With these announced intervention actions on the bond market, the U.S. Federal Reserve stepped up its expansive monetary policies.

The weak economy in the eurozone, the monetary policies of the ECB and the flight to quality bonds in reaction to the sovereign debt crisis in the eurozone caused the yields of German bunds to plunge once again. In July 2012, yields of 10-year German bunds fell to a new historic low of 1.17 %. They rose moderately later in the year, following a slight ease in the European crisis. By year's end, the yield was 1.32 % (previous year: 1.83 %). The even steeper decline of money market rates caused the yield curve in Germany to grow significantly steeper during 2012. By contrast, the yield of 10-year U.S. Treasuries, which had also occasionally fallen to a historic low, finished the 2012 year at 1.76 %, just 0.12 percentage points lower than the previous end-of-year level. The steepness of the U.S. yield curve hardly changed during the reporting period.

The exchange rate of the euro was shaped in 2012 largely by developments in the European sovereign debt crisis. The steps taken by the ECB to prevent a credit crunch and to contain the sovereign debt crisis in the eurozone initially drove the rate of the euro to the year's high of nearly $1.35 in February. But, at the beginning of the second half of the year, the rate fell to the year's low of nearly $1.21 in response to the renewed worsening of the European crisis and the ECB's interest rate cut. As the year continued, the steps taken by the ECB to calm the markets also had a positive effect on the euro's external value: By year's end, the exchange rate had risen to nearly $1.32, an increase of 1.8 % compared with the previous year.

To a certain extent, the developments seen in the markets varied considerably from our expectations when we prepared our last Management Report. We had assumed that capital market interest rates would rise moderately in Germany during 2012. As a result of the ECB's benchmark interest rate and the eurozone money market rates, we had expected a sideways trend. On the other hand, we foresaw the steepening of the yield curve that did occur.

Sector situation

In 2012, the dominant issue facing the European banking industry remained the sovereign debt crisis in peripheral eurozone states. Markets directed their attention in particular at Spanish banks, which were faced with an enormous number of non-performing loans following the past real estate boom. The Spanish government took important steps designed to restructure the financial sector by seeking support from the bailout fund and setting up a bad bank to take over the affected loans. Generally speaking, the banks in peripheral eurozone states had to rely on liquidity provided by the ECB in 2012 as well. The option of obtaining liquidity on the money market was not available to most of these financial institutions because of the ongoing crisis of trust.

In mid-December 2012, the finance ministers of EU countries agreed on a plan to create a single banking supervisor for system-relevant banks. Under the plan, lending institutions whose assets total more than €30 billion or represent more than 20 % of GDP in their home markets will be overseen by the ECB. This rule will also apply to banks that have already received public bailout money. The new banking supervisor will be used in the 17 members of the eurozone. Other EU members can voluntarily ask to be monitored. The supervisor is one requirement for battered banks to be able to seek direct financial support from the euro bailout fund ESM. This will probably not be possible before March 2014, at the earliest, because the new supervisory authority is not expected to be fully operational before that time.

As of the reporting date of June 30, 2012, the lending institutions subjected to a stress test by the European Banking Authority in 2011 were evaluated once again. On October 3, 2012, Deutsche Bundesbank and BaFin released the results of the review. All twelve German banks met the stress-test requirements. The five banks that had capital shortfalls as of September 30, 2011, have now eliminated them.

The German parliament decided on November 23, 2012, to extend the life of the government bank bailout fund SoFFin. The agency can now provide assistance to troubled banks through the end of 2014. But the banks themselves will now have to cover the costs of the support. Possible losses stemming from future SoFFin relief will be covered by financial support from the fund – previously established – that will be financed by the banking levy.

At the beginning of October, a group of EU experts led by the head of the Finnish central bank, Erkki Liikanen, presented a proposal to create a system in which certain banking activities are segregated. The key recommendation of the Liikanen report is that banks of a certain size or with a high level of trading assets should assign their risky trading activities to separate subsidiaries that would have no access to the capital of the deposit bank. France and Germany have already proposed initial legislation based on the recommendations of the Liikanen report.

The short term liquidity rate for banks (Liquidity Coverage Ratio, LCR) that is supposed to enter into effect starting in 2015 will now be introduced in a graduated form that same year: At the beginning of January 2013, the Basel Committee determined that banks must meet an initial LCR requirement of 60 % starting in 2015 and then increase that amount in equal increments of 10 % each year, with the full LCR requirement then to be met starting in 2019.

While growth was moderate overall, the lending business in Germany was uneven in the individual sub-segments in 2012. The volume of loans issued to domestic companies and private individuals in Germany rose by 0.8 % to €2,436 billion in 2012, after having climbed to somewhat higher volumes in the same prior-year period. Loans issued to companies increased by 0.4 % to €989 billion, while loans to self-employed private individuals were up 1.4 % to €388 billion. Loans to non-self-employed and other private persons increased by 1.0 % to €1,045 billion, a growth rate that was somewhat more sluggish than the prior-year. On the other hand residential construction loans surged 1.8 % to €820 billion. A clear, direct influence of the sovereign debt crisis on the lending business with corporate and retail customers cannot be seen. The economic dampening effect of the crisis, however, may have put the brakes on growth.

The number of bankruptcies in Germany between January and November of 2012 sank markedly by 4.2 % compared with the same prior-year period. The number of business bankruptcies also dropped by 4.3 %, thus continuing a positive trend that was already discernible in the previous two years. Here the slowdown in economic activity has not yet made itself felt negatively, a situation to which the very low level of interest rates may also have contributed. The number of consumer bankruptcies (including the bankruptcies of formerly self-employed individuals as well as other bankruptcies) fell by 4.1 % after experiencing a somewhat heftier decline last year. The drop here may have once again been a positive consequence of the continued uptick in employment and comparatively sharp increases in wages and salaries. The sovereign debt crisis had no discernible impact on bankruptcies in Germany in 2012.

In 2012, the German banking landscape continued to feature a three-pillar structure consisting of private, public and cooperative banks. The only notable development was the phase-out of WestLB.

In analyzing the business performance of German banks, we considered the three banks listed in Deutsche Börse's Prime Standard and Postbank, as we have done in the past. We compared the banks' results for the period of January through September 2012 with those of the previous year's levels. All four banks generated net income both before and after tax. While two banks boosted their profit before and after tax, two others reported decreases in these two metrics. Three of the four banks improved their cost/income ratio. Only three banks released information about their return on equity after tax. In two cases, a decline was reported. All lending institutions saw their net interest income decrease. Net fee and commission income as well as net trading income fell at three banks. The same number of banks was able to reduce their administrative expenses.

In 2012, the DAX rose by just under 30 %. The shares of the four banks also turned in a positive performance during the year. The price of all four banks' stocks, however, still remained below their pre-crisis levels of mid-2007.

Significant events at Postbank in 2012

January 10, 2012: Postbank and Deutsche Bank started negotiations on a control and profit and loss transfer agreement.

January 31, 2012: Postbank and norisbank GmbH, Berlin, concluded a partnership agreement that gives both banks the opportunity to expand their collaboration.

March 19, 2012: Postbank's Supervisory Board elected Frank Strauss to become Chairman of the Management Board effective July 1, 2012.

March 28, 2012: Retail customers of norisbank were given the opportunity to switch to Postbank with their banking products. The norisbank branch employees were offered positions at Postbank.

March 30, 2012: Following a decision by the Management Board and the Supervisory Board of Postbank, the Management Board of Postbank signed the control and profit and loss transfer agreement between Postbank as the dependent company and DB Finanz-Holding GmbH, Frankfurt am Main (a wholly owned subsidiary of Deutsche Bank AG), as the controlling company.

June 5, 2012: Postbank's Annual General Meeting approved all motions by large majorities. In particular, it approved the conclusion of the control and profit and loss transfer agreement with DB Finanz-Holding GmbH.

June 14, 2012: Postbank, as the receiving legal entity, and Deutsche Postbank Financial Services GmbH, Frankfurt am Main, as the transferring legal entity, entered into a merger agreement. The merger was completed on entry in Postbank's commercial register on September 28, 2012, with retrospective effect as from January 1, 2012.

June 20, 2012: The control and profit and loss transfer agreement between Postbank and DB Finanz-Holding GmbH was entered into the commercial register.

August 15, 2012: Postbank sold its entire interest in PB Vermögens-Management S.A. to DWS S.A. as well as the portfolio management of Postbank Financial Services GmbH to DWS Investment GmbH.

August 15, 2012: A profit and loss transfer agreement was entered into between Postbank and BHW Holding AG, Hameln.

August 17, 2012: Postbank merged its services for conducting card-supported payment transactions within VÖB-ZVD Processing GmbH in Frankfurt am Main.

September 11, 2012: The Cologne Higher Regional Court confirmed the validity of the control and profit and loss transfer agreement between Postbank and DB Finanz-Holding GmbH in clearance proceedings.

October 1, 2012: The action for rescission that a shareholder filed in the Cologne Regional Court against the resolution of Postbank's Annual General Meeting on June 5, 2012, regarding agenda item 7 (approval of the control and profit and loss transfer agreement) was ended with an out-of-court settlement and the subsequent withdrawal of the action.

November 7, 2012: Mario Daberkow (IT/Operations), Horst Küpker (Financial Markets) and Michael Meyer (Retail) resigned from their Management Board positions at Postbank effective December 31, 2012.

The Management Board of Postbank appointed Susanne Klöss and Ralph Müller to become Executive Managers of the Bank effective December 1, 2012. Susanne Klöss oversees Postbank's products for all target groups. As the new COO (Chief Operating Officer), Ralph Müller is responsible in particular for the cost/resource management of the entire bank. He also oversees IT and back-office processes, among other responsibilities.

Postbank's investment focus in 2012

Postbank's investments are broken down into the categories of business development, legal requirements, lifecycle and – in regard to its integration into the Deutsche Bank Group – retail target platform (RTP).

Like 2011, business development investments made during the reporting year primarily focused on projects designed to optimize sales channels and to create innovative methods to expand flexible cash withdrawal, including through collaboration with business partners. Steps to optimize the capital needs of the lending business and the risk structure continued to be another focal point.

Investments related to legal requirements focused on the establishment of SEPA capabilities (the Single Euro Payments Area), the fulfillment of regulatory requirements from Basel III and the implementation of various consumer-protection steps, including the standardized registering of consent to receive advertising and the creation of free waiting times for telephone customers.

The lifecycle investments made in 2012 primarily involved steps to optimize and standardize the present system landscape and the technical processes linked to it throughout all sales channels at Postbank.

The RTP program is used to create a joint retail platform for Postbank and Deutsche Bank. It is designed to produce synergies by standardizing systems. It will also have the highest priority in Postbank's investment portfolio in years to come.

NET ASSETS, FINANCIAL POSITION, AND RESULTS OF OPERATIONS

Postbank significantly increased its profit before tax to €446 million in fiscal year 2012, compared with €102 million in the previous year.

The €344 million increase was attributable to higher income on the one hand, and the further reduction in administrative expenses on the other.

Various non-recurring factors had a positive impact on net interest income, leading to a rise compared with the previous year. Adjusted for these one-off effects, net interest income has declined as expected. The reasons for this include the low level of interest rates and the reduction of our investment securities portfolios in line with our strategy.

After being heavily impacted by our Greek government bond holdings in the previous year, writedowns and adjustments of securities treated as fixed assets decreased sharply in the reporting period.

The net gains on the measurement of securities in the liquidity reserve declined. The increase in the allowance for losses on loans and advances was due to collective specific valuation allowances for checking accounts and installment loans.

A strong emphasis was placed on Postbank's cost management, resulting in a further decline in administrative expenses.

Postbank joined Deutsche Bank's consolidated tax group on entry into force of the control and profit and loss transfer agreement between DB Finanz-Holding GmbH and Deutsche Postbank AG in fiscal year 2012. Consequently, the deferred tax assets of €409 million previously recognized were reversed to income and derecognized.

This is the main reason why Postbank reported a profit of zero for fiscal year 2012 (previous year: net profit of €119 million).

Income statement

Individual items

Net interest income

In fiscal year 2012, net interest income was up 16.2 % year-on-year, at €2,943 million. This significant improvement was in part attributable to non-recurring factors.

In particular, interest income of €279 million was generated by closing out derivatives (previous year: interest expense of €160 million).

Adjusted for non-recurring effects, net interest income declined.

Net interest income from trading operations declined by €53 million to €65 million in the reporting period.

Net interest income also declined by €337 million as a result of the strategic reduction of our holdings of investment securities.

Current income in the amount of €546 million (previous year: €406 million) largely relates to the distributions by the special funds in the course of the de-risking of positions (€450 million), our Deutsche Postbank International S.A. subsidiary (€60 million), and Betriebs-Center für Banken AG (€30 million).

Net fee and commission income

In fiscal year 2012, net fee and commission income amounted to €421 million (previous year: €419 million).

Net fee and commission income in the payment transactions and lending business areas increased year-on-year, almost fully offsetting the decline in net fee and commission income from the securities business.

Net income from the trading portfolio

In fiscal year 2012, Postbank reported income from its trading portfolios of €28 million (previous year: loss of €11 million).

This was largely due to foreign payment transactions, which amounted to €18 million. The unwinding of the foreign currency exposures in the special funds made a positive earnings contribution of €4 million (previous year: €–36 million).

Currency swaps entered into to hedge other foreign currency exposures contributed €8 million to interest income.

The realization of money market positions that existed in the fiscal year resulted in a loss of €5 million, which was partly offset by the measurement of repurchased own securities (€+2 million).

The risk discount for the trading portfolio declined by a total of €7 million following risk-adjusted marking to market as of December 31, 2012.

In fiscal year 2012, €3 million was added to the fund for general banking risks in accordance with section 340e(4) of the *Handelsgesetzbuch* (HGB – German Commercial Code), reducing net income.

Administrative expenses

Administrative expenses (including depreciation and amortization of property and equipment, and intangible assets) declined by €94 million in the year under review to €2,469 million (previous year: €2,563 million).

Personnel expenses decreased by €112 million to €700 million. In the previous year, this item included non-recurring expenses for staff-related provisions in the amount of €98 million and provisions for partially retired civil servants in the amount of €74 million. Staff-related provisions of €52 million were recognized in the fiscal year.

The non-personnel operating expense rose by €17 million to €1,768 million. This increase was primarily due to the expenses for consulting services and mortgage brokerage services.

Net measurement gains/losses

Risk provisions for securities in the liquidity reserve amounted to €–324 million in the year under review (previous year: €42 million). The healthy prior-year result could not be repeated despite the continued low level of interest rates. The sale of securities generated price gains of €152 million and price losses of €57 million. Reversals of writedowns of fixed-income securities amounted to €167 million, while writedowns amounted to €591 million.

Net measurement losses in the lending business amounted to €303 million in the year under review (previous year: €198 million). This rise was mainly attributable to the collective specific valuation allowance for insignificant receivables from checking accounts and installment loans.

Writedowns and adjustments of equity investments, investments in affiliated companies, and securities treated as fixed assets

Losses of €36 million were realized due to the exchange of Greek government bonds. In addition, price losses of €19 million were realized on the sale of Belgian and Hungarian government bonds. Writedowns were also recognized on the carrying amounts of the investments in Postbank Finanzberatung AG (€28 million) and closed-end real estate funds (€5 million).

Income from reversals of writedowns of equity investments, investments in affiliated companies, and securities treated as fixed assets

Price gains of €39 million were recognized on the disposal of French, Italian and Spanish government bonds. €14 million was realized on the sale of promissory note loans. In addition, reversals of writedowns of special funds and equity investments in the amount of €15 million and €7 million, respectively, were recognized.

Other income

Net other income and expenses (including other taxes) amounted to €311 million in the year under review (previous year: €320 million).

Other operating income primarily includes income from reimbursements of personnel and non-personnel operating expenses amounting to €239 million (previous year: €249 million) and rental income amounting to €58 million (previous year: €61 million).

Other operating expenses mainly comprise effects from unwinding discounted pension provisions amounting to €35 million (previous year: €34 million), and court and litigation costs of €42 million (previous year: €22 million).

Expenses from loss absorption

A profit and loss transfer agreement was entered into between Postbank and BHW Holding AG in fiscal year 2012. The loss absorption resulted in an expense of €99 million.

Extraordinary result

At least one-fifteenth of the difference resulting from the calculation of pension provisions in accordance with the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Law Modernization Act) is being added to the provisions annually until December 31, 2024, at the latest. The addition made in fiscal year 2012, which was recognized as an extraordinary expense, amounted to €28 million (previous year: €4 million).

Profit before tax

Profit before tax amounted to €446 million in fiscal year 2012, after €102 million in the previous year.

Taxes on income

Income tax expenses amounted to €446 million (previous year: income tax income of €17 million). Of this amount, €5 million is attributable to prior-period taxes and €32 million to current income taxes. A further €409 million is attributable to deferred taxes that could no longer be recognized as assets because Postbank became a member of Deutsche Bank's consolidated tax group.

Net profit for the period

Postbank reported a profit of zero (previous year: net profit of €119 million).

CHANGES IN THE BALANCE SHEET STRUCTURE

Total assets

At the end of fiscal year 2012, Postbank's total assets were up slightly year-on-year, from €152.3 billion to €154.8 billion. Changes on the assets side mainly related to the reduction in the volume of securities. The funds released were mainly invested in collateralized investments with banks. The structure of the liabilities side remained unchanged overall.

Loans and advances to customers

Loans and advances to customers amounted to €67.4 billion in fiscal year 2012 and were thus €2.8 billion lower than in the previous year. The decline is primarily due to maturing money market receivables.

Money and capital market investments

Money and capital market investments, comprising loans and advances to other banks, investments in the trading portfolio, and bonds, amounted to €72.9 billion.

Postbank continued to scale back the volume of its securities held in line with its program to improve the risk structure and earnings quality; as a result, securities were reduced by €2.8 billion to €26.4 billion.

Loans and advances to other banks rose by €14.1 billion to €32.0 billion. This was primarily attributable to securities repurchase agreements.

The trading portfolio amounted to €14.5 billion as of the reporting date and primarily included positive fair values of derivative financial instruments of €7.8 billion (previous year: €5.4 billion) and securities repurchase agreements of €6.7 billion (previous year: €12.8 billion). The decline was primarily due to maturing securities repurchase agreements. New securities repurchase agreements were included in the banking book.

Due to customers

Amounts due to customers totaled €109.7 billion in fiscal year 2012 and were thus almost on a level with the prior year. Savings deposits also remained practically unchanged year-on-year, at €47.9 billion.

Money and capital market liabilities

Money and capital market liabilities, comprising deposits from other banks, debt securities in issue, and the trading portfolio, amounted to €32.5 billion (previous year: €29.0 billion).

The €2.6 billion increase in deposits from other banks to €12.7 billion was mainly attributable to securities repurchase agreements.

The portfolio of debt securities in issue declined by €2.0 billion to €9.3 billion. The decline was attributable to bullet bonds and short-term money market securities that were not offset by new issues.

The trading portfolio amounted to €10.5 billion (previous year €7.6 billion) and mainly comprised negative fair values of derivative financial instruments in the amount of €7.9 billion and money market exposures in the amount of €2.5 billion.

Holdings of derivative financial instruments with a negative fair value rose by €2.4 billion year-on-year. This reflects the increase in the derivative financial instruments carried as assets in the trading portfolio and is attributable to the lower interest rate level.

Fund for general banking risks

In the reporting period, €5 million was added to the fund for general banking risks in accordance with section 340g of the HGB. €3 million was added in accordance with section 340e(4) of the HGB. Following these additions, the fund for general banking risks amounted to €1,773 million as of the end of the year.

Equity

As of December 31, 2012, equity was unchanged at €2,740 million.

The previous year's net retained profit of €119 million was appropriated to retained earnings in accordance with the proposal for the appropriation of profits.

Overall assessment of business performance in 2012

Postbank's net assets, financial position and results of operations improved considerably. This encouraging overall trend is largely attributable to the sustained stable performance of our retail and corporate banking business. The lending business continued to have the greatest influence on net assets. The customer business remained stable overall despite ongoing tough conditions. In line with our de-risking strategy, the securities portfolio was further reduced.

The return on equity before taxes amounted to 9.9 % (previous year: 2.3 %). The cost/income ratio was 80.4%, compared with 85.9% in the previous year. The liquidity ratio was 2.17 % (previous year: 1.67 %).

Please see the "Monitoring and managing liquidity risk" section of the Risk Report for information on the financial position.

PRINCIPLES UNDER THE *KREDITWESENGESETZ* (KWG – GERMAN BANKING ACT)

Postbank has prepared the relevant individual institution notifications and fulfilled its other notification requirements under the *Kreditwesengesetz* (KWG – German Banking Act).

As of December 31, 2012, the regulatory Tier I ratio was 8.3 % and the overall capital ratio was 14.3 %.

REPORT ON POST-BALANCE SHEET DATE EVENTS

On December 21, 2012, Postbank and Deutsche Bank AG entered into contracts for the sale of the PB (USA) Holdings, Inc. group and the share capital of the U.S. American subsidiaries Deutsche Postbank Funding LLC I, Wilmington, Delaware, U.S.A.; Deutsche Postbank Funding LLC II, Wilmington, Delaware, U.S.A.; Deutsche Postbank Funding LLC III, Wilmington, Delaware, U.S.A.; Deutsche Postbank Funding LLC IV, Wilmington, Delaware, U.S.A., and Deutsche Postbank Funding Trust I, Wilmington, Delaware, U.S.A.; Deutsche Postbank Funding Trust II, Wilmington, Delaware, U.S.A.; Deutsche Postbank Funding Trust III, Wilmington, Delaware, U.S.A.; Deutsche Postbank Funding Trust IV, Wilmington, Delaware, U.S.A., with effect from January 1, 2013. The sale took place as planned as of the end of December 31, 2012.

RISK REPORT

Summary overview of risk exposure

External factors affecting the risk profile

At the end of 2012/beginning of 2013, the economy is experiencing a pronounced period of weakness. The economic downturn intensified in the second half of 2012 and turned out to be more serious than had been expected at the beginning of the year, both in Germany and in the eurozone as a whole. However, after a slow start to 2013 the German economy is likely to pick up speed again in the course of the year, buoyed up by solid consumer growth and rising exports outside the eurozone. The highly indebted states in the eurozone, which are still in recession, are continuing to serve as a drag on economic development in Germany. Postbank expects that the economic growth in Germany will be down slightly on the 2012 level overall as a result of the slow start to the year. The labor market situation is likely to deteriorate only slightly. Bank liquidity in the eurozone remains tight. Many institutions, especially those from peripheral eurozone states, are unable to access the interbank market. However, the first signs of an improvement in the funding situation for banks in peripheral eurozone states recently became apparent. The extensive measures taken by the European Central Bank (ECB) to ensure liquidity supplies, coupled with measures to restructure the financial sector in the states concerned, prevented the crisis in the financial sector from worsening again. This led to a decline in risk premiums for both bank bonds and government bonds. At the same time, the risk of reversals is still high, as the fundamental reasons for the crisis – such as excessively high government and foreign trade deficits, and inefficiencies in the labor market, the public sector, and economic structures – continue to exist in a number of eurozone states. This means that asset market volatility may also increase again at any time. For 2014, we are expecting a slight improvement in economic performance in Germany and a corresponding positive effect on the risk position in the eurozone states.

Implementation of the large number of tougher supervisory regulations continues to place a heavy burden on the banks. At Postbank as elsewhere, 2012 was dominated by preparations for implementing the Basel III framework, the revised version of the *Mindestanforderungen an das Risikomanagement* (MaRisk – Minimum Requirements for Risk Management) that was published in December 2012, and other new supervisory law requirements. In addition, further changes were made at Postbank's Risk Management function in order to implement Deutsche Bank's risk management standards and to promote Group-wide integration of the risk management processes.

A key driver of risk management integration into the Deutsche Bank Group in the course of 2012 was the "Powerhouse" project, one of the goals of which is to create the preconditions for obtaining a waiver in accordance with section 2a of the *Kreditwesengesetz* (KWG – German Banking Act). If effective, waivers permit simplifications with respect to compliance with the regulations governing the adequacy of own funds, liquidity management, monitoring of the large exposure limit, and other areas. The Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Federal Financial Supervisory Authority) was notified of the exercise of the waiver in a letter dated December 19, 2012. BaFin still has reservations about its applicability. Postbank is currently discussing the matter with BaFin.

As part of the process of integrating Postbank with Deutsche Bank's risk management activities, concrete plans were made and implemented for adapting the structure of the relevant bodies, for networking them, and for introducing functional reporting lines between Postbank and Deutsche Bank. In addition, regular risk reports are submitted to Deutsche Bank to ensure comprehensive risk capture and management. The key management reports and core ratios were defined and analyzed, and reported together.

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 mitigated, and are included in the overall management of the Bank in the context of the assessment of the Bank's risk-bearing capacity. Group limits for market, credit, and operational risks were consistently complied with in 2012. Calculation of the risk-bearing capacity occurs at the Postbank Group level and therefore includes Deutsche Postbank AG (hereinafter "Postbank"). Postbank's risk-bearing capacity was ensured at all times. In the course of the year under review, Postbank reduced the risk capital authorized to cover its risks by continuing to reduce its risk positions.

Postbank's risk profile changed only marginally as against the previous year. The market risk reported at the 2012 year-end was down substantially on the figure for the close of the prior year due to the decline in interest rate and spread volatilities on the European bond markets, particularly in the second half of the year. Retail and business customer lending in the year under review was boosted by a more positive economic environment in Germany in comparison to previous years, buoyed up primarily by the ongoing very positive situation on the labor market and the sound performance by German industry. Together with the measures taken by the Bank to reduce risk for the long term, this had a positive effect on the allowance for losses on loans and advances.

As part of its segment management, Postbank created a new Non-Core Operating Unit (NCOU) to increase the transparency and management focus of its risk management activities. The risk management triggers for the various non-core portfolios continue to be centrally managed by the risk committees and the relevant risk management units.

No risks that could impair Postbank's development or even jeopardize its existence as a going concern are discernible at present. However, a significant downside deviation in our current assumptions as to how the European sovereign debt crisis will develop, coupled with a tangible downturn in macroeconomic conditions, could impact the performance of the banking sector as a whole, and hence Postbank's performance as well.

Credit risk
The allowance for losses on loans and advances in 2012 was up year-on-year, mainly due to significantly increased collective specific valuation allowances on overdrafts and installment loans.

In view of the current debt situation in the so-called GIIPS states (Greece, Ireland, Italy, Portugal, and Spain), Postbank is monitoring its exposure to these countries extremely closely.

For 2013, we expect risks to develop in line with the level seen in the year under review, together with a positive overall macroeconomic trend.

Market risk
As in the previous year, Postbank's market risk in 2012 was dominated in particular by interest rate and credit spread trends on the European bond markets. Although Postbank continued to reduce its holdings of investment securities in the year under review, its capital market portfolios are still subject to fair value volatility, which may result in corresponding changes in their present value and higher levels of risk being reported. Following a tangible increase in value at risk (VaR) in the second quarter of 2012 due to significant spread volatilities for European government bonds and bank bonds, the reported market risk steadily declined in the second half of the year as the bond markets calmed down, ending the year substantially lower than on the comparative prior-year closing date.

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.

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

New developments in risk management
The methods, systems, and processes discussed in this Annual 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.

To do justice to the stricter requirements to be met by risk management, the organizational structure of the Chief Risk Office (CRO) function was modified effective January 1, 2012. The changes are described in detail in the section entitled "Organization of risk management".

The goal of the Bank's A-IRBA project is to obtain approval to use the Advanced Internal Ratings-Based Approach, along with internal estimates of default-related losses. The supervisory authorities have examined the suitability of the internal ratings for this. The report detailing the results has not yet been received.

In the course of the year under review, the market risk model was validated according to schedule and, among other things, revised to incorporate material specific credit spread risks in the market risk VaR.

Postbank established a liquidity risk management project designed to meet new/more specific regulatory requirements in 2011 and continued to drive this forward in 2012. The focus is on establishing/completing the required IT and process infrastructure as well as on future reporting of the new Basel III liquidity ratios. The key project milestones to date have been met. Since a number of regulatory requirements (Basel III, CRD IV, EBA technical standards) have been delayed and are not yet available in their final form, the necessary implementation work will continue into 2013 and, in some areas, into 2014.

In fiscal year 2012, Postbank's liquidity management concept was extended to include stress-based management and corresponding limit and escalation mechanisms were added. In addition, Postbank introduced a benchmark concept to determine liquidity buffer costs.

The requirements of the revised version of the MaRisk dated December 14, 2012 will be implemented successively – in line with the regulatory deadlines for transition and implementation – in the course of a project that was established in 2012. The planned focus of work in 2013 will be on the new requirements with respect to the compliance function and risk governance, as well as aspects of capital planning and liquidity risk management.

In fiscal year 2012, Postbank systematically progressed with the measures needed to meet the Basel III requirements, which will increase in phases starting in 2013. They relate to capital adequacy requirements, minimum liquidity standards, and the new rules for capital backing for counterparty credit risk, for reporting, for managing the leverage ratio, and for preventing procyclicality. For further details, please see the section entitled "Regulatory requirements". Legal implementation of the Basel III framework in the European Union has been delayed, with the final rules only becoming available in the course of 2013.

Integration with Deutsche Bank's risk management activities
Due to Deutsche Bank's acquisition of a majority of Postbank's shares, the Bank has put in place the conditions for integrated risk management, in line with the material banking supervisory regulations. The main focus of this work, taking the legal framework into account, is on implementing a joint risk management system that is both appropriate and effective. As part of this process, the existing arrangements for determining the institution's financial position with sufficient accuracy at all times at Bank level were adapted appropriately. Equally, a suitable system for monitoring and classifying risk was developed that permits an end-to-end overview of the risk situation and the institution-specific protection system as a whole, and that therefore provides the Bank with the ability to exert an appropriate influence. This also includes harmonizing the processes for identifying, assessing, managing, monitoring, and communicating risk, the strategies and procedures for determining and safeguarding risk-bearing capacity, and corresponding internal control procedures. A common, uniform risk governance structure is enhancing the common risk culture.

Risk types
The risk types that are tracked within Postbank are determined on the basis of a Bank-wide risk inventory. The annual risk inventory reviews the materiality of the risk types and the existence of additional, previously untracked risks. When performing the risk inventory, Postbank uses instruments that, in the aggregate, cover all material organizational units and risk areas within the Bank.

Postbank distinguishes between the following risk types:

- Market risk
  Potential financial losses triggered by changes in market prices (e.g., equity and commodity prices, foreign exchange rates) or changes in parameters that determine market prices (e.g., interest rates, spreads, and volatility). The changes in value are derived from daily marking to market, irrespective of the carrying amounts of the assets and liabilities.

- Credit risk
  Potential losses that may be caused by a deterioration in the credit quality of, or default by, a counterparty (e.g., due to the insolvency of an issuer, counterparty, or country or to losses being incurred during the settlement or netting out of transactions). Postbank distinguishes between four different types of credit risk: credit and default risk, settlement risk, counterparty risk, and country risk.

- Liquidity risk
  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.

  Liquidity maturity transformation (LMT) risk is the cost risk arising from higher refinancing costs when the maturity transformation process is completed resulting from 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. This definition also covers legal risk, but not reputational or strategic risk. Legal risk consists among other things of the potential requirement to pay administrative or other fines, damages, or other penalties resulting from supervisory measures or private law agreements. They 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; however, they do not include the costs of modifying processes to implement changes in the framework.

- Investment risk
  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. Equity investments are defined as all equity interests recognized in the financial statements of Deutsche Postbank AG under "equity investments" and "investments in affiliated companies", and investments in companies pursuant to section 16(2) and (4) of the *Aktiengesetz* (AktG –German Stock Corporation Act).

- Real estate risk
  The risk of loss of rental income, writedowns to the lower current value under the going concern principle (*Teilwert*) and losses on sales relating to properties owned by Postbank.

- Business risk
  Risk of a decline in earnings due to unexpected changes in business volumes and/or margins and corresponding costs. The term covers savings and checking account risk (formerly referred to as model risk) and residual business risk (strategic risk and reputational 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) Residual business risk: The risk of a drop in earnings due to unexpected variances in income and associated expenses compared with the original planning that are not caused by the Bank's savings and checking account risk. They also cover strategic and reputational risks that cannot be quantified separately:

     - Strategic risk: The risk that earnings targets will not be achieved because the Bank is insufficiently focused on the business environment concerned (which may have changed at short notice).

     - 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.

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 while strictly reflecting the Bank's risk-bearing capacity, with the aim of generating a corresponding return and exploiting market opportunities.

Risk management within the Bank is the responsibility of the units at head office and the local units networked with these.

Responsibilities and risk strategy

The Group Management Board is responsible for the Bank's risk profile and capital profile, its risk strategy, its risk-bearing capacity concept, and the appropriate organization of risk management, as well as for monitoring the risk associated with all transactions and for risk control.

The control function is exercised by the Supervisory Board and its Loan and Equity Investments Committee. The Management Board regularly informs these bodies of Postbank's risk profile and capital profile.

As required by MaRisk, the Bank's risk strategy is consistent with its business policies and takes into account all significant areas of business and types of risk.

The nature and extent of the risks taken, as well as the strategy for managing such risks, depend on the strategies defined by the individual business divisions in line with Postbank's risk appetite, risk profile, and target returns. They are defined and documented as part of the risk strategy that is adopted each year on the basis of the divisions' business strategies.

Risk committees

The Management Board is supported in its tasks by the Bank Risk Committee (BRC), which serves as the central risk committee. As the Management Board's management and monitoring committee, the BRC has material decision-making powers. The Management Board has delegated risk management for the individual risk types to additional, subordinate risk committees. The following graphic illustrates the committees' areas of responsibility:

Tasks of the risk committees

	Bank Risk Committee (BRC)	Credit Risk Committee (CRC)	Market Risk Committee (MRC)	Operational Risk Committee (ORC)	Cover Business Committee (CBC)	Model and Validation Committee (MVC)
Frequency of meetings	Monthly	Quarterly	Monthly	Half-yearly	Monthly	Quarterly
Tasks	Advise the Management Board with respect to: • Risk appetite (economic, regulatory) • Risk strategies and risk profile • Allocation of risk capital • Measures to limit and manage Bank-wide risk positions	Allocate credit risk limits Define limit system Analyze and evaluate credit risk Issue credit risk management guidelines	Allocate market risk limits Manage strategic focus of the banking book Discuss the Bank's earnings and risk positions	Define minimum requirements for business units Define operational risk parameters Allocate risk capital amounts to the business divisions	Address issues relating to the cover business register Implement regulatory requirements relating to the *Pfandbrief* business Ensure conformity with targets relating to strategic orientation and ability to access the capital markets	Monitor and validate all ratings systems and risk classification procedures Validate all models annually Modify ratings systems, risk classification procedures, and internal models

The Bank Risk Committee serves as an overarching risk committee in which the Chief Risk Officer is represented. It aggregates all risk issues and submits them to the Group Management Board. The Credit Risk Committee, the Market Risk Committee, the Operational Risk Committee, the Cover Business Committee that was set up in the fourth quarter of 2012, and the Model and Validation Committee are headed by members of the Bank's senior management. The Cover Business Committee develops management triggers for Postbank's cover business. The Model and Validation Committee is responsible for modifications to and extensions of risk models and risk classification procedures, as well as for approving the validation reports.

Postbank has an internal risk management system that ensures that the risks associated with the individual business segments are identified, assessed, managed, and monitored. The goal of the relevant processes is to ensure a permanent improvement in the management of earnings, capital, and risk, with continuous quality enhancements being considered a cross-departmental task. In this context, the portfolios are also subjected to a risk-return analysis as part of the overall management of the Bank.

Centralized risk monitoring and management

The Chief Risk Officer (CRO) is responsible throughout the Bank for risk monitoring and risk management functions. He reports regularly to the Group Management Board and the Supervisory Board on Postbank's overall risk position.

Effective January 1, 2012, the organizational structure of the Chief Risk Office was modified on the basis of the changes initiated in 2011. The new organizational structure for the Chief Risk Office serves to facilitate active portfolio management across different risk types and to bundle all credit decisions. A Chief Operating Office ensures that credit processing standards are complied with and implements central project and resource management for the Chief Risk Office. The Risk Management and Credit Risk Control units ensure the management of all risk types. The Credit Office, which comprises the Credit Analysis and Credit Service Workout & Collections units, bundles all credit decisions and organizes the implementation of the Bank's business and risk strategies in close cooperation with the sales units. The following overview explains the roles of the individual CRO functions.

Risk management units and tasks

Unit	Tasks
Chief Operating Office	Management and reporting Credit framework/guidelines Collateral management
Risk Management	Overall bank risk management and reporting including risk-bearing capacity and integrated stress tests Definition of risk strategy and risk profile Management and reporting of market, liquidity, business, collective, investment, real estate, and operational risks Quality assurance of market data and fair values for risk management and financial reporting
Credit Risk Control	Responsibility for all rating and scoring procedures Portfolio management Credit risk reporting Coordination of process for allowance for losses on loans and advances and watch list Authority over risk quantification methods and models for all risk types
Credit Analysis	Credit approvals, support and credit monitoring for banks, countries, corporates, and real estate finance
Credit Service Workout & Collections	Problem loan processing Workouts Collection Collateral realization Increase recovery rate

The Internal Audit unit is a key element of Postbank's process-independent business monitoring system. In terms of the Bank's organizational structure, it is assigned to the member of the Management Board responsible for Resources and reports independently to the Group Management Board.

Seminars are held on an ongoing basis to ensure that Risk Management employees are appropriately qualified. Consequently, Postbank's centralized training offering also includes courses that are dedicated solely to risk management issues (and particularly to credit risk).

Operational level risk management

Within Postbank, responsibility for risk management at an operational level – in the sense of position-taking activities – is spread across a number of units. Chief among these are Financial Markets, the Corporate Finance, Commercial Real Estate Finance, and Banking & Capital Markets credit units, and the Retail Banking credit functions.

Financial Markets is broken down into the Treasury and the Chief Operating Office Financial Markets units. Treasury is responsible for managing market risk at an operational level. In addition, it performs operational liquidity risk management, focusing on ensuring solvency at all times by acting as a lender of last resort. The Chief Operating Office Financial Markets is responsible for managing the structured credit portfolio (SCP) for the Bank.

The Risk Models unit is responsible for developing, validating, and calibrating the rating models, whereas the Credit Risk Management unit performs credit risk limit monitoring, reporting, and management. The Risk Standards unit is responsible for issuing standards on the treatment of credit risk exposure.

A two-tier organizational structure with decentralized operational risk managers has been created for each unit to ensure the management of operational risk at an operational level. Operational Risk Control is responsible for central coordination and reporting. Postbank's Legal Affairs department is primarily responsible for identifying and managing legal risk.

Investment risk is managed at an operational level by integrating it with the risk management structures and the related committee structures, as well as by the Investment Management unit, which among other things provides support for investees' governing bodies as part of the investment strategy. Postbank primarily influences the business and risk policies of its equity investments through their shareholder and supervisory bodies, where it is usually represented by members of its Management Board.

At Postbank, risks from real estate holdings are monitored and managed on an ongoing uniform basis by the Real Estate Management unit, which is part of the Real Estate, Support, and Security department within the Resources board department.

The Market Risk Management unit performs central risk analysis and reporting for savings and checking account risk and for residual business risk; responsibility for these business risks remains with the relevant front office units.

The individual board departments are responsible at an operational level for achieving the goals defined for them as part of the business strategy and for complying with the framework set for them, and by doing so contribute to the operational management of business risk.

Overarching risk management

Risk-bearing capacity

Postbank is included in the Postbank Group's risk-bearing capacity concept both from the perspective of a liquidation approach (economic creditor protection) and in line with the going concern concept (regulatory going concern approach). The Bank 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 serves above all to protect prior-ranking liabilities in a liquidation scenario.

Under the regulatory going concern perspective, the difference between Tier 1 capital for regulatory purposes and the minimum Tier 1 capital required to satisfy the Postbank Group's risk appetite is calculated. The resulting free Tier 1 capital and the planned income represent the risk cover amount. Under this approach, risk potential is calculated using a confidence level of 95 %.

Risk capital and risk limitation

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 BRC 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. 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 MaRisk. Real estate risk and investment risk are not considered to be material.

Risk capital allocation takes into account potential fluctuations in the risk cover amount caused by the impact of the results of operations and other effects on the equity components, as well as stress scenarios affecting all risk types. To do this, a buffer is established by only allocating part of the risk cover amount available as limits for the individual risk types. When determining total risk capital requirements, diversification effects arising from correlations between risk types are calculated conservatively on the basis of Postbank-specific data; these reduce the risk capital provided. Risks associated with specific business models (operational risk, savings and checking account risk, and residual business risk) make a particular contribution to the diversification effect. Market, credit, real estate, and investment risks generally have moderate diversification effects.

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.

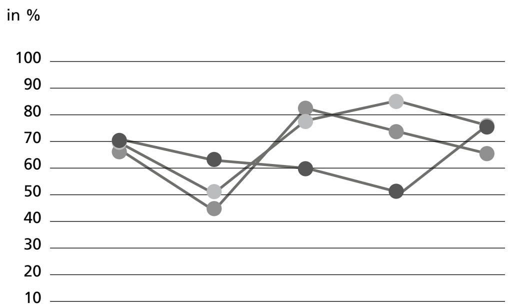
Market risk is managed by allocating VaR and loss limits for the relevant portfolios. For loans to banks, corporates, and countries (central and regional governments and local authorities), credit risk is primarily managed by allocating limits at portfolio level and by defining a target portfolio. The retail business volume is managed using variance analyses. In the case of operational risk, limits and warnings thresholds are defined for each segment. The other risk types are not managed using operational limits. The allocated risk capital represents the conservatively calculated future capital requirements.

Since Postbank aims to improve the impact of its management measures on the risks by managing limits more actively, higher limit utilization must generally be expected. As part of its ongoing reduction of its risk positions, Postbank started reducing its authorized risk capital in 2012. In particular, the authorized risk capital was reduced for credit risk, market risk, and to a lesser extent for operational risk.

The risk-bearing capacity is calculated at Group-level. The Postbank Group's risk-bearing capacity was ensured at all times. The limits allocated to operationally managed risk types were complied with at all times, both at Group level and at the level of Deutsche Postbank AG.

The following graphic depicts the Postbank Group's limit utilization for operationally managed risk types over time:

Development of the limit utilization for operationally managed risk types



	Dec. 31, 2010	June 30, 2011	Dec. 31, 2011	June 30, 2012	Dec. 31, 2012
Market risk	65 %	46 %	81 %	72 %	64 %
Credit risk	67 %	51 %	77 %	83 %	75 %
Operational risk	70 %	62 %	60 %	53 %	73 %

Risk concentrations and stress testing

Concentrations of credit, liquidity, market, and other risks are identified and monitored using sensitivity analyses and stress tests, among other things, and are limited using risk factor or gap limits (in the area of interest rate risk and spread risk). Sensitivity analyses and stress scenarios are used to describe hypothetical future developments for the various portfolios, value drivers, and risk drivers. Consequently, macroeconomic scenarios for inflation, stagflation, recession, and other hypothetical or historical scenarios are calculated across all risk types.

Concentration risks are managed as part of management activities (e.g., via hedging). The holdings of European government, federal state, and bank bonds are particularly relevant in this context due to their spread risk.

In the course of credit portfolio management, risk concentrations are systematically identified and reported at the borrower unit level as well as at sector level (industries, regions, categories of collateral, etc.) and limited using a predetermined procedure that takes risk-bearing capacity and risk/return considerations into account. Guidelines for improving the management of risk concentrations are laid down in Postbank's organizational instructions. The focus is on specifically identified sectors – commercial real estate finance, banks, and countries – for which additional rules exist above and beyond the limit matrix applicable to corporates. Risk concentrations are closely monitored in a timely manner using the segment-specific risk assessment reports and the risk circles used in risk management.

In addition to reducing its government bond portfolio, the Financial Markets segment is continuing to pursue an active de-risking strategy in its bank portfolio in particular, in order to mitigate concentration risk, among other things. In this context, there was a systematic drive to reduce exposures to the GIIPS states.

In the case of the commercial real estate portfolio, a strategy designed to prevent specific regional concentration risks in the U.S.A. and the United Kingdom is being pursued.

At present, based on the economic capital, risk concentrations are particularly perceptible with respect to sovereign exposures and in the structured credit portfolio. Monthly reporting of the economic capital requirement for credit risk and of risk concentrations is a key component of Postbank's credit risk report.

Due to its business model – that of a retail bank operating primarily in Germany – Postbank is also subject to earnings risk in the sense that the earnings generated from its customer business could be lower than planned. Such earnings risk is monitored with the help of the Controlling department as part of the planning process. This involves monitoring earnings risk concentrations using sensitivity analyses and statistical techniques, and taking appropriate measures to manage it.

End-to-end risk assessment is ensured, at a minimum, by regularly subjecting the key risk types for which operational limits are used (credit, market, business, and operational risks) to defined scenario analyses and stress tests as part of the assessment of risk-bearing capacity. Stress tests across all risk types at the level of the Bank as a whole are supplemented by inverse stress tests and risk type-specific stress tests. The stress tests are performed as required by market developments and are continuously and dynamically enhanced on the basis of Postbank's risk profile.

New products process

The risk factors for new and modified products are systematically identified in line with the MaRisk using a New Products/New Markets (NPNM) process, and are documented in a product database. The resulting risks are included in Postbank's risk measurement and monitoring system.

Risk reporting

Postbank's risk reporting focuses on risk-bearing capacity and risk utilization in the individual risk types and comprises a large number of regular and one-off reports. Above and beyond the regular management reports, rules have been established for an ad hoc early warning reporting system that is differentiated by risk type. This means that recipients can be kept informed of changes in relevant parameters in a timely manner. The following table provides an overview of the content of the key reports, their publication frequency, and their recipients, broken down by risk type.

Group-wide reporting			
Topic	**Report contents**	**Frequency**	**Addressees**
Cross-risk type	Risk-bearing capacity, individual risks, concentration risk, stress test results	Quarterly	Supervisory Board, Group Management Board, Bank Risk Committee
Market risk	Risk indicators, limit utilization, revenue, performance calculated on a present value basis	Daily	Group Management Board, operational front office units
	Market developments, market risk trends, earnings and risk indicators, stress test and scenario analyses, risk concentrations, backtesting results	Monthly	Group Management Board, operational front and back office units, supervisory authority
	Risk indicators, limit utilization, performance calculated on a present value basis, stress test and backtesting results, risk concentrations	Monthly	Market Risk Committee
	Risk indicators, performance calculated on a present value basis, stress test results	Quarterly	Group Management Board, Bank Risk Committee, Supervisory Board
Credit risk	Counterparty limit monitoring	Daily	Group Management Board, operational front and back office units
	Portfolio development/early warning, specific portfolio analyses, key performance indicators, rating distributions, country risk including GIIPS reporting, limit utilization including EC/risk-bearing capacity trends, trends in allowance for losses on loans and advances including variance analyses, problem loans/watch list, risk concentrations, RWA trends, EL trends, results of scenario analyses/ stress tests, mandatory MaRisk disclosures	Quarterly	Group Management Board, Loan and Equity Investments Committee, Bank Risk Committee, Credit Risk Committee
Liquidity risk	Liquidity status including limit utilization, cash flows, liquidity sources	Daily	Group Management Board, Market Risk Committee, Financial Markets
	Liquidity status including limit utilization, cash flows, liquidity sources, results of scenario analyses/stress tests	Weekly	Bank Risk Committee, operational front office units
	Liquidity status, stress test, liquidity reserve, funding structure	Monthly	Group Management Board, Market Risk Committee, supervisory authority
Operational risk	Loss events	Weekly	Fraud Committee, Operational Risk Committee
	Losses (indicators), compliance with warning thresholds, high-frequency losses, utilization of VaR limits, results from scenario analyses and self-assessment	Monthly	Group Management Board, Operational Risk Committee
Business risk	Volume growth in customer products	Daily	Group Management Board, operational front and back office units
	Risk indicators, stress test results	Monthly	Group Management Board, Market Risk Committee

The other risk types – investment risk and real estate risk – are included as individual risks in the reporting on overall bank risk.

There is an ad hoc escalation requirement for all decision-relevant events and developments, regardless of the risk type involved.

Regulatory requirements

Capital requirements

Postbank uses the Basic IRB Approach for calculating its capital requirements and the IRB Approach for the retail business, based on the Basel II specifications.

As of the reporting date of December 31, 2012, Postbank calculated the regulatory capital requirements for the following portfolios – grouped by exposure class in accordance with the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation) – on the basis of internal ratings: central governments (countries), institutions (banks), corporates (domestic corporate customers, foreign corporate customers, domestic commercial lending, foreign commercial lending, purchased corporate loans, insurers), retail business (Deutsche Postbank AG mortgage loans, installment loans, overdraft facilities for self-employed individuals and business customers, purchased retail loans), equity claims (if not covered by the exception in section 338(4) of the SolvV), securitization positions, and other non-credit obligation assets.

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 business, business from discontinued operations, and exposures to public-sector counterparties from the European Economic Area.

Postbank used appropriate implementation projects to prepare for extending its use of the Advanced IRB Approach to determine the capital requirements for counterparty credit risk together with internal estimates of expected loss rates to its non-retail business portfolios. The Bank plans to start using the Advanced IRB Approach, and hence expects to reduce the charge both on its risk-weighted assets and on its capital ratio, in the first half of 2013, subject to obtaining the necessary approval from the supervisory authorities.

Postbank currently uses the supervisory Standardized Approach to calculate its capital requirements for market risk. It uses an Advanced Measurement Approach (AMA) at Group-level to calculate the capital requirements for its operational risk. In the case of Deutsche Postbank AG, the Standardized Approach continues to be used for calculating the weighting required for operational risk.

Liquidity requirements

Postbank meets the regulatory liquidity requirements in accordance with section 11 of the KWG in conjunction with the *Liquiditätsverordnung* (LiqV – German Liquidity Regulation), which entered into force on January 1, 2007. Postbank calculates its liquidity ratios on the basis of the supervisory Standardized Approach in accordance with sections 2 to 7 of the LiqV. The processes for Bank-wide identification, measurement, monitoring, and management of liquidity risk are based on the requirements formulated in the "Principles for Sound Liquidity Risk Management and Supervision".

Minimum Requirements for Risk Management (MaRisk)

The requirements of the revised version of the MaRisk dated December 14, 2012, will be implemented successively – in line with the regulatory deadlines for transition and implementation – in the course of a project that was established in 2012. The planned focus of work in 2013 will be on the new requirements with respect to the compliance function and risk governance, as well as aspects of capital planning and liquidity risk management.

Monitoring and managing market risk

Postbank uses a combination of risk, earnings, and other indicators to manage its market risk. 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. Other management indicators used are sensitivity indicators and maturity structures.

In 2012, we continued the de-risking strategy that was introduced in 2008 in the light of the financial market crisis as planned. Postbank has scaled back its holdings of investment securities primarily as a result of instruments maturing and through sales. The risk from equity holdings remains negligible.

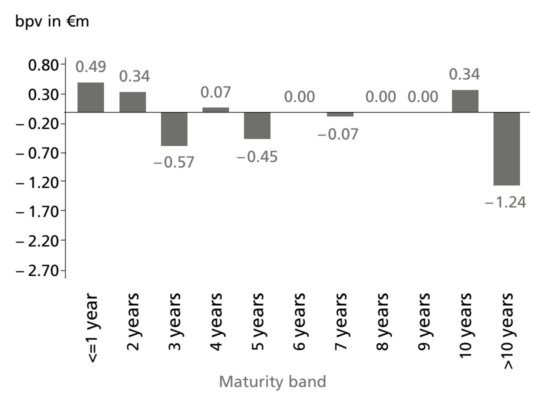
Escalation mechanisms have been defined for critical management parameters and for exogenous events so as to account for the relative significance of market risk to Postbank. These mechanisms make it possible to react promptly to situations in which limits are approached or exceeded, or to extreme market movements impacting Postbank.

Interest rate risk management

Interest rate risk arises where there are differences in the amounts and interest rates of the interest-sensitive assets and liabilities for individual maturity bands. Specific behavioral assumptions are made on the basis of past behavioral patterns in order to quantify the interest rate risk for customer transactions involving significant implicit options. Particularly important in this connection are variable interest customer deposits. Special modeling rules and deposit base definitions supplement the monitoring and management concept. The modeling techniques used for this are monitored and enhanced on an ongoing basis. In the case of deposits without agreed maturities, investor behavior is modeled using the internal models and procedures for managing and monitoring interest rate risk. Those elements of capital made available to the Bank indefinitely are excluded when determining interest rate risk.

Interest rate risk analysis is an integral part of daily market risk measurement in the trading and banking books. The following chart presents the profile of Postbank's open interest rate positions as of December 31, 2012, in the form of a basis point value (bpv) graph.

Postbank's interest rate positions (bpv) as of December 31, 2012



Value at risk measurement, limit setting, and backtesting

Postbank uses the value at risk (VaR) concept to quantify and monitor the market risk it assumes. The VaR of a portfolio describes the potential decline in fair value that will not be exceeded in that portfolio within a certain period for a given probability. VaR is calculated consistently for all trading book and banking book positions with market risk exposures, regardless of how they are presented in the financial statements.

VaR is calculated using a Monte Carlo simulation. Operational management is based on a confidence level of 99 % and a holding period of 10 days (banking book) or 1 day (trading book). The material risk factors taken into account when calculating VaR are yield and spread curves, share prices, exchange rates, and volatilities. In 2012, the market risk model was revised to incorporate material specific credit spread risks in the market risk VaR.

Correlation effects between the risk factors are derived from historical data. In addition to total VaR, which reflects all correlation effects for the risk factors, VaR contributions are also calculated and analyzed daily for the main subtypes of market risk (interest rate risk, spread risk, equity risk, and currency 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. End-of-day risk measurement and monitoring are used; in addition, intraday monitoring is performed for market risk in the trading portfolios. 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. In 2012, the use of dynamic limits led to warning limits being exceeded at subportfolio level on individual days as a result of fair value losses and increases in VaR figures.

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 gains and losses arising from actual changes in fair value for the same portfolio (clean mark-to-market backtesting), among other things. As of the 2012 year-end, backtesting (one-sided binomial test in accordance with the Basel traffic light approach) produced results within the statistically expected ranges ("green" traffic light). This confirms the fundamental appropriateness of the VaR methodology used.

Stress testing

In addition to the VaR calculations, scenario analyses and stress tests are performed at regular intervals to permit the specific analysis of the impact of extreme market movements and to identify risk concentrations. These analyses quantify the effects of extraordinary events and extreme market conditions on the relevant Postbank exposures. Scenario analyses and stress tests are performed for all material risk factors. The assumptions underlying the stress tests are validated on an ongoing basis.

In the year under review, as in the past, the scenario assumptions and stress parameters were reviewed at regular intervals, while the range of stress tests performed was also extended. Stress tests comprise both scenarios derived from historical changes in risk factors and hypothetical extreme scenarios. The Group Management Board, the members of the BRC and the MRC, and the Supervisory Board are kept regularly informed of the key results of the scenario analyses. The scenario analyses performed in 2012 indicate that Postbank's risk-bearing capacity would be assured even in the case of a renewed deterioration in the market situation. 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. The stress parameters used are reviewed regularly for appropriateness.

Particular attention is paid to the requirement to take risk concentrations into account when measuring market risk. This is done by regularly analyzing the effects of exposure class-, rating-, or currency-specific stress tests and identifying existing risk concentrations using sensitivity analyses. Instruments used in this context include gap analyses, credit spread sensitivity analyses by issuer, asset class, and credit rating, and analyses of the Bank's exposure to equities and foreign currencies.

Appropriate market terms

In addition to monitoring market risk, Postbank checks trades entered into in its own name and for its own account to ensure that market prices have been applied (market conformity verification). This is monitored by internal units that are independent of the trading functions.

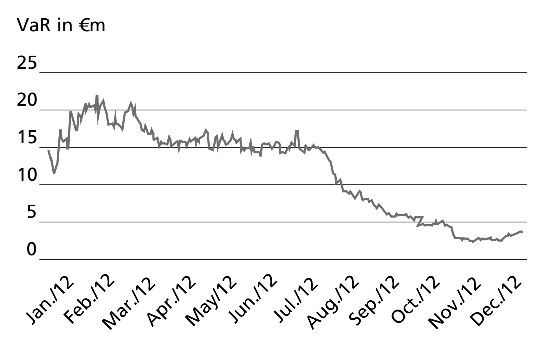
Risk indicators

The following VaR figures for the trading book were calculated for Postbank for the period from January 1 to December 31, 2012, and for January 1 to December 31, 2011 (confidence level of 99%, holding period of 10 days):

Value at risk, trading book	2012 €m	2011 €m
VaR at year-end	4.0	12.4
Minimum VaR	2.8	3.4
Maximum VaR	20.8	25.8
Limit at year-end	11.7	10.1

The following chart shows VaR for the trading book:

VaR, trading book 2012



The changes in VaR for the trading book reflect the change in Postbank's trading strategy which entails a significant reduction in trading activity and a reduction in the risk positions. The VaR for the entire trading book as of December 31, 2012 was a mere €4.0 million (December 31, 2011: €12.4 million).

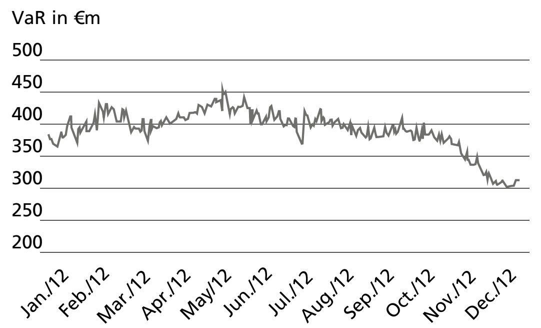
VaR limit utilization is monitored on an ongoing basis, and the limits were complied with at all times, including at subportfolio level.

VaR for the banking book (confidence level of 99%, holding period of 10 days), which accounts for by far the largest portion of market risk, amounted to €311.3 million as of December 31, 2012 (for comparative purposes: €393.9 million as of December 31, 2011).

Value at risk, banking book	2012 €m	2011 €m
VaR at year-end	311.3	393.9
Minimum VaR	299.9	227.1
Maximum VaR	463.4	404.3
Annual average VaR	397.4	321.4

The calculation incorporates all material market risk-bearing positions in the banking book. In line with Postbank's business strategy, the level of market risk in the banking book is largely determined by the interest rate risk and spread risk. Currency risk is of lesser significance. The present value risks resulting from foreign currency positions are input into the daily market risk measurements and reports. Management focuses on the one hand on present value considerations, and on the other on minimizing potential risk to the income statement as a result of foreign currency positions. Equity risk, which arises among other things from managing the risk associated with customer products, is minor.

Value at risk, banking book 2012



The rise in VaR in Postbank's banking book observable since the second half of 2011 – which was due to a surge in spread volatilities for European sovereigns and banks caused by the escalating government debt crisis – initially eased before resuming in the second quarter of 2012. However, it then successively fell again from the middle of the year onwards, a process that was accompanied by the significant narrowing of the associated credit spreads. As at the 2012 year-end, market risk was substantially below the figure for the end of the prior year.

Monitoring and managing credit risk

Postbank uses a target portfolio as a reference for the overall composition of its loan portfolio, which focuses on corporate customers including commercial real estate finance, banks, countries (central and regional governments and local authorities), and retail, 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. The portfolio structure was extended as of December 31, 2012, to include the Non-Core Operating Unit segment. In the case of Corporate Banking, an individual profitability analysis is also performed on the basis of the return on equity (the ratio of the risk-adjusted net margin to the equity tied up). Due to the high degree of risk diversification in the retail business, no 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.

Managing individual risks

Credit approval procedures

Postbank's credit guidelines contain detailed targets for all lending transactions. Credit approvals are subject to an established system of approval powers, which act as a framework within which decision-making individuals or bodies are authorized to enter into lending transactions. Credit approval powers are defined on the basis of fixed upper limits per group of associated customers (see section 19(2) of the KWG), depending on the rating and amount in the case of corporate banking and the transactions in the case of Financial Markets. An important feature of the credit approval procedure is the separation of front office functions (sales/trading) and back office units in accordance with the supervisory requirements (MaRisk). A permissible exception to the strict separation of functions according to banking supervision law is the standardized credit approval process in business that is not relevant for risk purposes, which Postbank defines as private residential construction finance up to €1 million, other retail credit products, and loans for up to €750,000 in the Corporate Banking division; in these cases, simplified and standardized processes are applied.

Scoring and rating

Postbank has internal rating systems that have been approved for the use of the IRB Approach under Basel II/in accordance with the SolvV. In addition to meeting the methodological and procedural/organizational requirements, these rating systems have proven their suitability in relation to the classification of existing portfolios and new business. Regardless of the size and type of the loan, individual rating or scoring is performed during the credit approval process as well as at least annually and on an as-needed basis.

The Credit Risk Control Risk Models unit is responsible for the design, methodological supervision, calibration, and validation of all rating procedures used, as well as for implementing the internal rating procedures that have been transposed into internal IT routines. In addition, a Model and Validation Committee (MVC), which was established to provide process support, is responsible together with its subordinate Model Change Policy Committee (MCPC) for ensuring that the results of the monitoring of internal ratings processes are incorporated into the internal reporting system and the Bank's management processes. Postbank's Management Board is provided with regular information on the operability of the rating systems, as well as on the results of the ratings performed as part of the management reporting process, by the bodies responsible (BRC, CRC, MVC). The Risk Standards unit, which is attached to the Chief Operating Office of the CRO function, is responsible for monitoring the processes. The work performed by the Bank's Credit Risk Control function in 2012 focused among other things on the enhancement, ongoing validation and, where necessary, recalibration of the scoring and rating systems. Internal Audit audits the appropriateness of the internal rating systems, including adherence to the minimum requirements for use of the rating systems, on an annual basis.

In Retail Banking, loans are approved, decisions to extend them are made, and terms are defined using the results of statistical scoring models and approval guidelines. The scoring models utilized at Postbank make use of internal and external information about the borrower and employ statistical methods to individually estimate the probability of default for borrowers or loans (PD). The loss given default (LGD) is calculated to estimate the recovery rates individually, taking any eligible collateral into account, or globally, in the case of small-scale uncollateralized retail business. The credit conversion factor (CCF) is calculated to estimate the degree of utilization of open credit lines at the time of default.

Rating models, which generally comprise a statistical balance sheet rating or a simulation of expected cash flows, and which also incorporate qualitative, shorter-term information in the internal rating in the form of a heuristic component, are used to make loan decisions and define terms for customers and guarantors in the corporate customers, banks, and countries areas. Interrelationships between debtors are taken into account using a concept that provides for groups of connected clients.

All internal ratings and scorings are presented using a uniform master scale, which assigns each rating or scoring result to a rating class, as well as the default probability determined for that class. Postbank uses the terminology of the Standard & Poor's rating agency here.

The rating and scoring methods are validated as part of Postbank's annual model validation process and of ongoing monitoring. The model validation process is based on standard core analyses comprising the stability of the model formula/the estimated inputs and the distributions, as well as the accuracy of the rating model, and the predictive power of the models, but also takes qualitative aspects into account. During the validation process, any changes in the loss history are taken into account by adjusting the inputs.

By including model validation in Postbank's processes, it is generally possible to derive business policy and model-specific measures directly from the results of the core analyses. Electronic records are maintained of all relevant input factors and rating results, enabling a continuous rating history to be kept for each customer and transaction.

In addition to supporting the loan approval process, these ratings and scores serve among other things as a basis for calculating the "expected loss", i.e., the loss that is to be expected as a statistical average over a one-year period. They are factored indirectly into margin calculations as standard risk costs (see the following section), along with other variables.

Risk/return key performance indicators

When calculating the loan losses expected at Postbank, the average standard risk costs are factored into the advance calculation on an individual loan basis. This allows all lending transactions to be evaluated during the advance calculation. The standard risk costs are priced in as a premium for the expected loss and are included in the profitability calculation for exposures to corporates in the form of a return on equity (RoE) ratio. The profitability calculation aims to ensure an end-to-end assessment of customer relationships and is performed at product or portfolio level for retail customers, and at an individual level for non-retail customers.

Collateral management

Collateral management is an important and integral component of the credit management process at Postbank. Strict standards have been established regarding the quality (e.g., the legal validity and enforceability) of the collateral accepted. The value of the collateral is continuously monitored on the basis of uniform standards, not only when the loan is granted but also during its term. The associated collateral processes are regularly reviewed with respect to the regulatory requirements and further enhanced. In 2012, the processes for accepting and monitoring real estate liens and pledging account balances in Deutsche Postbank AG's commercial real estate finance area underwent further optimization; the new processes come into force as from the beginning of 2013. The protection instruments principally used by Postbank consist of real estate liens to secure real estate financing, guarantees and credit derivatives, financial collateral, and other physical collateral.

The back office units are responsible for collateral management (there are partial exemptions for Deutsche Postbank AG's non-risk-relevant lending transactions). This includes recognition of an instrument as collateral, its legal ranking, and regular review and measurement, as well as the administration of the eligible collateral. The exposure management systems provide electronic support for the management of immovable collateral. The amounts recognized as eligible collateral are reviewed at fixed intervals, depending on the type of protection; as a rule, this occurs annually or at shorter intervals in the case of critical exposures.

Guarantees and credit derivatives must be irrevocable and unconditional in order to qualify as credit risk mitigation instruments when calculating the minimum capital requirements for credit and counterparty risk. Only guarantees by countries (central and regional governments and local authorities), other public-sector entities, banks, supranational organizations, and legal persons with a rating of at least A- are recognized. With regard to credit derivatives, guarantors and protection sellers are subject to the same risk classification, risk limitation, and risk monitoring procedures as borrowers.

Real estate liens are taken into account when calculating the possible loss arising from default on a loan. The collateral is realized in the event that a borrower becomes more than temporarily insolvent.

Loan collateral in the Corporate Banking segment taking the form of real estate liens is reviewed regularly, and at least annually, for impairment at the level of the properties concerned. In Germany, market developments are also monitored using the fair value fluctuation concept produced by Deutsche Kreditwirtschaft (previously the Zentraler Kreditausschuss (ZKA)), while the front office and back office units perform qualitative monitoring of the relevant sectors and real estate markets on an ongoing basis. In the case of loans and property values with volumes in excess of €3 million, valuations are always reviewed at the latest after three years by independent, qualified credit specialists or a new appraisal is performed by real estate experts, as appropriate.

Where it is not possible or feasible to immediately realize the collateral furnished to Postbank as security for a loan for legal or economic reasons, its liquidation can be postponed until the legal situation is clarified or until a more favorable economic situation arises, in which case it will be managed and enhanced as well as possible (active/passive retention).

In the case of Postbank, the plan is to enhance the existing collateral management environment.

Credit monitoring and problem loan procedures
In the case of non-standardized loans, credit risks are monitored using credit assessments performed at least once annually and whenever events occur that could affect a borrower's credit quality. The checks are made by the operational lending units in the back office in accordance with banking supervision requirements and, in the case of trading transactions, by Risk Control as well.

In the area of individual lending to corporate customers and mortgage lending in excess of €750,000 per borrower or borrowing entity, Postbank has implemented a credit monitoring process in accordance with banking regulatory requirements. The process enables higher-risk loans to be identified using defined qualitative and quantitative early warning and risk indicators (e.g., sector information, management accounting data, customer and account data, and rating changes). The use of early warning and risk indicators to enable advance identification of an increasing risk of default enables Postbank to take risk mitigation measures in a timely manner, to develop and implement loan restructuring plans with the borrower if necessary, or to arrange for settlement.

When a corporate loan is identified as having a higher risk, the borrower in question is placed in the monitoring category if early warning indicators are present and on the watch list (intensive care, restructuring, or workout) if risk indicators are present. In the case of hard ("rule-based") risk indicators, transfer is mandatory; if there are only soft ("principle-based") risk indicators, the decision is made at the discretion of the credit specialist responsible for the account, in cooperation with the workout specialists. The watch list is constantly updated by the various lending departments and submitted quarterly to the member of the Management Board responsible for the CRO board department and to the CRC. The largest individual exposures and loans that were approved by the Group Management Board are reported to the Group Management Board and the Loan and Equity Investments Committee of the Supervisory Board as part of the quarterly credit risk report.

Managing credit risk at portfolio level

Portfolio management
Above and beyond monitoring individual risks, the necessary economic capital (EC) for all exposures subject to credit risk is calculated. The credit portfolio model used by Postbank takes account of internal and external risk inputs, concentration risks in the credit portfolio, and reinvestment effects in the case of maturities of less than one year, as well as the ability to drill down to individual debtors.

EC is the potential negative change in the present value of the total loan portfolio resulting from actual or potential credit risk losses that will not be exceeded within one year for a 99.93 % probability. Under Postbank's risk-bearing capacity concept, EC (as a measure of the unexpected loss from credit risk) must be backed by risk capital.

In contrast to EC, the expected loss is the expected amount of losses due to credit risk in the Bank portfolio over a one-year period. This is calculated approximately as the product of the default probability, the total size of exposure, and the loss rate. It depends on the counterparty/transaction rating and on the transaction term. The expected loss does not contribute to the Bank's overall risk, but is factored into margin calculations via the standard risk costs.

EC is calculated on the basis of the migration behavior of borrower-specific creditworthiness and correlation effects within the portfolio, so as to quantify risks arising from an adverse concentration of borrowers in terms of their sector, creditworthiness, and country. The probability of a rating change (migration) is continually updated and adjusted to reflect the changes observed in the current economic environment. In calculating EC, all loans and advances are recorded together with their future cash flows and are discounted to the observation date. This allows the loan loss risk to be measured over a one-year observation period, as well as quantifying the effects on the present value of all changes in creditworthiness occurring outside the observation period. Credit risk is measured using current internal and external credit ratings as well as internally and externally calculated assumptions relating to loss rates.

External inputs used to calculate the EC include constantly updated rating agency data, migration tables derived from this data, yield curves, and a covariance matrix for the risk factors used in the correlation model. Homogeneous, granular exposures are aggregated when calculating EC and are not computed at individual transaction level. These relate in particular to retail products.

The updated portfolio and market data is used to calculate EC in the loan portfolio on a monthly basis. The calculation of EC in the loan portfolio takes diversification effects between the portfolios in the business divisions into account. The utilization of the EC limits made available to individual profit centers by the CRC and of the aggregate credit risk limit is monitored regularly.

In addition to the calculation of the EC, the loan portfolio is subject to regular stress testing and sensitivity analyses across all risk types with the aim of quantifying losses that might arise from extreme events.

Portfolio structure
The portfolio structure was expanded to include the Non-Core Operating Unit as of December 31, 2012.

The following table provides an overview of material credit risk indicators for the various profit centers as of December 31, 2012, compared to the end of 2011 (volumes: carrying amounts). As the EC including portfolio effects is not calculated at the level of Deutsche Postbank AG, the portfolio structure is shown at Group level in the following table.

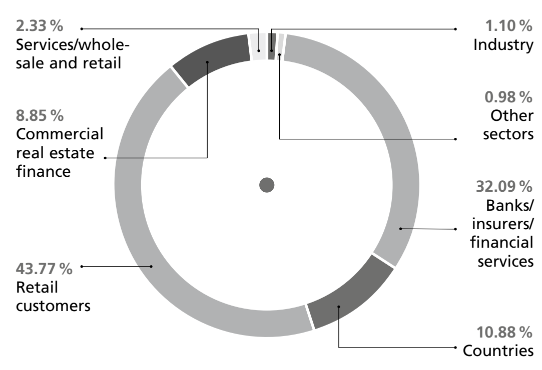
Credit risk	Volume		Expected loss		Economic capital (EC)[1]	
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Retail Banking	77,057	81,219	236	195	987	824
Corporate Banking	18,546	26,422	32	67	350	538
Financial Markets	66,686	78,070	11	143	310	1,104
Non-Core Operating Unit[2]	27,159	n. a.	83	n. a.	651	n. a.
Total	189,448	185,711	363	405	2,297	2,466

[1]The underlying confidence level is 99.93 %.
[2]The Non-Core Operating Unit segment was reported for the first time on December 31, 2012.

The decline in the risk indicators for the expected loss and economic capital are primarily due to the reduction and redemption of risk-bearing assets (including exposures to GIIPS states, the structured credit portfolio, and the commercial real estate finance business), and to a minor extent to rating migrations. The increase in the expected loss and economic capital in the Retail segment is attributable to enhancements to rating models and model calibrations.

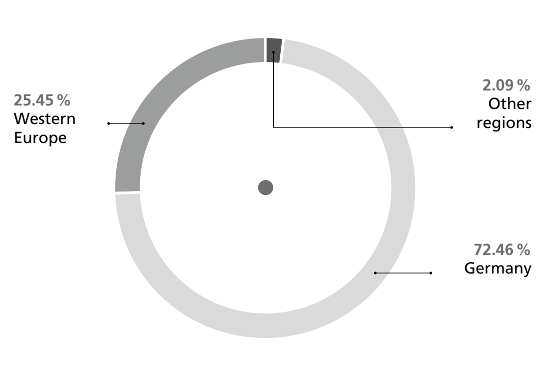
Sector structure of the loan portfolio
Overall, the sector distribution of the instruments subject to credit risk, measured in terms of volume, displays a balanced structure except for the concentrations with respect to banks and countries. The loan portfolio consists mainly of loans to retail customers 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 commercial real estate finance. The holdings of investment securities primarily comprise 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 in terms of diversification has been defined as part of the credit risk strategy to manage investments in the non-retail area.

Sector structure



Regional distribution of the loan portfolio
Postbank has established country-specific limits for credit allocation in order to manage country risk. The country limits are largely determined by internal and external ratings, and by the economic strength of the particular country as measured by its gross domestic product. A central database keeps track of the limits established for each country and their current utilization, as well as the economic data used in allocating countries to risk categories. The country limit system was thoroughly revised in response to the financial market crisis and supplemented by an early warning system. The regional distribution of the credit volume again reveals a concentration on the domestic German market in line with Postbank's strategy.

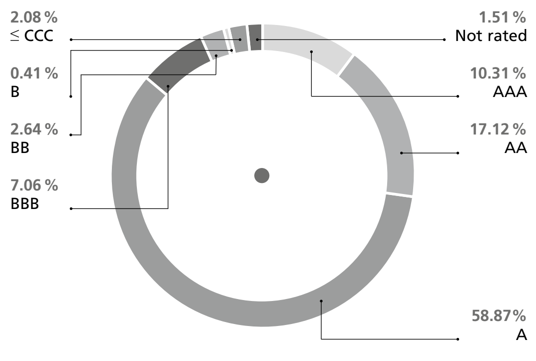
Regional distribution



Rating structure of the loan portfolio

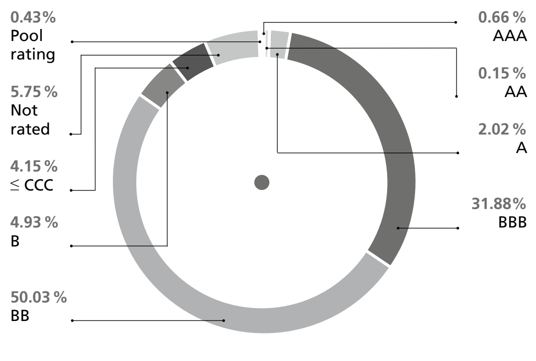
The distribution of ratings in the loan portfolio reflects Postbank's conservative approach. The following graphic depicts the rating structure of the loan portfolio for the non-retail business. The good rating categories classified as investment grade predominate.

Credit rating structure (non-retail)



Similarly, the following graphic illustrates the credit quality of the risk-bearing financial instruments for Postbank's retail business that were neither past due nor for which impairment losses had been recognized as of the December 31, 2012 reporting date. Postbank's retail business showed a shift in its rating structure towards the less good rating categories, primarily as the result of the introduction of new portfolio models for installment loan and mortgage lending portfolios, as well as of the recalibration of existing rating models. This is due among other things to the fact that legacy portfolios were previously reported using pool ratings but are now rated on an individual basis following the introduction of the new mortgage lending portfolio rating.

Credit rating structure (retail)



Securitization positions

Securitizing financial assets (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.

Postbank acts as both investor and originator in asset securitization transactions.

Investor

In the course of credit substitution transactions, Postbank invested in structured credit products (SCPs), among other things. Specifically, these relate to asset-backed securities (ABSs), collateralized debt obligations (CDOs), collateralized loan obligations (CLOs), residential mortgage-backed securities (RMBSs), and commercial mortgage-backed securities (CMBSs). Securitization positions are generally rated by at least one recognized rating agency (Standard & Poor's, Moody's, or Fitch Ratings).

Originator

In addition to being an investor, Postbank also acts as an originator. The following synthetic securitization transactions involving the securitization of residential mortgage loans relating to Germany not only reduced regulatory capital requirements but also lowered risk concentrations. As of the reporting date, Postbank held the PB Domicile 2006-1 transaction with a volume of €1,471 million in its portfolio. In addition, Postbank structured the Provide Domicile 2009-1 synthetic originator securitization transaction, for which no significant transfer of risks took place as of the reporting date.

Environmental risk

Postbank also takes into account environmental risk when making credit decisions. Postbank and its employees are aware of their social responsibility both in their lending policy and in individual credit decisions.

Identifying and quantifying environmental risk forms part of Postbank's standard risk assessment and management procedures in its domestic and foreign business. With regard to its customers, Postbank believes that fulfilling current environmental standards and acting responsibly towards the environment are key factors for assessing corporate governance.

As a result, Postbank meets the requirements for sustainable and future-oriented management and complies with international guidelines such as the UN Global Compact.

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 Financial Markets division. Deutsche Postbank AG serves as a 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.

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. At present, no significant measures relating to activities on the money and capital markets are planned. Concentration risk during refinancing is taken into account in the stress tests. We do not see any key concentration risks in respect of individual creditors from a liquidity perspective due to the Bank's business strategy. In the case of unexpected cash outflows, cash holdings, central bank balances, and an extensive portfolio of unencumbered, highly liquid, central bank-eligible securities can be used to obtain liquidity rapidly, including on (private) repo markets. To further diversify its refinancing activities, Postbank has a *Pfandbrief* license allowing it to issue public-sector *Pfandbriefe* and mortgage *Pfandbriefe*. There are no longer any plans to issue public-sector *Pfandbriefe* under Register E in future; however, mortgage *Pfandbriefe* may be issued in future under Register D as a potential long-term financing instrument.

The management process is based on a number of pillars. The Liquidity Risk Management unit determines Postbank's liquidity status under both normal and stress conditions on each business day using funding matrices and cash flow forecasts. This is used as the basis for operational management. Furthermore, risk management is based on regular liquidity and issue planning and on a series of more far-reaching analyses and forecasts.

Risk management activities focus above all on ensuring solvency at all times, including in extreme stress situations. With respect to the requirements set out in the version of the MaRisk dated December 15, 2010, Postbank revised its liquidity stress scenarios in accordance with BTR 3.2 (3) at the end of 2011 (BTR = Requirements for processes for identifying, assessing, treating, monitoring and communicating risks). In the process, not only were the stress parameters modified but a two-month survival period going above and beyond the MaRisk requirements was defined; in addition, liquidity buffer reporting was extended in particular to differentiate highly liquid assets in accordance with BTR 3.2 (2). The scenarios cover both institution-specific and general market issues and, in the MaRisk scenario, the combination of the two. This permits changes in a variety of market factors, panic reactions by customers, and structural changes in funding resources (e.g., due to a decline in market liquidity) to be reflected. The MaRisk scenario simulates severe outflows of savings, demand, and corporate banking deposits, restricted access to the uncollateralized money market, and increased haircuts on central bank-eligible securities. A requirement for all stress scenarios was to maintain customer loans at existing levels at least, even in times of stress.

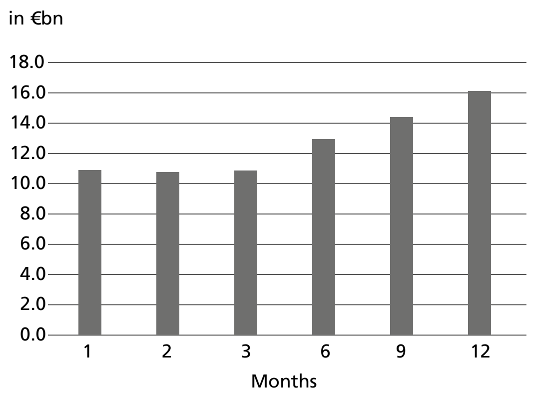
In 2012, Postbank's liquidity management concept was extended to include stress-based management. As part of this, static liquidity buffer management using management triggers was replaced by dynamic buffer management under stress conditions with a two-month survival period, based on a daily management report, featuring appropriate limit and escalation mechanisms.

In addition, Postbank introduced a benchmark concept to determine liquidity buffer costs. In 2012, functionality for allocating liquidity buffer costs to their origins at segment level was added.

Postbank has set up a regulatory liquidity project to prepare for the reporting and management of the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), which will have to be reported regularly in the future, and to develop additional monitoring tools.

The following graphic illustrates Postbank's liquidity status as of December 31, 2012. This overview presents the expected cash inflows/outflows and the liquidity sources available for the coming twelve months on a cumulative basis, in accordance with the principles of internal liquidity management:

Liquidity status of Postbank



The expected values for cash outflows from liabilities with no fixed capital commitment period, such as savings and checking account deposits, the probability of utilization of irrevocable loan commitments, 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 Postbank's adequate cash position.

The results of the stress tests in 2012 also underline Postbank's comfortable 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.

In the course of its integration with the Deutsche Bank Group, Postbank revised its liquidity stress scenarios, harmonizing them with Deutsche Bank's parameters, as well as introducing Deutsche Bank's funding matrix methodology. Postbank is integrated with Deutsche Bank's liquidity risk management process. In addition, Postbank resolved – in addition to its existing limit rules – to introduce the concept of limiting secured and unsecured money market borrowings (maximum cash outflow limits) using the Deutsche Bank Group's methodology in 2013.

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 modifications 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.

Operational risk is fully integrated with Postbank's risk-bearing capacity concept. 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. Postbank's business divisions have been allocated specific risk capital amounts, utilization of which is also monitored each quarter.

In addition to the regular calculation of the operational risk indicators, quarterly stress tests are performed. Their results are used to analyze how the risk indicators behave under extreme conditions. For example, the effects of a general increase in loss frequencies or an additional, "artificial" major loss are examined.

Apart from the quantification model, Postbank uses the following instruments in particular:

- Structured capture of internal losses of €1,000 or more (fraud cases starting at €0)
- Definition of risk indicators as an early warning instrument
- Half-yearly self-assessment to evaluate the internal control framework
- Definition of scenarios for evaluating specific risk situations
- IT-based central activity tracking system to reduce operational risk.

Total operational risk losses (including contributions to the EURO Kartensysteme liability fund) rose year-on-year. The positive prior-year trend in external fraud continued, but expenditure relating to legal actions and complaints about investment advice remained at a high level, due among other things to a change in the court rulings on the disclosure of kickback payments/commissions. The core topic here was the brokerage of closed-end funds in the years leading up to the outbreak of the financial market crisis in 2008. Following the numerous measures that had been developed and implemented in 2009 and 2010 to improve the situation, a decision was taken in the first half of 2012 to discontinue marketing closed-end funds via Postbank's sales channels as of June 30, 2012.

One of the main focuses in the fight against fraud is to communicate all material cases of fraud in a timely manner throughout the Bank via the FRAUD committee. Another focus is on raising the awareness of the employees involved in the relevant processes in order to ensure systematic and widespread early identification of cases of fraud. To complement these activities, a number of technical measures were implemented that contributed to a significant improvement in the situation in recent years. No major net losses were attributable to the other operating risk categories (settlement errors, weaknesses in controls or processes, IT or staff failures, etc.) in 2012.

Deutsche Postbank AG uses the Standardized Approach for calculating the weighting required for operational risk.

Business segment in accordance with the SolvV	Weighting for operational risk	
	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Corporate finance	–	–
Trading and sales	13	10
Retail banking	329	318
Corporate banking	55	53
Payment transactions and processing	0	0
Agency services	1	1
Asset management	–	–
Retail brokerage	9	9
Total for Deutsche Postbank AG	407	391

The information on the business segments contained in the table covers both core and non-core portfolios.

Postbank's business continuity management (BCM) activities cover the value chain for business activities and critical bank functions. BCM is the term used to describe the implementation of preventive and restorative measures taking the form of emergency, crisis, and test planning for all board departments. Business impact analyses and risk identification and assessment exercises (RIAs) are performed on a regular basis to assess key business processes and how critical they are. Tests are used to demonstrate that the emergency plans work.

Monitoring and managing investment risk

As of the reporting date of December 31, 2012, Deutsche Postbank AG held a total of 59 direct and a large number of indirect equity investments. In fiscal year 2012, the number of investments in associates/equity investments declined moderately over the previous year.

These holdings are predominantly strategic investments that reflect Postbank's product and service areas and that provide internal services. A number of these equity investments are managed as Postbank units. In some of those cases, central functions such as accounting, finance, controlling, legal affairs, personnel, and internal audit are performed by the responsible organizational units at Deutsche Postbank AG. The relevant lending departments within Postbank monitor credit-equivalent investment risks or risks that have the function of credit substitutes.

As in the past, Postbank does not have any shareholdings in other companies in the sense of a private equity/investment strategy.

Postbank has established procedures to ensure the adequate management and monitoring of key investment risks at Group level. These also include the interests held by Postbank in special purpose entities (SPEs). In the year under review, SPEs were used in particular to issue subordinated securities and for the temporary ownership of real estate. Postbank has no interests in SPEs designed for asset outplacement. The large number of management and monitoring systems in existence, which are continually being enhanced, guarantees that Postbank is in a position to monitor and manage shareholding risks, including strategic investment risks, at all times.

Monitoring and managing real estate risk

The properties in the Postbank portfolio are primarily owner-occupied properties used by Postbank. They are reappraised every three years in order to monitor their value on an ongoing basis. In line with the valuation principles applied (in this case Practice Statement (PS) 3.2. of the RICS Valuation Standards (8th edition) published by the Royal Institution of Chartered Surveyors (RICS), London), the reappraisal is based primarily on the market value. This is defined in the Practice Statement as follows: "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The real estate portfolio is monitored on the basis of the regular property valuations, which take risk aspects into account, as well as the analysis of changes in the real estate portfolio.

No concentration risks from the real estate exposure are discernible.

Monitoring and managing business risk

The procedures for quantifying business risk have a direct and consistent relationship to the method used to determine the economic capital in Postbank's risk-bearing capacity concept.

Theoretical scenarios are defined for customer transactions with non-deterministic interest rates and capital commitment periods (primarily savings and checking account deposits) in order to permit interest rate risk to be managed. These scenarios appropriately reflect the repricing and capital commitment behavior associated with these customer products. Over time, unexpected volume and margin fluctuations can occur as a result of unexpected customer behavior or changes in the Bank's own interest rate adjustment policy (or as a result of a lack of opportunities for interest rate adjustments in marginal areas); this could endanger the ability to generate stable net interest income in the long term and hence also impact economic capital (savings and checking account risk).

Residual business risk is calculated on the basis of historical variance analyses for the periods.

This business risk is quantified and monitored partly on the basis of the value at risk concept and partly using scenario analyses, with the methods used being reviewed for accuracy at regular intervals. The BRC formally resolves the relevant limits.

In addition, extraordinary events are analyzed at regular intervals using both historically based and hypothetical scenario analyses and stress tests.

Controlling and the business divisions provide an early warning system by gathering and analyzing market and competitor data on an ongoing basis in order to identify potential risks, and by developing appropriate countermeasures.

Internal control and risk management system for the financial reporting process

The following section describes the key features of the internal control and risk management system in relation to the financial reporting process. In this respect, Deutsche Postbank AG complies with the requirement set out in section 289(5) of the *Handelsgesetzbuch* (HGB – German Commercial Code). Deutsche Postbank AG regards information as being material within the meaning of section 289(5) of the HGB if failure to disclose it could influence the economic decisions taken on the basis of the annual financial statements and the other components of financial reporting. Materiality cannot always be determined in general terms, but is rather established in the context of the issue at hand, and is assessed on the basis of the nature and scope of the issues involved. Postbank assesses the question of the materiality of an issue by reference to its importance with respect to the annual financial statements.

Tasks of the internal control and risk management system relevant for financial reporting

Postbank sets high standards in regard to the correct presentation of transactions in its financial reporting. One of the tasks of the internal control system is to ensure due and proper financial reporting.

Postbank's internal control and risk management system comprises rules for managing corporate activities (internal management system/risk management system) and rules for monitoring compliance with these rules (internal monitoring system).

Postbank's internal control system performs the following tasks:

- Ensuring the effectiveness and economic efficiency of business activities in line with the corporate strategy
- Ensuring the propriety and reliability of both internal and external financial reporting
- Compliance with the legal provisions applicable to the Company.

Postbank's Management Board is responsible for establishing the internal control system. Appropriate principles, procedures, and measures ensure the system's implementation.

Organization of the internal control and risk management system relevant for financial reporting

The Management Board is responsible for preparing the annual financial statements and the management report. The Management Board has assigned responsibilities for the individual components and procedural steps relating to financial reporting in the form of organizational guidelines. The Finance, Group Management, Resources and Chief Risk Office board departments are the main units involved in the preparation of the guidelines.

Financial reporting is performed primarily by the departments within the Finance board department, whose main tasks are as follows:

- Monitoring of new legislation
- Preparation and maintenance of accounting policies
- Due and proper capture and processing of data/transactions relevant for financial reporting by the IT applications
- Preparation of the annual financial statements and the management report
- Provision of information for segment reporting.

In addition, certain tasks are performed by the Group Management units, whose main functions are as follows:

- Coordination of the Declaration of Compliance as defined by section 161 of the AktG
- Provision of certain disclosures relating to the notes.

With regard to the financial reporting process, the Resources board department primarily performs the following tasks:

- Calculation of the provisions for pensions and other employee benefits as well as provision of disclosures relating to the notes
- Provision of relevant disclosures relating to the notes and the risk report.

The Chief Risk Office performs the following tasks:

- Decisions on specific valuation allowances relating to domestic and foreign loans

- Provision of the information required to be disclosed with respect to market, credit, liquidity, and operational risks

- Provision of relevant disclosures relating to the notes and the risk report.

The Supervisory Board supervises the Management Board. In the area of financial reporting, it is responsible for approving Postbank's annual financial statements. The Audit Committee set up by the Supervisory Board has the following tasks:

- Provision of advice and supervision with respect to financial reporting, the internal control systems, risk management and risk control (insofar as the Loan and Equity Investments Committee is not responsible for this), internal audit, and compliance

- Discussion of questions relating to the requirement of auditor independence

- Engagement of the auditors, determination of the areas of emphasis of the audit, and agreement of the fee.

The Audit Committee makes use of its right to demand information from the Internal Audit function when performing its duties.

In addition, Postbank's Internal Audit unit plays a process-independent monitoring role. It performs audits in all areas of the Company on behalf of the Management Board and is directly assigned to the Management Board, to which it also reports. In addition to reviewing the propriety and functional reliability of the processes and systems, it assesses the effectiveness and appropriateness of the internal control system in particular and of risk management in general.

The annual financial statements and the management report must be audited by the auditor elected by the Annual General Meeting before the annual financial statements are approved.

The audit report to be prepared by the auditor must be submitted to Postbank's Supervisory Board.

Components of the internal control and risk management system relevant for financial reporting
Postbank's control environment, as a component of its internal control and risk management system relevant for financial reporting, is the framework within which the existing rules are introduced and applied. It is determined by management's basic attitude, problem awareness, and behavior towards the internal control system. The control environment materially influences employees' control awareness. A positive control environment is a precondition for an effective internal control system.

Accounting policies and other rules serve to ensure the due and proper treatment of business transactions; the policies and rules are reviewed on an ongoing basis and modified as necessary. Postbank prepares its annual financial statements and management report in accordance with the provisions of German commercial law applicable to major stock corporations (sections 242–256a, 264–286, and 289–289a of the HGB), taking into consideration the legal-form specific requirements for German stock corporations (sections 150–161 of the AktG), the sector-specific requirements for credit institutions, and the requirements of the Bank's Articles of Association.

Generally applicable measurement procedures are used. The procedures used and the underlying inputs are reviewed at regular intervals and modified as necessary.

The risk of non-compliant financial statements is addressed by issuing guidelines. The quality of the annual financial statements is assured by the Accounting department.

The core principle behind the design of these processes is the clear separation of irreconcilable activities. The principle of dual control plays a key role here, with all transactions being processed and entered in line with it. Dual control can be exercised at the technical or organizational level, or a combination of both.

The financial reporting process for the annual financial statements comprises technical support for the business transactions, data capture and processing, reporting, and the publication of the components of financial reporting.

The entire financial reporting process is IT-based. Both standard applications and custom software are used. Rules and procedures, which are based on Postbank's IT strategy and risk strategy, exist for program development and modifications, data backups, and access control, thus ensuring the propriety of the financial reporting.

Postbank uses an SAP-based accounting system. In addition, specific data processing tools are used, the design of which is supervised as part of specific data processing monitoring.

Integrated process controls take the form of plausibility tests within the programs and automated and manual reconciliations. The Bank regularly reconciles the general and sub-ledgers.

Internal Audit

The Internal Audit unit is a key element of Postbank's business and process-independent monitoring system. In terms of the Bank's organizational structure, it is assigned to the member of the Management Board responsible for Resources and reports independently to the Group Management Board.

Internal Audit is obliged to comply with the standards issued by the Institute of Internal Auditors (IIA) and the Deutsches Institut für Interne Revision (German Institute for Internal Auditing). It reviews the effectiveness and appropriateness of risk management in general and of the internal control system in particular in a risk-oriented and process-independent manner, in line with the MaRisk. In addition, it examines the propriety of all activities and processes.

During the fiscal year, the Internal Audit function's audit planning process was migrated from an interval-based, static multi-year planning process to a dynamic process. The risks inherent in the business divisions and the corresponding control measures are analyzed and assessed as part of a continuous risk assessment. This is used to draw up the risk-based audit plan for the fiscal year, which the Management Board commissions Internal Audit to implement.

In addition to its regular audits, Internal Audit performs special examinations in certain circumstances, and provides audit and consulting services relating to the introduction and implementation of material projects. Audit concepts are continuously adapted to reflect the findings of the risk assessments. For instance, new products, changes in the internal control system, or organizational changes in the way audits are performed are all taken into account, as are any changes in the legal framework.

Remuneration systems

On October 6, 2010, the German Federal Ministry of Finance issued the *Verordnung über die aufsichtsrechtlichen Anforderungen an Vergütungssysteme von Instituten* (InstitutsVergV – Regulation Governing Supervisory Requirements for Remuneration Systems of Institutions) on the basis of section 25a(5) sentences 1–3 and 5 of the KWG; this replaces BaFin Circular 22/2009 dated December 21, 2009.

Postbank's remuneration systems comply with the general and specific requirements of the InstitutsVergV. They are in keeping with the goals laid down in the strategies and are designed in such a way that negative incentives are avoided. Employees are remunerated appropriately for their tasks and responsibilities; the remuneration systems are reviewed annually for appropriateness.

With respect to the specific requirements to be met by the remuneration systems for managing directors and employees whose activities have a material influence on the overall risk profile, the remuneration systems were designed in such a way as to provide even greater support for sustainability-oriented enterprise goals. The remuneration systems comply with the requirements of the InstitutsVergV. Following a review in accordance with section 10 of the InstitutsVergV, the necessary changes were implemented in the relevant employment contracts insofar as this was possible under civil, employment, and company laws.

REPORT ON EXPECTED DEVELOPMENTS

Global economy

At the beginning of 2013, the global economy finds itself in an uncertain position. Risks continue to arise most of all from the sovereign debt crisis in the eurozone, a problem that has indeed eased, but that has yet to be overcome. Should this crisis continue to be held in check, an important condition for increased growth of the global economy would be created. Economic momentum may be produced in particular by the world's emerging countries. In many of these nations, central banks and governments have taken steps to stimulate their economies. For 2013, the IMF forecasts that world economic output will grow by 3.5 %, compared with 3.2 % in 2012. The IMF expects that global GDP will show somewhat stronger gains in 2014.

The U.S. economy is likely to produce continuous, but moderate growth. Investments in machinery and equipment should continue to rise. With the market for residential real estate having clearly bottomed out, investments in construction could even produce a powerful surge once again. Private consumption should grow moderately as employment rises and joblessness eases slightly. Exports and imports may rise at roughly the same levels. As a result, exports as a whole will be unlikely to generate any growth momentum for the economy. Possibly unlike previous years, public sector spending will no longer create any significant economic headwind. GDP growth, despite the broadly established upward forces at work in the economy, may ease slightly in 2013 as a result of the country's unfavorable starting position at the beginning of 2013 compared with the previous year. We forecast growth of 2.1%. For 2014, we expect to see a significantly higher growth rate.

The Japanese economy had slowed considerably at the turn of the year. Even if the economy begins to get back on its feet as 2013 continues, the conditions for the entire year are unfavorable. Private consumption and investments may continue to largely stagnate, and exports will increase only at a very moderate rate. GDP growth, at 0.3 %, will thus be very weak in 2013. We expect the Japanese economy will generate growth that will be somewhat more robust in 2014, but remain modest. China may profit in 2013 from a slight rebound of the world's economy and government efforts to fuel domestic demand. For this reason, GDP growth should quicken slightly and gather even more speed in 2014.

As the year of 2013 was about to begin, the eurozone's economy was in a recession. But there are signs that the economy could stabilize at the start of the year and then rebound. Given the continuing sovereign debt crisis and the pressure to consolidate government budgets resulting from it, this recovery may be limited. Domestic demand will most likely decrease once again in 2013. In particular, the outlook for investments is gloomy. Private consumption may also continue to decline, too, due to high unemployment and income losses fueled by tax increases. But the rapidity of the decreases should slow. Foreign trade may provide further support as exports rise moderately and imports increase slightly. Nonetheless, this support will not be as strong as it was in 2012. Despite the economic recovery expected for the year, GDP in the eurozone may again decrease by 0.1% in 2013 as a result of the economy's poor starting position at the beginning of the year. In 2014, GDP growth should again be positive, but the economy will not generate greater momentum.

Economic outlook for Germany

As 2012 ended and 2013 began, the German economy was in a weak position. Leading indicators, including the Ifo Business Climate Index, point to a pending stabilization and a subsequent upswing. This rebound should initially be moderate because no powerful economic driving force can be seen on the horizon. The growth of exports should be slower in 2013 than it was in the previous year not the least due to the ongoing weakness of demand in other European countries. By contrast, imports should rise somewhat faster. The overall result should be that foreign trade will not provide any growth momentum. Investments in machinery and equipment may indeed rebound as the year progresses. But on the basis of an annual average, they may slip slightly from the level recorded in 2012 due to their poor starting position. By contrast, investments in construction may rise moderately with residential construction jumping markedly once again. The low level of investment may have a negative impact on the labor market. Employment may stagnate to a large degree and joblessness rise slightly in 2013. Given these conditions, private consumption is expected to rise only modestly – even as incomes continue to increase. At 0.6 %, GDP growth produced in 2013 may finish the year below the level produced in the previous year. For 2014, we expect to see an economic recovery and slightly above-average GDP growth of 1.5 %.

Markets

The sovereign debt crisis in the eurozone may continue to act as a drag on global markets in 2013 despite the recent easing of tensions. Against the backdrop of continuingly high government budget deficits, the nervousness of market players can rise very quickly, resulting in new declines in prices. As has been the case in past years, the bonds of highly indebted European countries in particular could be impacted by this. The monetary policy of leading central banks may remain expansive in 2013. We believe that the ECB will maintain its benchmark interest rate at 0.75 % in 2013 in light of the eurozone's anemic economy and the European sovereign debt crisis. In the process, it is also likely to accept the possibility that it will again overshoot its target for inflation of just under 2 %. We expect the benchmark interest rate to be raised again no earlier than the second half of 2014. We also think that, for the foreseeable future, the ECB will remain committed to the unconventional steps it has taken, including the full allotment of its refinancing operations. The OMT Program could be activated if the sovereign debt crisis in the eurozone escalates once again and Spain or Italy should agree on adjustment programs. It could also be initiated if the crisis eases further. Such countries as Ireland and Portugal that already have agreed on adjustment programs could receive support from the ECB in order to gain full access once again to capital markets. The U.S. Federal Reserve has already announced that it will continue to employ its extremely expansive monetary policies as long as the unemployment rate remains above 6.5 % and the expected inflation rate stays below 2.5 %. But even if these conditions no longer apply, this will not necessarily mean that interest rates will be increased. For this reason, we expect a constant benchmark interest rate level of 0 % to 0.25 % in 2013. For 2014, we think it is very likely that the Fed will keep that interest rate at its historically low level.

We believe that capital market interest rates in Germany are distorted downward at their current level, which, in particular, results in a negative real interest rate. The sovereign debt crisis in the eurozone that continues to smolder may indeed continue to promote the image of German bunds as a "safe haven," but this will not be to the extent seen in the previous year. We believe that the crisis will ease in 2013 – a development that will serve as a sign for tendentially rising capital market interest rates. Nonetheless, such an increase should be very restricted due to continuing uncertainty and the current expansive monetary policies. For this reason, we expect that the yields of 10-year German bunds will rebound only slightly to 2.0 % in 2013. With benchmark interest rates remaining constantly low, the yield curve may become somewhat steeper. Capital market interest rates in 2014 should increase further as the economy rebounds and the prospect of tighter monetary policies arises. Amid these conditions, the yield curve should become somewhat steeper.

Generally speaking, corporate bonds should profit from the expected economic recovery and the continuing low level of benchmark interest rates. But risk premiums have already fallen sharply and closely approached the level they reached before the financial crisis began in 2007. We believe the current level of corporate spreads is fundamentally justified, but offers no more potential for further narrowing.

In the face of risk premiums demanded for the bonds issued by the peripheral states in the eurozone, we think a further narrowing is possible as long as budget deficits are lowered on a long-term basis and the affected countries gradually pull out of their recessions. In some cases, though, the risk premiums have already fallen so much that one can no longer speak of a massive exaggeration. For this reason, the leeway for a further reduction of the spreads is very limited. The bond market, at the same time, may remain very vulnerable to setbacks if the crisis worsens.

Sector situation

On the European level, many aspects of the regulatory conditions applying to financial institutions remain undecided. Final decisions on such issues as standardizing deposit protection insurance, amending the Markets in Financial Instruments Directive II (MiFID II), implementing capital requirements for banks under the Capital Requirements Directive IV (CRD IV – draft legislation for the national implementation of the international Basel III requirements and/or its European counterpart) and introducing an EU-wide banking levy have not been made. In contrast, the financial transaction tax is a step that has been taken toward implementation. The Economic and Financial Affairs Council has formally authorized the 11 EU countries seeking a limited solution to introduce a financial transaction tax in their countries. The 11 countries include Germany, France, Italy and Spain. A legislative proposal defining ways that the financial transaction tax would be used was to be submitted by the EU tax commissioner in the first quarter of 2013.

At the beginning of February 2013, the German Cabinet approved a draft of bank-regulating legislation. This proposal would segregate risky trading activities from the deposit business, among other things. Under the plan, the customer business would be segregated if the risky business activities made up more than 20 % of total assets or amounted to volumes of more than €100 billion. Activities conducted in connection with proprietary trading and the lending business with hedge funds would have to be transferred to an autonomous, organizationally segregated subsidiary. The proposal draws heavily on the recommendations made by the Liikanen group of experts. But, unlike the Liikanen report, it includes no sweeping ban on so-called market making. The German Federal Ministry of Finance says the legislation could affect up to a dozen banks. As the year progresses, the EU Commission is expected to announce an EU-wide scheme to segregate banking activities.

The economic slowdown that has also reached Germany should complicate the banking sector's operating business in 2013. Generally speaking, the creditworthiness of German borrowers is unlikely to improve in this business climate. The continuing low level of German interest rates is applying increased pressure to the interest margin and, as a result, to the earnings performance of many German banks. The drop in net interest income seen at the four German lending institutions that were analyzed underscores this trend. The tough competition in the segments of German retail customers and small and mid-sized enterprises that is reflected in mostly declining net fee and commission income of these banks during the period under review is creating a further drag on business performance. In 2013, we expect to see no noticeable easing of competition in the segments of German retail customers and small and mid-sized enterprises and only a modest steepening of the yield curve. As a result, a majority of German banks may report a drop in net interest income and net fee and commission income for the full year of 2013. Contributions to earnings generated by investment banking and proprietary trading may remain uncertain at many German banks owing to the difficult capital market climate and increased capital requirements. Given this challenging operating environment, many lending institutions may examine their cost structures in 2013 in a search to find potential savings. In the most favorable case, we expect the majority of German banks to report results for 2013 that are similar to or slightly better than those of 2012.

We also believe that the German banking landscape will continue to be shaped over the mid-term by the three-pillar structure consisting of private, public and cooperative banks.

The year of 2014 is also not expected to be an easy one for the German banking industry. The tough competition in the retail and corporate banking business should continue. In addition, there is no prospect of a significantly steeper yield curve – combined with a positive impact on the interest margin – on the horizon for 2014. For this reason, the chances that significant growth can be achieved in net interest income and net fee and commission income are rather slim. Improvements in income from investment banking or proprietary trading should also be limited in light of pending regulatory decisions that will primarily affect these business segments. In 2014, the issue of cost optimization should remain on the agenda of many banks. In this difficult business climate, operating earnings at the majority of banks should stagnate or rise only slightly.

Investment focuses of Postbank

In 2013 and 2014, Postbank will continue to focus on further developing its retail target platform (RTP) and on implementing a number of regulatory requirements. These regulations include the fulfillment of liquidity and capital requirements as well as accounting standards, SEPA, Basel III, the fourth MaRisk amendment and various consumer protection issues. Lifecycle investments will be made in 2013 – to the extent that they are technically necessary. But they will be avoided if possible as long as they are not needed during implementation of the RTP.

Larger investments in the business development category will be made only in individual cases in 2013 and 2014 and balanced with activities related to the RTP program.

The expected impact of Basel III

The Basel Committee on Banking Supervision (BCBS) issued the final text of the rules governing future international capital adequacy and liquidity requirements (Basel III) on December 16, 2010. These rules are now being turned into the appropriate guidelines and regulations on the European and national levels. The exact date for introduction remains open at the moment. In response to the financial crisis, a number of tougher regulations are being written in an attempt to make the global banking system more resilient. These proposals include increased requirements regarding the quality and quantity of regulatory capital and higher capital charges for the assets to be backed by capital. Banks will also face minimum standards for their liquidity base in the future, and their leverage ratio will be monitored.

The changeover to the new Basel III rules will tend to lead to a reduction in banks' regulatory capital and an increase in their risk-weighted assets. This will also be the case at Postbank. However, the new rules will be phased in over a transition period running through 2022 to give banks the time they will need to adapt to the tougher regime. At the same time, the minimum capital adequacy ratios will be increased gradually through 2018, and banks will have to create an additional capital conservation buffer and possibly an anticyclical capital cushion.

In recent years, Postbank has already significantly expanded its capital base. As a result, it is well prepared for the introduction of Basel III. In the future, other steps will be taken to expand the Bank's capital position. These steps will include the introduction of additional advanced models for determining capital requirements (Advanced IRB Approach) and the continued reduction of investment securities.

Postbank's de-risking strategy will also help reduce its leverage ratio, which is only being monitored but not limited by supervisory authorities at the moment.

OUTLOOK

Expected development in the earnings situation at Postbank

The following assessment of the presumed direction of business at Postbank in 2013 and 2014 is based on the economic assumptions and expectations contained in this Management Report. A renewed intensification of the sovereign debt crisis and/or possible setbacks or disruptions in international capital and real estate markets could have a negative impact on this scenario. The continuing discussion about stricter regulation of the banking industry could have a significant effect on the financial position, net assets and results of operations at Postbank that was not taken into consideration in the following base scenario.

We expect the integration of the Postbank Group into the Deutsche Bank Group to produce significant synergies. These synergies should positively affect the short-, mid- and long-term earnings situation of Postbank and its business divisions. The measures to generate these synergies, however, will result in short- and mid-term non-recurring charges from such activities as the development of a joint IT platform. The results expected to be produced by the integration are considered in this outlook.

The foundation of future earnings performance at Postbank remains the solid income streams generated by its retail, business and corporate customers. The Bank will focus on improving its cost base, adjusted for integration-related expenses, among other things. Thanks to the integration into the Deutsche Bank Group, increased efficiency potential will be tapped here.

We will continue our de-risking strategy and, in this context, accept any charges to earnings that could naturally lead to deviations from the outlook below.

On an individual basis, we expect net interest income to fall appreciably in 2013. But it should begin to rise again starting in 2014. The continuing negative effects arising from low interest rates and the ongoing reduction of investment securities will result in a lower amount of net interest income in 2013. In 2014, we currently expect slightly higher interest rates on money and capital markets and business growth. From today's perspective, this should lead to rising net interest income compared with 2013. We expect net fee and commission income to grow in 2013 and 2014, with a stronger increase expected in 2014 than in 2013, due largely to net fee and commission income from the Retail Banking segment.

The accelerated reduction of risk exposures will again have a negative impact on the net measurement gains in the securities business in 2013. We expect to see an improved result in 2014 compared with 2013.

We expect net income from the trading portfolio to be slightly positive in 2013 and to be almost zero in 2014.

We are forecasting a slight rise in the allowance for losses on loans and advances in 2013 and 2014.

For administrative expenses, we expect to see a slightly rising trend in 2013 as a result of continuing integration-related costs that will be noticeable here. Starting in 2014, synergies and the efficiency steps taken in recent periods should have an increasingly positive impact. In 2014, administrative expenses should remain approximately at the 2013 level.

Overall, we currently expect to report a result before taxes for 2013 of almost zero, given the challenging interest rate environment and the non-recurring effects arising from the accelerated risk reduction and administrative expenses. We are anticipating a significant rise in profit before taxes starting in 2014.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Postbank, and the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Bonn, February 19, 2013

Deutsche Postbank AG

The Management Board

Frank Strauss

Marc Hess

Hans-Peter Schmid

Ralf Stemmer

Hanns-Peter Storr

Assets	€	Previous year €m	€	€	Dec. 31, 2012 €	Previous year €m
1. Cash reserve						
a) Cash balance				955,235,299.18		746
b) Balances with central banks				843,458,517.01		1,516
of which: with Deutsche Bundesbank	841,363,740.63	1,515			1,798,693,816.19	
2. Loans and advances to other banks						
a) Payable on demand				4,065,365,649.29		6,455
b) Other loans and advances				27,909,988,340.26		11,442
of which:						
mortgage loans	56,146,714.58	643				
public-sector loans	20,000,000.00	174			31,975,353,989.55	
3. Loans and advances to customers						
of which:						
mortgage loans	25,527,906,712.96	27,507				
public-sector loans	3,729,345,886.20	3,431			67,424,399,061.34	70,246
4. Bonds and other fixed-income securities						
a) Money market securities						
aa) Public-sector issuers			0.00			0
of which: eligible as collateral with Deutsche Bundesbank	0.00	0				
ab) Other issuers			0.00	0.00		0
of which: eligible as collateral with Deutsche Bundesbank	0.00	0				
b) Bonds						
ba) Public-sector issuers			13,299,424,895.28			13,911
of which: eligible as collateral with Deutsche Bundesbank	13,202,920,371.26	13,713				
bb) Other issuers			13,124,959,725.13	26,424,384,620.41		15,310
of which: eligible as collateral with Deutsche Bundesbank	11,758,164,258.49	12,127				
c) Own bonds				0.00		0
Principal amount	0.00	0			26,424,384,620.41	
5. Equities and other non-fixed-income securities					453,938,747.39	477
5a. Trading portfolio					14,541,637,631.23	18,496
6. Equity investments						
of which:						
in other banks	1,171,593.72	1				
in financial services providers	0.00	0			15,071,918.66	14
7. Investments in affiliated companies						
of which:						
in other banks	548,278,032.46	552				
in financial services providers	12,046,461.58	17			9,272,717,949.10	9,304
8. Trust assets						
of which: trustee loans	703,536,617.48	801			756,743,435.79	856
9. Intangible assets						
a) Internally generated industrial and similar rights and assets				0.00		0
b) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets				37,791,711.65		43
c) Goodwill				26,866,666.70		30
d) Prepayments				0.00	64,658,378.35	0
10. Property and equipment					426,038,447.42	520
11. Other assets					1,539,879,193.89	747
12. Prepaid expenses						
a) From issuing and lending business				98,121,377.47		130
b) Other				43,927,494.04	142,048,871.51	1,626
13. Deferred tax assets					0.00	409
Total assets					154,835,566,060.83	152,278

Equity and liabilities	€	Previous year €m	€	€	Dec. 31, 2012 €	Previous year €m
1. Deposits from other banks						
a) Payable on demand				1,289,936,565.86		313
b) With an agreed maturity or withdrawal notice				11,399,795,587.00		9,756
of which:						
registered mortgage *Pfandbriefe* issued	112,616,263.62	92				
registered public-sector *Pfandbriefe* issued	466,435,279.90	513				
Pfandbriefe lodged with lenders						
as collateral for loans received:						
registered mortgage *Pfandbriefe*	0.00	0				
registered public-sector *Pfandbriefe*	0.00	0				
registered bonds (mixed cover) in accordance with						
DSL Bank Reorganization Act (DSLBUmwG)	1,117,456,213.20	1,401			12,689,732,152.86	
2. Due to customers						
a) Savings deposits						
aa) With an agreed withdrawal notice of three months			47,728,748,962.77			47,748
ab) With an agreed withdrawal notice						
of more than three months			143,875,529.37	47,872,624,492.14		154
b) Registered mortgage *Pfandbriefe* issued				1,515,195,388.27		1,438
c) Registered public-sector *Pfandbriefe* issued				225,127,443.66		240
d) Registered bonds (mixed cover) in accordance						
with DSLBUmwG				11,987,726,579.43		12,349
e) Other amounts due						
ea) Payable on demand			40,513,464,437.78			37,410
eb With an agreed maturity or withdrawal notice			7,619,160,133.41	48,132,624,571.19		11,313
of which:						
Pfandbriefe lodged with lenders						
as collateral for loans received:						
registered mortgage *Pfandbriefe*	0.00	0				
registered public-sector *Pfandbriefe*	0.00	0			109,733,298,474.69	
3. Debt securities in issue						
a) Bonds issued						
aa) Mortgage *Pfandbriefe*			6,160,865,162.37			5,850
ab) Public-sector *Pfandbriefe*			1,625,373,950.36			1,758
ac) Bonds (mixed cover) in accordance						
with DSLBUmwG			0.00			40
ad) Other bonds			1,510,955,041.32	9,297,194,154.05		1,913
b) Other debt securities in issue				41,458,245.51		1,738
of which: money market securities	41,458,245.51	1,738			9,338,652,399.56	
3a. Trading portfolio					10,482,427,943.94	7,633
4. Trust liabilities						
of which: trustee loans	703,536,617.48	801			756,743,435.79	856
5. Other liabilities					1,615,633,301.35	658
6. Deferred income						
a) From issuing and lending business				39,919,173.80		53
b) Other				23,053,609.62	62,972,783.42	768
7. Provisions						
a) Provisions for pensions and						
other employee benefits				697,228,752.00		640
b) Provisions for taxes				51,247,867.68		27
c) Other provisions				441,841,387.41	1,190,318,007.09	394
8. Subordinated debt					3,285,383,897.60	3,552
9. Profit participation capital						
of which: due within two years	114,500,000.00	20			1,166,500,000.00	1,172
10. Fund for general banking risks					1,773,458,518.28	1,765
of which: special reserve in accordance with section 340e(4) HGB	3,146,210.79	0				
11. Equity						
a) Issued capital				547,000,000.00		547
b) Capital contributions by typical silent partners				20,225,837.62		20
c) Share premium				1,090,499,481.11		1,090
d) Retained earnings				1,082,719,827.52		963
e) Net retained profit for the period				0.00	2,740,445,146.25	119
Total equity and liabilities					154,835,566,060.83	152,278

	€	Dec. 31, 2012 €	Previous year €m
1. Contingent liabilities			
a) Contingent liabilities from endorsed bills settled with customers	-.--		–
b) Liabilities from guarantees and indemnity agreements[1]	3,209,749,857.03		3,250
c) Liabilities from the provision of collateral for third-party liabilities	-.--	3,209,749,857.03	–
2. Other commitments			
a) Repurchase obligations from non-genuine securities repurchase agreements	-.--		–
b) Placement and underwriting obligations	-.--		–
c) Irrevocable loan commitments	11,747,211,749.99	11,747,211,749.99	8,285

[1]Commitments under letters of comfort are disclosed under point C.I. in the notes

INCOME STATEMENT – DEUTSCHE POSTBANK AG, BONN,
FOR THE PERIOD FROM JANUARY 1, 2012 TO DECEMBER 31, 2012
Comparative figures from January 1, 2011 to December 31, 2011

Expenses	€	Previous year €m	€	€	Dec. 31, 2012 €	Previous year €m
1. Interest expense					2,449,344,982.58	2,934
2. Fee and commission expense					319,594,882.29	341
3. Net expense from the trading portfolio					0.00	11
4. General administrative expenses						
a) Personnel expenses						
aa) Wages and salaries			520,546,098.75			644
ab) Social security contributions, pensions, and other employee benefits			179,724,360.42	700,270,459.17		168
of which: for pensions	131,200,909.86	120				
b) Other administrative expenses				1,741,127,010.63	2,441,397,469.80	1,716
5. Depreciation, amortization, and writedowns of intangible assets and property and equipment					27,301,579.48	35
6. Other operating expenses					118,526,451.26	102
7. Writedowns and adjustments to loans and advances and certain securities, and additions to provisions for credit risks					627,599,888.55	157
8. Writedowns and adjustments of equity investments, investments in affiliated companies, and securities treated as fixed assets					109,540,811.67	547
9. Expenses from loss absorption					99,272,308.92	0
10. Extraordinary expenses					27,938,064.00	4
11. Taxes on income					445,721,849.60	–17
of which from change in recognized deferred taxes	409,116,290.88	–31				
12. Other taxes not reported under item 6					3,266,692.21	6
13. Addition to the fund for general banking risks					5,312,307.49	0
14. Net profit for the period					0.00	119
Total expenses					6,674,817,287.84	6,768

Income	€	Previous year €m		€	Dec. 31, 2012 €	Previous year €m
1. Interest income from						
a) Lending and money market transactions				3,808,723,691.14		3,639
b) Fixed-income and book entry securities				852,584,559.81	4,661,308,250.95	1,189
2. Current income from						
a) Equities and other non-fixed-income securities			1,256,217.04		1	
b) Equity investments				180,001.36		0
c) Investments in affiliated companies				544,688,532.40	546,124,750.80	405
3. Income from profit pooling, profit and loss transfer agreements, or partial profit and loss transfer agreements					185,290,663.35	234
4. Fee and commission income					740,242,386.77	759
5. Net income from the trading portfolio					28,315,897.09	0
of which: appropriated to special reserve in accordance with section 340e(4) HGB	−3,146,210.79	0				
6. Income from reversals of writedowns of equity investments, investments in affiliated companies, and securities treated as fixed assets					80,867,239.78	114
7. Other operating income					432,668,099.10	427
Total income					6,674,817,287.84	6,768

	Previous year €m	Dec. 31, 2012 €	Previous year €m
1. Net profit/loss for the period		0.00	119
2. Net retained profit/net accumulated loss for the period		0.00	119

NOTES TO THE ANNUAL FINANCIAL STATEMENTS OF DEUTSCHE POSTBANK AG FOR FISCAL YEAR 2012

A. GENERAL INFORMATION ON THE STRUCTURE OF THE ANNUAL FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

I. General information

The annual financial statements of Deutsche Postbank AG (Postbank) have been prepared in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code) and the *Aktiengesetz* (AktG – German Stock Corporation Act), as well as the *Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute* (RechKredV – German Bank Accounting Regulation); they cover the period from January 1 to December 31, 2012.

II. Accounting policies

1. General information

The accounting policies are unchanged compared with the previous year with the exception of changes in hedge accounting and the presentation of interest unwinding. In the reporting period, Postbank switched from the net hedge presentation method to the gross hedge presentation method because recognizing hedges at their carrying amount, which is closer to fair value, improves the transparency of the presentation of net assets and financial position, as well as of management and monitoring policies. In this context, the recognition of close-out payments received and paid on termination of the hedging relationship due to the sale or settlement of the hedging instrument before termination of the hedged item was also replaced by the method described in IDW AcP HFA 35, section 87 ff. The close-out payments paid and recognized in previous years and reported under prepaid expenses and deferred income in these cases (close-out payments made and received of €1,573 million and €724 million respectively) were offset against the carrying amounts of the original hedged items insofar as these were not reversed ratably to profit or loss. The hedged items were subsequently measured in accordance with the general measurement rules. In this context, securities in the liquidity reserve were written down by €552 million as a result of application of the strict principle of lower of cost or market value. This was recognized in current account.

The interest cost added back to estimated cash flows (unwinding) has been reported under net interest income since fiscal year 2012. In the previous year, this was presented in the allowance for losses on loans and advances.

2. Accounting policies

Current assets

The cash reserve, loans and advances to other banks and customers, other loans and advances, and other assets are carried at their principal amounts. Premiums/discounts are amortized ratably. Purchased loans and advances are recognized at cost. The registered securities and promissory note loans included in loans and advances to other banks and customers are measured at their principal amounts plus deferred interest in accordance with section 340e(2) sentence 1 of the HGB. The differences between the principal amounts and cost are reported under deferred income/prepaid expenses and reversed to profit or loss.

All discernible individual risks in the lending business as well as country risks are adequately reflected by the recognition of suitable valuation allowances and provisions. General valuation allowances are recognized for potential risks from loans and advances. A fund for general banking risks has also been set up in accordance with section 340g of the HGB.

Bonds and other fixed-income securities as well as equities and other non-fixed-income securities classified as current assets (with the exception of the trading portfolio) are recognized at historical cost, taking into account the strict principle of lower of cost or market value and the requirement to reverse writedowns (section 340e (1) sentence 2 in conjunction with section 253(4) sentence 1 of the HGB and section 253(5) sentence 1 of the HGB).

An internal valuation technique that uses market data to the greatest possible extent continues to be used for structured credit products (SCPs) such as CDOs, consumer ABSs, commercial ABSs, CMBSs, and RMBSs due to the limited availability of verifiable indicative prices.

Hedge accounting

Postbank uses microhedges to hedge assets and liabilities against interest rate risk and applies hedge accounting to them. The goal of microhedges is to hedge interest rate fluctuations in assets and liabilities using forward or option contracts with matching amounts, currencies, or maturities.

Hedge accounting in the HGB financial statements complies with the requirements of section 254 of the HGB and with IDW AcP HFA 35. Hedging relationships end when the hedged item or hedging instrument expires or has been sold or exercised, or the requirements for hedge accounting are no longer met.

Effectiveness testing for all hedges is performed prospectively by way of a sensitivity analysis of the hedged item and the hedging instrument. The changes in the fair value of the hedged item attributable to the hedged risk are compared retrospectively with the change in the fair value of the hedging instrument for each hedging relationship. If they offset each other (effective portion), the fair values of both the hedged item and the hedging instrument are recognized in other assets/other liabilities (gross hedge presentation method). If they are negative, ineffective changes in the value of the hedging instrument are recognized in provisions for expected losses. Changes in the value of the hedged item that are not attributable to the hedged risk are recognized in accordance with general accounting rules.

When close-out payments received and paid on microswaps whose underlying contracts are still in the portfolio are reversed, these are offset against the carrying amount of the hedging instrument and, where necessary, against ineffective changes in value recognized in provisions for expected losses. Any remaining amounts are recognized in profit or loss. Changes in the value of the hedged item attributable to the hedged risk that are recognized during the term of the hedging relationship are reversed ratably over the remaining term of the underlying.

Postbank recognizes hedges between assets and liabilities as hedged items and interest rate swaps as hedging instruments. In the past fiscal year, the carrying amounts of hedged assets and hedged liabilities were €10,101 million and €–11,188 million, respectively. At the reporting date, the changes in value attributable to the hedged risk of the hedged assets amounted to €929 million and the changes in value attributable to the hedged risk of the hedged liabilities amounted to €–1,080 million. These contrasted with changes in the value of the hedging instruments of €–933 million for assets and €1,082 million for liabilities. Hedge effectiveness is measured by a retrospective effectiveness test using the dollar offset method. Changes in the value of the hedged item and hedged instrument almost completely offset each other as of the reporting date. Future interest rate-related changes in the value of the hedged item are hedged using a hedging instrument with a matching maturity until the hedged item matures. The hedge fair values determined for hedge accounting in accordance with IFRSs are used to calculate the hedged risk.

Trading portfolio

Postbank allocates individual financial instruments to the trading portfolio on the basis of internal guidelines and processes. Deutsche Postbank AG's criteria for including transactions in the trading book in accordance with section 1a(1) of the *Kreditwesengesetz* (KWG – German Banking Act) are applied here.

Trading portfolios are presented in the "trading portfolio" balance sheet item under assets or liabilities, as appropriate. Postbank presents derivatives in the trading portfolio, money market exposures, bonds, fixed-income securities, equities, and other non-fixed-income securities in the trading portfolio under this balance sheet item. Postbank allocates financial instruments to the trading portfolio on the basis of internal criteria.

Receivables and liabilities with matching maturities and currencies and the same counterparties are offset in the area of collateralized money market trading provided the conditions for offset are met. The net amount after offsetting is reported in the balance sheet.

Interest income and expense from non-derivative financial instruments in the trading portfolio are reported in net interest income.

If there is an active market for a financial instrument carried in the trading portfolio, fair value is determined by reference to the market or quoted exchange price at the balance sheet date. If there is no active market, fair value is determined using recognized valuation techniques.

Observable market data is used to the greatest possible extent when determining fair values using valuation techniques. In most cases, Postbank utilizes discounted cash flow analysis, which mainly uses 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.

Any resulting measurement gains or losses are recognized in income at fair value. Changes in value during the term are also recognized in income.

As part of risk-adjusted marking-to-market as of December 31, 2012, a risk discount of €5.3 million (previous year: €12 million) was determined for Postbank's trading portfolio and offset against net income from the trading portfolio. Value at risk (ten-day holding period, 99% confidence level, one-year historical analysis period) including the correlations between risk factors and portfolios is used as the calculation method.

Derivatives in the non-trading portfolio

If derivatives (in particular interest rate swaps, interest rate futures, forward rate agreements, and equity and index derivatives) are not allocated to the trading portfolio, they are treated as executory contracts in accordance with the applicable principles.

Depending on the purpose of the derivative, gains or losses on derivatives in the non-trading portfolio are recognized in "write-downs and adjustments to loans and advances and certain securities, and additions to provisions for credit risks" or in net interest income.

If negative changes in value are established in the course of subsequent measurement, derivatives are accounted for in the balance sheet in accordance with the established accounting convention at banks.

Options for which Postbank is the beneficiary are initially measured in the amount of the option premium paid. They are reported in "other assets" or in "equities and other non-fixed-income securities" if they are warrants. They are subsequently measured in accordance with the general measurement rules for current assets under section 340e(1) sentence 2 of the HGB.

Paid initial margins are included in "other assets." If securities are pledged to hedge derivatives, they continue to be reported by Postbank as the legal and beneficial owner.

Postbank compares the carrying amount under German GAAP with the present value according to the interest rate book when it measures net realizable value as of December 31 every year. This also takes into account interest rate derivatives entered into for interest rate risk management in the banking book. A provision is recognized if the present value is lower than the carrying amount.

Securities repurchase agreements

Genuine securities repurchase agreements are entered into for both liquidity management and trading purposes. Securities purchased under repurchase agreements are not reported in the balance sheet. In fiscal year 2012, securities with a carrying amount of €3,812 million (previous year: €9,374 million) were furnished as collateral for repurchase agreements.

Fixed assets

In accordance with section 340e(1) of the HGB in conjunction with section 253(3) sentence 3 of the HGB, securities recognized as fixed assets are measured using the less strict principle of lower of cost or market value. The differences between cost and settlement amount (premiums/discounts) are amortized ratably. The assets are carried in accounts separate from the accounts for securities classified as current assets.

Certain asset-backed securities are allocated to fixed assets. The synthetic collateralized debt obligations (CDOs) included in these assets constitute structured products as defined by IDW AcP HFA 22 and are presented separately in the balance sheet.

In accordance with section 340e(1) sentence 1 of the HGB, equity investments including investments in affiliated companies as well as operating and office equipment are measured using the rules applicable to fixed assets.

Shares in PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen (PB Spezialinvest) are reported under investments in affiliated companies and measured as current assets to ensure continuity and consistency of measurement.

Equity investments denominated in foreign currency, including investments in affiliated companies, were translated into euros at the respective historical exchange rate.

Intangible assets

Purchased intangible assets are recognized at cost less amortization in accordance with the actual useful life of the assets.

A useful life of 15 years is applied for goodwill. Useful life is based on estimates of expected use.

Property and equipment

Property and equipment is carried at cost and reduced by depreciation over the standard useful life of the asset. Writedowns are recognized where required.

Ongoing maintenance and acquisition costs of up to €150 are expensed in full as incurred in accordance with section 6(2) of the *Einkommensteuergesetz* (EStG – German Income Tax Act). Replacement part costs for property and equipment are capitalized.

Low-value assets up to €410 are immediately recognized as an expense in the year of acquisition.

Prepaid expenses and deferred income

Postbank recognizes prepaid expenses and deferred income in accordance with section 250 of the HGB. These items are reversed in line with income or expense for the reporting period.

Deferred taxes

Postbank no longer recognizes deferred taxes because it is a member of Deutsche Bank's consolidated tax group. No tax allocation agreement has been entered into.

Liabilities

Liabilities are carried at their settlement amount. Premiums/discounts are amortized ratably. Zero bonds issued are recognized at their issue amount plus proportionate interest up to the balance sheet date. The pro rata interest on zero bonds added to the carrying amount is amortized using the effective interest method.

Provisions

Provisions for pensions amounted to €697 million as of December 31, 2012.

Provisions for pensions are calculated in accordance with actuarial principles. The actuarial method used by Postbank for calculation is the projected unit credit method.

The calculation is based on the following actuarial assumptions:

	Dec. 31, 2012	Dec. 31, 2011
Discount rate	5.05 %	5.14 %
Salary growth	2.70 %	2.60 %
Pension growth	2.20 %	2.10 %
Fluctuation	4,0 % p.a.	4,0 % p.a.
Pensionable age	60 – 63 years	60 – 63 years
Mortality, disability, etc.	Heubeck tables 2005G	Heubeck tables 2005G

Provisions for pensions and other employee benefits are discounted in the aggregate at the average market interest rate for the past seven years published by Deutsche Bundesbank that results from an assumed remaining maturity of 15 years (section 253(2) sentence 2 of the HGB).

As of January 1, 2010, the measurement requirements for pension provisions that entered into force under the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Law Modernization Act) on May 29, 2009, led to a difference of €66.6 million at Postbank compared with the previous legal requirements; minimum appropriations of at least one-fifteenth of this amount must be made annually to the pension provisions in the period up to 2024. As of December 31, 2012, €36.7 million had been added in the aggregate, including €27.9 million in fiscal year 2012, giving a remaining difference of €29.9 million. The amounts appropriated annually are expensed and reported in the income statement under "extraordinary expenses."

Pension obligations primarily reflect direct pension commitments. The nature and amount of the pension payments of those employees entitled to pension benefits are governed by the applicable pension rules (including pension guidelines and pension fund rules), which depend largely on the duration of the employment. Postbank has assumed a direct occupational pension commitment for pensioners and employees admitted to the Bank's occupational pension plan who were previously insured with Versorgungsanstalt der Deutschen Bundespost (VAP – Postal Service Institution for Supplementary Retirement Pensions).

Provisions for taxes and other provisions are recognized at the settlement amount in accordance with section 253(1) sentence 2 of the HGB. Provisions with a remaining maturity of more than one year are measured using the yield curve made available by Deutsche Bundesbank in accordance with the *Rückstellungsabzinsungsverordnung* (German Discounting of Provisions Regulation). The time value of money resulting from interest cost is recognized as interest expense for banking provisions and as other operating expenses for non-banking provisions.

Contingent liabilities

Liabilities from guarantees and indemnity agreements are reported under contingent liabilities at the amounts to be disclosed at the balance sheet date.

Currency translation

In accordance with section 256a of the HGB, assets and liabilities denominated in foreign currency are translated into euros at the middle spot rate prevailing at the reporting date. Forward contracts still open at the balance sheet date were measured at the forward rate prevailing at the balance sheet date. In the case of foreign currency transactions in the banking book, the forward rate was split into its constituent components and the swap points were accrued.

Gains and losses on the translation of hedged balance sheet items and corresponding executory contracts are offset by recognizing adjustment items.

Balance sheet items and executory contracts denominated in foreign currency are classified as separately covered and measured in each currency because they are managed in the aggregate by Treasury and because strategic currency positions are not used (section 340h in conjunction with section 256a of the HGB). As a result, all gains and losses from currency translation were recognized in the income statement under net income or net expense from the trading portfolio. There was no requirement to eliminate any of the income because the items existing at the balance sheet date had been established recently due to the high turnover rate.

III. Information on investors and investees

On December 31, 2012, Deutsche Bank AG, Frankfurt am Main, indirectly held approximately 94.1% of Postbank's shares through DB Finanz-Holding GmbH, DB Valoren S.à.r.l., and DB Equity S.à.r.l.

As a result, the free float traded on stock exchanges amounts to around 5.9 % of Postbank's share capital.

Postbank is consolidated in Deutsche Bank AG's consolidated financial statements.

As a publicly listed German stock corporation, Postbank has prepared its annual financial statements for the fiscal year ended December 31, 2012, in accordance with the HGB in conjunction with RechKredV requirements, as well as the relevant requirements of the AktG.

Following a resolution by Postbank's Management Board and Supervisory Board, Postbank's Management Board signed the control and profit and loss transfer agreement between Postbank, as the dependent company, and DB Finanz-Holding GmbH, Frankfurt am Main (a wholly-owned subsidiary of Deutsche Bank AG), as the controlling company.

Postbank's Annual General Meeting on June 5, 2012, approved the control and profit and loss transfer agreement between Deutsche Bank and Postbank. The agreement came into force on entry in the commercial register on June 20, 2012. The Cologne Higher Regional Court confirmed the validity of the control and profit and loss transfer agreement on September 11, 2012. As a result, an action for rescission of the above-mentioned resolution approving the agreement was withdrawn.

IV. Principles under the Kreditwesengesetz (KWG – German Banking Act)

Postbank prepares the relevant individual institution notifications and fulfills its other notification requirements under the KWG.

As of December 31, 2012, the regulatory Tier I ratio was 8.3 % and the overall capital ratio was 14.3 %.

B. BALANCE SHEET AND INCOME STATEMENT DISCLOSURES

I. Assets

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Affiliated companies		
The following items include loans and advances to affiliated companies:		
Loans and advances to other banks	13,041	13,025
Loans and advances to customers	1,011	4,215
Bonds and other fixed-income securities	4,339	5,383
Other assets	279	471
Other long-term investees and investors		
The following items include loans and advances to other long-term investees and investors:		
Loans and advances to other banks	7	0
Loans and advances to customers	45	52
Bonds and other fixed-income securities	0	0
Subordinated loans and advances		
Subordinated loans and advances are reported in the following items:		
Bonds and other fixed-income securities	61	52

The reduction in bonds and other fixed-income securities relating to affiliated companies is primarily a result of the early repayment of a bond and the intragroup sale of a bond (securitization).

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Loans and advances to other banks		
Used as cover, with an agreed maturity or withdrawal notice	20	173
of which: at least three months but less than four years	0	0
of which: for years or more	20	173

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Loans and advances to customers		
Used as cover, with an agreed maturity or withdrawal notice	**18,981**	**21,534**
of which: less than four years	246	418
of which: four years or more	18,735	21,116
Secured by mortgage charges	**25,528**	**27,507**
of which: used as cover	15,252	18,103
Public-sector loans	**3,729**	**3,431**
of which: used as cover	3,729	3,431

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Bonds and other fixed-income securities		
This item includes negotiable securities totaling:	**26,424**	**29,221**
Money market securities of public-sector issuers		
listed money market securities	0	0
unlisted money market securities	0	0
Other issuers		
listed money market securities	0	0
unlisted money market securities	0	0
Bonds of public-sector issuers		
listed bonds	13,265	13,732
unlisted bonds	34	178
Other issuers		
listed bonds	12,253	14,309
unlisted bonds	872	1,002
Own bonds		
listed own bonds	0	0
unlisted own bonds	0	0
Securities not measured at the lower of cost or market	**3,737**	**6,917**

Fixed assets include 29 securities with a carrying amount of €3,661 million (previous year: €6,787 million), for which writedowns amounting to €385 million (previous year: €771 million) would have been recognized if they had been measured at their quoted market prices at the balance sheet date. These securities include twelve bank bonds (carrying amount €2,477 million, fair value €2,138 million), and 16 government bonds (carrying amount €1,175 million, fair value €1,129 million) issued in the European Union. In addition, the Bank holds one asset-backed security (carrying amount €9.1 million, fair value €8.9 million) that was issued in the Cayman Islands.

The changes in the value of the fixed-income securities are due to interest rate and credit spreads and are not expected to be permanent. The €8.3 million provision for expected losses recognized in fiscal year 2011 in accordance with IDW AcP HFA 22 was fully utilized for the credit default swaps separated from the synthetic collateralized debt obligations.

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Equities and other non-fixed-income securities		
This item includes negotiable securities totaling:	0	23
of which: listed securities	0	13
of which: unlisted securities	0	10
Securities not measured at the lower of cost or market	0	0

Postbank's trading activities include trading in derivative financial instruments, money market receivables and liabilities, bonds and other fixed-income securities, equities and other non-fixed-income securities. The trading portfolio is measured at fair value. A discount amounting to the ten-day VaR is charged on these portfolios and reported separately.

Trading portfolio	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Positive fair values of derivative financial instruments (trading portfolio)	7,781	5,462
Money market receivables	6,704	12,926
Bonds and other fixed-income securities	62	120
Equities and other non-fixed-income securities	0	0
Risk discount	–5	–12

Reverse repos amounting to €6,691 million (previous year: €12,712 million) are reported as money market receivables. The resulting interest (€113 million; previous year: 279 million) is recognized as interest income.

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Equity investments		
This item includes negotiable investments totaling:	5	4
of which: listed	5	4
of which: unlisted	0	0
Investments in affiliated companies		
This item includes negotiable investments totaling:	3,655	3,683
of which: listed	0	0
of which: unlisted	3,655	3,683

Statement of changes in fixed assets

	Historical cost	Additions	Disposals	Changes in exchange rates/ deferred interest	Cumulative depreciation, amortization, and write-downs	Cumulative reversals of write-downs	Residual value	Depreciation, amortization, and write-downs in fiscal year	Reversals of write-downs in fiscal year
	Jan. 1, 2012 €m	€m	€m	€m	€m	€m	Dec. 31, 2012 €m	2012 €m	2012 €m
Bonds and other fixed-income securities	10,401	643	–3,163	–49	–6	0	7,826	0	0
Equity investments	21	4	0	0	–11	1	15	–5	1
Investments in affiliated companies	10,176	0	–23	0	–1,204	323	9,272	–30	22
Property and equipment	981	3	–125	0	–433	0	426	–19	0
Intangible assets	97	0	0	0	–33	0	64	–9	0
Total	21,676	650	–3,311	–49	–1,687	324	17,603	–63	23

The additions to bonds and other fixed-income securities are attributable to the application of the gross hedge presentation method for hedges. The offsetting changes in value attributable to the hedged risk are recognized for both the bonds and the hedging instrument (interest rate swap). In the current fiscal year, interest rate-related changes in value in the amount of €237 million were recognized for current hedges. In addition, close-out payments in the amount of €406 million were recognized on bonds, which had been capitalized as prepayments or carried as deferred income in previous years.

Disposals of bonds and other fixed-income securities mainly relate to the sale of five European government bonds with a carrying amount of €1,889 million and bullet bonds with a carrying amount of €485 million.

Holdings of Greek government bonds with a carrying amount of €156 million were derecognized affecting profit or loss reflecting the fair value of the exchanged securities after creditors had agreed to a debt haircut. The new Greek government bonds received as part of the exchange program are intended for sale and so were not allocated to the investment portfolio.

The disposal of Greek government bonds saw cumulative depreciation, amortization, and writedowns narrow from €453 million to €6 million.

Additions to and writedowns of equity investments are attributable in full to closed-end funds.

Reversals of writedowns relate solely to the investment in HYPOPORT AG.

The reversals of writedowns of investments in affiliated companies are attributable to PB Spezial-Investmentaktiengesellschaft's sub-pools of assets (€15 million) and DPB Regent's Park Estates (LP) Holding Limited (€7 million).

Disposals of investments in affiliated companies relate to the following matters:

DPB Regent's Park Estates (LP) Holding Limited and DPB Regent's Park (GP) Holding Limited repaid their capital in full to Postbank, as the sole shareholder (€15 million).

Other disposals of investments in affiliated companies relate to the merger of Postbank Financial Services GmbH and Postbank (€5 million), the quarterly repayment of the limited partner shares of DSL Portfolio GmbH & Co. KG (€2 million), as well as the reduction in the share premium of BHW Direktservice GmbH (€1 million).

Writedowns of the investments in affiliated companies mainly relate to Postbank Finanzberatung AG (€28 million).

Property and equipment largely comprises land and buildings used in Postbank's own operations (€417 million), operating and office equipment (€8 million), and assets under development (€1 million). Property and equipment with a carrying amount of €78 million was sold in the fiscal year.

Intangible assets mainly comprise the rights to use the Corebanking Platform acquired by Postbank Systems AG.

Investment funds

	Carrying amount	Fair value	Difference between fair value/ carrying amount	Distri- bution	Daily redemp- tion possible	Write- downs not recognized
	€m Dec. 31, 2012	€m Dec. 31, 2012	€m Dec. 31, 2012	€m 2012		€m Dec. 31, 2012
PB Spezialinvest						
TGV PB 02	468	472	4	77	Yes	0
TGV PB 03	133	134	1	4	Yes	0
TGV PB 04	115	116	1	2	Yes	0
TGV PB 05	34	35	1	1	Yes	0
TGV PB 06	53	53	0	1	Yes	0
TGV PB 07	284	284	0	20	Yes	0
TGV PB 08	475	511	36	44	Yes	0
TGV PB 09	529	538	9	65	Yes	0
TGV PB 10	235	235	0	5	Yes	0
TGV PB 11	609	618	9	63	Yes	0
TGV PB 12	231	231	0	7	Yes	0
TGV PB 13	333	340	7	33	Yes	0
TGV PB 14	333	337	4	33	Yes	0
TGV PB 15	149	149	0	7	Yes	0
TGV PB 16	275	275	0	19	Yes	0
TGV PB 17	201	201	0	13	Yes	0
TGV PB 18	343	381	38	25	Yes	0
TGV PB 20	136	140	4	10	Yes	0
TGV PB 21	193	211	18	18	Yes	0
TGV PB 22	69	69	0	3	Yes	0
Other funds						
Bond funds	454	454	0	0	Yes	0

The investment objective of the 2–22 sub-pools of assets is to purchase corporate bonds (investment grade/high yield). The portfolios also include securities that are held to maturity.

The sub-pools of assets distributed a total of €450 million in fiscal year 2012. All funds permit daily redemption. No writedowns were recognized. The shares in PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen are reported as investments in affiliated companies. The sub-pools of assets are measured as current assets to ensure continuity and consistency of measurement.

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Other assets		
This item primarily includes the following:		
Derivative hedging instruments	1,083	0
Receivables arising from non-bank business	282	472
Claims to tax reimbursement	74	191
Claims to reimbursement against PB Lebensversicherung AG (Talanx)	73	65
Collection documents	0	1

In connection with hedge accounting using the gross hedge presentation method, the effective positive changes in the value of the hedging instrument are reported under other assets.

Other assets include receivables from profit transfers totaling €185 million. These relate to Postbank Filialvertrieb AG (€86 million), Postbank Beteiligungen GmbH (€62 million), PB Factoring GmbH (€35 million), and Postbank Direkt GmbH (€2 million).

Receivables from Deutsche Bank attributable to eligible capital gains tax (€51 million) and solidarity surcharges (€3 million) were also recognized as claims to tax reimbursement.

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Prepaid expenses		
This item includes:		
Prepaid issue costs/discounts	56	69
Prepaid premiums on loans and advances	30	47
Investment allowances	17	23
Close-out payments on microswaps	0	1,573

Please refer to section A.II no. 1 for information on the change in accounting policy for close-out payments.

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Remaining maturities		
Other loans and advances to other banks	27,910	11,442
less than 3 months	17,027	4,780
3 months to 1 year	6,879	2,294
1 to 5 years	2,115	1,660
more than 5 years	1,889	2,708
Loans and advances to	67,424	70,246
less than 3 months	5,792	11,258
3 months to 1 year	7,160	5,474
1 to 5 years	24,793	24,499
more than 5 years	27,400	26,740
without fixed	2,279	2,275

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Bonds and other fixed-income securities		
Amounts due in the following year	3,251	2,210

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Foreign currency assets		
Total amount of assets denominated in foreign currency	8,428	12,881

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Trust assets	757	856
This item includes:		
Loans and advances to customers	704	801
Loans and advances to other banks	53	55

The traditional focus of trust activities is on financing measures aimed at enhancing infrastructure in rural areas, and specifically on promoting full-time and part-time agricultural enterprises. In eastern Germany, Postbank provides finance within the framework of government subsidy programs for the re-establishment and restructuring of agricultural enterprises by granting loans and subsidies as well as subsidized interest rates and guarantees.

Deferred tax assets

Deferred taxes are no longer recognized in fiscal year 2012 as Postbank is now a member of Deutsche Bank's consolidated tax group.

The following table shows deferred taxes attributable to temporary differences:

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Loans and advances to other banks	0	0
Loans and advances to customers	0	122
Bonds and other fixed-income securities	0	33
Equities and other non-fixed-income securities	0	9
Investments in affiliated companies	0	107
Property and equipment	0	28
Other assets	0	0
Intangible assets	0	41
Due to customers	0	14
Provisions for pensions and other employee benefits; other provisions	0	54
Other liabilities	0	1
Total	0	409

II. Equity and liabilities

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Affiliated companies		
The following items include amounts due to affiliated companies in unsecuritized form:		
Deposits from other banks	3,545	52
Due to customers	2,343	1,265
Other liabilities	207	68
The following items include amounts due to affiliated companies in securitized form:		
Subordinated debt	1,600	1,600
Profit participation certificates outstanding	15	20

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Other liabilities		
This item is primarily composed of:		
Derivative hedging instrument	929	0
Liabilities arising from non-bank business	259	120
Adjustment item from currency translation	155	257
Tax liabilities	78	119

Liabilities arising from non-bank business relate primarily to the profit transfer agreement entered into by Postbank and BHW Holding AG in fiscal year 2012. This led to a liability from loss absorption of €99 million. The service framework agreement with PB Firmenkunden AG entails a liability of €53 million, which primarily comprises commissions. This item also includes VAT liabilities to Deutsche Bank in the amount of €44 million.

In connection with hedge accounting using the gross hedge presentation method, the effective negative changes in the value of the hedging instrument are reported under other liabilities.

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Deferred income		
This item includes:		
Discount accruals arising on loans and advances	34	41
Issue costs/premium accruals on bonds issued	10	9
Close-out payments on microswaps	0	724

Please refer to section A.II no. 1 for information on the change in accounting policy for close-out payments.

Trading portfolio	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Negative fair values of derivative financial instruments (trading portfolio)	7,945	5,551
Money market liabilities	2,538	2,082

The trading portfolio on the liabilities side includes the negative fair values of derivative financial instruments, trading portfolio liabilities, and short sales. All trading portfolios are measured at fair value.

Money market liabilities also include securities repurchase agreements.

Repos amounting to €239 million (previous year: €420 million) are reported as money market liabilities. Interest of €40 million (previous year: €133 million) arising from such transactions is recognized as interest expense. A rise in the market interest rate by one basis point would lead to a decrease in the fair value of interest-based derivative financial instruments of approximately €1.4 million (previous year: increase of €0.3 million).

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Provisions		
Other provisions include:		
Employee-related provisions	266	263
Provisions for anticipated losses on derivatives	9	17

Subordinated debt

Subordinated debt mainly comprises four issues of subordinated bonds that were acquired for €1,600 million from subsidiaries set up for this purpose. This subordinated debt is not repayable before the end of a minimum term of five years.

Information on all borrowings that exceed 10 % of total subordinated debt:

ISIN	Currency	Amount	Interest rate	Due
DE0001397081	€	500,000,000	variable	Nov. 4, 2015
XF0002431707	€	500,027,000	variable	Dec. 23, 2034
XF0002432002	€	500,076,000	5.991 %	June 29, 2037

The terms and conditions of the subordinated debt do not comply in full with the requirements of section 10(5a) of the KWG due to the short maturities; an extraordinary right of termination has not been granted to the creditor.

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Expenses (including proportionate interest and premiums) incurred by subordinated debt amounted to:	141	177

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Remaining maturities		
Deposits from other banks with an agreed maturity or withdrawal notice	11,400	9,756
less than 3 months	2,681	612
3 months to 1 year	979	1,519
1 to 5 years	3,169	2,293
more than 5 years	4,571	5,332

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Savings deposits with an agreed withdrawal notice of more than 3 months	144	153
less than 1 year	49	54
more than 1 year to 5 years	95	99
more than 5 years	0	0
Other amounts due to customers with an agreed maturity or withdrawal notice	21.347	25.341
less than 3 months	2.462	6.312
less than 3 months to 1 year	2.882	3.079
more than 1 year to 5 years	4.431	3.140
more than 5 years	11.572	12.810

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Debt securities in issue		
Bonds issued		
Amounts due in following year	1,981	572
Other debt securities in issue with an agreed maturity or withdrawal notice	42	1,738
less than 3 months	0	1,258
more than 3 months to 1 year	42	480

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Foreign currency liabilities		
Total amount of liabilities denominated in foreign currency	8,317	12,654

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Open market transactions		
Securities with repurchase agreements were pledged as collateral to the Land Central Bank collateral pool as part of open market transactions	0	1,800

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Trust liabilities	757	856
This item includes:		
Trust funds (transmitted loans)	392	446
Special-purpose funds	310	353
Special fund of the state of Mecklenburg-Western Pomerania	43	45
Retired farmers' pension fund	12	12

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Profit participation certificates outstanding	1.167	1.172
This item includes:		
Bearer profit participation certificates outstanding	575	580
Registered profit participation certificates outstanding	592	592

Fund for general banking risks

Fund for general banking risks	€m
As of January 1, 2012	1,765
Additions in acc. with section 340g HGB	5
Additions in acc. with section 340e(4) HGB	3
As of December 31, 2012	1,773

Equity

Postbank's issued capital amounts to €547 million and is composed of 218,800,000 no-par value registered shares.

By way of a resolution adopted by the Annual General Meeting on April 22, 2009, the Management Board was authorized, with the consent of the Supervisory Board, to increase the Bank's share capital on one or more occasions in whole or in part by up to a total of €273.5 million up to April 21, 2014 by issuing new no-par value registered shares against cash and/or non-cash contributions including mixed non-cash contributions (Authorized Capital).

The shareholders are generally granted preemptive subscription rights. The Management Board is authorized, with the consent of the Supervisory Board, to determine the additional details of the capital increase and its implementation.

The Annual General Meeting on April 29, 2010, approved the contingent increase in share capital of up to €273.5 million by issuing up to 109.4 million new no-par value registered shares (Contingent Capital). The contingent capital increase serves to issue no-par value registered shares to the holders and/or creditors of convertible bonds and/or bonds with warrants, income bonds, and/or profit participation certificates (or combinations of these instruments) that are issued or guaranteed by the Company, or by a dependent or majority-held entity of the Company, in the period up to April 28, 2015, on the basis of the authorization resolved by the Annual General Meeting on April 29, 2010, and that grant a conversion or option right to new no-par value registered shares in the Company, or that establish a conversion obligation.

In addition, the Management Board was authorized at the Annual General Meeting on April 29, 2010, to purchase own shares for the purposes of securities trading in accordance with section 71(1) no. 7 of the AktG up to a total of 5 % of the relevant share capital, or for other purposes in accordance with section 71(1) no. 8 of the AktG up to a total of 10 % of the share capital. In accordance with the legal provisions, the aggregate number of own shares held may not account for more than 10% of the share capital. The authorizations took effect at the end of the Annual General Meeting and are valid until April 28, 2015. The authorization to purchase own shares was not exercised in the reporting period. Postbank held no treasury shares as of the balance sheet date.

Changes in equity		€m
Balance at Jan. 1, 2012		2,740
Issued capital		547
Contributions by typical silent partners		20
Share premium		1,090
Other retained earnings		
Retained earnings, balance at Jan. 1, 2012	€964 million	
Addition to retained earnings	€119 million	1,083
Net profit for 2012		0
Balance at Dec. 31, 2012		2,740

The net retained profit from the previous year (€119 million) was appropriated to retained earnings in accordance with the proposal for the appropriation of profits.

No unrealized reserves within the meaning of section 10(2b) sentence 1 no. 6 or 7 of the KWG are allocated to liable capital.

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Contributions by typical silent partners	20	20

Based on the principal amount of their capital contributions, the typical silent partners receive a share of profits for every fiscal year in the amount of the percentage that Postbank uses to calculate the dividend payment on its share capital, including disclosed reserves. The percentage is limited in each case by minimum and maximum rates. In the event of a net loss for the period, such net loss must be deducted from the contributions of the typical silent partners in the ratio of its carrying amount to the Bank's total liable capital reported in the balance sheet that participates in the loss. At the same time, the silent partners do not receive any consideration for their contributions.

III. Contingent liabilities

Postbank reports a guarantee of €582 million (previous year: €208 million) issued to PB Capital Corporation (PB Capital) under contingent liabilities. This consists primarily of a guarantee for the lease of office space and for obligations from derivatives, as well as for repo transactions and transactions with Deutsche Bank and other banks. The item also includes a guarantee of €1,230 million (previous year: €1,100 million) issued to PB Finance, Delaware, U.S.A., for the commercial paper program. Furthermore, Postbank reports a guarantee of €345 million (previous year: €640 million) issued to Deutsche Postbank International S.A., Luxembourg. This mainly serves to cover exposures in the form of risk subparticipation agreements that, among other things, exceed the large exposure limit of Deutsche Postbank International S.A., Luxembourg.

Liabilities to third parties from indemnity agreements entered into in favor of affiliated companies were not recognized because the underlying liabilities are expected to be settled by the affiliated companies and therefore no utilization is anticipated.

In addition, the item includes a guarantee amounting to €358 million (previous year: €517 million) in favor of KfW as protection buyer under a senior guarantee as part of a securitization deal.

IV. Other commitments

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Other obligations		
This item includes:		
Irrevocable loan commitments	11,747	8,285
thereof: building loans provided	2,168	2,059

As of the balance sheet date of December 31, 2012, Postbank had credit lines amounting to €12,325 million (previous year: €12,075 million) that can be called immediately.

There were no placement or underwriting obligations as of the balance sheet date.

The method to be disclosed in accordance with section 34(2) no. 4 of the RechKredV for assessing and quantifying the reported liability or credit risk contractually entered into but not likely to be realized as well as the obligations from transactions for which Postbank has entered into an (irrevocable) agreement and will therefore be exposed to credit or liquidity risk in the future is described in the "Monitoring and managing credit risk" section of the Risk Report in Postbank's Management Report.

V. Income statement

Writedowns and adjustments to loans and advances and certain securities, and additions to provisions for credit risks comprise net measurement losses in the lending business of €303 million (previous year: €198 million) and risk provisions for securities of €324 million (previous year: €42 million). The sale of securities generated price gains of €152 million and price losses of €57 million. Reversals of writedowns of fixed-income securities amounted to €167 million and writedowns amounted to €591 million.

Other operating expenses mainly comprise effects from the interest cost added back to pension provisions (unwinding) amounting to €35 million (previous year: €34 million), court and litigation costs of €42 million (previous year: €22 million), and payments made to the Bundesanstalt für Post und Telekommunikation of €9 million (previous year: €9 million).

10 % of the net income from the trading portfolio (€3 million) was appropriated to the special reserve for general banking risks in accordance with section 340e(4) of the HGB in the reporting period. After appropriation, net income from the trading portfolio amounted to €28 million.

Writedowns and adjustments of equity investments, investments in affiliated companies, and securities treated as fixed assets primarily consist of losses from the exchange of Greek government bonds recognized in the reporting period (€36 million), price losses from the disposal of Belgian and Hungarian government bonds (€13 million and €6 million respectively), as well as from the disposal of promissory note loans (€12 million). In addition, writedowns were recognized on the carrying amounts of the investments in Postbank Finanzberatung AG (€28 million), closed-end funds (€5 million), and BHW Direktservice GmbH (€2 million) in the reporting period.

Income from reversals of writedowns and adjustments of equity investments, investments in affiliated companies, and securities treated as fixed assets mainly comprise realized price gains from the sale of French, Italian, and Spanish government bonds in the amount of €20 million, €14 million, and €5 million. €14 million was generated from the disposal of promissory note loans. This item also includes reversals of writedowns of sub-pools of assets attributable to PB Spezial-Investmentaktiengesellschaft (€15 million) and DPB Regent's Park Estates (LP) (€7 million), as well as unrealized profits in the amount of €2 million from the repayment of capital of DPB Regent's Park Estates (GP) Holding Limited and DPB Regent's Park Estates (LP) Holding Limited to the sole shareholder, Postbank.

Other operating income primarily includes income from reimbursements of personnel and non-personnel operating expenses amounting to €239 million (previous year: €249 million), rental and lease income of €58 million (previous year: €61 million), and book gains of €11 million (previous year: €7 million) from the disposal of property and equipment.

Due to the initial application of the BilMoG, Postbank recognized the difference of €–28 million (previous year: €– 4 million) arising from the determination of the pension provisions in its extraordinary result in accordance with Art. 67(7) of the *Einführungsgesetz zum Handelsgesetzbuch* (EGHGB – Introductory Law of the German CommercialCode).

Income tax expenses amounted to €446 million (previous year: income tax income of €17 million). Of this amount, €5 million is attributable to taxes from previous years and €32 million to current income taxes. In addition, €409 million relates to expenses from deferred taxes.

Income by geographical area

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Germany	3,316	2,881
Others	76	60
thereof Europe	76	60
Total	3,392	2,941

The total includes the following line items reported on the face of the income statement: net interest income (including current income from equities and other non-fixed-income securities, equity investments and investments in affiliated companies, and income from profit pooling, profit and loss transfer agreements, or partial profit and loss transfer agreements), net fee and commission income, and net expense or net income from the trading portfolio.

C. OTHER DISCLOSURES

I. Other financial obligations

In accordance with section 16 of the *Postpersonalrechtsgesetz* (Deutsche Bundespost Former Employees Act), Deutsche Postbank AG pays an annual contribution for civil servant pensions to the relevant pension fund, Bundes-Pensions-Service für Post und Telekommunikation e.V. (BPS-PT), in the amount of 33 % of the gross compensation of its active civil servants and of the notional gross compensation of its civil servants on leave of absence who are eligible for pensions. Postbank has no further obligations for benefits paid by the pension fund.

To a manageable extent, Postbank uses leases as an alternative means of financing. The main advantages for the Bank are that leases preserve liquidity. These advantages are partially offset by the risk that the lease assets may not be required over the entire term of the lease concerned.

The present value of lease obligations amounts to €96 million.

Letters of comfort

The letters of comfort issued in favor of subsidiaries and creditors of subsidiaries of Postbank primarily lead to benefits for the subsidiaries in the form of improved terms and conditions for business and finance. Postbank profits from these benefits since they have a positive impact on the enterprise value of the subsidiary concerned. These benefits are matched by the possibility of the creditors having recourse against Postbank.

Postbank ensures that, with the exception of political risk, its Deutsche Postbank International S.A. (Luxembourg), PB Capital Corporation (Delaware, U.S.A.), PB Factoring GmbH (Bonn), and BHW Bausparkasse Aktiengesellschaft (Hameln) subsidiaries will be able to meet their obligations. Due to the disposal of all shares in PB (USA) Holdings, Inc., Delaware, U.S.A., as of the end of December 31, 2012, the letter of comfort in favor of PB Capital Corporation will be terminated effective May 1, 2013, for all newly established obligations. In connection with the acquisition of all shares in PB (USA) Holdings, Inc., Delaware, U.S.A., as of the beginning of January 1, 2013, Deutsche Bank AG has undertaken to indemnify Postbank internally against any previous and future obligations under the letter of comfort relating to PB Capital Corporation.

Postbank has issued subordinated letters of comfort in connection with the issuance of subordinated bonds by Deutsche Postbank Funding LLC I, Deutsche Postbank Funding LLC II, Deutsche Postbank Funding LLC III, and Deutsche Postbank Funding LLC IV, all of which are domiciled in Wilmington, Delaware, U.S.A.

Additional funding obligation

The existing additional funding obligations derive from statutory provisions, articles of association, and other arrangements.

The investment in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, results in a pro rata additional funding obligation of up to €5.4 million in accordance with the provisions of the company's Articles of Association. Postbank is also liable pro rata for the fulfillment of the additional funding obligations of other shareholders belonging to the Bundesverband deutscher Banken e.V. (Berlin) (Association of German Banks).

In all the above cases, there is a risk that the Bank has to meet the obligations concerned but this is offset by the opportunity to participate in the stabilization and development of confidence in the retail banking sector in Germany.

There are also additional funding obligations in respect of the deposit protection fund of the Bundesverband deutscher Banken e.V. in the amount laid down in its statutes, as well as in respect of the Entschädigungseinrichtung deutscher Banken – the mandatory compensation scheme for all deposit-taking institutions in Germany – on the basis of the provisions of the *Einlagensicherungs – und Anlegerentschädigungsgesetz* (German Deposit Protection and Investor Compensation Act).

Administration and brokerage services

The Bank provides brokerage services in connection with insurance, home savings contracts, and investment fund units under cooperation agreements with HUK Coburg, the Talanx Group, and the DWS Group as well as with BHW Bausparkasse.

II. Restriction on distribution

The amounts subject to a restriction on distribution are as follows at Postbank:

Total of the amounts subject to a restriction on distribution in accordance with section 268(8) of the HGB (section 285 no. 28 of the HGB)	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Internally generated intangible fixed assets	0	0
Deferred tax assets	0	409

III. Employees (average full-time equivalents)

	Total 2012	Total 2011
Employees		
Full-time	2,497	2,604
Part-time	295	280
Civil servants full-time	1,172	1,245
Civil servants part-time	241	257
	4,205	4,386
Trainees		
Vocational trainees	257	290
Management trainees	0	0
AIS students	24	17
	281	307
Total employees	4,486	4,693

IV. Equity investments and investments in affiliated companies

Name and domicile of the company	Equity interest %	Equity € thousand	Profit/loss for the period[6] € thousand
Companies in which an equity interest of at least 20 % is held			
Betriebs-Center für Banken AG, Frankfurt am Main	100.0	274,579	30,325
BHW Bausparkasse Aktiengesellschaft, Hameln	100.0	983,831	0[1]
BHW Direktservice GmbH, Hameln	100.0	3,309	–200
BHW Eurofinance B.V., Arnheim, Netherlands	100.0	674	153
BHW Financial Srl in liquidazione, Verona, Italy	100.0	882	139
BHW Gesellschaft für Vorsorge mbH, Hameln	100.0	242,370	0[1]
BHW - Gesellschaft für Wohnungswirtschaft mbH & Co. Immobilienverwaltungs KG, Hameln	100.0	82,451	2,324
BHW - Gesellschaft für Wohnungswirtschaft mbH, Hameln	100.0	918,946	0[1]
BHW Holding AG, Hameln	100.0	912,156	184,653[7]
BHW-Immobilien GmbH, Hameln	100.0	3,936	1,208
BHW Invest, Société à responsabilité limitée, Luxembourg, Luxembourg	100.0	5,611	594
BHW Kreditservice GmbH, Hameln	100.0	25	0
CREDA Objektanlage- und verwaltungsgesellschaft mbH, Bonn	100.0	1,000	0[1]
Deutsche Postbank Finance Center Objekt GmbH, Schuttrange (Munsbach), Luxembourg	100.0	558	508
Deutsche Postbank Funding LLC I, Wilmington, Delaware, U.S.A.	100.0	14	–11
Deutsche Postbank Funding LLC II, Wilmington, Delaware, U.S.A.	100.0	–11	–14
Deutsche Postbank Funding LLC III, Wilmington, Delaware, U.S.A.	100.0	34	–1
Deutsche Postbank Funding LLC IV, Wilmington, Delaware, U.S.A.	100.0	99	13
Deutsche Postbank Funding Trust I, Wilmington, Delaware, U.S.A.	100.0	1	0
Deutsche Postbank Funding Trust II, Wilmington, Delaware, U.S.A.	100.0	1	0
Deutsche Postbank Funding Trust III, Wilmington, Delaware, U.S.A.	100.0	1	0
Deutsche Postbank Funding Trust IV, Wilmington, Delaware, U.S.A.	100.0	63	3
Deutsche Postbank International S.A., Schuttrange (Munsbach), Luxembourg	100.0	901,815	69,379
DPB Regent's Park Estates (GP) Holding Limited, London, U.K.	100.0	0	0[5]
DPB Regent's Park Estates (LP) Holding Limited, London, U.K.	100.0	0	2,433[5]
DSL Holding Aktiengesellschaft i.A., Bonn	100.0	57,926	489
DSL Portfolio GmbH & Co. KG, Bonn	100.0	10,829	453
DSL Portfolio Verwaltungs GmbH, Bonn	100.0	26	0
easyhyp GmbH, Hameln	100.0	186	80
EC EUROPA IMMOBILIEN FONDS NR. 3 GmbH & CO. KG, Hamburg	65.2	–3,644	–6,629
Fünfte SAB Treuhand und Verwaltung GmbH & Co. „Leipzig-Magdeburg" KG, Bad Homburg v.d.Höhe	40.7	0	–97
Fünfte SAB Treuhand und Verwaltung GmbH & Co. Dresden „Louisenstraße" KG, Bad Homburg v.d.Höhe	30.6	0	–45
Fünfte SAB Treuhand und Verwaltung GmbH & Co. Suhl „Rimbachzentrum"KG, Bad Homburg v.d.Höhe	74.0	0	–106
giropay GmbH, Frankfurt am Main	33.3	0	9
Iphigenie Verwaltungs GmbH, Bonn	100.0	22	0
Miami MEI, LLC, Dover, Delaware, U.S.A.	0.0	3,119	0[2, 4]
PB (USA) Holdings, Inc., Wilmington, Delaware, U.S.A.	100.0	627,349	89,397[2]
PB (USA) Realty Corporation, New York, New York, U.S.A.	94.7	1,114,886	37,250[2]
PB Capital Corporation, Wilmington, Delaware, U.S.A.	100.0	630,253	92,484[2]
PB Factoring GmbH, Bonn	100.0	11,546	0[1]
PB Finance (Delaware), Inc., Wilmington, Delaware, U.S.A.	100.0	190	0[2]
PB Firmenkunden AG, Bonn	100.0	1,100	0[1]

IV. Equity investments and investments in affiliated companies

Name and domicile of the company	Equity interest %	Equity € thousand	Profit/loss for the perid[6] € thousand
Companies in which an equity interest of at least 20 % is held			
PB Hollywood I Hollywood Station, LLC, Dover, Delaware, U.S.A.	0.0	662	411[2, 4]
PB Hollywood II Lofts, LLC, Dover, Delaware, U.S.A.	0.0	1,517	–4,173[2, 4]
PB Kreditservice GmbH, Hameln	100.0	25	0
PB Sechste Beteiligungen GmbH, Bonn	100.0	54	0
PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Bonn	100.0	6,237,829	50,952
PBC Carnegie, LLC, Wilmington, Delaware, U.S.A.	0.0	0	0[2, 4]
PMG Collins, LLC, Tallahassee, Florida, U.S.A.	100.0	6,019	666[2]
Postbank Akademie und Service GmbH, Hameln	100.0	1,138	55
Postbank Beteiligungen GmbH, Bonn	100.0	310,325	0[1]
Postbank Direkt GmbH, Bonn	100.0	20,858	0[1]
Postbank Filial GmbH, Bonn	100.0	25	0[1]
Postbank Filialvertrieb AG, Bonn	100.0	55	0[1]
Postbank Finanzberatung AG, Hameln	100.0	25,300	–4,830
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, Bonn	90.0	8,670	1,626
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	18,874	0[1]
Postbank Leasing GmbH, Bonn	100.0	500	0[1]
Postbank P.O.S. Transact GmbH, Eschborn	100.0	11,406	2,395
Postbank Service GmbH, Essen	100.0	124	–1
Postbank Support GmbH, Cologne	100.0	759	0[1]
Postbank Systems AG, Bonn	100.0	51,591	0[1]
Postbank Versicherungsvermittlung GmbH, Bonn	100.0	25	0[1]
SAB Real Estate Verwaltungs GmbH, Hameln	100.0	32	3
SRC Security Research & Consulting GmbH, Bonn	16.9	3,709	1,030
Starpool Finanz GmbH, Berlin	50.0	239	62
VÖB-ZVD Processing GmbH, Frankfurt am Main	75.0	5,383	1,053[3]
Equity interests in large corporations in which Deutsche Postbank AG holds more than 5 % of the voting rights			
BSQ Bauspar AG, Nuremberg	14.1	31,803	0
HYPOPORT AG, Berlin	9.7	38,171	8,536
Landgesellschaft Mecklenburg-Vorpommern mit beschränkter Haftung, Leezen	11.0	37,860	1,599

[1]Profit and loss transfer agreement

[2]Translated at the following exchange rate: €1 = USD 1.29317

[3]25 % of the share capital is held in trust for Postbank by the Bundesverband Öffentlicher Banken Deutschlands e.V. (VÖB). The company was established in fiscal year 2012 after VÖB ZVD Bank für Zahlungsverkehrsdienstleistungen was merged with Betriebs-Center für Banken Processing GmbH. The information provided here comes from the 2011 annual financial statements of Betriebs-Center für Banken Processing GmbH, the receiving legal entity.

[4]The share of the voting rights amounts to 100.0 %.

[5]Translated at the following exchange rate: €1 = GBP 0.8161

[6]The data on equity and profit and loss for the year are based on the most recently adopted annual financial statements of the companies concerned.

[7]In the course of fiscal year 2012 a profit and loss transfer agreement was concluded between Deutsche Postbank AG and BHW Holding AG.

V. Remuneration of the Management Board

Structure of the remuneration of the Management Board in fiscal year 2012

The overall structure of the remuneration of the Management Board and the principal Management Board contract components are stipulated and regularly reviewed by the Supervisory Board of Deutsche Postbank AG.

The Management Board remuneration system was adapted as follows in the year under review: On March 19, 2012, the Supervisory Board resolved to replace the closing share price used to calculate the share-based remuneration with the average share price for the last ten trading days before the date on which the Supervisory Board finally and without reservation determines that the targets and sustainability criterion have been met, or the last ten trading days of the one-year lock-up period. On December 20, 2012, the Supervisory Board resolved to replace the phantom shares of Deutsche Postbank AG allocated for blocked and future components with phantom Deutsche Bank AG shares.

The Supervisory Board resolves the appropriateness of the remuneration of the members of the Management Board of Deutsche Postbank AG on the basis of recommendations by the Executive Committee, taking into account the Company's performance, the sector, and the outlook for the future.

As well as appropriateness and sustainability, the core criterion for the design of the Management Board remuneration structure is to ensure that incentives for taking disproportionately high risks are avoided. Therefore, an upper limit has been set for the ratio of fixed to variable remuneration. Furthermore, the level of remuneration for members of the Management Board is determined on the basis of the size and activity of the Company, its economic and financial position, and the tasks of the Management Board members in question. Remuneration is calculated so that it is appropriate and competitive in the national and international job market and therefore offers an incentive for dedicated and successful work. The level of remuneration is performance-linked and designed so as to motivate members of the Management Board to achieve the Bank's strategic aims and thus contribute to the Company's sustainable growth.

Overall remuneration consists of fixed and performance-related components.

The base pay (fixed component) and fringe benefits are not performance-linked. The base pay is paid out in cash as a monthly salary in twelve equal installments. The fringe benefits relate primarily to the use of company cars, the reimbursement of travel costs, and contributions to insurance schemes. In principle, the fringe benefits are available to all members of the Management Board equally; the amount varies depending on their different personal circumstances.

The performance-related component is the variable remuneration. The variable remuneration awarded to the members of the Management Board is based on their achieving quantitative and qualitative targets. These targets are laid down in a target agreement entered into at the start of each fiscal year (base year). The amount of variable remuneration paid depends on the predetermined targets set out in the agreement being met and is subject to a cap set out in the individual agreements.

The variable remuneration is split into a short-term component (40 %) and a long-term component (60 %). It is not fully paid out in cash, even if the agreed targets are met.

Half of the short-term component is immediately paid out in cash in the following year after it has been determined that the targets have been reached (short-term component I). The second half of the short-term component (short-term component II) is converted into phantom shares of Deutsche Bank AG. For this purpose, the euro amount of short-term component II is divided by the average of the Xetra closing prices for Deutsche Bank AG shares on the last ten trading days before the date on which the Supervisory Board determined that the targets were met or the date the lock-up period ended. After a one-year lock-up period, the phantom shares are converted based on the then current share price and paid out. During the lock-up period, the phantom shares attract a dividend equivalent to the actual dividend paid.

The long-term component depends on the Postbank Group's sustainable performance, which is determined based on the satisfaction of a sustainability criterion during the subsequent three-year assessment period (three calendar years following the base year). In the year immediately following the fiscal year for which remuneration is to be calculated, the Supervisory Board examines and determines whether the predetermined targets and the sustainability criterion for the assessment period have been met for that fiscal year. This is known as the adjusted profit after cost of capital (APACC). Sustainable Group performance and the sustainability criterion are achieved if the value of the APACC equates to, or exceeds, or at the end of the sustainability phase cumulatively exceeds, the value of the APACC in the base year.

In line with the three-year sustainability phase, the long-term component is divided into three equal tranches. Again, half of each tranche is paid out in cash (long-term component I) and half is converted into phantom shares (long-term component II). The conversion and valuation of the phantom shares is carried out following the procedure outlined above.

If the Supervisory Board determines that the sustainability criterion has been met at the end of each of the years in the three-year assessment period, the proportionate cash component (long-term component I) is paid out immediately, and the remainder converted into phantom shares (long-term component II).

If the sustainability criterion is not met for a particular year in the assessment period, payment of the corresponding tranches of the long-term component is deferred to the following year for a renewed examination based on the sustainability criterion to be performed. If the sustainability criterion has not been met at the end of the assessment period, the payment of all deferred long-term components lapses without compensation. In this way, remuneration of the Management Board is affected by any negative Company performance during the entire measurement period (negative bonus system). Under an additional negative bonus system, payment for outstanding tranches can be reduced retroactively or canceled completely based on the overall performance of the Management Board member concerned during the assessment period. The members of the Management Board are not permitted to use hedging transactions or other countermeasures to mitigate or remove the risk orientation of deferred remuneration components.

The Supervisory Board has the right to award an appropriate special bonus for exceptional performance. Its size is effectively limited by the upper limit set by the Supervisory Board for the proportion of fixed to variable remuneration.

In accordance with the recommendation of the German Corporate Governance Code, Deutsche Postbank AG will provide compensation for no more than the remaining term of the contract in instances in which the contract of a member of the Management Board is terminated prematurely without good cause, and will limit the payment to a maximum of two base payments plus a maximum of 40 % of twice the maximum variable remuneration (severance payment cap).

If the contract of a Management Board member is terminated prematurely as a result of permanent incapacity to work or death, the remuneration is paid pro rata up to the end of the agreed term of the contract, for a maximum of six months.

Fixed and potential remuneration of the Management Board for fiscal year 2012

The nine members of the Management Board active in fiscal year 2012 could receive total remuneration of €10,275.9 thousand (previous year: €9,701.1 thousand) for the period under review (not including fluctuations in the share price in the case of phantom shares). The exact level of remuneration is dependent on whether the sustainability targets for the deferred components are met. €5,626.6 thousand of this total amount relates to fixed remuneration components (previous year: €5,489.1 thousand) and €4,649.3 thousand to performance-related components (previous year: €4,212.0 thousand). €929.9 thousand of the performance-related remuneration relates to non-deferred performance-related components (previous year: €842.4 thousand) and €929.9 thousand to performance-related components blocked for one year (previous year: €842.4 thousand). The total amount of the deferred performance-related components with a long-term incentive effect for fiscal year 2012 is €2,789.5 thousand (previous year: €2,527.2 thousand). Payment of the components converted into phantom shares and subject to a lock-up period will only occur in fiscal years 2014 to 2016 if the sustainability criteria have been met; if not, they will lapse in part or in full.

The fixed component includes “other compensation” totaling €187.6 thousand (previous year €179.1 thousand). These fringe benefits relate primarily to the use of company cars, the reimbursement of travel costs, and contributions to insurance schemes. In principle, fringe benefits are available to all members of the Management Board equally; the amount varies depending on their different personal circumstances.

The remuneration disclosed covers all activities performed by members of the Management Board within the Postbank Group.

Deutsche Postbank AG does not currently have a separate share-based remuneration program. However, share-based remuneration components exist in the context of the sustainability concept, as outlined above (phantom shares).

Members of the Management Board Mario Daberkow, Horst Küpker, and Michael Meyer resigned from their positions effective December 31, 2012. The Supervisory Board of Deutsche Postbank AG and the members of the Management Board reached an amicable agreement on the termination of the Management Board contracts. The contracts of Horst Küpker and Michael Meyer ended prematurely on December 31, 2012. Horst Küpker received a severance payment of €1,760.0 thousand and Michael Meyer received €476.5 thousand. Mario Daberkow’s contract will end prematurely on June 30, 2013, unless he decides to leave on an earlier date; his severance payment will be €1,542.5 thousand. Special contributions will also be made to the virtual pension account for Mario Daberkow (€287.5 thousand), Horst Küpker (€247.5 thousand), and Michael Meyer (€152.1 thousand). These arrangements are in line with the recommendation of the German Corporate Governance Code.

Management Board remuneration in 2012

	Fixed remuneration		Performance-related remuneration	Total paid	Performance-related remuneration		Sub-total	Total	Payments for previous years		
			Short-term component I		Short-term component II	Possible long-term component			Short-term component II 2010	Long-term component I 2010, Tranche 2	Long-term component I 2011, Tranche 1
	Fixed component	Fringe benefits	Immediate cash payment		Converted into phantom shares and blocked[1]	Deferred[2]			Phantom shares paid out in 2012[3]	Cash payment in 2013[4]	Cash payment in 2013[5]
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
Frank Strauss (Chairman of the Management Board since July 1, 2012)	675.0	18.2	123.4	816.6	123.4	370.1	493.5	1,310.1	0.0	0.0	26.5
Stefan Jütte (Chairman of the Management Board until June 30, 2012)	450.0	12.7	65.7	528.4	65.7	197.2	262.9	791.3	250.6	89.9	62.5
Mario Daberkow	600.0	22.8	104.0	726.8	104.0	311.9	415.9	1,142.7	195.1	70.0	44.5
Marc Hess[6]	594.0	24.2	104.0	722.2	104.0	311.9	415.9	1,138.1	195.1	70.0	54.0
Horst Küpker	660.0	23.8	114.3	798.1	114.3	343.0	457.3	1,255.4	222.9	80.0	50.0
Michael Meyer	600.0	32.2	104.0	736.2	104.0	311.9	415.9	1,152.1	195.1	70.0	44.5
Hans-Peter Schmid	600.0	21.6	99.8	721.4	99.8	299.3	399.1	1,120.5	195.1	70.0	47.5
Ralf Stemmer	660.0	14.6	109.7	784.3	109.7	329.2	438.9	1,223.2	195.1	70.0	50.0
Hanns-Peter Storr	600.0	17.5	105.0	722.5	105.0	315.0	420.0	1,142.5	0.0	0.0	41.7
Total	5,439.0	187.6	929.9	6,556.5	929.9	2,789.5	3,719.4	10,275.9	1,449.0	519.9	421.2

[1] Short-term component II is converted into phantom shares of Deutsche Bank AG. For this purpose, the euro amount will be divided by the average of the Xetra closing prices of Deutsche Bank AG shares from March 8 to 21, 2013. After the one-year lock-up period comes to an end on March 22, 2014, the phantom shares will be converted into the euro amount based on the then current average of the share prices from March 10 to 21, 2014, and this amount paid out immediately. No dividends were paid up to the end of the 2012 fiscal year.

[2] The long-term component is divided into three equal tranches. Half of each tranche consists of a cash element. The second half is converted into phantom shares at the average of the Xetra closing prices of Deutsche Bank AG shares for the ten trading days before the date on which the Supervisory Board determines that the sustainability criterion was met, and blocked for one year, before being converted into the euro amount based on the then current average share price and paid out. Tranches 2014, 2015, and 2016 will only be paid out/converted into phantom shares and blocked if the respective sustainability criteria are met. Otherwise, the relevant tranche is deferred to the following year and reassessed. If the sustainability criterion is not met in the final year of the sustainability phase, the long-term component lapses without compensation, in other cases the portions that were deferred are also paid out.

[3] The short-term component II for fiscal year 2010 was converted into phantom shares of Deutsche Postbank AG at a share price of €21 and blocked for one year. The number of phantom shares was multiplied by €29.26 – the Xetra closing price of Deutsche Postbank AG shares on March 15, 2012 – and paid out at the amount shown.

[4] Since the sustainability criterion has been met, half of the second tranche of the long-term component for 2010 is being paid out in cash in 2013 at the amount shown. The second half is converted into phantom shares of Deutsche Bank AG. The euro amount will be divided by the average of the Xetra closing prices of Deutsche Bank AG shares from March 8 to 21, 2013. After the one-year lock-up period comes to an end on March 22, 2014, the phantom shares will be converted into the euro amount based on the then current average of the share prices from March 10 to 21, 2014, and this amount paid out immediately.

[5] Since the sustainability criterion has been met, half of the first tranche of the long-term component for 2011 is being paid out in cash in 2013 at the amount shown. The second half will be dealt with as described in footnote 4.

[6] Due to his position as Chief Financial Officer (CFO) for the whole Private and Business Clients (PBC) corporate division in the Deutsche Bank Group, the fixed and variable remuneration of Marc Hess was reduced by 20 % with effect from July 1, 2012.

Management Board remuneration in 2011[1]

	Fixed remuneration		Performance-related remuneration	Total paid	Performance-related remuneration		Subtotal	Total	Payments for previous years
			Short-term component I		Short-term component II	Possible long-term component			Long-term component I 2010, Tranche 1
	Fixed component € thousand	Fringe benefits € thousand	Immediate cash payment € thousand	€ thousand	Converted into phantom shares and blocked[2] € thousand	Deferred[3] € thousand	€ thousand	€ thousand	Cash payment in 2012[4] € thousand
Stefan Jütte (Chairman)	900.0	23.9	125.0	1,048.9	125.0	375.0	500.0	1,548.9	89.9
Mario Daberkow	600.0	21.8	89.0	710.8	89.0	267.0	356.0	1,066.8	70.0
Marc Hess	650.0	20.2	108.0	778.2	108.0	324.0	432.0	1,210.2	70.0
Horst Küpker	630.0	27.6	100.0	757.6	100.0	300.0	400.0	1,157.6	80.0
Michael Meyer	600.0	23.6	89.0	712.6	89.0	267.0	356.0	1,068.6	70.0
Hans-Peter Schmid	500.0	21.6	95.0	616.6	95.0	285.0	380.0	996.6	70.0
Ralf Stemmer	630.0	12.1	100.0	742.1	100.0	300.0	400.0	1,142.1	70.0
Hanns-Peter Storr, (Member since March 1, 2011)	500.0	19.4	83.4	602.8	83.4	250.2	333.6	936.4	0.0
Frank Strauss, (Member since July 1, 2011)	300.0	8.9	53.0	361.9	53.0	159.0	212.0	573.9	0.0
Total	5,310.0	179.1	842.4	6,331.5	842.4	2,527.2	3,369.6	9,701.1	519.9

[1] The retroactive change from a closing price to an average share price and from phantom Deutsche Postbank AG shares to phantom Deutsche Bank AG shares resulted in the changes shown below.

[2] Short-term component II was converted into phantom shares of Deutsche Postbank AG. The euro amount was divided by €28.60, the average Xetra closing price of Deutsche Postbank AG shares from March 5 to 16, 2012. Further to the Supervisory Board resolution of December 20, 2012, a switch was made to Deutsche Bank AG phantom shares of the same value. The number of shares was multiplied by €31.96, the average Xetra closing price of Deutsche Postbank shares from December 6 to 19, 2012. This euro amount was then divided by €33.77, the average Xetra closing price for Deutsche Bank AG shares from December 6 to 19, 2012. After the one-year lock-up period comes to an end on March 19, 2013, the phantom shares will be converted into euros based on the then current average of the share prices from March 6 to 19, 2013, and this amount paid out immediately.

[3] The long-term component is divided into three equal tranches. Half of each tranche consists of a cash element. The second half is converted into phantom shares at the average Xetra closing prices for the ten trading days preceding the date on which the Supervisory Board determined that the sustainability criterion was met, and blocked for one year, before being converted into the euro amount based on the then current share price and paid out. Tranches 2013, 2014, and 2015 will only be paid out/converted into phantom shares and blocked if the respective sustainability criteria are met. Otherwise, the relevant tranche is deferred to the following year and reassessed. If the sustainability criterion is not met in the final year of the sustainability phase, the long-term component lapses without compensation, in other cases the portions that were deferred are also paid out.

[4] Since the sustainability criterion has been met, half of the first tranche of the long-term component for 2010 was paid out in cash at the amount shown. The second half will be dealt with as described in footnote 2.

Pension commitments

The members of the Management Board have individually agreed direct pension commitments. Because each Board member has a different career history, the precise arrangements differ.

Pensions are paid if the member of the Management Board leaves the Company's service as a result of disability, death, or old age. As a rule, old-age pensions are paid from the age of 62.

Under the standard pension commitments valid until February 28, 2007, pension rights generally accrue after at least five years of service. Exceptions to this minimum waiting period requirement exist in some cases for disability.

The size of the pension depends on the length of service and the amount of pensionable remuneration. Only the fixed component of remuneration (base pay) is pensionable. A cap on the pensionable base pay has been specified except in the cases of Management Board members Mario Daberkow, Marc Hess, Horst Küpker, Hanns-Peter Storr, and Frank Strauss. The basic rule is that pension benefits of 50% of the final salary accrue to members of the Management Board after five years of service. Benefits regularly accrue at a rate of 2 % for each eligible year of service. The maximum level of pension benefits (60 % of the final salary) is generally reached after ten years of service.

In addition, the pension commitments include rules governing the payment of a transitional allowance for Management Board members who leave the Company upon reaching the age limit or for reasons of disability. The benefit period is two years.

Should the Management Board contracts of Mario Daberkow, Hans-Peter Schmid, and Ralf Stemmer be terminated by Deutsche Postbank AG prior to the expiration of their regular contract terms, their pensions are calculated as if their contracts had been fulfilled until their regular expiration. This does not apply if Deutsche Postbank AG terminates the employment relationship for good cause. The length of service of Management Board member Mario Daberkow is measured from the first time a Management Board employment contract was signed with him as of November 1, 2005.

Future pension payments will be adjusted in line with the percentage growth in the highest pay group of the collective agreement for the Verband öffentlicher Banken (Association of German Public Sector Banks). Otherwise, payments are adjusted in line with Germany's consumer price index.

In May 2007, the Executive Committee of Deutsche Postbank AG's Supervisory Board resolved to restructure the pension arrangements for members of the Management Board appointed for the first time after March 31, 2007, and to replace the previous final salary-based pension system by a defined contribution plan. The pension commitments of the members of the Management Board newly appointed after that date – Marc Hess, Horst Küpker, Michael Meyer, Hanns-Peter Storr, and Frank Strauss – and the pension commitments for Mario Daberkow, which were revised in 2012, are therefore based on the following basic system: A benefit contribution in the amount of 25% of the pensionable basic pay is granted for each eligible year of service. The benefit contributions are credited to a virtual pension account that bears annual interest at the interest rate used in the assessment for tax purposes of direct pension commitments from the time of the grant until the insured event. In the case of Mario Daberkow, Horst Küpker, and Michael Meyer special contributions have been agreed in connection with their leaving the Management Board. When the insured event occurs, the amount of the pension is determined by distributing the pension assets accumulated in the pension account across the expected benefit period of the pension in accordance with actuarial principles. There is no waiting period and the entitlements from pension commitments vest immediately. The pensions have a 1 % p.a. adjustment rate.

Members of the Management Board Mario Daberkow, Marc Hess, Horst Küpker, Michael Meyer, Hanns-Peter Storr, and Frank Strauss have the right to choose between regular pension payments and a lump-sum capital payment.

Pension commitments for individual members of the Management Board

Pension commitments	Percentage of final salary as of Dec. 31, 2012 %	Maximum percentage of final salary %	Service cost for pension obligation €
Hans-Peter Schmid	54	60.00	288,611
Ralf Stemmer	56	60.00	101,050

	Contribution amount for 2012 €	Pension account balance as of Dec. 31, 2012 €	Service cost for pension obligation €
Frank Strauss	150,000	240,885	211,400
Mario Daberkow[1, 2]	375,000	903,859	161,049
Marc Hess[3]	165,000	1,510,090	260,958
Horst Küpker[1]	412,500	1,167,443	231,467
Michael Meyer[1]	377,083	1,454,874	175,898
Hanns-Peter Storr	150,000	298,125	199,710

[1]Grants of special amounts related to the termination of Management Board contracts increased the contribution amounts for Management Board members Mario Daberkow, Horst Küpker, and Michael Meyer.

[2]The pension commitments were switched to the current model in 2012.

[3]Deutsche Bank AG covers 20 % of the financial cost for Management Board member Marc Hess.

The remuneration paid to former members of the Management Board and their surviving dependents amounted to €3.09 million (previous year: €2.77 million).

The defined benefit obligation (DBO) for current pensions and entitlements attributable to former members of the Management Board calculated in accordance with the International Financial Reporting Standards amounted to €75.67 million (previous year: €51.34 million).

VI. Remuneration of the Supervisory Board

Deutsche Postbank AG's Annual General Meeting last changed the remuneration of the Supervisory Board in 2004, adjusting it in line with the Corporate Governance Code. The remuneration system is laid down in Article 15 of the Articles of Association of Deutsche Postbank AG. In accordance with this article, the annual remuneration of members of the Supervisory Board consists of a fixed and an annual performance-related component, plus a performance-related component with a long-term incentive effect. This reflects the responsibilities and scope of activity of the Supervisory Board's work and the economic performance of Deutsche Postbank AG. The positions of Chairman and Deputy Chairman as well as the membership of committees are reflected in the remuneration.

The remuneration of a full member of the Supervisory Board who is not a member of a committee is as follows: The fixed annual component amounts to €15,000, while the performance-related annual component amounts to €300 for each €0.03 by which the consolidated net profit per share for the respective fiscal year exceeds the amount of €2.00. Members of the Supervisory Board will be entitled to performance-related annual remuneration with a long-term incentive effect amounting to €300 for each 1% by which the consolidated net profit per share for the second fiscal year following the fiscal year under review exceeds the consolidated net profit per share of the fiscal year preceding the fiscal year under review.

The Chairman of the Supervisory Board receives double the remuneration of a full member of the Supervisory Board, while the Deputy Chairman receives one and a half times the remuneration. The chairmanship of a Supervisory Board committee is remunerated by an additional sum in the amount of the remuneration, while members of the Supervisory Board committees additionally receive half this amount for each such position held. This does not apply to membership of the Mediation Committee and the Nomination Committee.

The members of the Supervisory Board are entitled to claim out-of-pocket expenses and any value added tax expenses incurred in the exercise of their office. In addition, each member of the Supervisory Board attending a meeting of the full Supervisory Board or of one of the committees receives an attendance allowance of €250 per meeting.

The amount of the Supervisory Board's remuneration is capped in a number of ways: Neither of the two variable components may exceed the amount of the fixed annual remuneration. Furthermore, the short-term variable component may not exceed in total 0.5% of the Company's net retained profit less 4% of contributions made on the lowest issue price of the shares. In addition, remuneration of committee members may not exceed twice the remuneration of the Supervisory Board member concerned.

Supervisory Board members receive their remuneration after the Annual General Meeting.

Persons who are members of the Supervisory Board for only part of a fiscal year receive the corresponding pro rata amount.

In line with Deutsche Bank AG's internal policies, Deutsche Bank Group employees do not receive any remuneration for supervisory board positions held at Group companies. The persons concerned have furnished Deutsche Postbank AG with a corresponding waiver.

The total remuneration paid to members of the Supervisory Board for fiscal year 2012 amounted to €784.8 thousand including attendance allowances (previous year: €825.6 thousand). The members of the Supervisory Board will not receive any annual performance-related short-term remuneration for fiscal year 2012. As a result of Postbank's sustainable performance improvement, the Supervisory Board members will receive performance-related remuneration with a long-term effect.

The total remuneration paid to the individual members of the Supervisory Board in fiscal year 2012 was as follows:

Members of the Supervisory Board	Fiscal year 2012			Fiscal year 2011		
	Fixed remuneration	Variable remuneration[1]	Total	Fixed remuneration	Variable remuneration[1]	Total
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
Rainer Neske[2]	–	–	–	–	–	–
Frank Bsirske	45.0	20.8	65.8	45.0	3.3	48.3
John Allan	–	–	–	–	3.3	3.3
Wilfried Anhäuser	9.7	19.7	29.4	22.5	26.5	49.0
Frank Appel	–	17.5	17.5	–	35.0	35.0
Marietta Auer	9.6	20.2	29.8	22.5	25.3	47.8
Hugo Bänziger[2]	–	–	–	–	–	–
Rolf Bauermeister	15.0	17.0	32.0	15.0	16.8	31.8
Susanne Bleidt	12.9	1.5	14.4	–	–	–
Wilfried Boysen	15.0	16.8	31.8	15.0	16.5	31.5
Henry B. Cordes	–	4.2	4.2	–	9.2	9.2
Edgar Ernst	30.0	34.0	64.0	30.0	34.5	64.5
Annette Harms	6.4	12.9	19.3	15.0	16.8	31.8
Stefanie Heberling[2]	–	–	–	–	–	–
Timo Heider	19.3	10.6	29.9	15.0	1.5	16.5
Tessen von Heydebreck	30.0	26.8	56.8	27.1	18.6	45.7
Peter Hoch	30.0	33.8	63.8	30.0	35.3	65.3
Elmar Kallfelz	12.9	27.0	39.9	30.0	31.5	61.5
Ralf Krüger	9.7	20.2	29.9	22.5	27.3	49.8
Hans-Jürgen Kummetat	8.6	0.8	9.4	–	–	–
Hans-Dieter Petram	–	10.4	10.4	8.9	18.7	27.6
Bernd Pfaffenbach	–	–	–	–	1.5	1.5
Christian Ricken[2]	–	–	–	–	–	–
Bernd Rose	17.2	2.8	20.0	–	–	–
Lawrence A. Rosen	15.0	16.0	31.0	15.0	6.4	21.4
Elmo von Schorlemer	–	–	–	–	1.5	1.5
Torsten Schulte	–	2.5	2.5	–	11.4	11.4
Christian Sewing[2]	–	–	–	–	–	–
Michael Sommer	–	6.2	6.2	–	22.4	22.4
Eric Stadler	22.5	26.5	49.0	22.5	19.9	42.4
Werner Steinmüller[2]	–	–	–	–	–	–
Gerd Tausendfreund	22.5	26.3	48.8	22.5	26.5	49.0
Renate Treis	30.0	34.3	64.3	30.0	27.4	57.4
Wolfgang Zimny	12.9	1.8	14.7	–	–	–
Total	374.2	410.6	784.8	388.5	437.1	825.6

[1]The reported variable remuneration comprises the short- and long-term remuneration and the attendance allowance to be paid to the Supervisory Board member for the relevant fiscal year.

[2]Under the Articles of Association of Deutsche Postbank AG, a claim to remuneration exists also following the integration into the Deutsche Bank Group. Rainer Neske, Hugo Bänziger, Stefanie Heberling, Christian Ricken, Christian Sewing, and Werner Steinmüller have waived their claim to remuneration in line with Deutsche Bank AG's internal Group policies.

Peter Hoch received remuneration of €24.7 thousand for his Supervisory Board work at the BHW Group, whereas Timo Heider received €22.7 thousand.

The employee representatives received remuneration in the amount of €517.4 thousand as set out in their respective employment contracts.

No further remuneration or benefits were granted to members of the Supervisory Board in return for services provided individually in addition to their Supervisory Board activities, especially consulting and arrangement services. This does not apply to the remuneration of employee representatives as set out in their respective employment contracts.

Shareholdings of the members of the Management Board and Supervisory Board

In fiscal year 2012, the aggregate shareholdings of all members of the Management Board and Supervisory Board amounted to less than 1% of the shares issued by the Company.

As of the balance sheet date, loans of €685.0 thousand (previous year: €766.8 thousand) had been granted to members of the Management Board and members of the Supervisory Board. There are no loans to members of the Management Board who left the Bank in fiscal year 2012. No other contingent liabilities were entered into.

D&O insurance

The members of the Management Board and the members of the Supervisory Board are covered by D&O insurance in line with international standards. In accordance with the requirements of the Corporate Governance Code, the individual Management Board and Supervisory Board members are required to pay a deductible if a claim is brought.

VII. Forward contracts

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

The volume of unsettled derivatives subject to settlement risk, and currency, interest, and/or market risk from open and (in the case of counterparty credit risk) from closed positions, amounted to €213 billion as of December 31, 2012 (previous year: €295 billion).

The current derivatives contracts broken down by their risk structure are listed on the following page (Table 1).

The notional amounts are reported, in line with normal international practice. The notional amount is a reference value for determining reciprocally agreed settlement payments; it does not represent recognizable receivables or liabilities.

Tables 2, 3, and 4 on the following pages break down this information further in line with various criteria. In addition to providing information on maturity classes by risk category, they offer a breakdown by counterparty. Transactions entered into for trading purposes have been presented separately.

The notional amounts represent the gross volume of all sales and purchases. The fair values of the individual contracts were calculated using recognized valuation techniques and do not reflect any netting agreements. The relevant quoted market price is used for exchange-traded derivatives.

The derivative transactions in Postbank's trading portfolio (Table 4) are measured and recognized at fair value.

Table 1	Derivatives – broken down by volume					
	Notional amounts		Positive fair values		Negative fair values	
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Interest rate risk						
OTC products						
Interest rate swaps	200,081	274,782	10,847	7,645	–11,112	–8,312
FRAs	0	1,000	0	0	0	0
Interest rate options	0	0	5	0	–79	0
Long calls	480	689	66	44	–1	–1
Short puts	830	839	0	0	–122	–80
Caps, floors	1,256	1,301	8	6	–5	–6
Other interest rate forwards	0	0	0	0	0	0
Exchange-traded products						
Interest rate futures (Bund, Bobl, Schatz)	0	0	0	0	0	0
Interest rate options (Bund, Bobl, Schatz)	0	0	0	0	0	0
Subtotal	202,647	278,611	10,926	7,695	–11,319	–8,399
Currency risk						
OTC products						
Currency forwards/swaps	3,928	10,129	9	60	–10	–6
Cross-currency swaps	5,714	6,031	112	138	–254	–338
Currency options[1]	224	0	0	0	–2	0
Long calls	0	0	0	0	0	0
Short puts	0	0	0	0	0	0
Other currency forwards	0	0	0	0	0	0
Exchange-traded products						
Currency futures	0	0	0	0	0	0
Currency options	0	0	0	0	0	0
Subtotal	9,866	16,160	121	198	–266	–344
Equity and other price risk						
OTC products						
Equity forwards	0	0	0	0	0	0
Equity/index options	0	0	0	0	0	0
Long calls	0	0	0	0	0	0
Short puts	0	0	0	0	0	0
Other equity/index contracts	0	0	0	0	0	0
Exchange-traded products						
Equity/index futures	0	0	0	0	0	0
Equity/index options	182	46	1	2	0	0
Subtotal	182	46	1	2	0	0
Credit derivatives						
Calls	52	53	0	4	–1	0
Puts	0	90	0	0	0	–10
Subtotal	52	143	0	4	–1	–10
Total	212,747	294,960	11,048	7,899	–11,586	–8,753

[1] Including gold options, which are recognized under currency risk

Table 2	Derivatives – broken down by residual maturities							
Notional amounts	Interest rate risk		Currency risk[1]		Equity and other price risk		Credit derivatives	
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Remaining maturities								
less than 3 months	26,404	48,790	3,900	9,532	182	46	0	0
3 months to 1 year	23,342	51,880	2,277	2,362	0	0	10	45
1 year to 5 years	62,895	72,898	3,242	3,850	0	0	42	98
more than 5 years	90,006	105,043	448	416	0	0	0	0
Total	202,647	278,611	9,867	16,160	182	46	52	143

[1]Including gold options, which are recognized under currency risk

Table 3	Derivatives – broken down by counterparties					
	Notional amounts		Positive fair values		Negative fair values	
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Counterparties						
Banks in OECD countries	211,267	293,417	10,956	7,798	–11,584	–8,743
Other counterparties	1,480	1,543	92	101	–2	–10
Total	212,747	294,960	11,048	7,899	–11,586	–8,753

Table 4	Derivatives – held for trading					
	Notional amounts		Positive fair values		Negative fair values	
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Interest rate contracts	130,003	216,917	7,781	5,433	–7,945	–5,547
Currency contracts	187	8,182	0	29	0	–4
Equity contracts	0	0	0	0	0	0
Credit derivate contracts	0	0	0	0	0	0
Total	130,190	225,099	7,781	5,462	–7,945	–5,551

VIII. Cover for bonds outstanding

- Register A and B: issues under the *Gesetz über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich-rechtlicher Kreditanstalten* (ÖPG – German Act on *Pfandbriefe* and Related Debt Instruments Issued by Public-Sector Credit Institutions), superseded by the *Pfandbriefgesetz* (PfandBG – German *Pfandbrief* Act)

- Register C: issues under the *Gesetz über die Umwandlung der Deutschen Siedlungs- und Landesrentenbank in eine Aktiengesellschaft* (DSLBUmwG – German Act on the Reorganization of *Deutsche Siedlungs- und Landesrentenbank* as a Stock Corporation)

- Register D and E: issues under the PfandBG.

	Cover assets	*Pfandbriefe* outstanding	Excess cover
	Dec. 31, 2012 €m	Dec. 31, 2012 €m	Dec. 31, 2012 €m
Mortgage *Pfandbriefe* Register A			
Principal amount	20	1	19
Present value	22	1	21
Public-sector *Pfandbriefe* Register B			
Principal amount	760	526	234
Present value	835	570	265
Bonds Register C (mixed cover)			
Principal amount	15,539	12,799	2,740
Present value	17,386	15,850	1,536
Mortgage *Pfandbriefe* Register D			
Principal amount	8,778	7,263	1,515
Present value	10,559	8,355	2,204
Public-sector *Pfandbriefe* Register E			
Principal amount	2,346	1,740	606
Present value	2,528	1,874	654

	Cover assets	*Pfandbriefe* outstanding	Excess cover
	Dec. 31, 2011 €m	Dec. 31, 2011 €m	Dec. 31, 2011 €m
Mortgage *Pfandbriefe* Register A			
Principal amount	25	6	19
Present value	28	6	22
Public-sector *Pfandbriefe* Register B			
Principal amount	728	572	156
Present value	786	628	158
Bonds Register C (mixed cover)			
Principal amount	15,342	13,475	1,867
Present value	16,993	15,869	1,124
Mortgage *Pfandbriefe* Register D			
Principal amount	8,355	7,159	1,196
Present value	9,810	8,022	1,788
Public-sector *Pfandbriefe* Register E			
Principal amount	2,776	1,898	878
Present value	2,968	2,020	948

IX. Disclosures in accordance with section 28 of the *Pfandbriefgesetz* (PfandBG – German *Pfandbrief* Act) Section 28(1) no. 1 to no. 3 of the PfandBG

Mortgage *Pfandbrief* issues outstanding and associated cover assets:

	Nominal amount	Nominal amount	Present value	Present value	Present value of risk[1]	Present value of risk[1]
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Cover assets[2]	8,777.9	8,355.5	10,558.8	9,810.2	9,984.3	9,203.9
of which derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Mortgage *Pfandbriefe*	7,263.5	7,158.5	8,355.4	8,021.7	7,964.9	7,606.6
Excess cover in %	20.9	16.7	26.4	22.3	25.4	21.0

[1] Dynamic method

[2] Including additional cover assets in accordance with section 19(1) of the PfandBG

Public-sector *Pfandbrief* issues outstanding and associated cover assets:

	Nominal amount	Nominal amount	Present value	Present value	Present value of risk[1]	Present value of risk[1]
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Cover assets[2]	2,345.9	2,776.4	2,527.6	2,968.1	2,469.9	2,868.2
of which derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Public-sector *Pfandbriefe*	1,740.0	1,898.0	1,874.0	2,020.4	1,827.3	1,958.3
Excess cover in %	34.8	46.3	34.9	46.9	35.2	46.5

[1] Dynamic method

[2] Including additional cover assets in accordance with section 20(2) of the PfandBG

Maturity structure of mortgage *Pfandbrief* issues outstanding as well as fixed-interest periods of the relevant cover assets:

	Cover assets[1]	Cover assets[1]	Mortgage *Pfandbriefe*	Mortgage *Pfandbriefe*
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
less than 1 year	432.3	449.7	1,500.0	0,0
from 1 to 2 years	678.0	496.6	1,010.0	1,500.0
from 2 to 3 years	626.7	667.4	1,000.0	1,010.0
from 3 to 4 years	671.0	480.9	40.0	1,000.0
from 4 to 5 years	935.5	350.4	0.0	40.0
from 5 to 10 years	3,801.2	3,700.7	2,536.0	2,476.0
more than 10 years	1,633.2	2,209.8	1,177.5	1,132.5
Total	8,777.9	8,355.5	7,263.5	7,158.5

[1] Including additional cover assets in accordance with section 19(1) of the PfandBG, by fixed-interest period or remaining maturity in the case of *Pfandbrief* issues.

Maturity structure of public-sector *Pfandbrief* issues outstanding as well as fixed-interest periods of the relevant cover assets:

	Cover assets[1] Dec. 31, 2012 €m	Cover assets[1] Dec. 31, 2011 €m	Public-sector *Pfandbriefe* Dec. 31, 2012 €m	Public-sector *Pfandbriefe* Dec. 31, 2011 €m
less than 1 year	478.5	267.1	25.0	158.0
from 1 to 2 years	570.2	269.9	1,500.0	25.0
from 2 to 3 years	328.3	630.6	0.0	1,500.0
from 3 to 4 years	153.0	310.4	10.0	0.0
from 4 to 5 years	614.6	363.7	0.0	10.0
from 5 to 10 years	198.9	825.7	95.0	95.0
more than 10 years	2.4	109.0	110.0	110.0
Total	2,345.9	2,776.4	1,740.0	1,898.0

[1] Including additional cover assets in accordance with section 20(2) of the PfandBG, by fixed-interest period or remaining maturity in the case of *Pfandbrief* issues.

Section 28(1) no. 4 of the PfandBG
Total receivables used to cover mortgage *Pfandbrief* issues (nominal amount):

	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Total percentage of mortgage *Pfandbrief* issues outstanding
Percentage of substitute cover (section 19(1) no. 3 PfandBG)	1,226.9	87.5	16.9 %
of which cover in acc. with section 19(1) no. 2 PfandBG	641.0	87.5	8.8 %

Section 28(1) no. 4 of the PfandBG
Total receivables used to cover public-sector *Pfandbrief* issues (nominal amount):

	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Total percentage of mortgage *Pfandbrief* issues outstanding
Substitute cover in acc. with section 20(2) no. 2 PfandBG	0.0	0.0	0.0 %

Section 28(2) no. 1a of the PfandBG
Receivables used to cover mortgage *Pfandbrief* issues, by size category:

	Mortgage cover assets Dec. 31, 2012 €m	Mortgage cover assets Dec. 31, 2011 €m
up and including €300,000	7,080.2	7,864.6
€300,000 to € 5 million	80.9	103.4
more than € 5 million	0.0	0.0
Total	7,161.1	7,968.0

Section 28(2) no. 1b and c of the PfandBG
Receivables used to cover mortgage *Pfandbrief* issues, by region in which the mortgaged properties are located and their type of use:

Mortgage cover assets	Residential properties	Residential properties	Commercial properties	Commercial properties
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Total	7,161.1	7,967.0	0.0	1.0

Mortgage cover assets	Residential properties	Residential properties	Commercial properties	Commercial properties
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Germany				
Apartments	1,319.2	2,214.3	0.0	0.0
Single-family houses	5,305.6	5,167.7	0.0	0.0
Multi-family houses	536.3	585.0	0.0	0.0
Office buildings	0.0	0.0	0.0	0.0
Trade buildings	0.0	0.0	0.0	0.0
Industrial buildings	0.0	0.0	0.0	0.0
Other commercial buildings	0.0	0.0	0.0	0.1
Buildings under construction	0.0	0.0	0.0	0.0
Construction sites	0.0	0.0	0.0	0.9
Total	7,161.1	7,967.0	0.0	1.0

Section 28(2) no. 2 of the PfandBG
Total amount of payment arrears on mortgage receivables, overdue at least 90 days:

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Germany	0.0	0.0
Total	0.0	0.0

Section 28(2) no. 3a, b, and c of the PfandBG
Receivables used to cover mortgage *Pfandbrief* issues, by number of foreclosures and compulsory administration proceedings and foreclosed property acquisitions, as well as the total amount of late interest owed by mortgagees:

Mortgage cover assets				
	Residential properties		Commercial properties	
	Dec. 31, 2012 Number	Dec. 31, 2011 Number	Dec. 31, 2012 Number	Dec. 31, 2011 Number
Number of foreclosures pending at the balance sheet date	0	0	0	0
Number of compulsory administration proceedings pending at the balance sheet date	0	0	0	0
Number of compulsory administration proceedings including foreclosures pending at the balance sheet date	0	0	0	0
Number of foreclosures carried out during the fiscal year	0	0	0	0
Number of properties taken over during the fiscal year to prevent losses	0	0	0	0
	Dec. 31, 2012 €m	Dec. 31, 2011 €m	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Total amount of outstanding interest	**0.0**	**0.0**	**0.0**	**0.0**

Section 28(3) no. 1 of the PfandBG

Receivables used to cover public-sector *Pfandbrief* issues, by type of debtor/guaranteeing unit and its registered office (country):

Public-sector cover assets	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Germany		
State	0.0	0.0
Regional authorities	717.0	745.0
Local authorities	0.0	0.0
Other debtors	1,110.6	1,786.4
Total Germany	1,827.6	2,531.4
Belgium		
State	250.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other debtors	0.0	0.0
Total Belgium	250.0	0.0
EU institutions		
State	0.0	95.0
Regional authorities	0.0	0.0
Local authorities	43.3	0.0
Other debtors	45.0	100.0
Total EU institutions	88.3	195.0
France and Monaco		
State	0.0	50.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other debtors	0.0	0.0
Total France and Monaco	0.0	50.0
Italy		
State	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other debtors	0.0	0.0
Total Italy	0.0	0.0
Luxembourg		
State	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other debtors	155.0	0.0
Total Luxembourg	155.0	0.0
Netherlands		
State	0.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other debtors	0.0	0.0
Total Netherlands	0.0	0.0
Austria		
State	25.0	0.0
Regional authorities	0.0	0.0
Local authorities	0.0	0.0
Other debtors	0.0	0.0
Total Austria	25.0	0.0
Total	**2,345.9**	**2,776.4**

Section 28(3) no. 2 of the PfandBG

Total amount of payment arrears on public-sector receivables, overdue at least 90 days:

	Dec. 31, 2012 €m	Dec. 31, 2011 €m
Germany	0.0	0.1
Belgium	0.0	0.0
EU institutions	0.0	0.0
France including Monaco	0.0	0.0
Italy	0.0	0.0
Luxembourg	0.0	0.0
Netherlands	0.0	0.0
Austria	0.0	0.0
Total	**0.0**	**0.1**

X. Other disclosures

In accordance with section 2(4) of the *Postumwandlungsgesetz* (PostUmwG – German Postal Service Transformation Act), the German federal government guarantees settlement of all liabilities existing at the time of Deutsche Postbank AG's registration in the commercial register.

The government guarantee for savings deposits expired five years after the date of the entry in the commercial register.

Postbank is a member of the deposit protection fund of the Bundesverband deutscher Banken e.V. and the Entschädigungseinrichtung deutscher Banken GmbH investor compensation scheme.

XI. Declaration of compliance

On December 20, 2012, the Management Board and the Supervisory Board of Postbank together published the declaration of compliance with the German Corporate Governance Code for fiscal year 2012 required by section 161 of the AktG. The full wording of the declaration of compliance can be accessed on the Internet on our homepage at www.postbank.com.

D. MEMBERS OF EXECUTIVE BODIES

Management Board

The members of the Management Board of Deutsche Postbank AG are:	
Frank Strauss, Bad Nauheim (Chairman since July 1, 2012)	
Stefan Jütte, Bonn (Chairman until June 30, 2012)	until June 30, 2012
Mario Daberkow, Bonn	until December 31, 2012
Marc Hess, Bonn	
Horst Küpker, Bad Honnef	until December 31, 2012
Michael Meyer, Bonn	until December 31, 2012
Hans-Peter Schmid, Baldham	
Ralf Stemmer, Königswinter	
Hanns-Peter Storr, Bonn	

Offices held by members of the Management Board of Deutsche Postbank AG as of December 31, 2012 on supervisory boards or other supervisory bodies:

Frank Strauss	Chairman of the Management Board since July 1, 2012
Function	**Company**
Chairman of the Supervisory Board (since January 1, 2013) Member of the Supervisory Board (until December 31, 2012)	BHW Holding AG, Hameln
Chairman of the Supervisory Board (since January 1, 2013) Member of the Supervisory Board (until December 31, 2012)	BHW Bausparkasse Aktiengesellschaft, Hameln
Member and Chairman of the Supervisory Board (both since April 17, 2012)	PB Firmenkunden AG, Bonn
Chairman of the Board of Directors (from July 1, 2012 to February 6, 2013) Member of the Board of Directors (until June 30, 2012)	PB Capital Corporation, Wilmington (Delaware, U.S.A.)
Chairman of the Board of Directors (from July 1, 2012 to February 6, 2013) Member of the Board of Directors (until June 30, 2012)	PB (USA) Holdings, Inc., Wilmington (Delaware, U.S.A.)
Member and Chairman of the Supervisory Board (both since July 1, 2012)	Postbank Filialvertrieb AG, Bonn
Chairman of the Supervisory Board	Postbank Finanzberatung AG, Hameln
Chairman of the Supervisory Board	Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main
Chairman of the Supervisory Board	norisbank GmbH, Berlin
Member of the Advisory Board (since May 1, 2012)	CORPUS SIREO Holding GmbH & Co. KG, Cologne

Stefan Jütte	Member and Chairman of the Management Board until June 30, 2012
Function	**Company**
Member and Chairman of the Supervisory Board (both since May 15, 2012)	IVG Immobilien AG, Bonn
Offices relinquished during the year	
Chairman of the Supervisory Board (until June 30, 2012)	Postbank Filialvertrieb AG, Bonn
Chairman of the Supervisory Board (until April 17, 2012)	PB Firmenkunden AG, Bonn
Chairman of the Board of Directors (until June 30, 2012)	PB Capital Corporation, Wilmington (Delaware, U.S.A.)
Chairman of the Board of Directors (until June 30, 2012)	PB (USA) Holdings, Inc., Wilmington (Delaware, U.S.A.)

Mario Daberkow	Member of the Management Board until December 31, 2012
Function	**Company**
Chairman of the Supervisory Board (until December 31, 2012)	Betriebs-Center für Banken AG, Frankfurt am Main
Chairman of the Supervisory Board (until December 31, 2012)	Postbank Systems AG, Bonn
Chairman of the Supervisory Board (from October 1, 2012 to December 31, 2012) Member of the Supervisory Board (since September 17, 2012)	BHW Kreditservice GmbH, Hameln
Chairman of the Advisory Board (until December 31, 2012)	Postbank Support GmbH, Cologne
Member and Chairman of the Advisory Board (both from August 14, 2012 to December 31, 2012)	VÖB-ZVD Processing GmbH, Frankfurt am Main
Deputy Chairman of the Advisory Board (until December 31, 2012)	Deutsche WertpapierService Bank AG, Frankfurt am Main
Deputy Chairman of the Board of Directors (until December 31, 2012)	Eurogiro A/S, Taastrup (Denmark)
Member of the Supervisory Board (until December 31, 2012)	BHW Bausparkasse Aktiengesellschaft, Hameln
Member of the Supervisory Board (until December 31, 2012)	BHW Holding AG, Hameln
Member of the Supervisory Board (until December 31, 2012)	Postbank Filialvertrieb AG, Bonn
Offices relinquished during the year, i.e. before December 31, 2012	
Chairman of the Advisory Board (until August 14, 2012)	VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn

Marc Hess	
Function	**Company**
Member of the Supervisory Board	BHW Bausparkasse Aktiengesellschaft, Hameln
Offices relinquished during the year	
Member of the Supervisory Board (until December 31, 2012)	BHW Holding AG, Hameln
Member of the Supervisory Board (until September 28, 2012)	Deutsche Postbank Financial Services GmbH, Frankfurt am Main
Member of the Supervisory Board (until December 31, 2012)	PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Bonn

Horst Küpker	Member of the Management Board until December 31, 2012
Function	**Company**
Chairman of the Supervisory Board (until December 31, 2012)	PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Bonn
Chairman of the Board of Directors (until December 31, 2012)	Deutsche Postbank International S.A., Luxembourg
Deputy Chairman of the Supervisory Board (until December 31, 2012)	PB Firmenkunden AG, Bonn
Member of the Board of Directors (until December 31, 2012)	PB Capital Corporation, Wilmington (Delaware, U.S.A.)
Member of the Board of Directors (until December 31, 2012)	PB (USA) Holdings, Inc., Wilmington (Delaware, U.S.A.)
Offices relinquished during the year, i.e. before December 31, 2012	
Chairman of the Supervisory Board (until September 28, 2012)	Deutsche Postbank Financial Services GmbH, Frankfurt am Main
Chairman of the Board of Directors (until August 16, 2012)	Deutsche Postbank Vermögens-Management S.A., Luxembourg

Michael Meyer	Member of the Management Board until December 31, 2012
Function	**Company**
Chairman of the Supervisory Board (until December 31, 2012)	BHW Bausparkasse Aktiengesellschaft, Hameln
Chairman of the Supervisory Board (until December 31, 2012)	BHW Holding AG, Hameln
Chairman of the Supervisory Board (until December 31, 2012)	Postbank Direkt GmbH, Bonn
Deputy Chairman of the Supervisory Board (until December 31, 2012)	PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Bonn
Deputy Chairman of the Supervisory Board (until December 31, 2012)	Postbank Akademie und Service GmbH, Hameln
Deputy Chairman of the Supervisory Board (until December 31, 2012)	Postbank Finanzberatung AG, Hameln
Deputy Chairman of the Board of Directors (until December 31, 2012)	Deutsche Postbank International S.A., Luxembourg
Member and Deputy Chairman of the Advisory Board (both from August 14, 2012 to December 31, 2012)	VÖB-ZVD Processing GmbH, Frankfurt am Main
Member of the Supervisory Board (from March 28, 2012 until December 31, 2012)	Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main
Member of the Supervisory Board (until December 31, 2012)	Betriebs-Center für Banken AG, Frankfurt am Main
Member of the Supervisory Board (until December 31, 2012)	Postbank Filialvertrieb AG, Bonn
Member of the Supervisory Board (until December 31, 2012)	PB Lebensversicherung AG, Hilden
Member of the Supervisory Board (until December 31, 2012)	PB Versicherung AG, Hilden
Member of the Board of Directors (until December 31, 2012)	VISA Deutschland e.V., Frankfurt am Main
Member of the Advisory Board (until December 31, 2012)	Talanx Deutschland Bancassurance, Hilden
Member of the Advisory Board (until December 31, 2012)	Verband der Sparda-Banken e.V., Frankfurt am Main
Member of the Economic Advisory Board (until December 31, 2012)	HUK-Coburg Versicherungsgruppe, Coburg
Offices relinquished during the year, i.e. before December 31, 2012	
Deputy Chairman of the Supervisory Board (until September 28, 2012)	Deutsche Postbank Financial Services GmbH, Frankfurt am Main
Deputy Chairman of the Board of Directors (until August 16, 2012)	Deutsche Postbank Vermögens-Management S.A., Luxembourg
Deputy Chairman of the Advisory Board (until August 14, 2012)	VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn

Hans-Peter Schmid	
Function	**Company**
Chairman of the Supervisory Board	Bayerische Börse AG, Munich
Deputy Chairman of the Supervisory Board (since January 2, 2013) Member of the Supervisory Board (until January 1, 2013)	Postbank Akademie und Service GmbH, Hameln
Member of the Advisory Board	Talanx Deutschland Bancassurance, Hilden
Offices relinquished during the year	
Member of the Supervisory Board (until August 30, 2012)	Postbank Finanzberatung AG, Hameln

Ralf Stemmer	
Function	**Company**
Chairman of the Supervisory Board	Postbank Akademie und Service GmbH, Hameln
Deputy Chairman of the Supervisory Board	Postbank Direkt GmbH, Bonn
Deputy Chairman of the Supervisory Board (since January 2, 2013) Member of the Supervisory Board (since January 1, 2013)	Postbank Finanzberatung AG, Hameln
Deputy Chairman of the Supervisory Board	Postbank Systems AG, Bonn
Deputy Chairman of the Supervisory Board	PB Pensionsfonds AG, Hilden
Member of the Supervisory Board	Betriebs-Center für Banken AG, Frankfurt am Main
Member of the Supervisory Board	BHW Bausparkasse Aktiengesellschaft, Hameln
Member of the Supervisory Board	BHW Holding AG, Hameln
Member of the Supervisory Board	PB Firmenkunden AG, Bonn
Member of the Supervisory Board	Postbank Filialvertrieb AG, Bonn
Member of the Administrative Board	Bundesanstalt für Post und Telekommunikation Deutsche Bundespost, Bonn
Member of the Board of Directors (since January 1, 2013)	Deutsche Postbank International S.A., Luxembourg
Offices relinquished during the year	
Deputy Chairman of the Advisory Board (until December 31, 2012)	Postbank Support GmbH, Cologne

Hanns-Peter Storr	
Function	**Company**
Member of the Supervisory Board (since January 1, 2013)	BHW Bausparkasse Aktiengesellschaft, Hameln
Member of the Supervisory Board (since January 1, 2013)	BHW Holding AG, Hameln
Member of the Supervisory Board	norisbank GmbH, Berlin

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

1. Shareholder representatives	
Rainer Neske Member of the Management Board of Deutsche Bank AG, Bad Soden (Chairman)	
Hugo Bänziger Member of the Management Board of Deutsche Bank AG, London (until May 31, 2012)	until April 30, 2012
Wilfried Boysen businessman, Hamburg	
Edgar Ernst President of the Financial Reporting Enforcement Panel, DPR e.V., Bonn	
Stefanie Heberling Deutsche Bank Privat- und Geschäftskunden AG, Director, Private Clients, German Regions ExCo West, Wuppertal	
Tessen von Heydebreck previously Member of the Management Board of Deutsche Bank AG and current Chairman of the Board of Deutsche Bank Foundation, Berlin	
Peter Hoch Munich	
Ralf Krüger management consultant, Kronberg	until June 5, 2012
Christian Ricken Member of the Group Executive Committee, Chief Operating Officer PBC, Deutsche Bank AG, Bad Homburg v. d. Höhe	since June 5, 2012
Lawrence A. Rosen Member of the Board of Management of Deutsche Post AG, Bonn	
Christian Sewing Chief Credit Officer, Deutsche Bank Group, Osnabrück	since May 9, 2012
Werner Steinmüller Member of the Group Executive Committee, Head of Global Transaction Banking, Deutsche Bank AG, Dreieich	

2. Employee representatives	
Frank Bsirske, Chairman of the ver.di Trade Union, Berlin (Deputy Chairman)	
Wilfried Anhäuser Member of the Postbank Filialvertrieb AG's Works Council, Kerpen (until December 11, 2012)	until June 5, 2012
Marietta Auer Head of Department, Deutsche Postbank AG, Head Office, Unterhaching (until June 30, 2012)	until June 5, 2012
Rolf Bauermeister Head of National Postal Services Group, at ver.di Trade Union (national administration), Berlin	
Susanne Bleidt Member of the Postbank Filialvertrieb AG's General Works Council, Bell	since June 5, 2012
Annette Harms Deputy Chair of Deutsche Postbank AG's Works Council, Hamburg	until June 5, 2012
Timo Heider Chairman of the General Works Councils of BHW Bausparkasse Aktiengesellschaft and Postbank Finanzberatung AG, Hameln	
Elmar Kallfelz Chairman of Deutsche Post AG's European Works Council, Wachtberg	until June 5, 2012
Hans-Jürgen Kummetat Civil servant, Cologne	since June 5, 2012
Bernd Rose Member of Postbank Filialvertrieb AG/ Postbank Filial GmbH's General Works Council, Menden (Sauerland)	since June 5, 2012
Eric Stadler Chairman of Betriebs-Center für Banken AG's Works Council, Markt Schwaben	
Gerd Tausendfreund Trade union secretary of the ver.di Trade Union, Nidderau	
Renate Treis Deputy Chair of Deutsche Postbank AG's General Works Council, Brühl	
Wolfgang Zimny, Banking lawyer, Head of Department, Deutsche Postbank AG, Head Office, Bornheim	since June 5, 2012

Offices held by members of the Supervisory Board of Deutsche Postbank AG as of December 31, 2012 on supervisory boards or other supervisory bodies:

Shareholder representatives

Rainer Neske	Chairman of the Supervisory Board
Function	Company
Chairman of the Supervisory Board	Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt am Main

Hugo Bänziger	Member of the Supervisory Board until April 30, 2012
Function	Company
Chairman of the Supervisory Board (until March 31, 2012)	DWS Investment GmbH, Frankfurt am Main
Chairman of the Board of Directors (until March 31, 2012)	Deutsche Bank Luxembourg S.A., Luxembourg
Member of the Supervisory Board (until September 1, 2012)	EUREX Clearing AG, Frankfurt am Main
Member of the Supervisory Board (until September 1, 2012)	EUREX Frankfurt AG, Frankfurt am Main
Member of the Board of Directors (until September 1, 2012)	EUREX Zürich AG, Zurich
Member of the Board of Directors (until March 31, 2012)	Deutsche Bank Trust Company Americas, New York
Member of the Board of Directors (until March 31, 2012)	Deutsche Bank Trust Corporation, New York

Wilfried Boysen	
Function	Company
Chairman of the Supervisory Board	Hanse Marine-Versicherung AG, Hamburg
Member of the Supervisory Board	ASKLEPIOS Kliniken Hamburg GmbH, Hamburg

Edgar Ernst	
Function	Company
Member of the Supervisory Board	Gildemeister AG, Bielefeld
Member of the Supervisory Board	Österreichische Post AG, Vienna
Member of the Supervisory Board	TUI AG, Berlin and Hanover
Member of the Supervisory Board (since January 23, 2012)	Wincor Nixdorf AG, Paderborn

Tessen von Heydebreck	
Function	Company
Member of the Supervisory Board	Dussmann Verwaltungs AG, Frankfurt am Main
Member of the Supervisory Board	Vattenfall Europe AG, Berlin

Peter Hoch	
Function	Company
Member of the Supervisory Board	BHW Holding AG, Hameln
Member of the Supervisory Board	BHW Bausparkasse Aktiengesellschaft, Hameln

Ralf Krüger	Member of the Supervisory Board until June 5, 2012
Function	Company
Chairman of the Supervisory Board	DIAMOS AG, Sulzbach
Member of the Supervisory Board	VERIANOS AG, Frankfurt am Main
Member of the Advisory Board	CORPUS SIREO Holding GmbH & Co. KG, Cologne

Christian Ricken	Member of the Supervisory Board since June 5, 2012
Function	Company
Deputy Chairman of the Supervisory Board	norisbank GmbH, Berlin
Member of the Supervisory Board	Deutsche Bank PBC SA, Warsaw
Member of the Supervisory Board (since October 1, 2012)	Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt am Main
Member of the Board of Directors	HuaXia Bank Co., Ltd., Beijing

Christian Sewing	Member of the Supervisory Board since May 9, 2012
Function	Company
Deputy Chairman of the Management Board	Frankfurter Institut für Risikomanagement und Regulierung (FIRM), Frankfurt am Main
Member of the Supervisory Board	BHF-BANK Aktiengesellschaft, Frankfurt am Main

Werner Steinmüller	
Function	Company
Chairman of the Supervisory Board	Deutsche Bank Nederland N.V., Amsterdam
Member of the Board of Directors	Deutsche Bank Luxembourg S.A., Luxembourg
Member of the Advisory Council	True Sale International GmbH, Frankfurt am Main

Employee representatives

Frank Bsirske	Deputy Chairman of the Supervisory Board
Function	**Company**
Deputy Chairman of the Supervisory Board	Deutsche Lufthansa AG, Cologne
Deputy Chairman of the Supervisory Board	RWE AG, Essen
Member of the Supervisory Board	IBM Central Holding GmbH, Ehningen
Member of the Board of Supervisory Directors	Kreditanstalt für Wiederaufbau, Frankfurt am Main

Wilfried Anhäuser	Member of the Supervisory Board until June 5, 2012
Function	**Company**
Member of the Supervisory Board (until December 11, 2012)	Postbank Filialvertrieb AG, Bonn

Rolf Bauermeister	
Function	**Company**
Member of the Supervisory Board	Deutsche Post AG, Bonn

Susanne Bleidt	Member of the Supervisory Board since June 5, 2012
Function	**Company**
Member of the Supervisory Board	Postbank Filialvertrieb AG, Bonn
Member of the General Assembly of Members	Erholungswerk Post, Postbank, Telekom e.V., Stuttgart

Timo Heider	
Function	**Company**
Deputy Chairman of the Supervisory Board	BHW Bausparkasse Aktiengesellschaft, Hameln
Deputy Chairman of the Supervisory Board (since February 14, 2012)	BHW Holding AG, Hameln
Deputy Chairman of the Supervisory Board	Pension fund of BHW Bausparkasse VVaG, Hameln

Bernd Rose	Member of the Supervisory Board since June 5, 2012
Function	**Company**
Deputy Chairman of the Supervisory Board	ver.di Vermögensverwaltungsgesellschaft mbH, Berlin
Member of the Supervisory Board	Postbank Filialvertrieb AG, Bonn

Gerd Tausendfreund	
Function	**Company**
Member of the Supervisory Board (until June 8, 2012)	BHW Bausparkasse Aktiengesellschaft, Hameln
Member of the Supervisory Board	Betriebs-Center für Banken AG, Frankfurt am Main

Renate Treis	
Function	**Company**
Member of the General Assembly of Members	Erholungswerk Post, Postbank, Telekom e.V., Stuttgart

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Deutsche Postbank AG, and the management report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Bonn, February 19, 2013
Deutsche Postbank Aktiengesellschaft

The Management Board

Frank Strauss

Marc Hess | Hans-Peter Schmid

Ralf Stemmer | Hanns-Peter Storr

AUDITORS' REPORT

Auditors' Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Deutsche Postbank AG, Bonn, for the business year from January 1 to December 31, 2012. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit 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 audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, February 20, 2013

PricewaterhouseCoopers
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Ralf Schmitz	Christoph Theobald
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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This 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 Deutsche Postbank AG. 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.

Readers of this Report are expressly cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. Deutsche Postbank AG does not intend and does not undertake any obligation to revise these forward-looking statements.

The English version of the Report constitutes a translation of the original German version. Only the German version is legally binding.