



€ 500,000,000 Dated Upper Tier 2 Securities

issued by

**ProSecure Funding Limited Partnership**

(a limited partnership established under the laws of Jersey on 16 March 2006)  
with the payment of coupons and principal conditional upon receipt of profit distributions and repayment from  
cumulative profit participation securities (*Genusscheine*) issued by

**Deutsche Postbank AG**  
Bonn

incorporated as a stock corporation (*Aktiengesellschaft*) under German law

The issue price of the € 500,000,000 Dated Upper Tier 2 Securities in the denomination of € 1,000 each (the **Securities**) issued by ProSecure Funding Limited Partnership (the **Issuer**) is 100 per cent. of their nominal amount.

Interest on the nominal amount of the Securities will accrue from (and including) 31 March 2006 (the **Issue Date**) until 30 June 2016 for each Coupon Period (as defined below) at a rate of 4.668 per cent. *per annum* and will be payable annually in arrear on each Due Date (as defined herein), commencing on 30 June 2007. **Coupon Periods** run from (and including) 30 June of each year to (but excluding) 30 June of the following year, except for the first Coupon Period, which runs from (and including) the Issue Date to (but excluding) 30 June 2007. Payments of interest (each such payment a **Coupon Payment**) may be delayed and are contingent on the Issuer's actual receipt of funds under the Cumulative Profit Participation Securities, under the Loan Agreement and under the Indemnity Agreement (each as defined herein) as described in "Terms and Conditions of the Securities".

The Issuer will use the proceeds of the issue of the Securities exclusively to acquire profit participation securities (*Genusscheine*) issued on the Issue Date by Deutsche Postbank AG (**Postbank** or the **Bank**) in the aggregate nominal amount of € 500,000,000 (the **Cumulative Profit Participation Securities**). The Issuer expects to fund Coupon Payments on the Securities with profit distribution payments received under the Cumulative Profit Participation Securities and funds received from Postbank under a loan agreement (the **Loan Agreement**). Pursuant to a fiduciary assignment and transfer agreement to be dated 31 March 2006 (the **Fiduciary Assignment Agreement**) between the Issuer, the Issuer's partners, Postbank, the Lender and Deutsche Bank Luxembourg S. A., acting as a security trustee for the benefit of the holders of the Securities (**Security Trustee**), the Issuer will assign and transfer to the Security Trustee its ownership interest in the global certificate representing the Cumulative Profit Participation Securities and will assign all of its claims against the Lender under the Loan Agreement and all of its claims against Postbank for indemnification in respect of withholding tax under the laws of Jersey, if any, to the Security Trustee for the benefit of the holders of the Securities (the **Securityholders**).

The Securities are scheduled to be redeemed at their redemption amount (as set out herein) on 30 June 2016. Redemption may be delayed and is contingent on the Issuer's actual receipt of funds under the Cumulative Profit Participation Securities. The Securities may be redeemed earlier if the Cumulative Profit Participation Securities are redeemed prior to their scheduled maturity and at the option of the Issuer under certain tax-related conditions.

Investing in the Securities involves certain risks. Please review carefully the section entitled "Risk Factors" beginning on page 22 of this Prospectus.

The Bank expects that, upon issuance, the Securities will be assigned a rating of A3 by Moody's Investors Service, Inc. (**Moody's**), a rating of BBB+ by Standard and Poor's (a division of The McGraw-Hill Companies, Inc.) (**S&P**) and a rating of A- by Fitch Ratings Ltd. (**Fitch**). A rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency.

The Securities will initially be represented by a temporary global security in bearer form without coupons which will be deposited on or about the Issue Date with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear system (**Euroclear**), and Clearstream Banking, société anonyme (**Clearstream Luxembourg**), where the Securities have been accepted for clearance. The Securities will be transferable in Euroclear and Clearstream exclusively in aggregate denominations of € 50,000 or greater.

Application has been made to the Irish Financial Services Regulatory Authority (**IFSRA**), as competent authority under Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the **Prospectus Directive**), for this Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Securities to be admitted to the Official List and trading on its regulated market. There can be no assurance that listing on the Irish Stock Exchange with respect to the Securities will be granted. The Issuer will request IFSRA to provide the competent authorities in Austria, Germany, the Grand-Duchy of Luxembourg, The Netherlands and the United Kingdom with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus (Directive 2003/71/EC) Regulations 2005 which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the **Prospectus Directive**) into Irish law. Prior to the issuance of the certificate of approval to the said competent authorities and publication of the Prospectus where such publication is required, no public offer of the Securities will be permissible in Austria, Germany, the Grand-Duchy of Luxembourg, The Netherlands and the United Kingdom (see "Subscription and Sale – Selling Restrictions").

*Joint Lead Managers*

**Credit Suisse**

**Deutsche Bank**

**Morgan Stanley**

*Co-Managers*

**Dresdner Kleinwort  
Wasserstein**

**JP Morgan**

**Lehman Brothers**

**Société Générale  
Corporate & Investment  
Banking**

The date of this Prospectus is 29 March 2006. This Prospectus constitutes a prospectus pursuant to, and is in compliance with the requirements of, the Prospectus Directive.

## Responsibility Statement

The Bank accepts responsibility for the information contained in this Prospectus (the *Prospectus*) and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import. The Issuer accepts responsibility for the information in this Prospectus about itself and the description of the Transaction (as defined in "Summary") and to the best of its knowledge the information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer does not accept responsibility for any other information contained in this Prospectus.

## Notice

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Bank or by or on behalf of Deutsche Bank Aktiengesellschaft, Morgan Stanley & Co. International Limited, Credit Suisse Securities (Europe) Limited, Dresdner Bank AG London Branch, Lehman Brothers International (Europe), JP Morgan Securities Ltd. or Société Générale (each, a *Manager*, and collectively, the *Managers*). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Bank or any of their respective affiliates since the date of this Prospectus, or that the information herein is correct at any time since its date.

An investment in the Securities is suitable only for financially sophisticated investors who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments.

Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their residence and domicile for the acquisition, holding or disposal of Securities and any foreign exchange restrictions that might be relevant to them. This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the partners of the Issuer, the Bank or the Managers to subscribe for or to purchase any of the Securities.

Prospective investors should satisfy themselves that they understand all of the risks associated with making investments in the Securities. If a prospective investor is in any doubt whatsoever as to the risks involved in investing in the Securities, he should consult professional advisers.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the partners of the Issuer, the Bank or the Managers that any recipient of this Prospectus should purchase any of the Securities. Each investor contemplating purchasing Securities should make his own independent investigation of the financial condition and affairs, and his own appraisal of the creditworthiness, of the Issuer and the Bank.

None of the Issuer, Postbank or the Managers has taken any action that would permit a public offering of the Securities or distribution of this document in any jurisdiction where action would be required for such a purpose. No public offer of the Securities may be made in Austria, Germany, the Grand-Duchy of Luxembourg, The Netherlands or the United Kingdom prior to the issuance of a certificate of approval by the IFSRA to the competent authorities of such countries and publication of the Prospectus in such jurisdictions where such publication is required. The offer, sale and delivery of the Securities and the distribution of this Prospectus in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Bank and the Managers to inform themselves about and to observe any such restrictions. In particular, the Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*). Subject to certain limited exceptions, the Securities may not be offered, sold or delivered within the United States or to U.S. persons.

The Jersey Financial Services Commission (the **Commission**) has given and has not withdrawn its consent under Article 10 of the Control of Borrowing (Jersey) Order 1958 to the creation by the Issuer of the limited partnership interests in the Issuer. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that Law.

Nothing in this Prospectus or anything communicated to holders of, or investors in, the Securities (or any such potential security holders or investors) is intended to constitute, or should be construed as, advice on the merits of the purchase of, or subscription for, the Securities or the exercise of any rights attached thereto for the purposes of the Financial Services (Jersey) Law 1998, as amended.

It should be noted that the Securities do not represent partnership interests in the Issuer.

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, DEUTSCHE BANK AG, LONDON BRANCH AS STABILISING MANAGER OR PERSONS ACTING ON ITS BEHALF MAY OVER-ALLOT SECURITIES (PROVIDED THAT IN THE CASE OF THE SECURITIES TO BE ADMITTED TO TRADING ON THE IRISH STOCK EXCHANGE THE AGGREGATE NOMINAL AMOUNT OF THE SECURITIES ALLOTTED DOES NOT EXCEED 105% OF THE AGGREGATE NOMINAL AMOUNT OF THE SECURITIES) OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT DEUTSCHE BANK AG, LONDON BRANCH AS STABILISING MANAGER (OR ANY PERSON ACTING ON ITS BEHALF) WILL UNDERTAKE ANY STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE SECURITIES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE OF THE RECEIPT OF THE PROCEEDS OF THE ISSUE BY THE ISSUER AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES.

## TABLE OF CONTENTS

CLAUSE	PAGE
SUMMARY .....	5
GERMAN TRANSLATION OF THE SUMMARY .....	20
SELECTED FINANCIAL INFORMATION .....	35
RISK FACTORS .....	37
FORWARD-LOOKING STATEMENTS .....	44
PRESENTATION OF FINANCIAL INFORMATION .....	45
USE OF PROCEEDS .....	46
CAPITALISATION, REGULATORY CAPITAL, BALANCE SHEET PROFITS AND NET PROFITS .....	47
TERMS AND CONDITIONS OF THE SECURITIES .....	50
TERMS AND CONDITIONS OF THE CUMULATIVE PROFIT PARTICIPATION SECURITIES .....	64
TERMS AND CONDITIONS OF THE LOAN AGREEMENT .....	74
DESCRIPTION OF THE CONTRIBUTION AGREEMENT .....	81
DESCRIPTION OF THE FIDUCIARY ASSIGNMENT AGREEMENT .....	82
GENERAL INFORMATION ON THE ISSUER .....	83
POSTBANK .....	85
POSTBANK GROUP .....	87
REGULATION .....	96
TAXATION .....	102
SUBSCRIPTION AND SALE .....	105
GENERAL INFORMATION .....	108
INDEX OF FINANCIAL STATEMENTS OF POSTBANK .....	F-1
INDEX OF DEFINED TERMS .....	112

## SUMMARY

The following constitutes a summary (the **Summary**) of certain essential characteristics of the transaction underlying the issuance and offering of the Securities, the terms of the Securities, the terms of the Cumulative Profit Participation Securities and certain other material agreements. This Summary should be read as an introduction to this Prospectus. It does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Any decision by an investor to invest in the Securities should be based on consideration of this Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of such court, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled this Summary including any translation thereof, and applied for its notification, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

### Introductory Summary of the Transaction

*The following paragraphs contain a brief overview of the most significant features of the transaction consisting of the issuance of the Securities by the Issuer and payment of the proceeds therefrom to Postbank in consideration for the purchase from Postbank of the Cumulative Profit Participation Securities issued by Postbank (the **Transaction**).*

The Issuer proposes to issue the € 500,000,000 Dated Upper Tier 2 Securities. With the proceeds of the issue of the Securities, the Issuer will acquire the Cumulative Profit Participation Securities (*Kumulative Genussscheine*) issued by Postbank in the aggregate nominal amount of € 500,000,000. For this purpose, the Issuer will pay the purchase price for the Cumulative Profit Participation Securities of € 500,000,000 to Postbank in cash.

As holder of the Cumulative Profit Participation Securities, the Issuer will earn profit distributions (**Profit Distributions**) calculated annually on the basis of the nominal amount of the Cumulative Profit Participation Securities for each fiscal year of Postbank and payable annually in arrear (**Profit Distribution Payments**) on the later of (i) 30 June following the end of the fiscal year of Postbank to which the Profit Distribution relates or (ii) if on 29 June following the end of the relevant fiscal year the annual financial statements of Postbank have not been adopted, the Business Day (as defined below) following the adoption thereof (each such date, a **Due Date**). Profit Distributions will only accrue if and to the extent that there is a sufficient balance sheet profit (*Bilanzgewinn*) recorded on Postbank's audited annual unconsolidated balance sheet in accordance with German generally accepted accounting principles (**German GAAP**) for the relevant fiscal year (**Balance Sheet Profit**). Under German GAAP, the Balance Sheet Profit is derived from the net income for the year (*Jahresüberschuss*) adjusted for profits/losses carried over from the previous fiscal years as well as transfers from capital reserves (*Kapitalrücklage*) and transfers from and allocations to retained earnings (*Gewinnrücklagen*). Postbank will not be obliged to realise hidden reserves or to make withdrawals from on-balance sheet reserves in order to ensure a Balance Sheet Profit.

If the Balance Sheet Profits of Postbank do not suffice for the accrual of full Profit Distributions, Profit Distributions may accrue in part or no Profit Distributions may accrue at all for the relevant fiscal year of Postbank. Such unpaid Profit Distributions will constitute **Arrears of Profit Distributions**. Arrears of Profit Distributions will become payable on each following Due Date subject to sufficient Balance Sheet Profits having been recorded by Postbank for the fiscal year to which the Profit Distribution Payment payable on such Due Date relates so as to enable Postbank to pay both the Arrears of Profit Distributions and the Profit Distribution Payment falling due on such date. If such subsequent Balance Sheet Profits are insufficient, Postbank will first pay any Arrears of Profit Distributions before making any Profit Distribution Payments. Any obligation by Postbank to make Profit Distribution Payments and payments of Arrears of Profit Distributions will be extinguished to the extent that such payments have not been made by Postbank before or on the repayment date of the Cumulative Profit Participation Securities (the **Repayment Date**, which will be the later of (i) 30 June 2016 and (ii) if on 29 June 2016 the annual financial statements of Postbank for the fiscal year ended 31 December 2015 have not been adopted, the Business Day following the adoption thereof) as a result of insufficient Balance Sheet Profits.

In addition, the Issuer, as holder of the Cumulative Profit Participation Securities, shares in a Balance Sheet Deficit (as defined in the Terms and Conditions of the Cumulative Profit Participation Securities) of the Bank in the proportion which the book value of the Cumulative Profit Participation Securities bears in relation to the aggregate book value of all of Postbank's regulatory banking capital (*haftendes Eigenkapital*) sharing in a Balance Sheet Deficit. In such case, the book value of the Cumulative Profit Participation Securities will be reduced by the amount of its *pro rata* share in the relevant Balance Sheet Deficit (**Reduction**). After a Reduction, the book value of the Cumulative Profit Participation Securities will be replenished to the nominal amount of € 1,000 each in future fiscal years provided that such replenishment does not cause or increase a net loss of Postbank (*Jahresfehlbetrag*) in its audited annual unconsolidated financial statements for the relevant fiscal year. Profit Distributions will only be paid after a full replenishment of the Cumulative Profit Participation Securities' book value to € 1,000 each. If the book value of the Cumulative Profit Participation Securities at the Repayment Date is less than their nominal amount, redemption will be made on the Repayment Date at the lesser book value. The holders of the Cumulative Profit Participation Securities will be entitled to additional redemption payments up to an amount corresponding to the difference between the redemption payment made on the Repayment Date and the nominal amount of the Cumulative Profit Participation Securities if and to the extent the requirements for a replenishment of the book value of the Cumulative Profit Participation Securities up to the nominal amount of € 1,000 each are met in any fiscal year of the Bank ending on or before 31 December 2019. Such additional redemption payments will be made on the later of (i) 30 June following the end of the relevant fiscal year of Postbank to which the replenishment relates or (ii) if on 29 June following the end of the relevant fiscal year the annual financial statements of Postbank have not been adopted, the Business Day following the adoption thereof (each an **Additional Repayment Date**). However, any further claims for redemption of the Cumulative Profit Participation Securities will be extinguished with regard to any Reduction still existing at the end of the fiscal year of the Bank ending on 31 December 2019.

Postbank's payment obligations under the Cumulative Profit Participation Securities (i) are subordinated in liquidation and insolvency to the claims of all existing and future creditors of Postbank (but excluding the creditors referred to under (ii) and (iii) below), (ii) rank at least *pari passu* (by percentage of the amount payable) with all claims for the repayment of, and distributions on, all existing and future profit participation rights and profit participation securities (*Genussrechte* and *Genussscheine*) of Postbank in accordance with § 10(5) of the German Banking Act (**KWG**) and long term subordinated liabilities (*längerfristige nachrangige Verbindlichkeiten*) of Postbank in accordance with § 10(5a) KWG and (iii) rank senior to all claims for the repayment of, and distributions on, all existing and future silent participations (*Stille Beteiligungen*), all other instruments qualifying as tier 1 capital (*Kernkapital*) of the Bank (whether on a Bank or consolidated level), any guarantees and support undertakings in respect of such instruments and all claims of shareholders of Postbank in connection with their shares in the registered share capital of Postbank.

Profit Distribution Payments and replenishments of the book value of the Cumulative Profit Participation Securities after a Reduction are subject to German withholding tax (*Kapitalertragsteuer*) plus solidarity surcharge (*Solidaritätszuschlag*) (**German Withholding Tax**) to be withheld and transferred by Postbank to the German tax authorities. To the extent such Profit Distribution Payments and to the extent such replenishments are attributable to the Issuer's limited partner as taxable profit under German tax laws, such withholdings will be counted as a prepayment towards the German income tax owed by the Issuer's limited partner. The Issuer's limited partner expects that it will in such case be entitled to refund claims against the German tax authorities (**Tax Refund Claims**) in amounts by which the prepayments in the form of withholdings made by Postbank exceed its actual German income tax liability. The Issuer's limited partner has undertaken in a separate contribution agreement with the Issuer's general partner dated 29 March 2006 (the **Contribution Agreement**) to contribute to the Issuer amounts that it receives from the German tax authorities on account of its Tax Refund Claims as and when it receives such amounts (each such payment a **Contribution Payment**). As Tax Refund Claims only become due after the tax assessment for each fiscal year, the Issuer, on 29 March 2006, has entered into a loan agreement (the **Loan Agreement**) with Postbank (in that capacity, the **Lender**). Under the Loan Agreement, the Issuer is paid loan advances (each an **Advance**) in order to fund its obligations to pay interest on the Securities and to bear the German Withholding Tax relating to the replenishment of the book value of the Cumulative Profit Participation Securities after a Reduction. The Issuer expects to repay the Advances with the monies that it receives as Contribution Payments.

Payment of principal and interest on the Securities is conditional upon receipt by the Issuer of (i) Profit Distribution Payments and/or the redemption amount under the Cumulative Profit Participation Securities (the **Repayment Amount**) from Postbank, (ii) Advances from the Lender under the Loan Agreement and (iii) payments from Postbank under the Indemnity Agreement. Hence, payments under the Securities are linked to Profit Distribution Payments and payment of the Repayment Amount which, in turn, are each dependent on Postbank's financial performance. The Issuer's obligation to make Coupon Payments and redemption payments (**Redemption Payments**) under the Securities is, therefore, dependent on the financial condition and results of operations of Postbank.

Pursuant to the Fiduciary Assignment Agreement between the Issuer, the Issuer's partners, Postbank, the Lender and the Security Trustee, the Issuer will assign and transfer to the Security Trustee its ownership interest in the global certificate representing the Cumulative Profit Participation Securities and will assign all of its claims against the Lender under the Loan Agreement and all of its claims against Postbank for indemnity in respect of withholding tax under the laws of Jersey, if any, to the Security Trustee for the benefit of the Securityholders.

Postbank intends to treat the Cumulative Profit Participation Securities upon receipt of the proceeds as upper tier two capital for the purposes of determining its compliance with consolidated and unconsolidated regulatory capital requirements. For more information on the regulatory capital requirements applicable to Postbank and its consolidated subsidiaries, see "Regulation".

## **Summary in respect of Postbank**

Deutsche Postbank AG (**Postbank** or the **Bank** and, together with its subsidiaries, the **Postbank Group**) is a stock corporation under German law. It was granted a full banking license as of 1 January 1995, *i. e.*, Postbank is entitled to conduct banking transactions of all types. The registered office of Deutsche Postbank AG is located in Bonn, Federal Republic of Germany, and the group headquarters of Postbank Group are located at Friedrich-Ebert-Allee 114–126, 53113 Bonn, Federal Republic of Germany (Tel. +49-228-920-0). Deutsche Postbank AG is registered with the commercial register of the Local Court of Bonn (*Amtsgericht Bonn*) under HRB 6793.

With approximately 15.5 million active customers and approximately 4.6 million checking accounts, Postbank is the largest retail bank (single institution) in the Federal Republic of Germany (according to estimates of Postbank based on annual reports of other German banks). Postbank Group has organized its operations into the business segments Retail Banking, Corporate Banking, Financial Markets, Transaction Banking and Others. As of 1 January 2006, Postbank Group has taken over from Deutsche Post AG 850 retail outlets, the majority of which are Postbank Centers, for a purchase price of € 986 million. On 2 January 2006, Postbank acquired a 82.9 per cent. interest (137,581,212 shares, purchase price € 10 per share) in BHW Holding AG (**BHW**), the parent company of the BHW Group, and subsequently extended a mandatory tender offer to the remaining minority shareholders in BHW at a share price of € 15.05 per share. Upon settlement of the mandatory tender offer, Postbank held 98.43 per cent. in BHW.

## **Summary in respect of the Risk Factors**

### **Summary in respect of the Risks associated with Postbank's business**

Postbank is exposed to a number of risks, including in particular:

- Market risks (in particular, risks relating to the considerable liquidity surplus of Postbank Group and interest-rate related risks);
- Credit risks;
- Risks relating to the integration of BHW Group and the 850 retail outlets taken over from Deutsche Post AG;
- Risks that the financing of Postbank's pension benefits by the Federal Republic of Germany and the compensation paid by Postbank for the use of Deutsche Post AG's retail outlet network might be found to constitute prohibited state aid;
- Risks relating to the recognition of tax loss carryforwards; and
- General operational and business risks.

If any of these risks materializes, this may have material adverse effects on the financial condition and results of operations of Postbank.

### **Summary in respect of the Risks associated with the Securities**

An investment in the Securities involves certain risks associated with the characteristics of the Securities which could lead to substantial losses the Securityholders would have to bear in the event of having to sell their Securities or with regard to receiving interest payments and repayment of principal. Those risks include that:

- Interest payments on the Securities depend on Postbank's profits and will not accrue (i) if and to the extent such accrual would create or increase a Balance Sheet Deficit (*Bilanzverlust*) in Postbank's audited annual unconsolidated accounts in accordance with German GAAP or (ii) if the book value of the Cumulative Profit Participation Securities is below their nominal amount due to a loss sharing in the past. Arrears of interest resulting therefrom may be payable in subsequent years, however, any arrears of interest not payable on the Repayment Date will be extinguished.

- Repayment of principal of the Securities is dependent on the book value of the Cumulative Profit Participation Securities as reflected in Postbank's audited annual unconsolidated balance sheet relating to the fiscal years of Postbank immediately preceding (i) the Repayment Date and (ii) any Additional Repayment Date thereafter. In case the book value of the Cumulative Profit Participation Securities determined on all of these dates is lower than their nominal amount, the Securityholders will incur a corresponding loss on their investment.
- Any payment under the Securities is conditional upon the actual receipt by the Issuer of corresponding amounts from Postbank under the Cumulative Profit Participation Securities, the Indemnity Agreement (if applicable) and the Loan Agreement.
- The Securities may be subject to early termination prior to their scheduled maturity. In addition to any termination rights expressly stated in the terms and conditions of the Securities, the Cumulative Profit Participation Securities and the agreements relating to the issue of the Securities and the Cumulative Profit Participation Securities, there may be extraordinary termination rights under German law that cannot contractually be excluded.
- The Securities are (save for the security interest created for the benefit of the Securityholders pursuant to the Fiduciary Assignment Agreement) unsecured obligations of the Issuer.
- Claims under the Cumulative Profit Participation Securities are subordinated. In the event of the liquidation or insolvency of Postbank, claims of the Securityholders would be equal to the liquidation proceeds obtained by the Issuer for the Cumulative Profit Participation Securities which would rank junior to the claims of all unsubordinated creditors of Postbank.
- There is no restriction on the amount of debt that the Issuer or Postbank may incur.
- Prior to their issue, there has been no public market for the Securities and there can be no assurance that an active public market for the Securities will develop.

#### **Summary in respect of the Risks associated with the Issuer**

The Issuer is a special purpose entity and is not affiliated with Postbank. The Issuer will not have any assets other than the claims under the Cumulative Profit Participation Securities, the Loan Agreement, the Indemnity Agreement and the Contribution Agreement. There can be no assurance that the Issuer will receive sufficient funds to satisfy the Securityholders' payment claims under the Securities. In particular, the Fiduciary Assignment Agreement between the Issuer, the Issuer's partners, Postbank, the Lender and the Security Trustee does not assure the due payment of the above claims.

## Summary of the Offering

The following overview describes the most important elements of the offering and the Transaction. It is necessarily incomplete and investors are urged to read carefully the entire summary and the full text of the Prospectus for a more precise description of the offered Securities.

<b>Securities Offered</b>	€ 500,000,000 Dated Upper Tier 2 Securities; see (“– Summary of the Terms of the Securities”).
<b>Issuer</b>	ProSecure Funding Limited Partnership, a limited partnership established under the laws of Jersey on 16 March 2006.
<b>Partners in the Issuer</b>	The Issuer’s general partner (with a 0.1 per cent. interest in the Issuer’s equity) is ProSecure Funding Limited, a limited liability company incorporated under the laws of Jersey (the <b>Issuer General Partner</b> ). The sole shareholder of the Issuer General Partner is Mourant & Co. Trustees Limited as trustee of the ProSecure Funding Limited Charitable Trust. The Issuer’s limited partner (with a 99.9 per cent. interest in the Issuer’s equity) is ProSecure Funding GmbH, Düsseldorf, Germany, a limited liability company ( <i>Gesellschaft mit beschränkter Haftung</i> ) incorporated under the laws of Germany (the <b>Issuer Limited Partner</b> ). The sole shareholder of the Issuer Limited Partner is Mourant & Co. Trustees Limited as trustee of the ProSecure Funding GmbH Charitable Trust.
<b>Limited Purpose of Issuer</b>	Apart from purchasing and holding the Cumulative Profit Participation Securities (see “– Summary of the Cumulative Profit Participation Securities”), entering into other agreements ancillary to the Transaction and the issuance of the Securities, the Issuer General Partner has agreed with the Issuer Limited Partner that the Issuer General Partner will not create additional liabilities for the Issuer, other than those liabilities that are necessary to keep the Issuer’s business in operation. See “General Information on the Issuer”.
<b>The Bank</b>	Deutsche Postbank AG, Bonn, a bank incorporated as a stock corporation ( <i>Aktiengesellschaft</i> ) under German law.
<b>Cumulative Profit Participation Securities</b>	With the proceeds of the issue of the Securities, the Issuer will purchase the Cumulative Profit Participation Securities issued by Postbank in the aggregate nominal amount of € 500,000,000; see “– Summary of the Terms of the Cumulative Profit Participation Securities”.
<b>Contribution Agreement</b>	In the Contribution Agreement, entered into between the Issuer Limited Partner and the Issuer General Partner, the Issuer Limited Partner has undertaken for the benefit of the Issuer to contribute to the Issuer any amounts that it receives from the German tax authorities on account of its Tax Refund Claims. See “Description of the Contribution Agreement”.
<b>Loan Agreement</b>	Under the Loan Agreement, Postbank (in this capacity, the <b>Lender</b> ) will pay to the Issuer Advances corresponding to the relevant withholdings on account of German Withholding Tax on the Profit Distribution Payments, payments on Arrears of Profit Distributions and on replenishments of the Cumulative Profit Participation Securities after a Reduction. The Issuer will use the Advances to fund its obligations to make the Coupon Payments under the Securities and to bear the German Withholding Tax relating to the replenishment of the Cumulative Profit Participation Securities after a Reduction. See “– Summary of the Terms of the Loan Agreement”.
<b>Indemnity Agreement</b>	Pursuant to the Indemnity Agreement, the Bank is obliged to make payments to the Issuer in respect of withholding tax, if any, levied in Jersey in relation to payments under the Securities. The Issuer will use the payments received

	under the Indemnity Agreement to fund its obligations in respect of Additional Amounts, if any, payable under the Securities.
<b>Fiduciary Assignment Agreement</b>	Pursuant to the Fiduciary Assignment Agreement, the Issuer will assign and transfer to the Security Trustee, for the benefit of the Securityholders, its ownership interest in the global certificate representing the Cumulative Profit Participation Securities as well as all present and future payment claims under the Loan Agreement and the Indemnity Agreement. See "Description of the Fiduciary Assignment Agreement".
<b>Principal Paying Agent</b>	Deutsche Bank Aktiengesellschaft, Frankfurt am Main
<b>Irish Paying Agent</b>	NCB Stockbrokers Ltd., Dublin
<b>Irish Listing Agent</b>	NCB Stockbrokers Ltd., Dublin
<b>Security Trustee</b>	Deutsche Bank Luxembourg S.A.
<b>Listing</b>	Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under the Prospectus Directive (as defined herein), for this Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Securities to be admitted to the Official List and trading on its regulated market.
<b>Securities Codes</b>	ISIN: XS 0249466730 WKN: A0GQE7 Common Code: 024946673

## Summary of the Terms of the Securities

The following summary refers to certain terms and conditions of the Securities. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms and conditions of the Securities which may be found under "Terms and Conditions of the Securities".

<b>Issuer</b>	ProSecure Funding Limited Partnership, a limited partnership established under the laws of Jersey on 16 March 2006.
<b>Nominal Amount</b>	€ 1,000 per Security.
<b>Minimum Transfer Amounts</b>	The Securities will be transferable in Euroclear and Clearstream exclusively in aggregate denominations of € 50,000 or greater.
<b>Aggregate Nominal Amount</b>	€ 500,000,000.
<b>Issue Price</b>	100 per cent. of nominal amount.
<b>Form</b>	The Securities will initially be represented by a temporary global security in bearer form without coupons (the <b>Temporary Global Security</b> ) that will be exchangeable for a permanent global security in bearer form without coupons ( <b>Permanent Global Security</b> ) upon certification as to non-US beneficial ownership.
<b>Issue Date</b>	31 March 2006.
<b>Status</b>	The Issuer's obligations under the Securities constitute direct, unsubordinated and (save for the security created for their benefit pursuant to the Fiduciary Assignment Agreement) unsecured conditional obligations of the Issuer and rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all unsubordinated and unsecured obligations of the Issuer, present or future, save for mandatory exceptions prescribed by statutory law.
<b>Limited Recourse</b>	Any payments under the Securities are limited to the amounts actually received by the Issuer under the Cumulative Profit Participation Securities, the Loan Agreement and the Indemnity Agreement.
<b>Coupon Payments</b>	Interest on the nominal amount of the Securities will accrue from (and including) the Issue Date until 30 June 2016 for each Coupon Period at a rate of 4.668 per cent. per annum and will be payable annually in arrear on each Due Date (as defined below). Coupon Payments are contingent on the Issuer's receipt of Profit Distribution Payments from Postbank under the Cumulative Profit Participation Securities (after deduction of German Withholding Tax) (see "– Summary of the Terms of the Cumulative Profit Participation Securities – Profit Distribution Payments and Dates"), Advances from the Lender under the Loan Agreement (see "– Summary of the Terms of the Loan Agreement – Loan Advances") and payments from Postbank under the Indemnity Agreement (see "– Summary of the Offering – Indemnity Agreement"). If the Issuer is unable to make a Coupon Payment in whole or in part on a Due Date because the Profit Distributions otherwise payable on such Due Date under the Cumulative Profit Participation Securities were excluded in whole or in part (see "Summary of the Terms of the Cumulative Profit Participation Securities – Profit Distributions Excluded"), the Issuer will make up for such Coupon Payment if, when and to the extent it receives payments in respect of Arrears of Profit Distributions from Postbank on or prior to the Repayment Date (see "Summary of the Terms of the Cumulative Profit Participation Securities – Arrears of Profit Distributions"). The Issuer will be under no obligation to make payments to Securityholders in excess of any Profit Distributions or Arrears of Profit Distributions.

	<p>butions, Advances under the Loan Agreement and payments under the Indemnity Agreement actually received by it.</p>
<b>Interest Calculation Method</b>	<p>Interest for a period of less than one year is calculated on the basis of the actual number of days in such period divided by the actual number of days (365 or 366) in the relevant interest year. Interest for the first Coupon Period (of more than one year) will be calculated on the same basis.</p>
<b>Due Dates</b>	<p>Coupon Payments under the Securities will be made on the dates on which Profit Distribution Payments under the Cumulative Profit Participation Securities, if any, are paid to the Issuer. The Due Date for Profit Distribution Payments under the Cumulative Profit Participation Securities is 30 June of each year, commencing 30 June 2007. Profit Distribution Payments and hence Coupon Payments may in any given year be delayed if the adoption of Postbank's annual financial statements for the fiscal year to which the relevant Profit Distribution Payment relates is delayed (See “– Summary of the Terms of the Cumulative Profit Participation Securities – Profit Distribution Payments and Dates”).</p>
<b>Repayment Date and Repayment Amount</b>	<p>The Securities are scheduled for redemption on 30 June 2016. Redemption may be delayed if the adoption of Postbank's financial statements for the fiscal year ended 31 December 2015 or the payment of the Repayment Amount payable by Postbank to the Issuer under the Cumulative Profit Participation Securities is delayed for any other reason. In such event the Securities will be redeemed on the date on which the Cumulative Profit Participation Securities are repaid. See “– Summary of the Terms of the Cumulative Profit Participation Securities -Repayment Date”. The Securities will also be redeemed at any time at which the Cumulative Profit Participation Securities are redeemed early by the Bank (see “– Summary of the Terms of the Cumulative Profit Participation Securities – Early Redemption”).</p> <p>The redemption amount payable by the Issuer under the Securities will equal the Repayment Amount (subject to receipt thereof by the Issuer) required to be paid by Postbank under the Cumulative Profit Participation Securities (see “– Summary of the Terms of the Cumulative Profit Participation Securities – Repayment”).</p>
<b>Additional Repayment Amounts and Dates</b>	<p>Additional Repayment Amounts up to an amount corresponding to the difference between the Repayment Amount and the nominal amount of the Cumulative Profit Participation Securities will be payable if the requirements for a further replenishment of the Cumulative Profit Participation Securities' book value up to its nominal amount of € 1,000 per Cumulative Profit Participation Security are met in any fiscal year of the Bank ending on or before 31 December 2019. Additional Repayment Amounts, if any, shall not bear interest.</p> <p>Such Additional Repayment Amounts will be paid by the Issuer on 30 June of each year following the fiscal year with respect to which an Additional Repayment Amount is payable. Such payment may be delayed if the adoption of Postbank's financial statements for the relevant fiscal year in respect of which an Additional Repayment Amount is payable is delayed for any reason.</p>
<b>Early Termination and Repayment</b>	<p>If a Tax Event or a Gross-up Event (each as defined in “Terms and Conditions of the Securities”) has occurred, the Issuer may call the Securities for redemption at any time by giving not less than 30 days and not more than 60 days' prior notice.</p> <p>Any such early termination shall not require a contemporaneous repayment of the Cumulative Profit Participation Securities and payment of the Repayment Amount thereunder but shall only be permissible if financing of the redemp-</p>

tion of the Securities at their nominal amount plus any interest accrued thereon has been secured through the issuance of similar debt securities or in any other way.

**Payment of Additional Amounts** If the Issuer is required to withhold or deduct amounts payable under the Securities on account of tax, it will be under an obligation to gross up such amounts payable so that the Securityholders receive the full amount that would have been payable were no such withholding or deduction required. The Issuer's obligation to pay such Additional Amounts is subject to funds being available to it for that purpose. The Issuer has entered into the Indemnity Agreement under which the Bank is obliged to provide the Issuer with the funds required to pay Additional Amounts. The Issuer's ability to pay Additional Amounts will depend on receipt by the Issuer of amounts from Postbank to cover such Additional Amounts (see "Risk Factors – Coupon Payments on Securities are conditional").

**Notices** All notices to the Securityholders will be given by the Issuer (i) by mail, fax or electronically to Clearstream Luxembourg and Euroclear and (ii) so long as any of the Securities are listed on the Irish Stock Exchange and the Irish Stock Exchange so requires, to the Company Announcement Office of the Irish Stock Exchange through the Irish Paying Agent.

In accordance with their published rules and regulations, Euroclear and Clearstream Luxembourg will notify its participants to which any Securities are credited of any such notices received by it.

**Governing Law** German.

**Governing Language** German.

**Tax Consequences** For a discussion of the material Jersey and German tax consequences of purchasing, owning and disposing of the Securities, see "Taxation".

## Summary of the Terms of the Cumulative Profit Participation Securities

The following summary refers to certain provisions of the Cumulative Profit Participation Securities. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms and conditions of the Cumulative Profit Participation Securities which may be found under "Terms and Conditions of the Cumulative Profit Participation Securities".

<b>Issuer</b>	Deutsche Postbank AG, Bonn, a bank incorporated as a stock corporation ( <i>Aktiengesellschaft</i> ) under German law ( <b>Bank</b> ).
<b>Nominal Amount</b>	€ 1,000 per Cumulative Profit Participation Security.
<b>Aggregate Nominal Amount</b>	€ 500,000,000.
<b>Issue Price</b>	100 per cent. of nominal amount.
<b>Form</b>	The Cumulative Profit Participation Securities will be represented by a global security in bearer form without coupons.
<b>Issue Date</b>	31 March 2006.
<b>Status</b>	In liquidation and insolvency, the Bank's obligations under the Cumulative Profit Participation Securities (i) are subordinated to the claims of all existing and future creditors of the Bank (excluding the creditors referred to under (ii) and (iii) below), (ii) rank at least <i>pari passu</i> (by percentage of the amount payable) with all claims for distributions under or the repayment of capital contributions made with respect to profit participation rights in the form of <i>Genussrechte</i> or <i>Genussscheine</i> , other upper tier 2 capital instruments, if any, and any other subordinated debt in accordance with § 10(5) and (5a) KWG), and (iii) rank senior to all claims for the repayment of, and distributions on, all existing and future silent participations, all other instruments qualifying as tier 1 capital ( <i>Kernkapital</i> ) of the Bank (whether on a Bank or consolidated level), any guarantees and support undertakings in respect of such instruments and all claims of shareholders of the Bank in connection with their shares in the registered share capital of the Bank, in each case as already arisen or arising in the future.
<b>Sole Holder</b>	ProSecure Funding Limited Partnership, a limited partnership established under the laws of Jersey on 16 March 2006.
<b>Profit Periods</b>	Profit Distributions on the Cumulative Profit Participation Securities accrue for profit periods ( <b>Profit Periods</b> ) that run from (and including) 1 January to (and including) 31 December of each calendar year during the term of the Cumulative Profit Participation Securities. The first Profit Period ( <b>First Profit Period</b> ) commences on (and includes) the Issue Date and runs to (and includes) 31 December 2006.
<b>Due Dates</b>	Subject to Profit Distributions being excluded in whole or in part (see "– Profit Distributions Excluded"), Profit Distributions shall be payable annually in arrear on the later of (i) 30 June following the end of the relevant Profit Period or, if that is not a Business Day, the next Business Day, or (ii) if on 29 June following the end of the relevant Profit Period the Bank's audited annual unconsolidated financial statements for the fiscal year to which the Profit Period relates have not been adopted, the Business Day following adoption thereof (such date, a <b>Due Date</b> ). No interest shall accrue on the Profit Distribution from the end of the relevant Profit Period to the Due Date for the Profit Distribution.

<b>Profit Distribution Rate</b>	Subject to Profit Distributions being excluded in whole or in part (see “– Profit Distributions Excluded”), Profit Distributions shall accrue on the nominal amount of the Cumulative Profit Participation Securities at a rate of 4.723 per cent. <i>per annum</i> .
<b>Interest Calculation Method</b>	Interest for a period of less than one year is calculated on the basis of the actual number of days in such period divided by the actual number of days (365 or 366) in the relevant interest year.
<b>Profit Distribution Payment for the First Profit Period</b>	Subject to Profit Distribution being excluded in whole or in part (see “Profit Distributions Excluded”), the Profit Distribution for the First Profit Period shall amount to an aggregate of € 29,360,000 (€ 58.72 per Cumulative Profit Participation Security). The Profit Distribution Payment for the First Profit Period shall be made on the later of (i) 30 June 2007 or, if that is not a Business Day, the next Business Day, or (ii) if on 29 June 2007 the Bank’s annual unconsolidated financial statements for the fiscal year ended 31 December 2006 have not been adopted, the Business Day following adoption thereof.
<b>Profit Distributions Excluded</b>	<p>Profit Distributions for any Profit Period (including the First Profit Period) will be excluded:</p> <ul style="list-style-type: none"> <li>(i) if and to the extent that payment of such Profit Distribution would, also taking into account the payment of Arrears of Profit Distributions (see “Terms and Conditions of the Cumulative Profit Participation Securities”), lead to or increase a Balance Sheet Deficit (see – “Balance Sheet Deficit”) for the fiscal year of the Bank to which the relevant Profit Period relates; or</li> <li>(ii) if the book value of the Cumulative Profit Participation Securities has been reduced due to the absorption of Balance Sheet Deficits of the Bank and has not yet been fully replenished by profits of the Bank from the following years.</li> </ul>
<b>Balance Sheet Deficit</b>	<p>A <b>Balance Sheet Deficit</b> will exist if the audited annual unconsolidated balance sheet of the Bank does not show a Balance Sheet Profit of at least € 0 for the fiscal year to which the relevant Profit Distribution relates. The <b>Balance Sheet Profit</b> is calculated based on the annual unconsolidated net income or loss for the year, <i>plus</i> any profits carried forward from the previous year, <i>minus</i> any loss carried forward from the previous year, <i>plus</i> withdrawals made from the capital reserves and retained earnings, <i>minus</i> allocations to retained earnings, all in compliance, and determined in accordance, with accounting principles generally accepted in Germany (including the German Commercial Code (<i>Handelsgesetzbuch</i>)) and other applicable German law in effect from time to time.</p> <p>The Bank will not be obliged to realise hidden reserves or to make withdrawals from on-balance sheet reserves in order to avoid an annual net loss (<i>Jahresfehlbetrag</i>) or a Balance Sheet Deficit.</p>
<b>Arrears of Profit Distributions</b>	Profit Distributions not paid as a result of insufficient Balance Sheet Profits or a Reduction will constitute <b>Arrears of Profit Distributions</b> . Arrears of Profit Distributions will be paid out of Balance Sheet Profits of subsequent Profit Periods prior to the Repayment Date. The payment of Arrears of Profit Distributions will be made on the Due Date for the Profit Distribution Payment in respect of the respective next Profit Period for which a Balance Sheet Profit is available. Should such subsequent Balance Sheet Profit be insufficient for the payment of the Arrears of Profit Distribution and the Profit Distribution for the respective last Profit Period, payment will first be made on the Arrears of Profit Distributions before any payment is made in respect of such Profit Distribution for the respective last Profit Period. Arrears of Profit Distributions will not themselves bear interest.

	<p>The Bank's obligation to pay Arrears of Profit Distributions and the Profit Distribution for the last Profit Period will be extinguished on the Repayment Date to the extent not paid on such date due to the restrictions set forth under “– Profit Distributions Excluded”.</p>
<b>Loss Participation and Reduction</b>	<p>If the Bank incurs a Balance Sheet Deficit in any fiscal year, the Cumulative Profit Participation Securities share in such a Balance Sheet Deficit in the proportion which the book value of the Cumulative Profit Participation Securities bears to the aggregate book value of all components of the Bank's regulatory banking capital (<i>haftendes Eigenkapital</i>) sharing in the Bank's Balance Sheet Deficit. To the extent the Cumulative Profit Participation Securities share in a Balance Sheet Deficit, the Repayment Amount will be reduced (a <b>Reduction</b>).</p>
<b>Replenishment of Cumulative Profit Participation Securities</b>	<p>After a Reduction, the book value of the Cumulative Profit Participation Securities will, in each fiscal year of the Bank following such Reduction, be replenished up to the full nominal amount, but only if and to the extent such replenishment would not cause or increase a net loss (<i>Jahresfehlbetrag</i>) recorded in the Bank's unconsolidated annual financial statements for the relevant fiscal year.</p> <p>The replenishment after a Reduction ranks senior to the replenishment of the share capital and allocations to reserves (with the exception of the statutory reserve). In relation to other capital providers in accordance with § 10(4) KWG (silent participations) the replenishment of the book value of the Cumulative Profit Participation Securities will rank senior to such instruments if the terms thereof provide therefor. In relation to other capital providers in accordance with § 10(5) KWG (profit participation rights in the form of <i>Genussrechte</i> and <i>Genusscheine</i>), the replenishment will be effected in the same priority and in the same proportion as the sharing in Balance Sheet Deficits.</p>
<b>Principal Payments</b>	<p>No payments of principal will be made by the Bank other than on redemption of the Cumulative Profit Participation Securities and, where applicable, on any Additional Repayment Date (see “– Scheduled Redemption” and “– Additional Repayment Amounts and Dates”). At such time the nominal amount of the Cumulative Profit Participation Securities, subject to Reductions, if any, will be repaid (see “– Repayment Amount”).</p>
<b>Scheduled Redemption</b>	<p>The term of the Cumulative Profit Participation Securities will end on 31 December 2015 and the Repayment Amount (see “– Repayment Amount”) will fall due on the Repayment Date. The <b>Repayment Date</b> is the later of (i) 30 June 2016 or, if that is not a Business Day, the next Business Day, or (ii) if on 29 June 2016 the Bank's audited annual unconsolidated financial statements for the fiscal year ended 31 December 2015 have not been adopted, the Business Day following adoption thereof. No interest will accrue on the Repayment Amount from 31 December 2015 to the Repayment Date.</p>
<b>Repayment Amount</b>	<p>On the Repayment Date, the Bank will pay the Repayment Amount to the holder of the Cumulative Profit Participation Securities. The <b>Repayment Amount</b> corresponds to the nominal amount of the Cumulative Profit Participation Securities or, if any Reductions have occurred and have not been replenished before the Repayment Date, the book value of the Cumulative Profit Participation Securities.</p>
<b>Additional Repayment Amounts and Dates</b>	<p>Additional Repayment Amounts up to an amount corresponding to the difference between the Repayment Amount and the nominal amount of the Cumulative Profit Participation Securities will be payable if the requirements for a replenishment of the Cumulative Profit Participation Securities' book value up to its nominal amount of € 1,000 per Cumulative Profit Participation Security</p>

are met in any fiscal year of the Bank ending on or before 31 December 2019. Additional Repayment Amounts, if any, shall not bear interest.

Such Additional Repayment Amounts will be paid on 30 June of each year following a fiscal year with respect to which an Additional Repayment Amount is payable. Such payment may be delayed if the adoption of Postbank's financial statements for the relevant fiscal year is delayed for any reason.

<b>Early Redemption</b>	The Bank is entitled to repay the Cumulative Profit Participation Securities early if a German Tax Event, a Jersey Tax Event, a Tax Refund Event or a Gross-up Event occurs (see "Terms and Conditions of the Cumulative Profit Participation Securities") so long as, in each case, the book value of the Cumulative Profit Participation Securities is not less than their nominal amount at the time of exercise of the call right. Any early repayment of the Cumulative Profit Participation Securities must be repaid to the Bank irrespective of any agreement to the contrary, unless (i) the capital has been replaced by other regulatory banking capital for banking regulatory purposes of at least equal quality or (ii) the BaFin agrees to the early repayment.
<b>Enforcement Rights</b>	The Cumulative Profit Participation Securities constitute a legal relationship between the Bank and the holder thereof, the Issuer. Therefore, only the Issuer (or its assignee) can enforce rights under the Cumulative Profit Participation Securities against the Bank. The Issuer has no duty to bring an action against Postbank in order to enforce its rights under the Cumulative Profit Participation Securities.
<b>Compliance with German Banking Regulations</b>	Under applicable German banking regulations, any repayment of the Cumulative Profit Participation Securities made in violation of their terms must be repaid to Postbank.
<b>Place of Jurisdiction</b>	Frankfurt am Main, Germany.
<b>Governing Law</b>	German.
<b>Governing Language</b>	German.

## **Summary of the Terms of the Loan Agreement**

*The following summary refers to certain provisions of the Loan Agreement. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Loan Agreement which may be found under "Terms and Conditions of the Loan Agreement".*

<b>Parties</b>	Postbank as <b>Lender</b> .  ProSecure Funding Limited Partnership, Jersey, Channel Islands, a limited partnership established under the laws of Jersey as <b>Borrower</b> .
<b>Loan Advances</b>	On each date on which a Profit Distribution Payment becomes due, the Lender is required to pay an Advance to the Borrower in an amount corresponding to the withholding made by Postbank on account of German Withholding Tax on the relevant Profit Distribution Payment (each such payment, an <b>Advance</b> ).  The Lender is furthermore required to pay Advances to the Borrower in an amount corresponding to the withholding tax payment made by Postbank on account of German Withholding Tax on the relevant replenishment.
<b>Repayment</b>	The Borrower is required to repay outstanding Advances equal to the full amount of any Contribution Payments that it receives from the Issuer Limited Partner under the Contribution Agreement promptly upon receipt of the relevant Contribution Payment (each such payment a <b>Repayment</b> ).
<b>Interest</b>	The Borrower must pay interest to the Lender on each date that it makes a Repayment. The interest rate will be 4.60 per cent. <i>per annum</i> on any outstanding Advances.
<b>Governing Law</b>	German.
<b>Governing Language</b>	German.

## GERMAN TRANSLATION OF THE SUMMARY

### ZUSAMMENFASSUNG

Der nachstehende Abschnitt ist eine Zusammenfassung (die **Zusammenfassung**) bestimmter wesentlicher Aspekte der der Ausgabe und dem Angebot der Wertpapiere zugrundeliegenden Transaktion, der Bedingungen der Wertpapiere, der Bedingungen der Kumulativen Genussscheine und bestimmter anderer wesentlicher Verträge. Diese Zusammenfassung ist als Einleitung zum Prospekt zu verstehen. Sie erhebt keinen Anspruch auf Vollständigkeit, sondern ist ein Auszug aus dem Prospekt und in Zusammenhang mit diesem zu lesen. Bei der Entscheidung eines Investors, in die Wertpapiere zu investieren, sollte der Prospekt in seiner Gesamtheit beachtet werden. Wird im Zusammenhang mit in diesem Prospekt enthaltenen Informationen Klage vor einem Gericht erhoben, muss der klagende Anleger vor Einleitung der gerichtlichen Schritte nach dem für dieses Gericht anwendbaren nationalen Recht möglicherweise die Kosten der Prospektübersetzung tragen. Zivilrechtliche Haftung greift in Bezug auf Personen, die diese Zusammenfassung einschließlich ihrer Übersetzung erstellt und ihre Bekanntmachung beantragt haben, jedoch nur, wenn die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird.

#### Einleitende Zusammenfassung der Transaktion

*Der folgende Abschnitt enthält einen kurzen Überblick über die wichtigsten Aspekte der Transaktion, die aus der Ausgabe der Wertpapiere durch die Emittentin und der Zahlung der Erlöse daraus an die Postbank als Kaufpreis für die von der Postbank begebenen Kumulativen Genussscheine besteht (die Transaktion).*

Die Emittentin beabsichtigt, die € 500.000.000 befristeten Ergänzungskapital-Wertpapiere zu begeben. Mit dem Erlös aus der Begebung der Wertpapiere wird die Emittentin von der Postbank begebene Kumulative Genussscheine mit einem Nennbetrag von insgesamt € 500.000.000 erwerben. Zu diesem Zweck wird die Emittentin der Postbank für die Kumulativen Genussscheine den Kaufpreis in Höhe von € 500.000.000 in bar zahlen.

Als Inhaber der Kumulativen Genussscheine wird die Emittentin Gewinnausschüttungen erhalten (**Gewinnausschüttungen**), die jährlich auf der Grundlage des Nennbetrags der Kumulativen Genussscheine in jedem Geschäftsjahr der Postbank ermittelt und jährlich nachträglich ausgeschüttet werden (**Gewinnausschüttungszahlungen**), und zwar entweder (i) am 30. Juni nach Ablauf des Geschäftsjahrs der Postbank auf das sich die Gewinnausschüttung bezieht oder (ii) falls am 29. Juni nach Ablauf des maßgeblichen Geschäftsjahrs der Jahresabschluss der Postbank noch nicht festgestellt ist, der auf die Feststellung folgende Geschäftstag (wie nachstehend definiert) (jeweils ein **Fälligkeitstag**), je nachdem, welcher Tag der spätere ist. Gewinnausschüttungen werden nur fällig, wenn und soweit die nicht konsolidierte Jahresbilanz der Postbank einen ausreichenden Bilanzgewinn (**Bilanzgewinn**), der in Übereinstimmung mit den deutschen handelsrechtlichen Rechnungslegungsvorschriften ermittelt wird, ausweist. Nach den deutschen handelsrechtlichen Rechnungslegungsvorschriften wird der Bilanzgewinn aus dem Jahresüberschuss ermittelt, berichtet um Gewinn- und Verlustvorträge aus Vorjahren, Entnahmen aus Kapitalrücklagen und Entnahmen aus und Einstellungen in Gewinnrücklagen. Die Postbank ist nicht verpflichtet, stille Reserven aufzulösen oder Entnahmen aus bilanziellen Rücklagen vorzunehmen, um einen Bilanzgewinn ausweisen zu können.

Falls der Bilanzgewinn der Postbank für die Zahlung der Gewinnausschüttungen in voller Höhe nicht ausreicht, werden für das maßgebliche Geschäftsjahr der Postbank Gewinnausschüttungen nur zum Teil fällig oder ganz ausgeschlossen sein. Eine auf diese Weise nicht gezahlte Gewinnausschüttung ist eine **Ausgefallene Gewinnausschüttung**. Ausgefallene Gewinnausschüttungen werden an jedem folgenden Fälligkeitstag zahlbar, vorausgesetzt, die Postbank hat einen ausreichenden Bilanzgewinn für das Geschäftsjahr ausgewiesen, auf das sich die an diesem Fälligkeitstag fällige Gewinnausschüttungszahlung bezieht, so dass die Postbank in der Lage ist, sowohl die Ausgefallene Gewinnausschüttung als auch die an diesem Datum fällig werdende Gewinnausschüttungszahlung zu zahlen. Ist ein solcher nachfolgender Bilanzgewinn nicht ausreichend, wird die Postbank zunächst die Ausgefallenen Gewinnausschüttungen zahlen, bevor sie Gewinnausschüttungszahlungen leistet. Die Ver-

pflichtung der Postbank zur Zahlung von Gewinnausschüttungen und Ausgefallenen Gewinnausschüttungen entfällt in dem Umfang, wie die Postbank diese Zahlungen vor oder am Rückzahlungstag der Kumulativen Genussscheine (der **Rückzahlungstag**; dieser Rückzahlungstag ist entweder (i) der 30. Juni 2016 oder, (ii) falls am 29. Juni 2016 der Jahresabschluss der Postbank für das am 31. Dezember 2015 endende Geschäftsjahr noch nicht festgestellt ist, der auf die Feststellung folgende Geschäftstag) aufgrund nicht ausreichenden Bilanzgewinns nicht geleistet hat.

Darüber hinaus nimmt die Emittentin als Inhaberin der Kumulativen Genussscheine an einem Bilanzverlust (wie in den Emissionsbedingungen der Kumulativen Genussscheine definiert) der Postbank im Verhältnis des Buchwerts der Kumulativen Genussscheine zum Gesamtbuchwert aller am Bilanzverlust teilnehmenden Bestandteile des haftenden Eigenkapitals der Postbank teil. In diesem Fall wird der Buchwert der Kumulativen Genussscheine um den Betrag des auf ihn entfallenden Anteils am betreffenden Bilanzverlust herabgesetzt (**Herabsetzung**). Nach einer Herabsetzung wird der Buchwert der Kumulativen Genussscheine in jedem zukünftigen Geschäftsjahr bis zum Nennbetrag von jeweils € 1.000 wieder aufgefüllt, vorausgesetzt, dass diese Wiederauffüllung für die Postbank keinen Jahresfehlbetrag in ihrem geprüften nicht konsolidierten Jahresabschluss für das jeweilige Geschäftsjahr verursacht oder einen Jahresfehlbetrag erhöht. Gewinnausschüttungen werden nur gezahlt, wenn der Buchwert der Kumulativen Genussscheine vollständig bis zum Wert von jeweils € 1.000 wieder aufgefüllt wurde. Sollte der Buchwert der Kumulativen Genussscheine zum Rückzahlungstag unter dem Nennbetrag liegen, erfolgt die Rückzahlung am Rückzahlungstag zum geringeren Buchwert. Die Inhaber der Kumulativen Genussscheine haben Anspruch auf zusätzliche Rückzahlungsbeträge bis zu einem Betrag, der der Differenz zwischen dem am Rückzahlungstag geleisteten Rückzahlungsbetrag und dem Nennbetrag der Kumulativen Genussscheine entspricht, wenn und soweit die Voraussetzungen für eine Wiederauffüllung des Buchwertes der Kumulativen Genussscheine bis zum Nennbetrag von jeweils € 1.000 in einem Geschäftsjahr der Postbank vorliegen, welches am oder vor dem 31. Dezember 2019 endet. Solche zusätzlichen Rückzahlungsbeträge werden entweder (i) am 30. Juni eines Jahres nach Ablauf des maßgeblichen Geschäftsjahres der Postbank, auf das sich die Wiederauffüllung bezieht oder (ii) wenn am 29. Juni eines Jahres nach Ablauf des maßgeblichen Geschäftsjahres der Jahresabschluss der Postbank noch nicht festgestellt ist, am auf die Feststellung folgenden Geschäftstag gezahlt, je nachdem, welcher Tag der spätere ist (jeweils ein **Zusätzlicher Rückzahlungstag**). Jedoch verfallen alle weiteren Ansprüche auf Rückzahlung der Kumulativen Genussscheine in Bezug auf eine Herabsetzung, die am Ende des am 31. Dezember 2019 endenden Geschäftsjahres der Postbank noch besteht.

Die Zahlungsverpflichtungen der Postbank aufgrund dieser Kumulativen Genussscheine sind (i) im Falle der Liquidation oder Insolvenz nachrangig gegenüber Forderungen aller bestehenden und künftigen Gläubiger der Postbank (mit Ausnahme der unter (ii) und (iii) genannten Gläubiger), (ii) mindestens gleichrangig (prozentual zum fälligen Betrag) mit allen Forderungen auf Rückzahlung von oder Ausschüttungen auf sämtliche bestehende und zukünftig begebene Genussrechte und Genussscheine der Postbank gemäß § 10 Abs. 5 Kreditwesengesetz (**KWG**) und längerfristiger nachrangiger Verbindlichkeiten der Postbank gemäß § 10 Abs. 5a KWG und (iii) vorrangig vor allen Forderungen auf Rückzahlung von und Ausschüttungen auf sämtliche bestehende und zukünftig begebene stille Beteiligungen, allen Forderungen aus anderen Kernkapitalinstrumenten der Postbank (auf Instituts- und auf Gruppenebene), aus Garantien und Patronatserklärungen für derartige Instrumente sowie allen Forderungen von Anteilseignern der Postbank im Zusammenhang mit ihren Anteilen am Grundkapital der Postbank.

Gewinnausschüttungszahlungen und Wiederauffüllungen des Buchwerts der Kumulativen Genussscheine nach einer Herabsetzung unterliegen der deutschen Kapitalertragsteuer (**Kapitalertragsteuer**) zuzüglich Solidaritätszuschlag, die von der Postbank einbehalten und an die deutschen Finanzbehörden abgeführt werden. Soweit solche Gewinnausschüttungszahlungen und derartige Wiederauffüllungen nach deutschem Steuerrecht der Kommanditistin der Emittentin als steuerpflichtiger Gewinn zuzurechnen sind, gelten die Einbehalte als Vorauszahlung auf die von der Kommanditistin der Emittentin geschuldete Körperschaftsteuer in Deutschland. Die Kommanditistin der Emittentin geht davon aus, dass ihr in diesem Fall Erstattungsansprüche gegen die deutschen Finanzbehörden zustehen (**Steuererstattungsansprüche**), und zwar in Höhe der Beträge, um die die Vorauszahlungen in Form der Einbehalte der Postbank ihre tatsächliche deutsche Körperschaftsteuerschuld überschreiten. Die Kommanditistin der Emittentin hat sich in einem gesonderten Einzahlungsvertrag mit der Komplementärin der Emittentin vom 29. März 2006 (der **Einzahlungsvertrag**) verpflichtet, an die Emittentin

sämtliche Beträge zu zahlen, die sie von den deutschen Finanzbehörden in Bezug auf ihre Steuererstattungsansprüche erhält, sobald sie diese Beträge erhalten hat (jeweils eine **Kapitaleinzahlung**). Da Steuererstattungsansprüche erst nach der steuerlichen Veranlagung für jedes Steuerjahr fällig werden, hat die Emittentin am 29. März 2006 mit der Postbank (in dieser Eigenschaft die **Darlehensgeberin**) einen Darlehensvertrag (der **Darlehensvertrag**) abgeschlossen. Danach erhält die Emittentin Darlehensauszahlungen (jeweils eine **Darlehenauszahlung**), um ihre Verpflichtungen zur Zahlung von Zinsen auf die Wertpapiere und zur Übernahme der Kapitalertragsteuer in Bezug auf eine Wiederauffüllung des Buchwertes der Kumulativen Genussscheine nach einer Herabsetzung erfüllen zu können. Die Emittentin geht davon aus, die Darlehensauszahlungen mit den von ihr als Kapitaleinzahlung erhaltenen Geldern zurückzuzahlen.

Zahlungen von Kapital und Zinsen in Bezug auf die Wertpapiere stehen unter der Bedingung, dass die Emittentin (i) Gewinnausschüttungszahlungen und/oder den Rückzahlungsbetrag der Kumulativen Genussscheine (der **Rückzahlungsbetrag**) von der Postbank, (ii) Darlehensauszahlungen von der Darlehensgeberin gemäß dem Darlehensvertrag und (iii) Zahlungen der Postbank gemäß der Freistellungsvereinbarung erhalten hat. Zahlungen in Bezug auf die Wertpapiere sind somit von den Gewinnausschüttungszahlungen und der Zahlung des Rückzahlungsbetrages abhängig, die ihrerseits jeweils von den finanziellen Ergebnissen der Postbank abhängen. Daher hängen die Verpflichtungen der Emittentin zur Leistung von Zinszahlungen und Tilgungszahlungen (**Tilgungszahlungen**) auf die Wertpapiere von der Finanz- und Ertragslage der Postbank ab.

Gemäß der Sicherungsabtretungsvereinbarung (*Fiduciary Assignment Agreement*) zwischen der Emittentin, den Gesellschaftern der Emittentin, der Postbank, der Darlehensgeberin und dem Sicherheitentreuhänder wird die Emittentin dem Sicherheitentreuhänder ihr Eigentum an der die Kumulativen Genussscheine verbrieften Dauer-Globalurkunde übertragen und wird alle Ansprüche gegen die Darlehensgeberin nach dem Darlehensvertrag sowie ihre sämtlichen Ansprüche gegen die Postbank auf Freistellung im Hinblick auf etwaige anfallende Quellensteuern nach dem Recht Jerseys zugunsten der Emissionsgläubiger an den Sicherheitentreuhänder abtreten.

Die Postbank beabsichtigt, die Kumulativen Genussscheine nach Erhalt der Erlöse als Ergänzungskapital für Zwecke der Einhaltung aufsichtsrechtlicher Eigenmittelvorschriften auf Instituts- und Gruppenebene zu behandeln. Für weitere Informationen über die auf die Postbank anwendbaren aufsichtsrechtlichen Vorschriften zur Kapitalausstattung, siehe „*Regulation*“.

## **Zusammenfassung in Bezug auf die Postbank**

Die Deutsche Postbank AG (**Postbank** oder die **Bank** und, zusammen mit ihren Tochtergesellschaften, die **Postbank Gruppe**) ist eine Aktiengesellschaft nach deutschem Recht. Zum 1. Januar 1995 wurde ihr eine Vollbanklizenz gewährt, d.h. die Postbank ist berechtigt, alle Arten von Bankgeschäften zu betreiben. Der Sitz der Deutsche Postbank AG ist Bonn, Bundesrepublik Deutschland, und die Konzernzentrale der Postbank Gruppe befindet sich in der Friedrich-Ebert-Allee 114–126, 53113 Bonn, Bundesrepublik Deutschland (Tel. +49-228-920-0). Die Deutsche Postbank AG ist im Handelsregister des Amtsgerichts Bonn unter der Nummer HRB 6793 eingetragen.

Die Postbank ist mit rund 15,5 Millionen aktiven Kunden und rund 4,6 Millionen Girokontoverbindungen die größte Privatkundenbank (Einzelinstitut) in Deutschland (nach Schätzungen der Postbank, basierend auf Geschäftsberichten anderer deutscher Banken). Die Postbank-Gruppe hat ihre Aktivitäten in die Segmente Retail-Banking, Firmenkunden, Financial Markets, Transaction Banking und Übrige gegliedert. Zum 1. Januar 2006 hat die Postbank-Gruppe von der Deutsche Post AG 850 Filialen, überwiegend Postbank Center, zu einem Kaufpreis von € 986 Millionen übernommen. Am 2. Januar 2006 erwarb die Postbank eine Beteiligung von 82,9% (137.581.212 Aktien, Kaufpreis € 10 pro Aktie) an der BHW Holding AG (**BHW**), der Muttergesellschaft der BHW Gruppe und unterbreitete den verbleibenden Minderheitsaktionären nachfolgend ein Pflichtangebot zu einem Preis von € 15,05 je Aktie. Nach Abschluss des Pflichtangebots hielt die Postbank 98,43% an der BHW.

## **Zusammenfassung in Bezug auf die Risikofaktoren**

### **Zusammenfassung der mit dem Postbank-Geschäft verbundenen Risiken**

Die Postbank ist einer Reihe von Risiken ausgesetzt, dazu gehören insbesondere:

- Marktrisiken (insbesondere Risiken in Bezug auf den beträchtlichen Liquiditätsüberschuss der Postbank Gruppe und Risiken in Bezug auf Zinssätze);
- Kreditrisiken;
- Risiken in Bezug auf die Integration der BHW Gruppe und der 850 von der Deutschen Post AG übernommenen Filialen;
- Risiken, dass sich die Finanzierung der Versorgungsverpflichtungen der Postbank durch die Bundesrepublik Deutschland und die von der Postbank für die Nutzung des Filialnetzes der Deutsche Post AG gezahlte Vergütung als unzulässige staatliche Beihilfen herausstellen;
- Risiken in Bezug auf die Anerkennung von Steuerverlustvorträgen; und
- allgemeine Betriebs- und Geschäftsrisiken.

Sollte eines dieser Risiken eintreten, kann dies erhebliche nachteilige Auswirkungen auf die Finanz- und Ertragslage der Postbank haben.

### **Zusammenfassung der mit den Wertpapieren verbundenen Risiken**

Eine Anlage in den Wertpapieren birgt bestimmte, mit den Eigenschaften der Wertpapiere verbundene Risiken, die zu beträchtlichen Verlusten führen können und die die Emissionsgläubiger im Falle eines notwendigen Verkaufs der Wertpapiere oder in Bezug auf den Erhalt von Zinszahlungen und Kapitalrückzahlungen möglicherweise tragen müssen. Zu diesen Risiken zählen, dass:

- Zinszahlungen auf die Wertpapiere von den Gewinnen der Postbank abhängen und nicht anfallen, (i) wenn und soweit sie nach deutschen handelsrechtlichen Rechnungslegungsvorschriften zu einem Bilanzverlust in dem geprüften nicht konsolidierten Jahresabschluss der Postbank führen oder diesen erhöhen würden oder (ii) wenn der Buchwert der Kumulativen Genussscheine aufgrund einer Verlustbeteiligung in der Vergangenheit unter ihrem Nennbetrag liegt. Daraus resultierende Zinsrückstände können in den darauffolgenden Jahren zahlbar sein, jedoch verfallen sämtliche am Rückzahlungstag nicht rückzahlbare Zinsrückstände.

- Die Rückzahlung des Kapitals der Wertpapiere ist abhängig vom Buchwert der Kumulativen Genussscheine, so wie dieser in den geprüften nicht konsolidierten Jahresabschlüssen der Postbank für diejenigen Geschäftsjahre der Postbank ausgewiesen wird, die (i) dem Rückzahlungstag und (ii) einem nachfolgenden Zusätzlichen Rückzahlungstag unmittelbar vorausgehen. Wenn der an diesen Tagen festgestellte Buchwert der Kumulativen Genussscheine unter ihrem Nennbetrag liegt, werden die Emissionsgläubiger einen entsprechenden Verlust ihrer Anlage erleiden.
- Jegliche Zahlungen in Bezug auf die Wertpapiere sind davon abhängig, dass die Emittentin die entsprechenden Beträge von der Postbank gemäß der Kumulativen Genussscheine, gegebenenfalls der Freistellungsvereinbarung und des Darlehensvertrages tatsächlich erhalten hat.
- Die Wertpapiere können vor ihrer vorgesehenen Fälligkeit vorzeitig gekündigt werden. Zusätzlich zu den in den Emissionsbedingungen der Wertpapiere, der Kumulativen Genussscheine und den in den Vereinbarungen über die Emission der Wertpapiere und der Kumulativen Genussscheine ausdrücklich aufgeführten Kündigungsrechten können nach deutschem Recht außerordentliche Kündigungsrechte bestehen, die nicht vertraglich ausgeschlossen werden können.
- Die Wertpapiere sind (mit Ausnahme des zugunsten der Emissionsgläubiger begründeten Sicherungsrechts nach der Sicherungsabtretungsvereinbarung) unbesicherte Verpflichtungen der Emittentin.
- Die Ansprüche aus den Kumulativen Genussscheinen sind nachrangig. Im Falle der Liquidation oder Insolvenz der Postbank entsprechen die Ansprüche der Emissionsgläubiger den Liquidationserlösen, die die Emittentin für diejenige Kumulativen Genussscheine erhalten hat, welche gegenüber Forderungen aller nicht nachrangigen Gläubiger der Postbank nachrangig sind.
- In Bezug auf die Höhe der möglichen Verschuldung der Emittentin oder der Postbank gibt es keine Einschränkung.
- Es gab keinen öffentlichen Markt für die Wertpapiere vor ihrer Emission, und es kann nicht zugesichert werden, dass sich ein aktiver öffentlicher Markt für die Wertpapiere entwickeln wird.

#### **Zusammenfassung der mit der Emittentin verbundenen Risiken**

Die Emittentin ist eine Zweckgesellschaft und ist nicht mit der Postbank verbunden. Die Emittentin wird mit Ausnahme der Ansprüche aus den Kumulativen Genussscheinen, dem Darlehensvertrag, der Freistellungsvereinbarung und dem Einzahlungsvertrag kein Vermögen besitzen. Es kann nicht zugesichert werden, dass die Emittentin ausreichende Mittel erhält, um die Zahlungsansprüche der Emissionsgläubiger aus den Wertpapieren zu erfüllen. Insbesondere garantiert die zwischen der Emittentin, den Gesellschaftern der Emittentin, der Postbank, der Darlehensgeberin und dem Sicherheitentreuhänder abgeschlossene Sicherungsabtretungvereinbarung nicht die ordnungsgemäße Zahlung der vorgenannten Ansprüche.

## Zusammenfassung des Angebots

Der folgende Überblick beschreibt die wichtigsten Elemente des Angebots und der Transaktion. Er ist naturgemäß unvollständig, und Anleger sollten unbedingt die gesamte Zusammenfassung und den vollständigen Text des Prospektes sorgfältig lesen, um eine genauere Beschreibung der angebotenen Wertpapiere zu erhalten.

<b>Angebotene Wertpapiere</b>	€ 500.000.000 befristete Ergänzungskapital-Wertpapiere (siehe „Zusammenfassung der Bedingungen der Wertpapiere“).
<b>Emittentin</b>	ProSecure Funding Limited Partnership, eine nach dem Recht Jerseys am 16. März 2006 errichtete Kommanditgesellschaft.
<b>Gesellschafter der Emittentin</b>	Die Komplementärin der Emittentin (mit einer Beteiligung von 0,1% am Kapital der Emittentin) ist ProSecure Funding Limited, eine nach dem Recht Jerseys errichtete Gesellschaft mit beschränkter Haftung ( <i>limited liability company</i> ) (die <b>Emittenten-Komplementärin</b> ). Die Alleingesellschafterin der Emittenten-Komplementärin ist Mourant & Co. Trustees Limited als Treuhänderin des ProSecure Funding Limited Charitable Trust. Die Kommanditistin der Emittentin (mit einer Beteiligung von 99,9% am Kapital der Emittentin) ist ProSecure Funding GmbH, Düsseldorf, eine nach deutschem Recht errichtete Gesellschaft mit beschränkter Haftung (die <b>Emittenten-Kommanditistin</b> ). Die Alleingesellschafterin der Emittenten-Kommanditistin ist Mourant & Co. Trustees Limited als Treuhänderin des ProSecure Funding GmbH Charitable Trust.
<b>Begrenzter Zweck der Emittentin</b>	Außer dem Erwerb und Besitz der Kumulativen Genussscheine (siehe „Zusammenfassung der Kumulativen Genussscheine“), dem Abschluss anderer Vereinbarungen im Zusammenhang mit der Transaktion und der Ausgabe der Wertpapiere, hat die Emittenten-Komplementärin mit der Emittenten-Kommanditistin vereinbart, dass die Emittenten-Komplementärin keine weiteren Verbindlichkeiten für die Emittentin begründen wird, als solche, die für die Fortführung des Betriebes der Emittentin unbedingt erforderlich sind. Siehe „Allgemeine Informationen über die Emittentin“.
<b>Die Bank</b>	Deutsche Postbank AG, Bonn, eine nach deutschem Recht gegründete Aktiengesellschaft.
<b>Kumulative Genussscheine</b>	Mit dem Erlös aus der Emission der Wertpapiere wird die Emittentin die Kumulativen Genussscheine der Postbank zu einem Nennbetrag von insgesamt € 500.000.000 erwerben; siehe „Zusammenfassung der Bedingungen der Kumulativen Genussscheine“.
<b>Einzahlungsvertrag</b>	Im Einzahlungsvertrag, der zwischen der Emittenten-Kommanditistin und der Emittenten-Komplementärin abgeschlossen wurde, hat sich die Emittenten-Kommanditistin zugunsten der Emittentin verpflichtet, an die Emittentin sämtliche Beträge zu zahlen, die sie von den deutschen Finanzbehörden in Bezug auf ihre Steuererstattungsansprüche erhält. Siehe „Beschreibung des Einzahlungsvertrages“.
<b>Darlehensvertrag</b>	Nach dem Darlehensvertrag wird die Postbank (in dieser Eigenschaft die <b>Darlehensgeberin</b> ) Darlehensauszahlungen in Höhe der jeweils im Hinblick auf deutsche Kapitalertragsteuer vorgenommene Einbehalte von den Gewinnausschüttungszahlungen, den Zahlungen auf Ausgefallene Gewinnausschüttungen und den Wiederauffüllungen der Kumulativen Genussscheine nach einer Herabsetzung an die Emittentin zahlen. Die Emittentin wird die Darlehensauszahlungen zur Finanzierung ihrer Verpflichtung zur Leistung von Zinszahlungen auf die Wertpapiere und zur Zahlung der Kapitalertragsteuer in Bezug auf eine Wiederauffüllung der Kumulativen Genussscheine nach einer Herabsetzung verwenden. Siehe „Zusammenfassung der Bedingungen des Darlehensvertrages“.

<b>Freistellungs-vereinbarung</b>	Nach der Freistellungsvereinbarung ist die Bank verpflichtet, für etwaige im Hinblick auf Zahlungen auf die Wertpapiere anfallende Quellensteuern in Jersey Zahlungen an die Emittentin zu leisten. Die Emittentin wird die nach dem Freistellungsvertrag erhaltenen Zahlungen zur Finanzierung ihrer Verpflichtungen in Bezug auf ggf. auf die Wertpapiere zahlbare Zusätzliche Beträge verwenden.
<b>Sicherungs-abtretungsvereinbarung</b>	Nach der Sicherungsabtretungsvereinbarung wird die Emittentin ihr Eigentum an der die Kumulativen Genussscheine verbriefenden Dauer-Globalurkunde auf den Sicherheitentreuhänder übertragen sowie alle gegenwärtigen und zukünftigen Zahlungsansprüche aus dem Darlehensvertrag und dem Freistellungsvertrag zugunsten der Emissionsgläubiger an den Sicherheitentreuhänder abtreten. Siehe „ <i>Beschreibung der Sicherungsabtretungsvereinbarung</i> “ ( <i>Description of the Fiduciary Assignment Agreement</i> ).
<b>Hauptzahlstelle</b>	Deutsche Bank Aktiengesellschaft, Frankfurt am Main
<b>Irische Zahlstelle</b>	NCB Stockbrokers Ltd., Dublin
<b>Irischer Börsenzulassungsbeauftragter</b>	NCB Stockbrokers Ltd., Dublin
<b>Sicherheiten-treuhänder</b>	Deutsche Bank Luxembourg S.A.
<b>Notierung</b>	Die Genehmigung der vollständigen Fassung des Prospektes wurde bei der Irischen Finanzdienstleistungsaufsichtsbehörde als der nach der Prospektrichtlinie (wie in diesem Prospekt definiert) zuständigen Behörde beantragt. Die Zulassung der Wertpapiere zur amtlichen Notierung ( <i>Official List</i> ) und zum Handel im geregelten Markt wurde bei der Irischen Wertpapierbörse beantragt.
<b>Wertpapier-Kennnummern</b>	ISIN: XS0249466730 WKN: A0GQE7 Common Code: 024946673

## Zusammenfassung der Bedingungen der Wertpapiere

Die folgende Zusammenfassung bezieht sich auf bestimmte Bedingungen der Wertpapiere. Sie erhebt keinen Anspruch auf Vollständigkeit und unterliegt und beruht in ihrer Gesamtheit auf den Emissionsbedingungen der Wertpapiere, die unter „Emissionsbedingungen der Wertpapiere“ nachgelesen werden können.

<b>Emittentin</b>	ProSecure Funding Limited Partnership, eine nach dem Recht Jerseys am 16. März 2006 errichtete Kommanditgesellschaft.
<b>Nennbetrag</b>	€ 1.000 je Wertpapier.
<b>Mindest-übertragungsbetrag</b>	Die Wertpapiere sind in Euroclear oder Clearstream ausschließlich in einer Gesamtstückelung von mindestens € 50.000 übertragbar.
<b>Gesamtnennbetrag</b>	€ 500.000.000.
<b>Ausgabepreis</b>	100% des Nennbetrages.
<b>Form</b>	Die Wertpapiere werden zunächst durch eine vorläufige, auf den Inhaber lautende Globalschuldverschreibung ohne Zinsscheine (die <b>Vorläufige Globalurkunde</b> ) verbrieft, die gegen Nachweis über das Nichtbestehen von U.S.-amerikanischem wirtschaftlichen Eigentum ( <i>non-U.S. beneficial ownership</i> ) in eine auf den Inhaber lautende Dauer-Globalschuldverschreibung ohne Zinsscheine ( <b>Dauer-Globalurkunde</b> ) umtauschbar ist.
<b>Ausgabedatum</b>	31. März 2006.
<b>Status</b>	Die Verpflichtungen der Emittentin aus den Wertpapieren begründen unmittelbare, nicht nachrangige und (mit Ausnahme der Sicherheiten, die gemäß der Sicherungsabtretungsvereinbarung begründet werden) nicht besicherte bedingte Verbindlichkeiten der Emittentin und sind untereinander gleichrangig und mindestens gleichrangig mit allen anderen gegenwärtigen oder zukünftigen nicht nachrangigen und nicht besicherten Verbindlichkeiten der Emittentin, soweit zwingendes Gesetzesrecht nicht entgegen steht.
<b>Eingeschränkter Regress</b>	Jegliche Zahlungen in Bezug auf die Wertpapiere sind beschränkt auf die von der Emittentin gemäß den Kumulativen Genussscheinen, dem Darlehensvertrag und der Freistellungsvereinbarung tatsächlich erhaltenen Beträge.
<b>Zinszahlungen</b>	Zinsen auf den Nennbetrag der Wertpapiere in Höhe von 4,668 % p. a. fallen ab dem Ausgabetag (einschließlich) bis zum 30. Juni 2016 für jeden Zinszeitraum an und sind an jedem Fälligkeitstag (wie nachstehend definiert) jährlich nachträglich zahlbar. Zinszahlungen sind abhängig davon, dass die Emittentin von der Postbank die Gewinnausschüttungszahlungen aus den Kumulativen Genussscheinen (nach Abzug der Kapitalertragssteuer) (siehe „ <i>Zusammenfassung der Bedingungen der Kumulativen Genussscheine – Gewinnausschüttungszahlungen und -tage</i> “), von der Darlehensgeberin die Darlehensausszahlungen nach dem Darlehensvertrag (siehe „ <i>Zusammenfassung der Bestimmungen des Darlehensvertrages – Darlehenszahlungen</i> “) und Zahlungen der Postbank nach der Freistellungsvereinbarung (siehe „ <i>Zusammenfassung des Angebots – Freistellungsvereinbarung</i> “) tatsächlich erhalten hat. Ist die Emittentin an einem Fälligkeitstag nicht in der Lage, eine Zinszahlung ganz oder teilweise zu leisten, weil die Gewinnausschüttungen, die ansonsten an diesem Fälligkeitstag auf die Kumulativen Genussscheine zahlbar wären, ganz oder teilweise ausgeschlossen sind (siehe „ <i>Zusammenfassung der Bedingungen der Kumulativen Genussscheine – Ausschluss der Gewinnausschüttungen</i> “), wird die Emittentin diese Zinszahlung nachzahlen, sobald und soweit sie am oder vor dem Rückzahlungstag von der Postbank Zahlungen in Bezug auf Aus-

	<p>gefallene Gewinnausschüttungen erhält (siehe „<i>Zusammenfassung der Bedingungen der Kumulativen Genussscheine – Ausgefallene Gewinnausschüttungen</i>“). Die Emittentin ist nicht verpflichtet, an die Emissionsgläubiger Zahlungen zu leisten, die über die von ihr tatsächlich erhaltenen Gewinnausschüttungen oder Ausgefallenen Gewinnausschüttungen, Darlehensauszahlungen nach dem Darlehensvertrag und Zahlungen nach der Freistellungsvereinbarung hinausgehen.</p>
<b>Zinsberechnungs-methode</b>	Zinsen für einen kürzeren Zeitraum als ein Jahr werden auf Grundlage der Anzahl der tatsächlich vergangenen Tage des Zinsberechnungszeitraums geteilt durch die Anzahl der Tage (365 oder 366) in dem maßgeblichen Zinsjahr berechnet. Zinsen für den ersten Zinszeitraum (von mehr als einem Jahr) werden auf der gleichen Grundlage berechnet.
<b>Fälligkeitstage</b>	Zinszahlungen auf die Wertpapiere erfolgen an den Tagen, an denen etwaige Gewinnausschüttungszahlungen auf die Kumulativen Genussscheine an die Emittentin gezahlt werden. Der Fälligkeitstag für Gewinnausschüttungszahlungen auf die Kumulativen Genussscheine ist der 30. Juni eines jeden Jahres, beginnend mit dem 30. Juni 2007. Die Fälligkeitstage von Gewinnausschüttungszahlungen und somit Zinszahlungen können sich in einem bestimmten Jahr verschieben, wenn sich die Feststellung des Jahresabschlusses der Postbank für das Geschäftsjahr, auf das sich die jeweilige Gewinnausschüttungszahlung bezieht, verschiebt (siehe „ <i>Zusammenfassung der Bedingungen der Kumulativen Genussscheine – Gewinnausschüttungszahlungen und -tage</i> “).
<b>Rückzahlungstag und Rückzahlungsbetrag</b>	Die Rückzahlung der Wertpapiere ist für den 30. Juni 2016 vorgesehen. Die Rückzahlung kann zu einem späteren Zeitpunkt erfolgen, wenn sich die Feststellung des Jahresabschlusses der Postbank für das am 31. Dezember 2015 endende Geschäftsjahr oder die Zahlung des von der Postbank zu zahlenden Rückzahlungsbetrages an die Emittentin auf die Kumulativen Genussscheine aus sonstigen Gründen verschiebt. In diesem Fall werden die Wertpapiere an dem Tag zurückgezahlt, an dem die Kumulativen Genussscheine zurückgezahlt werden. Siehe „ <i>Zusammenfassung der Bedingungen der Kumulativen Genussscheine – Rückzahlungstag</i> “. Eine Rückzahlung der Wertpapiere erfolgt außerdem zu jedem Zeitpunkt, an dem eine vorzeitige Rückzahlung der Kumulativen Genussscheine durch die Bank erfolgt (siehe „ <i>Zusammenfassung der Bedingungen der Kumulativen Genussscheine – Vorzeitige Rückzahlung</i> “).
	<p>Die von der Emittentin auf die Wertpapiere zu zahlende Tilgungszahlung entspricht dem Rückzahlungsbetrag (vorbehaltlich des Eingangs desselben bei der Emittentin), der von der Postbank auf die Kumulativen Genussscheine zu zahlen ist (siehe „<i>Zusammenfassung der Bedingungen der Kumulativen Genussscheine – Rückzahlung</i>“):</p>
<b>Zusätzliche Rückzahlungs-beträge und -tage</b>	<p>Zusätzliche Rückzahlungsbeträge bis zu einer Höhe, die der Differenz zwischen dem Rückzahlungsbetrag und dem Nennbetrag der Kumulativen Genussscheine entspricht, werden fällig, wenn in einem am oder vor dem 31. Dezember 2019 endenden Geschäftsjahr der Bank die Voraussetzungen einer Wiederauffüllung des Buchwertes der Kumulativen Genussscheine bis zu einem Nennbetrag von € 1.000 pro Kumulativem Genussschein vorliegen. Etwaige Zusätzliche Rückzahlungsbeträge werden nicht verzinst.</p> <p>Diese Zusätzlichen Rückzahlungsbeträge werden von der Emittentin am 30. Juni eines jeden Jahres gezahlt, welches dem Geschäftsjahr folgt, für das ein Zusätzlicher Rückzahlungsbetrag zahlbar ist. Diese Zahlung kann zu einem späteren Zeitpunkt erfolgen, wenn sich die Feststellung des Jahresabschlusses der Postbank für das jeweilige Geschäftsjahr, in dem der Zusätzliche Rückzahlungsbetrag zahlbar ist, aus irgendeinem Grund verschiebt.</p>

<b>Vorzeitige Kündigung und Rückzahlung</b>	Bei Eintritt eines Steuerereignisses oder eines Gross-up-Ereignisses (jeweils in den „ <i>Bedingungen der Wertpapiere</i> “ definiert) kann die Emittentin die Wertpapiere unter Einhaltung einer Kündigungsfrist von mindestens 30 und höchstens 60 Tagen kündigen.  Eine vorzeitige Kündigung erfordert nicht die gleichzeitige Rückzahlung der Kumulativen Genussscheine und Zahlung des Rückzahlungsbetrages, ist jedoch nur zulässig, wenn die Finanzierung der Rückzahlung der Wertpapiere zu ihrem Nennbetrag plus etwaiger angefallener Zinsen durch die Ausgabe vergleichbarer Schuldverschreibungen oder auf andere Weise gesichert ist.
<b>Zahlung Zusätzlicher Beträge</b>	Sollte die Emittentin im Hinblick auf Steuern zu einem Einbehalt oder Abzug von Beträgen, die in Bezug auf die Wertpapiere zahlbar sind, verpflichtet sein, muss sie die betreffenden Beträge ausgleichen, so dass die Emissionsgläubiger die zahlbaren Beträge in voller Höhe erhalten, als ob keine Verpflichtung zu einem Einbehalt oder Abzug bestanden hätte. Die Verpflichtung der Emittentin zur Zahlung Zusätzlicher Beträge steht unter dem Vorbehalt, dass ihr zu diesem Zweck ausreichende Mittel zur Verfügung stehen. Die Emittentin hat eine Freistellungsvereinbarung geschlossen, nach der die Bank verpflichtet ist, die Emittentin mit den für die Zahlung zusätzlicher Beträge erforderlichen Mitteln auszustatten. Die Fähigkeit der Emittentin zur Zahlung Zusätzlicher Beträge ist abhängig davon, dass die Emittentin von der Postbank Beträge zur Deckung dieser Zusätzlichen Beträge tatsächlich erhält (siehe „ <i>Risk Factors – Coupon Payments on Securities are conditional</i> “).
<b>Bekanntmachungen</b>	Alle Bekanntmachungen der Emittentin an die Emissionsgläubiger erfolgen (i) per Brief, Fax oder in elektronischer Form an Clearstream Luxemburg und Euro-clear und (ii) solange die Wertpapiere an der Irischen Börse notiert werden und die Irische Börse dies verlangt, durch Mitteilung an das <i>Company Announcement Office</i> der Irischen Börse durch die Irische Zahlstelle.  Gemäß ihren jeweils veröffentlichten Vorschriften und Regeln werden Euro-clear und Clearstream Luxembourg ihre Teilnehmer, auf deren Konten die Wertpapiere gutgeschrieben sind, über alle derartigen Bekanntmachungen, die sie erhalten, informieren.
<b>Anwendbares Recht</b>	Deutsches Recht.
<b>Rechtsverbindliche Sprache</b>	Deutsch.
<b>Steuerfolgen</b>	Die wesentlichen Folgen des Erwerbes, Besitzes und der Veräußerung der Wertpapiere in Bezug auf die Besteuerung in Deutschland und Jersey sind im Abschnitt „ <i>Taxation</i> “ beschrieben.

## Zusammenfassung der Bedingungen der Kumulativen Genussscheine

Die folgende Zusammenfassung bezieht sich auf bestimmte Bestimmungen der Kumulativen Genussscheine. Sie erhebt keinen Anspruch auf Vollständigkeit und unterliegt und beruht in ihrer Gesamtheit auf den Emissionsbedingungen der Kumulativen Genussscheine, die unter „Emissionsbedingungen der Kumulativen Genussscheine“ nachgelesen werden können.

<b>Emittentin</b>	Deutsche Postbank AG, Bonn, eine nach deutschem Recht gegründete Aktiengesellschaft.
<b>Nennbetrag</b>	€ 1.000 je Kumulativem Genussschein.
<b>Gesamtnennbetrag</b>	€ 500.000.000
<b>Ausgabepreis</b>	100 % des Nennbetrages.
<b>Form</b>	Die Kumulativen Genussscheine sind durch eine auf den Inhaber lautende Globalschuldverschreibung ohne Zinsscheine verbrieft.
<b>Ausgabedatum</b>	31. März 2006.
<b>Status</b>	Die Zahlungsverpflichtungen der Bank aufgrund dieser Kumulativen Genussscheine sind im Falle der Insolvenz oder Liquidation (i) nachrangig gegenüber Forderungen aller bestehenden und künftigen Gläubiger der Bank (mit Ausnahme der unter (ii) und (iii) genannten Gläubiger), (ii) (prozentual zum fälligen Betrag) mindestens gleichrangig mit allen Forderungen auf Rückzahlung von oder Ausschüttungen auf Genussrechte(n) oder Genussscheine(n) und ggf. anderer Kapitalinstrumente des Ergänzungskapitals sowie sonstiger nachrangiger Verbindlichkeiten gemäß § 10 Abs. 5 und Abs. 5a KWG, und (iii) vorrangig vor allen Forderungen auf Rückzahlung von und Ausschüttungen auf stille Beteiligungen, allen Forderungen aus anderen Kernkapitalinstrumenten der Bank (auf Instituts- und auf Gruppenebene), aus Garantien und Patronatserklärungen für derartige Instrumente sowie allen Forderungen von Anteilseignern der Bank im Zusammenhang mit ihren Anteilen am Grundkapital der Bank, soweit diese jeweils bereits begründet wurden oder in Zukunft begründet werden.
<b>Alleiniger Inhaber</b>	ProSecure Funding Limited Partnership, eine nach dem Recht Jerseys am 16. März 2006 errichtete Kommanditgesellschaft.
<b>Gewinnperioden</b>	Gewinnausschüttungen auf die Kumulativen Genussscheine fallen für Gewinnperioden ( <b>Gewinnperioden</b> ) an, die vom (einschließlich) 1. Januar bis (einschließlich) 31 Dezember eines jeden Kalenderjahres während der Laufzeit der Kumulativen Genussscheine laufen. Die erste Gewinnperiode ( <b>Erste Gewinnperiode</b> ) beginnt am Ausgabetag (einschließlich) und endet am 31. Dezember 2006 (einschließlich).
<b>Fälligkeitstage</b>	Vorbehaltlich der Tatsache, dass Gewinnausschüttungen ganz oder teilweise ausgeschlossen sein können (siehe „ <i>Ausschluss der Gewinnausschüttungen</i> “), sind Gewinnausschüttungen jährlich nachträglich zahlbar, entweder (i) am 30. Juni eines Jahres nach Ablauf der maßgeblichen Gewinnperiode oder, falls dies kein Geschäftstag ist, am darauf folgenden Geschäftstag, oder (ii) falls am 29. Juni, der auf das Ende der maßgeblichen Gewinnperiode folgt, der geprüfte, nicht konsolidierte Jahresabschluss der Bank für das Geschäftsjahr, auf das sich die Gewinnperiode bezieht, noch nicht festgestellt ist, an dem auf die Feststellung folgenden Geschäftstag, je nachdem, welcher Tag der spätere ist (ein <b>Fälligkeitstag</b> ). Ab dem Ende der maßgeblichen Gewinnperiode bis zum Fälligkeitstag für die Gewinnausschüttung fallen keine Zinsen an.

<b>Höhe der Gewinnausschüttung</b>	Vorbehaltlich der Tatsache, dass Gewinnausschüttungen ganz oder teilweise ausgeschlossen sein können (siehe „ <i>Ausschluss der Gewinnausschüttungen</i> “), fallen Gewinnausschüttungen auf den Nennbetrag der Kumulativen Genussscheine in einer Höhe von 4,723% p.a. an.
<b>Zinsberechnungsmethode</b>	Zinsen für einen kürzeren Zeitraum als ein Jahr werden auf Grundlage der Anzahl der tatsächlich vergangenen Tage des Zinsberechnungszeitraums geteilt durch die Anzahl der Tage (365 oder 366) in dem maßgeblichen Zinsjahr berechnet.
<b>Gewinnausschüttungszahlung für die Erste Gewinnperiode</b>	Vorbehaltlich der Tatsache, dass Gewinnausschüttungen ganz oder teilweise ausgeschlossen sein können (siehe „ <i>Ausschluss der Gewinnausschüttungen</i> “), erfolgt die Gewinnausschüttung für die Erste Gewinnperiode zu einem Betrag von insgesamt € 29.360.000 (€ 58,72 je Kumulativer Genussschein). Die Gewinnausschüttungszahlung für die erste Gewinnperiode erfolgt entweder (i) am 30. Juni 2007 oder, falls dies kein Geschäftstag ist, am darauf folgenden Geschäftstag, oder (ii) wenn am 29. Juni 2007 der nicht konsolidierte Jahresabschluss der Bank für das am 31. Dezember 2006 endende Geschäftsjahr noch nicht festgestellt ist, an dem auf die Feststellung folgenden Geschäftstag, je nachdem, welcher Tag der spätere ist.
<b>Ausschluss der Gewinnausschüttungen</b>	<p>Eine Gewinnausschüttung ist für eine Gewinnperiode (einschließlich der Ersten Gewinnperiode) ausgeschlossen:</p> <ul style="list-style-type: none"> <li>(i) falls und soweit eine solche Gewinnausschüttung, ggf. unter Berücksichtigung der Nachzahlung von Ausgefallenen Gewinnausschüttungen (siehe „<i>Bedingungen der Kumulativen Genussscheine</i>“), zu einem Bilanzverlust (siehe „<i>Bilanzverlust</i>“) in dem Geschäftsjahr der Bank, auf das sich die maßgebliche Gewinnperiode bezieht, führen oder diesen erhöhen würde; oder</li> <li>(ii) wenn der Buchwert der Kumulativen Genussscheine aufgrund der Teilnahme an Bilanzverlusten der Bank herabgesetzt und noch nicht durch in Folgejahren angefallene Gewinne wieder aufgefüllt wurde.</li> </ul>
<b>Bilanzverlust</b>	<p>Ein <b>Bilanzverlust</b> liegt vor, wenn die geprüfte, nicht konsolidierte Jahresbilanz der Bank keinen Bilanzgewinn von mindestens € 0 für das Geschäftsjahr ausweist, auf das sich die jeweilige Gewinnausschüttung bezieht. Der <b>Bilanzgewinn</b> errechnet sich aus dem nicht konsolidierten Jahresüberschuss oder Jahresfehlbetrag der Bank, <i>zuzüglich</i> eines etwaigen Gewinnvortrags aus dem Vorjahr, <i>abzüglich</i> eines etwaigen Verlustvortrags aus dem Vorjahr, <i>zuzüglich</i> Entnahmen aus Kapital- und Gewinnrücklagen, <i>abzüglich</i> Einstellungen in Gewinnrücklagen, und zwar jeweils in Übereinstimmung und nach Maßgabe der deutschen handelsrechtlichen Rechnungslegungsvorschriften (einschließlich des HGB) sowie sonstigen zum maßgeblichen Zeitpunkt geltenden deutschen Rechts.</p> <p>Die Bank ist nicht verpflichtet, stille Reserven aufzulösen oder Entnahmen aus bilanziellen Rücklagen vorzunehmen, um einen Jahresfehlbetrag oder einen Bilanzverlust zu vermeiden.</p>
<b>Ausgefallene Gewinnausschüttungen</b>	Gewinnausschüttungen, die aufgrund nicht ausreichenden Bilanzgewinns oder einer Herabsetzung nicht gezahlt werden, sind Ausgefallene Gewinnausschüttungen. Ausgefallene Gewinnausschüttungen sind aus den Bilanzgewinnen nachfolgender Gewinnperioden, die vor dem Rückzahlungstag enden, zu zahlen. Die Zahlung der Ausgefallenen Gewinnausschüttungen erfolgt am Fälligkeitstag der Gewinnausschüttungszahlung der jeweils nächsten Gewinnperiode, in der ein Bilanzgewinn zu Verfügung steht. Reicht ein solcher nachfolgender Bilanzgewinn zur Zahlung der Ausgefallenen Gewinnausschüttungen

	<p>sowie der Gewinnausschüttung für die jeweils letzte Gewinnperiode nicht aus, erfolgen Zahlungen zunächst auf die Ausgefallenen Gewinnausschüttungen und erst danach auf die Gewinnausschüttung für die jeweils letzte Gewinnperiode. Ausgefallene Gewinnausschüttungen werden nicht verzinst.</p> <p>Die Verpflichtung der Bank zur Zahlung von Ausgefallenen Gewinnausschüttungen und die Gewinnausschüttung für die letzte Gewinnperiode entfällt am Rückzahlungstag, soweit sie an diesem Tag aufgrund der unter „<i>Ausschluss der Gewinnausschüttungen</i>“ aufgeführten Bestimmungen nicht gezahlt werden.</p>
<b>Verlustbeteiligung und Herabsetzung</b>	<p>Wenn die Bank in einem Geschäftsjahr einen Bilanzverlust erleidet, nehmen die Kumulativen Genussscheine im Verhältnis ihres Buchwerts zum Gesamtbuchwert aller am Bilanzverlust teilnehmenden Bestandteile des haftenden Eigenkapitals der Bank teil. Der Rückzahlungsbetrag wird in dem Umfang, in dem die Kumulativen Genussscheine an einem Bilanzverlust teilnehmen, herabgesetzt (die <b>Herabsetzung</b>).</p>
<b>Wiederauffüllung der Kumulativen Genussscheine</b>	<p>Nach einer Herabsetzung wird der Buchwert der Kumulativen Genussscheine in jedem der Herabsetzung nachfolgenden Geschäftsjahr der Bank bis zur vollständigen Höhe ihres Nennbetrages wieder aufgefüllt, jedoch nur, wenn und soweit hierdurch in dem jeweiligen Geschäftsjahr kein in dem nicht konsolidierten Jahresabschluss der Bank ausgewiesener Jahresfehlbetrag entsteht oder erhöht würde.</p>
	<p>Die Wiederauffüllung nach einer Herabsetzung geht der Wiederauffüllung des Grundkapitals und Einstellungen in die Rücklagen (mit Ausnahme der gesetzlichen Rücklage) der Bank vor. Im Verhältnis zu anderen Kapitalgebern nach § 10 Abs. 4 KWG (Vermögenseinlagen stiller Gesellschafter) erfolgt die Wiederauffüllung des Buchwerts der Kumulativen Genussscheine vorrangig zu diesen Kapitalanlagen, wenn deren Bedingungen dies vorsehen. Gegenüber anderen Kapitalgebern nach § 10 Abs. 5 KWG (Genussrechte und Genussscheine) erfolgt die Wiederauffüllung in der gleichen Reihenfolge und im gleichen Verhältnis wie die Beteiligung am Bilanzverlust.</p>
<b>Kapitalzahlungen</b>	<p>Es erfolgen keine Rückzahlungen von Kapital durch die Bank, außer im Falle der Rückzahlung von Kumulativen Genussscheinen und gegebenenfalls Zahlungen an einem Zusätzlichen Rückzahlungstag (siehe „<i>Vorgesehene Rückzahlung</i>“ und „<i>Zusätzliche Rückzahlungsbeträge und -tage</i>“). Zu diesem Zeitpunkt wird der Nennbetrag der Kumulativen Genussscheine, vorbehaltlich etwaiger Herabsetzungen, zurückgezahlt (siehe „<i>Rückzahlungsbetrag</i>“).</p>
<b>Vorgesehene Rückzahlung</b>	<p>Die Laufzeit der Kumulativen Genussscheine endet am 31. Dezember 2015 und der Rückzahlungsbetrag (siehe „<i>Rückzahlungsbetrag</i>“) wird am Rückzahlungstag fällig. Der <b>Rückzahlungstag</b> ist entweder (i) der 30. Juni 2016 oder, falls dies kein Geschäftstag ist, der darauf folgende Geschäftstag, oder (ii) wenn am 29. Juni 2016 der geprüfte, nicht konsolidierte Jahresabschluss der Bank für das am 31. Dezember 2015 endende Geschäftsjahr noch nicht festgestellt ist, an dem auf die Feststellung folgenden Geschäftstag, je nachdem, welcher Tag der spätere ist. Vom 31. Dezember 2015 bis zum Rückzahlungstag fallen keine Zinsen auf den Rückzahlungsbetrag an.</p>
<b>Rückzahlungsbetrag</b>	<p>Am Rückzahlungstag wird die Bank dem Inhaber der Kumulativen Genussscheine den Rückzahlungsbetrag zahlen. Der <b>Rückzahlungsbetrag</b> entspricht dem Nennbetrag der Kumulativen Genussscheine oder, wenn Herabsetzungen eingetreten sind und nicht vor dem Rückzahlungsdatum wieder aufgefüllt wurden, dem Buchwert der Kumulativen Genussscheine.</p>

<b>Zusätzliche Rückzahlungsbeträge und -tage</b>	Zusätzliche Rückzahlungsbeträge bis zu einer Höhe, die der Differenz zwischen dem Rückzahlungsbetrag und dem Nennbetrag der Kumulativen Genusscheine entspricht, werden fällig, wenn in einem am oder vor dem 31. Dezember 2019 endenden Geschäftsjahr der Bank die Voraussetzungen einer Wiederauffüllung des Buchwertes der Kumulativen Genusscheine bis zu einem Nennbetrag von € 1.000 pro Kumulativem Genussschein vorliegen. Etwaige Zusätzliche Rückzahlungsbeträge werden nicht verzinst.  Diese Zusätzlichen Rückzahlungsbeträge werden am 30. Juni eines jeden Jahres gezahlt, welches dem Geschäftsjahr folgt, für das ein Zusätzlicher Rückzahlungsbetrag zahlbar ist. Eine solche Zahlung kann zu einem späteren Zeitpunkt erfolgen, wenn sich die Feststellung des Jahresabschlusses der Postbank für das jeweilige Geschäftsjahr aus irgendeinem Grund verschiebt.
<b>Vorzeitige Rückzahlung</b>	Wenn ein Deutsches Steuerereignis, ein Jersey-Steuerereignis, ein Steuer-Rückerstattungereignis oder ein Gross-up-Ereignis (siehe „ <i>Bedingungen der Kumulativen Genussscheine</i> “) eingetreten ist, ist die Bank berechtigt, die Kumulativen Genussscheine vorzeitig zurückzahlen, sofern der jeweilige Buchwert der Kumulativen Genussscheine zum Zeitpunkt der Ausübung des Kündigungsrechts ihren Nennbetrag nicht unterschreitet. Ungeachtet anderweitiger Vereinbarungen sind vorzeitige Rückzahlungen auf die Kumulativen Genusscheine an die Bank zurückzuzahlen, es sei denn, (i) das Kapital wurde durch anderes mindestens gleichwertiges haftendes Eigenkapital ersetzt oder (ii) die BaFin stimmt der vorzeitigen Rückzahlung zu.
<b>Durchsetzung von Rechten</b>	Die Kumulativen Genussscheine begründen ein Rechtsverhältnis zwischen der Bank und dem Inhaber der Kumulativen Genussscheine, der Emittentin. Daher kann nur die Emittentin (oder ihr Abtretungsempfänger) Rechte aus den Kumulativen Genussscheinen gegen die Bank geltend machen. Die Emittentin ist nicht verpflichtet, zur Durchsetzung ihrer Rechte aus den Kumulativen Genussscheinen gegen die Postbank Klage zu erheben.
<b>Einhaltung des deutschen Bankaufsichtsrechts</b>	Nach geltendem deutschen Bankaufsichtsrecht müssen jegliche Rückzahlungen der Kumulativen Genussscheine, die unter Verletzung ihrer Bedingungen erfolgt sind, an die Postbank zurückgezahlt werden.
<b>Gerichtsstand</b>	Frankfurt am Main, Deutschland.
<b>Anwendbares Recht</b>	Deutsches Recht.
<b>Rechtsverbindliche Sprache</b>	Deutsch.

## Zusammenfassung der Bedingungen des Darlehensvertrages

Die folgende Zusammenfassung bezieht sich auf bestimmte Bestimmungen des Darlehensvertrages. Sie erhebt keinen Anspruch auf Vollständigkeit und unterliegt und beruht in ihrer Gesamtheit auf den Bestimmungen des Darlehensvertrages, die unter „Bestimmungen des Darlehensvertrages“ aufgeführt sind.

<b>Parteien</b>	Postbank als <b>Darlehensgeberin</b> .  ProSecure Funding Limited Partnership, Jersey, Kanalinseln, eine nach dem Recht Jerseys errichtete Kommanditgesellschaft als <b>Darlehensnehmerin</b> .
<b>Darlehensauszahlungen</b>	An jedem Tag, an dem eine Gewinnausschüttungszahlung fällig wird, ist die Darlehensgeberin verpflichtet, eine Darlehens-Auszahlung in Höhe des Betrages, der dem von der Postbank vorgenommenen Einbehalt deutscher Kapitalertragsteuer von der maßgeblichen Gewinnausschüttungszahlung entspricht, an die Darlehensnehmerin vorzunehmen (jeweils eine <b>Darlehensauszahlung</b> ).  Darüber hinaus ist die Darlehensgeberin verpflichtet, eine Darlehensauszahlung in Höhe des Betrages, der der von der Postbank vorgenommenen Zahlung deutscher Kapitalertragsteuer aufgrund der maßgeblichen Wiederauffüllung entspricht, an die Darlehensnehmerin vorzunehmen.
<b>Rückzahlung</b>	Die Darlehensnehmerin ist verpflichtet, den vollen Betrag jeder Kapitaleinzahlung, die sie nach dem Einzahlungsvertrag von der Emittenten-Kommanditistin erhält, unverzüglich nach ihrem jeweiligen Erhalt dafür zu verwenden, noch nicht zurückgezahlte Darlehensauszahlungen zurückzuzahlen (jeweils eine <b>Rückzahlung</b> ).
<b>Zinsen</b>	Die Darlehensnehmerin ist verpflichtet, an jedem Tag, an dem sie eine Rückzahlung vornimmt, Zinsen an die Darlehensgeberin zu zahlen. Der Zinssatz entspricht 4,60 % p. a. auf noch nicht zurückgezahlte Darlehensauszahlungen.
<b>Anwendbares Recht</b>	Deutsches Recht.
<b>Rechtsverbindliche Sprache</b>	Deutsch.

## SELECTED FINANCIAL INFORMATION

### POSTBANK

The following table presents selected unconsolidated financial information of Deutsche Postbank AG in accordance with the HGB and German GAAP as of and for the last two fiscal years ended 31 December 2005 and 2004, respectively:

<b>Selected Unconsolidated Income Statement Figures</b>	<b>2005</b>	<b>2004</b>
	€ m	€ m
Net interest income . . . . .	1,794	1,553
Net commission income . . . . .	472	410
Net income from financial operations . . . . .	35	68
Total income . . . . .	2,301	2,031
Administrative expenses . . . . .	– 1,777	– 1,778
Other operating income/expenses . . . . .	44	30
Operating profit before risk provisions . . . . .	568	283
Risk provisions . . . . .	205	– 58
Operating profit . . . . .	381	363
Net profit for the period . . . . .	282	455

<b>Selected Unconsolidated Balance Sheet Figures</b>	<b>2005</b>	<b>2004</b>
	€ m	€ m
Cash reserve . . . . .	965	1,113
Bonds and other fixed-interest securities . . . . .	40,254	32,426
Loans and advances to other banks . . . . .	23,658	26,409
Loans and advances to customers . . . . .	50,968	45,363
Equities and other non-fixed-income securities . . . . .	12,611	10,373
Trust assets . . . . .	1,414	1,484
Total assets . . . . .	<u>133,113</u>	<u>119,678</u>
Deposits from other banks . . . . .	36,181	18,137
Deposits from customers . . . . .	74,186	81,512
Securitised liabilities . . . . .	12,439	10,725
Trust liabilities . . . . .	1,414	1,484

For information on BHW Group, to be consolidated by Postbank as of 2 January 2006, see Note 7 to Postbank's consolidated financial statements for the fiscal year ended 31 December 2005.

## POSTBANK GROUP

The following table presents selected consolidated financial information of the Postbank Group in accordance with IFRS<sup>(1)</sup> as of and for the last two fiscal years ended 31 December 2005 and 2004, respectively:

<b>Selected Consolidated Income Statement Figures</b>	<b>2005</b>	<b>2004</b>
	€ m	€ m
Balance sheet-related revenues.....	2,132	2,062
Total income .....	2,831	2,674
Administrative expenses .....	– 1,886	– 1,869
Profit before tax .....	719	648
Consolidated net profit .....	492	435
Cost/income ratio .....	66.6%	69.9%
Return on equity		
before tax .....	14.6%	14.0%
after tax .....	10.0%	9.4%
Earnings per share (€) .....	3.00	2.65

<b>Selected Consolidated Balance Sheet Figures</b>	<b>2005</b>	<b>2004</b>
	€ m	€ m
Total assets .....	140,280	128,254
Customer deposits .....	78,481	80,519
Customer loans .....	52,873	47,739
Allowance for losses on loans and advances .....	– 776	– 667
Equity .....	5,186	4,766

(<sup>1</sup>) The consolidated financial statements for the year 2004 of Deutsche Postbank AG have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board; for the year 2005, in accordance with International Financial Reporting Standards as adapted in the European Union. For purposes of this prospectus, the aforementioned accounting standards are together referred to as **IFRS**.

For information on BHW Group, to be consolidated by Postbank as of 2 January 2006, see Note 7 to Postbank's consolidated financial statements for the fiscal year ended 31 December 2005.

## RISK FACTORS

The following is a non-exhaustive description of certain risk factors with respect to the Securities and the financial situation of the Issuer and Postbank which prospective investors should consider before deciding to purchase the Securities. The sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. Prospective investors should consider all of the information provided in this Prospectus and consult with their own professional advisers if they consider it necessary.

### Risks associated with the business of Postbank

#### *Postbank Group is exposed to market risks and credit risks*

The amount of the customer deposits of Postbank Group considerably exceeds the volume of its lending business. This liquidity surplus is predominantly invested on the money markets and capital markets in interest-bearing instruments such as bonds and certificates of indebtedness (*Schuldscheindarlehen*) and other interest-bearing investments mostly with short and medium terms. Due to this balance sheet structure and the accompanying large portfolio of securities and derivatives, Postbank Group is especially exposed to market risks (in particular interest rate risks). Postbank Group is also susceptible to market-related risks with regard to the holdings in its bank and trading book that are not associated with the investment of liquidity surplus. These holdings primarily include fixed-income securities, stocks, foreign currency and financial derivatives.

Despite its risk management measures, Postbank Group's trading income and income from investment securities are influenced by a number of factors beyond Postbank's control, in particular the development of interest rate levels and the stock market. Postbank Group's trading income and income from investment securities, just as for other banks in the Federal Republic of Germany and the rest of Europe in general, have fluctuated significantly in the past few years due to the volatility of the markets. Adverse changes in general market conditions, downward developments on the stock, bond or currency markets and the materialisation of other market risks could have material adverse effects on Postbank Group's trading income, income from investment securities and shareholders' equity (revaluation reserve).

Although Postbank Group's lending/loan book volume is relatively low as compared to other large German banks, it is exposed to credit risks. Postbank plans to expand its lending activities. An expansion of the lending business will lead to additional risks of loan losses which – despite Postbank's conservative risk policy and the measures taken to manage risks – may result in substantial losses. Generally, additional loan default risks are also reflected in an increase in provisions for losses on loans and advances.

The reliability and accuracy of Postbank Group's risk management is subject to high demands. This is primarily due to the large volume of securities held by Postbank Group as a result of investing its liquidity surplus, but also to the holdings in its bank and trading book that are not associated with the investment of the liquidity surplus. Although Postbank Group invests considerably in the development of risk management strategies and technologies and updates its risk management on an ongoing basis, in view of the complexity and volume of the business activities of Postbank Group and the volatility of the markets, it cannot be excluded that individual market risks may not, or may not completely, be taken into account, assessed and hedged against, or that risk management systems under certain circumstances may fail, in particular in the case of risks that Postbank fails to recognize or anticipate.

#### *Deutsche Postbank AG is exposed to risks in connection with acquisitions and their integration*

Deutsche Postbank AG has recently significantly expanded its retail banking business with the acquisition of the BHW Group. Also, Postbank recently acquired 850 retail outlets from Deutsche Post AG. In this context, 9,600 employees were transferred from Deutsche Post AG to Postbank Group. Up to 1,250 employees may be transferred back to Deutsche Post AG until 2012. See "Information about Deutsche Postbank AG – Recent Acquisitions". Integrating these companies and their operations into

the Postbank Group presents significant challenges and risks, including with respect to risk management (in particular with respect to the Bauspar business of BHW), the integration of the sales organisations, the realisation of expected synergies and cost savings, and the development of a uniform corporate culture. If Postbank fails to successfully integrate the BHW Group and the retail network, this could lead to problems in its operating business, to losses, and to the extraordinary write-off of goodwill. Such losses as a result of operational problems, or write-off of goodwill. Such losses as a result of operational problems or a write-off of goodwill relating to the acquired businesses may cause Balance Sheet Profits to be recorded in Postbank's unconsolidated financial statements for a fiscal year that are insufficient for the payment, or the payment in full, of Profit Distributions under the Cumulative Profit Participation Securities, which in turn would result in the deferral, in whole or in part, of Coupon Payments under the Securities. If such losses were to result in a Balance Sheet Deficit being recorded for a fiscal year of Postbank, this would cause a Reduction on the Cumulative Profit Participation Securities, which in turn could lead to redemption payments on the Securities being less than their initial nominal amount.

*Based on a decision by the European Commission, uncertainty exists as to whether the financing by the Federal Republic of Germany of the majority of the pension benefits of civil servants employed by Postbank constitutes prohibited state aid.*

As a result of the privatisation of Deutsche Bundespost, civil servants of the partial special asset (*Teilsondervermögen*) Deutsche Bundespost POSTBANK were transferred to Postbank with effect as of 1 January 1995. By law, the Federal Republic of Germany continued to be responsible for the pensions payable to the transferred civil servants. The pension claims of civil servants employed by Postbank therefore continue to be obligations of the Federal Republic of Germany. In connection with the privatisation, a cost-sharing arrangement between the Federal Republic of Germany and the private successor companies of Deutsche Bundespost with regard to the pensions of civil servants was devised. In this regard, particular consideration was given to the fact that pension benefits due to civil servants typically involve additional costs that could not be imposed in full on the private successor companies, as competitors do not bear any comparable costs. It was also taken into account that many of the eligible civil servants had retired or served as civil servants prior to the privatisation, and that the corresponding pension obligations should be allocated to the Federal Republic of Germany and not to Postbank. At the same time, the costs had to be shared in such a way so as to avoid granting competitive advantages to the successor companies. The cost sharing arrangement provided for in the privatisation laws requires Postbank to contribute to the special pension fund (*Postbeamtenversorgungskasse, PBVK*) set up pursuant to the German Postal Employees Act (*Postpersonalrechtsgesetz*) from which the pension payments of civil servants are made. To this end, an amount corresponding to 33 per cent. of the gross salaries of active civil servants and the notional gross salaries of civil servants eligible for pensions who are on leave is contributed by Postbank to the PBVK. The Federal Republic of Germany must bear any shortfall between current payment obligations and current income or earnings from other assets of the PBVK. The Federal Republic of Germany is subject to a statutory obligation to ensure that the PBVK will be in a position to meet its obligations at all times. Postbank has no obligation to reimburse the Federal Republic of Germany for payments into the PBVK under the provisions of the law. For the years 2002 through 2004, Postbank contributed amounts of € 75 million, € 77 million and € 67 million, respectively. The shortfall in coverage was borne by the Federal Republic of Germany.

The European Commission has not objected to state financing of pension obligations as prohibited state aid in its decisions in comparable cases thus far (Deutsche Post AG, Poste Italiane, La Poste Belgique, Deutsche Lufthansa AG). In its decision of 19 June 2002 concerning the proceeding against Deutsche Post AG, the European Commission conducted a detailed analysis of the regulatory framework for the financing of the PBVK. However, despite a thorough investigation over several years and, as opposed to other aspects under review in this matter, the European Commission did not find the provisions governing the PBVK to constitute prohibited state aid, nor did it subsequently revisit this question. The provisions on the contributions to PBVK by Deutsche Post AG and the assumptions of pension liabilities of Deutsche Post AG by PBVK are based on the same laws applicable to the contributions to PBVK by Postbank and the assumptions of pension liabilities of Postbank by PBVK. Postbank is therefore of the view that its contributions to the PBVK and the assumption of its pension liabilities by PBVK do not constitute prohibited state aid. No court or governmental authority has issued a decision to the contrary thus far.

Against this background it is unclear how a decision of the European Commission of 21 January 2004 should be assessed. This decision concerns the contractual assumption of pension claims of civil servants of the Belgian telecommunications company Belgacom S.A.N.V (**Belgacom**) by the Belgian State. In its decision, the European Commission determined that the transfer of the obligations of the retired civil servants to the Belgian State did not constitute prohibited state aid because Belgacom had paid compensation to the Belgian State in an amount corresponding to the discounted cash value of these obligations. In the press, this decision was partially interpreted in such a manner that it could also be understood as a precedent for the financing of the PBVK by Deutsche Postbank AG. In the view of Postbank, the Belgacom case differs from the situation of Postbank described here in one decisive respect. After Belgacom had been converted from a state enterprise into a stock corporation in 1992, the pension obligations that were the subject of the European Commission's decision were explicitly transferred to Belgacom. Belgacom established a pension fund to finance these pension obligations, the assets and liabilities of which were then transferred back to the Belgian State. In this respect, the Belgacom decision concerns an obligation initially expressly allocated to a private company that was transferred back to the state at a later time, while the pension payment obligation to the civil servants of the predecessor of Postbank constitutes an original obligation of the Federal Republic of Germany. Therefore, Postbank presumes that, consistent with the European Commission's previous decisions, the provisions for financing the PBVK do not represent prohibited state aid by the Federal Republic of Germany. Nonetheless, it cannot be excluded that in the future the European Commission may revisit the matter and conclude that the criteria for state aid requiring authorisation to have been met. Whether, and to what extent, the Belgacom decision is applicable to the situation of Postbank, and whether any application could result in payment obligations of Postbank, cannot be determined at present. If prohibited state aid were found to have been provided, this would have material adverse effects on the assets and liabilities, financial condition and results of operations of Postbank.

*The compensation paid by Postbank for the use of Deutsche Post AG's retail outlet network may constitute prohibited state aid.*

An allegation by the German Monopolies Commission in its special report "Telekommunikation und Post 2003: Wettbewerbsintensivierung in der Telekommunikation – Zementierung des Postmonopols" (Telecommunications and the Postal Service 2003: Intensifying Competition in the Telecommunications Industry – Cementation of the Postal Service Monopoly) resulted in requests for information by the European Commission in October 2004 in response to a third-party complaint to the German Federal Government. The allegation is that the compensation paid by Postbank to Deutsche Post AG for the use of Deutsche Post AG's retail outlet network represents prohibited state aid. As a rationale for this view, the Monopolies Commission stated that Postbank is cross-subsidized by Deutsche Post AG from the income derived from the postal service (operated on the basis of an exclusive license). The Monopolies Commission argues that the compensation payable under the cooperation agreement between Postbank and Deutsche Post AG for the use of Deutsche Post AG's retail outlet network does not meet the "market compensation" test called for by the case law of the European Court of Justice.

In the opinion of Postbank, the allegation of prohibited state aid by Deutsche Post AG to Postbank has no merits. The European Court of Justice has proceeded to clarify its earlier decisions calling for "market compensation" in the "Chronopost" decision of 3 July 2003. In this decision, the European Court of Justice stressed that compensation for the use of postal infrastructures that are established to meet basic public needs and the size of which is geared toward their role in public service does not constitute prohibited state aid, if the compensation covers the additional variable costs, an appropriate contribution to the fixed costs arising from the use of the postal network and an adequate return on the capital investment insofar as it is used for the competitive activity. Postbank believes that the compensation paid by Postbank for the use of the retail outlet network of Deutsche Post AG meets these requirements under European state aid rules. Therefore, the prerequisites of the elements of prohibited state aid under the provisions of EU law have not been met in the view of Postbank.

Nonetheless, it cannot be excluded that the European Commission or the European courts could alter, develop or interpret the "Chronopost" decision in a way that is detrimental to Postbank, and could deem the compensation arrangements between Postbank and Deutsche Post AG to constitute prohibited state aid. Any potential resulting payments due with regard to state aid granted in the past could result in a large one-time payment to Deutsche Post AG.

*The use of tax loss carryforwards of Postbank may be jeopardized.*

As of 1 January 1999, Postbank had tax loss carryforwards in the amount of approximately € 1.6 billion for corporate income tax and trade tax purposes. These were subsequently partly offset against Postbank's taxable income. The tax loss carryforwards are still subject to audit by the tax authorities.

Under current law, one prerequisite for using Postbank's tax loss carryforwards is that Postbank is legally and economically identical to the company which sustained the losses. Economic identity no longer exists in particular if over half of the shares of the Company has been transferred and the Company continues its business operations with predominantly new assets.

With effect as of 1 January 1999, over half of the shares of Postbank were transferred as a result of the sale of Postbank to Deutsche Post AG.

The use of the tax loss carryforwards depends on whether Postbank continues its business operations with predominantly new assets. According to the German tax authorities, economic identity generally is only lost if predominantly new assets are infused within a period of five years following the transfer of the shares. The use of the tax loss carryforwards of Postbank may therefore generally only be denied if predominantly new assets have been infused to Postbank during the five-year period applied by the tax authorities (through 31 December 2003).

Taking the special features of the banking business into account, Postbank does not believe that predominantly new assets were infused to Postbank during this period. In Postbank's view, this also applies to the merger of DSL Bank with Postbank as of 1 January 2000. However, a reliable assessment is not possible because there is considerable uncertainty regarding the interpretation of the prerequisite "infusion of new assets."

The five-year period referred to above has not yet been the subject of a tax audit. Therefore, it cannot be excluded that the tax authorities will assess the substantive issues related to the infusion of new assets differently from the view of Postbank. This would on the one hand result in a release of the deferred tax assets that are based on the tax loss carryforwards with effect on the profit and loss statement. On the other hand, back taxes would be due for corporate income tax and trade tax on the income of Postbank generated in periods after the loss of economic identity. Postbank's taxable income would therefore be subject to income taxation. For the 1999 and 2000 assessment periods under the German tax imputation system (*Anrechnungsverfahren*), an average rate of taxation of Postbank of 44.2 per cent. applies. Under the half-income system (*Halbeinkünfteverfahren*), an average tax rate of 39.9 per cent. applies to Postbank for the 2001 and subsequent assessment periods. Exclusively for the 2003 assessment period, a tax rate of 41.6 per cent. applies. The above-mentioned tax rates are comprised of the average trade tax rates and of the corresponding corporate income tax rates after deduction of trade tax as an operating expense. Any back taxes due for corporate income tax and trade tax are currently subject to a monthly interest rate of 0.5 per cent. In this regard, the interest begins to accrue 15 months after the end of the calendar year in which the tax arises.

In light of potential procedural defects of the legislative process, it is unclear whether the provision jeopardizing the tax loss carryforwards was enacted in accordance with constitutional requirements. In a proceeding pending with regard to a different rule enacted in the same legislative process, the German Constitutional Court (*Bundesverfassungsgericht*) may hold that the legislative process was unconstitutional. If it does so, the legal basis for the law which is relevant in this case could be rescinded.

## **Risks associated with the Securities**

*Coupon Payments on the Securities depend on Postbank's profits.*

Both the Coupon Payments under the Securities to Securityholders and the Profit Distribution Payments under the Cumulative Profit Participation Securities depend on the future profits or losses of Postbank. Profit Distributions will not accrue if and to the extent that such accrual would create or increase a Balance Sheet Deficit (*Bilanzverlust*) in Postbank's unconsolidated accounts in accordance with German GAAP or if the book value of the Cumulative Profit Participation Securities has been

written down as a result of a sharing in Postbank's Balance Sheet Deficit and has not been fully written up again. If the Balance Sheet Profits of Postbank do not suffice for the accrual of a full Profit Distribution, Profit Distributions will only accrue in part and, accordingly, the corresponding Coupon Payments will only be made in part.

Profit Distributions not made for the reasons set out above will be paid to the extent Postbank records sufficient Balance Sheet Profits in subsequent years to pay Arrears of Profit Distributions and current Profit Distributions. However, the Bank's obligation to pay Arrears of Profit Distributions and the Profit Distribution for the last Profit Period will be extinguished on the Repayment Date to the extent not paid on such date due to the restrictions described above.

*Capital Payments on the Securities are dependent on the Repayment Amount and the Additional Repayment Amounts, if any, under the Cumulative Profit Participation Securities.*

If, because the Cumulative Profit Participation Securities have participated in Postbank's Balance Sheet Deficit, there has been a Reduction of the Cumulative Profit Participation Securities' book value, and the book value of the Cumulative Profit Participation Securities' as reflected in Postbank's audited annual unconsolidated balance sheet relating to the fiscal year of Postbank immediately preceding the Repayment Date has not been fully written up to € 1,000 per Cumulative Profit Participation Security, the Repayment Amount payable under each Cumulative Profit Participation Security on the Repayment Date will be lower than € 1,000. Further, if the book value per Cumulative Profit Participation Security, as reflected in Postbank's audited annual unconsolidated balance sheet relating to any fiscal year of Postbank ending on or before 31 December 2019, is at such time not the full € 1,000, the aggregate of the Repayment Amount and the Additional Repayment Amounts, if any, payable under each Cumulative Profit Participation Security will be lower than € 1,000. In such case, Capital Payments under the Securities will be lower than the Nominal Amount of the Securities. Accordingly, Balance Sheet Deficits of Postbank may result in the Securityholders incurring a loss on their investment upon redemption of the Securities.

*Distributions on and repayment of the Securities are conditional.*

All of the Issuer's payment obligations under the Securities (including in the event of a termination by Securityholders pursuant to § 11 of the Terms and Conditions of the Securities) depend upon the receipt in full of the necessary amounts payable by Postbank under the Cumulative Profit Participation Securities and the Indemnity Agreement and by the Lender under the Loan Agreement. To the extent that the Issuer does not receive such amounts, it will have no obligation to make payments under the Securities.

*Securities may be called for redemption prior to their scheduled maturity.*

The Issuer may prematurely call the Securities for redemption. In addition, the Securities will be redeemed prior to their scheduled maturity date if Postbank redeems the Cumulative Profit Participation Securities early. In each such case, the Securityholders are entitled to receive the Nominal Amount of the Securities plus any accrued interest thereon, subject to receipt thereof by the Issuer from Postbank and the Lender. The Securityholders will not be entitled to Coupon Payments for any period after such redemption has occurred and there can be no assurance that the Securityholders will be able to re-invest the proceeds from the early redemption of the Securities at a comparable yield.

*Postbank provides no credit support for the benefit of the Securityholders.*

Other than the indemnity for withholding tax under the laws of Jersey, if any, Postbank has not granted and will not grant any kind of guarantee or other form of credit support for the benefit of the Securityholders and the Issuer is not affiliated with Postbank.

*Claims under the Cumulative Profit Participation Securities are subordinated.*

The payment obligations of Postbank under the Cumulative Profit Participation Securities constitute obligations that are subordinated to the full prior payment of all existing and future unsubordinated

and subordinated indebtedness of Postbank. Accordingly, in the event that Postbank is wound up, liquidated or dissolved (each, a **Liquidation Event**), the Issuer's rights under the Cumulative Profit Participation Securities will rank behind all creditors of Postbank. Further, the Cumulative Profit Participation Securities will rank *pari passu* among themselves and *pari passu* with other forms of tier 2 capital instruments (including lower tier 2 capital instruments). Furthermore, Postbank has not entered into any restrictive covenants in connection with the Cumulative Profit Participation Securities regarding its ability to incur additional indebtedness ranking *pari passu* or senior to claims under the Cumulative Profit Participation Securities. After a Liquidation Event, the payments made under the Securities will be limited to such liquidation proceeds as may be obtained by the Issuer in respect of its claims under the Cumulative Profit Participation Securities; such liquidation proceeds, however, will be limited to those amounts available after claims ranking in priority to the Issuer's have first been satisfied in full.

*The entities involved in the Transaction may incur additional liabilities.*

The activities of the Issuer are contractually limited to performing its role in the Transaction. There can be no assurance that the management of the Issuer will restrict its business activities to the Transaction, which may result in additional liabilities. Any such additional liabilities of the Issuer could adversely affect its ability to perform its obligations in connection with the Transaction. Any such effect would materially adversely affect the Issuer's ability to perform its obligations under the Securities. Postbank is not restricted under the terms and conditions of the Cumulative Profit Participation Securities from incurring additional liabilities (including additional subordinated liabilities on similar or other terms).

*There has been no prior market for the Securities.*

The Securities that are the subject of this offering are a new issue of securities. Prior to their issue, there has been no public market for the Securities. Although application has been made to have the Securities listed on the Irish Stock Exchange, there can be no assurance that an active public market for the Securities will develop. If such a market develops, neither the Managers nor any other person is obliged to maintain it. Furthermore, the liquidity and the market for the Securities can be expected to vary with changes in the securities market and economic conditions, the financial condition and prospects of Postbank and the Issuer and other factors which generally influence the market prices of securities. Such fluctuations may significantly affect liquidity and market prices for the Securities.

*Agreements governed by German law may be subject to general termination rights.*

The Securities, the Cumulative Profit Participation Securities, the Contribution Agreement, the Loan Agreement, the Indemnity Agreement and the Fiduciary Assignment Agreement are governed by German law. Under German law, the right to terminate continuous contracts (*Dauerschuldverhältnis*) in extraordinary circumstances (*Kündigungsrecht aus wichtigem Grund*) cannot be excluded. Even though the circumstances under which such a termination right exists are limited, there can be no assurance that a party to any of those agreements will not assert the existence of such a termination right in the future.

## **Risks Relating to the Issuer**

*The Issuer is a special purpose entity and is not affiliated with Postbank.*

The Issuer is a special purpose entity that currently has, and during the term of the Transaction will not have, any assets other than the claims under the Cumulative Profit Participation Securities, the Loan Agreement, the Indemnity Agreement and the Contribution Agreement. Furthermore, the Issuer is not affiliated with Postbank. The Issuer, the Issuer's partners, Postbank, the Lender and the Security Trustee have entered into a Fiduciary Assignment Agreement pursuant to which the Issuer has assigned and transferred to the Security Trustee its ownership of the global certificate representing the Cumulative Profit Participation Securities and has assigned all of its claims against the Lender under the Loan Agreement and all of its claims against Postbank under the Indemnification Agreement for indemnification in respect of withholding tax under the laws of Jersey, if any, to the Security

Trustee for the benefit of the Securityholders. However, there can be no assurance that the Security Trustee will receive sufficient funds to satisfy the Securityholders payment claims under the Securities. If the Security Trustee does not receive funds under the claims assigned to it, the Issuer will not be in a position to meet its obligations under the Securities. In such case, Securityholders will have no claims or other recourse against Postbank or other parties to the Transaction.

## FORWARD-LOOKING STATEMENTS

In addition to historical information, this Prospectus includes forward-looking statements. These statements relate to Postbank's future prospects, developments and business strategies. They are based on analyses of forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", and similar terms and phrases, including references to assumptions. These statements are contained in particular in the sections entitled "Summary", "Risk Factors", "Business" and other sections of this Prospectus.

These forward-looking statements involve risks, uncertainties and other factors that may cause the actual future results, performance and achievements to be materially different from those suggested or described in this Prospectus. Many of the factors that will determine these results, performance and achievements are beyond Postbank's control. Such factors include, among others, uncertainties in respect of the overall economic development, loan defaults, court proceedings or other proceedings, maintenance of appropriate refinancing conditions and generally the economic and business framework of the markets relevant for Postbank's business.

The risks described above and in the section entitled "Risk Factors" are not comprehensive. New risks, uncertainties and other factors may emerge from time to time and it is not possible for Postbank to predict all such risk factors, to assess the impact of all such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, the investor should not place undue reliance on forward-looking statements as a prediction or guarantee of actual results or events.

## PRESENTATION OF FINANCIAL INFORMATION

The unconsolidated financial statements of Deutsche Postbank AG have been prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) (**HGB**) and generally accepted accounting principles thereunder (**German GAAP**). The consolidated financial statements for the year 2004 of Deutsche Postbank AG have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board; for the year 2005, in accordance with International Financial Reporting Standards as adapted in the European Union. For purposes of this prospectus, the aforementioned accounting standards are together referred to as **IFRS**.

## USE OF PROCEEDS

The proceeds from the issue of the Securities will amount to € 500,000,000 and will be used by the Issuer to purchase the Cumulative Profit Participation Securities issued by Postbank in the same aggregate nominal amount. Postbank intends to use the proceeds from the Cumulative Profit Participation Securities for general corporate purposes. Postbank plans to treat the aggregate nominal amount of the Cumulative Profit Participation Securities as upper tier 2 capital for regulatory banking purposes.

Including the commissions payable to the Managers, the costs related to the offering of the Securities are expected to amount to approximately € 5,500,000.

## CAPITALISATION, REGULATORY CAPITAL, BALANCE SHEET PROFITS AND NET PROFITS

### Capitalisation

#### **Postbank**

The unconsolidated capitalisation of Deutsche Postbank AG as at 31 December 2005 and 2004, respectively, as derived from its audited financial statements, is as follows <sup>(1)</sup>:

	2005	2004
	€ m	€ m
Issued capital .....	410	410
Capital contributions by atypical silent partners .....	36	36
Capital contributions by typical silent partners .....	51	51
Profit participation certificates outstanding .....	563	440
Subordinated debt .....	3,049	2,249
<b>Reserves (<i>offene Rücklagen</i>)</b>		
Share premium .....	1,159	1,159
Other retained earnings .....	514	264
Fund for general banking risks .....	1,165	1,165
<b>Total equity/Profit Participation capital</b> .....	<b>6,947</b>	<b>5,775</b>
Deposits from other banks .....	36,181	18,137
Deposits from customers .....	74,186	81,512
Securitised liabilities .....	12,439	10,725
<b>Total Capitalisation</b> .....	<b>129,753</b>	<b>116,149</b>

<sup>(1)</sup> Amounts have been presented in accordance with German GAAP.

#### **Postbank Group**

The consolidated capitalisation of Deutsche Postbank AG as at 31 December 2005 and 2004, respectively, as derived from its audited financial statements, is as follows <sup>(1)</sup>:

	2005	2004
	€ m	€ m
Deposits from other banks .....	30,778	16,215
Deposits from customers .....	78,481	80,519
Securitised liabilities .....	14,613	16,490
Subordinated debt .....	3,783	2,808
<b>Shareholders' Equity:</b>		
Issued capital .....	410	410
Share premium .....	1,160	1,159
Retained earnings .....	3,123	2,761
Consolidated net profits .....	492	435
Minority interest .....	1	1
<b>Total Shareholder's Equity</b> .....	<b>5,186</b>	<b>4,766</b>
<b>Total Capitalisation</b> .....	<b>132,841</b>	<b>120,799</b>

<sup>(1)</sup> Amounts have been presented in accordance with IFRS.

On 2 January 2006, Postbank acquired a majority interest in BHW Holding AG, and will therefore consolidate the BHW Group with effect as of such date, which will have a material effect on the capitalisation of Postbank Group. See Note 7 to Postbank's consolidated financial statements for the fiscal year ended 31 December 2005.

As of 1 January 2006, Postbank Group took over from Deutsche Post AG 850 retail outlets, the majority of which are Postbank Centers, for a purchase price of € 986 million. See Note 7 to Postbank's consolidated financial statements for the fiscal year ended 31 December 2005.

In February 2006, Postbank issued subordinated notes in an aggregate nominal amount of Japanese Yen 24 billion.

Save as described above, there has been no material change in the capitalisation and indebtedness of Deutsche Postbank AG and Postbank Group since 31 December 2005.

### Regulatory Capital

#### *Postbank*

The following table shows the composition of the regulatory capital of Deutsche Postbank AG on an unconsolidated basis as of 31 December 2005 and 2004, respectively<sup>(1)</sup>:

	2005 € m	2004 € m
Tier 1 (core) capital ( <i>Kernkapital</i> ) . . . . .	3,300	3,050
of which:		
Silent participation ( <i>Stille Einlagen</i> ) . . . . .	51	51
Tier 2 (supplementary) capital ( <i>Ergänzungskapital</i> ) . . . . .	2,532	2,238
of which:		
Profit participation certificates outstanding . . . . .	558	359
Subordinated liabilities . . . . .	1,650	1,525
Tier 3 capital (§ 10 subsection 2 c KWG) . . . . .	406	335
Eligible own funds . . . . .	6,222	5,623
Tier 1 Ratio (in %) . . . . .	5.7	6.7
Total Capital Ratio (in %) . . . . .	9.6	10.9

<sup>(1)</sup> Presented pursuant to the German Banking Act (*Kreditwesengesetz*), German GAAP.

#### *Postbank Group*

The following table shows the composition of Postbank Group's regulatory capital on a consolidated basis as of 31 December 2005 and 2004, respectively<sup>(1)</sup>:

	2005 € m	2004 € m
Tier 1 (core) capital ( <i>Kernkapital</i> ) . . . . .	4,877	4,231
of which:		
Hybrid capital instruments . . . . .	1,151	635
Tier 2 (supplementary) capital ( <i>Ergänzungskapital</i> ) . . . . .	2,342	1,862
of which:		
Profit participation certificates outstanding . . . . .	558	359
Subordinated liabilities . . . . .	1,780	1,247
Tier 3 capital (§ 10 subsection 2 c KWG) . . . . .	0	0
Eligible own funds . . . . .	7,219	6,093
Tier 1 Ratio (in %) . . . . .	7.8	8.5
Total Capital Ratio (in %) . . . . .	10.3	10.9

<sup>(1)</sup> Presented pursuant to the Basel Capital Accord, IFRS.

As from 2 January 2006, Postbank is required to consolidate the BHW Group in accordance with bank regulatory requirements. The consolidation of the BHW Group for bank regulatory purposes will have a significant effect on the capital ratios of Postbank Group.

As of 1 January 2006, Postbank Group took over from Deutsche Post AG 850 retail outlets, the majority of which are Postbank Centers, for a purchase price of € 986 million.

In February 2006, Postbank issued subordinated notes in an aggregate nominal amount of Japanese Yen 24 billion.

Save as described above, there has been no material change in the regulatory capitalisation of Deutsche Postbank AG and Postbank Group since 31 December 2005.

### **Balance Sheet Profit and Net Profit of Postbank**

Coupon Payments on the Securities on a Due Date depend, among other things, on the unconsolidated Balance Sheet Profit (*Bilanzgewinn*) of Postbank for the respective prior fiscal year. See "Summary of the Terms of the Securities".

Postbank's Balance Sheet Profits are calculated based on the annual unconsolidated net income or loss (*Jahresüberschuss/-fehlbetrag*) for the year, *plus* any profits carried forward from the previous year, *minus* any loss carried forward from the previous year, *plus* withdrawals made from the capital reserves and retained earnings, *minus* allocations to retained earnings, all in compliance, and determined in accordance, with accounting principles generally accepted in Germany (including the German Commercial Code (*Handelsgesetzbuch*)) and other applicable German law in effect from time to time.

The following table sets forth, as at 31 December 2004 and 2005, the audited unconsolidated Balance Sheet Profits and Net Profits of Deutsche Postbank AG:

	2005 € m	2004 € m
Balance sheet profit ( <i>Bilanzgewinn</i> ) .....	282	455
Net profit for the year ( <i>Jahresüberschuss</i> ) .....	282	455
Other retained earnings .....	514	264
Capital reserve .....	1,159	1,159

## TERMS AND CONDITIONS OF THE SECURITIES

*The full text of the terms and conditions of the Securities is set forth below. As the Issuer's payment obligations under the Securities are contingent on receipt of Profit Distribution Payments and the Repayment Amount from Postbank under the Cumulative Profit Participation Securities, Advances from the Lender under the Loan Agreement and payments from Postbank under the Indemnity Agreement, potential investors should carefully review and consider the provision of the Cumulative Profit Participation Securities (which can be found under "Terms and Conditions of the Cumulative Profit Participation Securities") and the provisions of the Loan Agreement (which can be found under "Terms and Conditions of the Loan Agreement").*

THE GERMAN TEXT OF THE TERMS AND CONDITIONS OF THE SECURITIES IS LEGALLY BINDING. THE ENGLISH TRANSLATION IS FOR CONVENIENCE ONLY.

EMISSIONSBEDINGUNGEN	TERMS AND CONDITIONS
der € 500.000.000 befristeten Ergänzungskapital-Wertpapiere der ProSecure Funding Limited Partnership (nachstehend als <i>Emittentin</i> bezeichnet)	of the € 500,000,000 Dated Upper Tier 2 Securities issued by ProSecure Funding Limited Partnership (hereinafter called <i>Issuer</i> )

**§ 1**  
**Definitionen und Auslegung**  
Definitionen: Sofern sich aus dem Zusammenhang nicht etwas anderes ergibt, haben die nachstehenden Begriffe folgende Bedeutung:

**Ausgabetag** bezeichnet den 31. März 2006.

**Ausgefallene Gewinnausschüttung** bezeichnet eine Gewinnausschüttung, welche aufgrund von § 5(3) der Genussscheinbedingungen nicht gezahlt wurde.

**BaFin** bezeichnet die Bundesanstalt für Finanzdienstleistungsaufsicht oder eine etwaige Nachfolgebehörde, die an deren Stelle tritt.

**Bank** bezeichnet die Deutsche Postbank AG mit Sitz in Bonn.

Der **Bilanzgewinn** errechnet sich aus dem nicht konsolidierten Jahresüberschuss oder Jahresfehlbetrag der Bank, *zuzüglich* eines etwaigen Gewinnvortrags aus dem Vorjahr, *abzüglich* eines etwaigen Verlustvortrags aus dem Vorjahr, *zuzüglich* Entnahmen aus Kapital- und Gewinnrücklagen, *abzüglich* Einstellungen in Gewinnrücklagen, und zwar jeweils in Übereinstimmung und nach Maßgabe der deutschen handelsrechtlichen Rechnungsvorschriften (einschließlich des HGB) sowie sonstigen zum maßgeblichen Zeitpunkt anwendbaren deutschen Rechts.

Ein **Bilanzverlust** liegt dann vor, wenn die geprüfte, nicht konsolidierte Jahresbilanz der Bank keinen Bilanzgewinn von mindestens € 0 für das Geschäftsjahr ausweist, auf das sich die jeweilige Gewinnausschüttung bezieht.

**Buchwert** bezeichnet den Buchwert der Kumulativen Genussscheine, so wie dieser in der geprüften, nicht konsolidierten Bilanz der Bank für das jeweilige Geschäftsjahr der Bank reflektiert ist.

**Clearing System** bezeichnet Clearstream Luxembourg und Euroclear.

**Clearstream Luxembourg** bezeichnet Clearstream Banking S.A., Luxembourg.

**Darlehensauszahlung** hat die in § 4(3) festgelegte Bedeutung.

**§ 1**  
**Definitions and Interpretation**

Definitions: Unless the context requires otherwise, the following terms will have the following meanings:

**Issue Date** means 31 March 2006.

**Arrears of Profit Distribution** means a Profit Distribution that has not been paid pursuant to § 5(3) of the terms and conditions of the Cumulative Profit Participation Securities.

**BaFin** means the German Federal Financial Supervisory Authority or any successor agency taking its place.

**Bank** means Deutsche Postbank AG having its seat in Bonn.

The **Balance Sheet Profit** is calculated based on the Bank's annual unconsolidated net income or loss for the year, *plus* any profits carried forward from the previous year, *minus* any loss carried forward from the previous year, *plus* withdrawals made from the capital reserves and retained earnings, *minus* allocations to retained earnings, all in compliance, and determined in accordance, with accounting principles generally accepted in Germany (including the German Commercial Code (*Handelsgesetzbuch*)) and other applicable German law then in effect.

A **Balance Sheet Deficit** is present if the audited annual unconsolidated balance sheet of the Bank does not show a Balance Sheet Profit of at least € 0 for the fiscal year to which the relevant Profit Distribution relates.

**Book Value** means the book value of the Cumulative Profit Participation Securities as reflected in the Bank's audited unconsolidated balance sheet for the Bank's respective fiscal year.

**Clearing System** means Clearstream Luxembourg und Euroclear.

**Clearstream Luxembourg** means Clearstream Banking S.A., Luxembourg.

**Advance** has the meaning specified in § 4(3).

**Darlehensgeberin** bezeichnet die Bank.

**Darlehensvertrag** hat die in § 4(3) festgelegte Bedeutung.

**Dauer-Globalurkunde** hat die in § 2(2) festgelegte Bedeutung.

**Depotbank** bezeichnet eine Bank oder ein sonstiges Finanzinstitut, die bzw. das zum Betreiben des Wertpapierdepotgeschäfts berechtigt ist und bei der bzw. dem der betreffende Emissionsgläubiger Wertpapiere in einem Wertpapierdepot verwahren lässt und die bzw. das ein Konto bei dem Clearing System unterhält.

**Einzahlungsvertrag** hat die in § 4(2) festgelegte Bedeutung.

**Emissionsbedingungen** bezeichnet diese Bedingungen der Wertpapiere.

**Emissionsgläubiger** bezeichnet die Inhaber eines Miteigentumsanteils oder -rechts an der Globalurkunde oder, nach der Ausgabe effektiver Wertpapiere, die Inhaber solcher effektiver Wertpapiere.

**Emittentengesellschafter** bezeichnet die Emittenten-Kommanditistin und die Emittenten-Komplementärin.

**Emittenten-Kommanditistin** bezeichnet die ProSecure Funding GmbH, eine nach deutschem Recht errichtete Gesellschaft mit beschränkter Haftung mit Sitz in Düsseldorf, Deutschland, die der *Limited Partner* der Emittentin nach Maßgabe des Limited Partnerships (Jersey) Law 1994 in der jeweils gültigen Fassung ist.

**Emittenten-Komplementärin** bezeichnet die ProSecure Funding Limited, eine nach dem Recht von Jersey errichtete Gesellschaft mit beschränkter Haftung mit Sitz in 22 Grenville Street, St Helier, Jersey JE4 8PX, Kanalinseln, die der *General Partner* der Emittentin nach Maßgabe des Limited Partnerships (Jersey) Law 1994 in der jeweils gültigen Fassung ist.

**Emittentin** hat die in § 2(1) festgelegte Bedeutung.

**Erste Gewinnperiode** hat die in § 4(1)(b) festgelegte Bedeutung.

**Euroclear** bezeichnet Euroclear Bank S.A./N.V. als Betreiber des Euroclear-Systems.

**Fälligkeitstag** hat die in § 4(1)(c) festgelegte Bedeutung.

**Freistellungsvereinbarung** bezeichnet die Vereinbarung zwischen der Emittentin und der Bank, nach der die Bank verpflichtet ist, für etwaige im Hinblick auf Zahlungen auf die Wertpapiere anfallende Quellensteuern in Jersey Zahlungen an die Emittentin zu leisten.

**Gemeinsame Verwahrstelle** bezeichnet Deutsche Bank AG als Verwahrstelle für Euroclear und Clearstream Luxembourg.

**Geschäftstag** bezeichnet jeden Tag, an dem TARGET (das Trans-European Automated Real Time Gross Settlement Express Transfer System) Buchungen oder Zahlungsanweisungen im Hinblick auf Zahlungen in Euro abwickelt.

**Gewinnausschüttung** hat die in § 4(1)(a) festgelegte Bedeutung.

**Gewinnausschüttungszahlung** hat die in § 4(1)(a) festgelegte Bedeutung.

**Gewinnperiode** hat die in § 4(1)(b) festgelegte Bedeutung.

**Globalurkunde** und **Globalurkunden** hat die in § 2(2) festgelegte Bedeutung.

Ein **Gross-up-Ereignis** liegt vor, wenn die Emittentin verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 10 zu zahlen.

**HGB** bezeichnet das Handelsgesetzbuch.

**Lender** means the Bank.

**Loan Agreement** has the meaning specified in § 4(3).

**Permanent Global Security** has the meaning specified in § 2(2).

**Custodian** means any bank or other financial institution authorised to engage in securities custody business with which the relevant Securityholder maintains a securities account in respect of any Securities and which maintains an account with the Clearing System.

**Contribution Agreement** has the meaning specified in § 4(2).

**Terms and Conditions** means these terms and conditions of the Securities.

**Securityholder** means any holder of a co-ownership interest or right in the Global Security or, after the issuance of definitive Securities, any holder of any such definitive Security.

**Issuer Partners** means the Issuer Limited Partner and the Issuer General Partner.

**Issuer Limited Partner** means ProSecure Funding GmbH, a limited liability company incorporated under the laws of Germany whose registered office is in Düsseldorf, Germany and who is the limited partner of the Issuer within the meaning of the Limited Partnerships (Jersey) Law 1994, as amended.

**Issuer General Partner** means ProSecure Funding Limited, a limited liability company incorporated under the laws of Jersey whose registered office is at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands, and who is the general partner of the Issuer within the meaning of the Limited Partnerships (Jersey) Law 1994, as amended.

**Issuer** has the meaning specified in § 2(1).

**First Profit Period** has the meaning specified in § 4(1)(b).

**Euroclear** means Euroclear Bank S.A./N.V. as operator of the Euroclear-System.

**Due Date** has the meaning specified in § 4(1)(c).

**Indemnity Agreement** means the agreement between the Issuer and the Bank pursuant to which the Bank is obliged to make payments to the Issuer in respect of withholding tax, if any, levied in Jersey in relation to payments under the Securities.

**Common Depositary** means Deutsche Bank AG acting as depositary for Euroclear and Clearstream Luxembourg.

**Business Day** means a day on which TARGET (the Trans-European Automated Real Time Gross Settlement Express Transfer System) is operating credit or transfer instructions in respects of payments in Euro.

**Profit Distribution** has the meaning specified in § 4(1)(a).

**Profit Distribution Payment** has the meaning specified in § 4(1)(a).

**Profit Period** has the meaning specified in § 4(1)(b).

**Global Security** and **Global Securities** has the meaning specified in § 2(2).

A **Gross-up Event** shall be present if the Issuer has or will become obliged to pay Additional Amounts pursuant to § 10.

**HGB** means the German Commercial Code (*Handelsgesetzbuch*).

**Hauptzahlstelle** hat die in § 13(1) festgelegte Bedeutung.

**Kapitaleinzahlung** hat die in § 4(2) festgelegte Bedeutung.

**Kapitalertragsteuer** bezeichnet die nach Maßgabe von § 43 EStG einbehaltene Kapitalertragsteuer zuzüglich des Solidaritätszuschlags.

**Kumulative Genussscheine** hat die in § 4(1) festgelegte Bedeutung.

**KWG** bezeichnet das Kreditwesengesetz.

**Nachfolgerin** hat die in § 14(1) festgelegte Bedeutung.

**Rückzahlungsbetrag** bezeichnet entweder den Buchwert der Kumulativen Genussscheine, so wie dieser in der geprüften, nicht konsolidierten Bilanz der Bank für das Geschäftsjahr der Bank reflektiert ist, das dem Rückzahlungstag unmittelbar voranging, oder den Gesamtnennbetrag der Kumulativen Genussscheine, je nachdem, welcher Betrag niedriger ist.

**Rückzahlungstag** hat die in § 7(1) festgelegte Bedeutung.

**Sperfrist** hat die in § 2(2) festgelegte Bedeutung.

Ein **Steuerereignis** liegt vor, wenn die Emittentin aufgrund einer Gesetzesänderung (oder einer Änderung von darunter erlassenen Bestimmungen und Vorschriften) in Jersey oder einer seiner Gebietskörperschaften oder einer seiner Steuerbehörden, oder als Folge einer Änderung der offiziellen Auslegung oder Anwendung solcher Gesetze, Bestimmungen oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht, eine Regierungsstelle oder eine Aufsichtsbehörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung gerichtlicher oder aufsichtsrechtlicher Entscheidungen), in Jersey einkommensteuerpflichtig wird und Zinszahlungen, die von der Emittentin auf die Wertpapiere zu zahlen sind, von der Emittentin nicht für einkommensteuerliche Zwecke abzugsfähig sind und die Emittentin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen abwenden kann.

**Steuererstattungsansprüche** hat die in § 4(2) festgelegte Bedeutung.

**Tilgungszahlung** hat die in § 7(1) festgelegte Bedeutung.

**U.S. Person** bezeichnet eine *U.S. person* im Sinne des US-amerikanischen Internal Revenue Code von 1986 in seiner jeweils gültigen Fassung.

**Vorläufige Globalurkunde** hat die in § 2(2) festgelegte Bedeutung.

**Wertpapiere** hat die in § 2(1) festgelegte Bedeutung.

**Zahlstelle** und **Zahlstellen** hat die in § 13(2) festgelegte Bedeutung.

**Zinsberechnungsmethode** bezeichnet die Berechnung von Zinsen für einen kürzeren Zeitraum als ein Jahr auf Grundlage der Anzahl der tatsächlich vergangenen Tage des Zinsberechnungszeitraums geteilt durch die Anzahl der Tage (365 oder 366) in der jeweiligen Zinsperiode.

**Zinsperiode** bezeichnet jeweils den Zeitraum vom 30. Juni eines Jahres (einschließlich) bis zum 30. Juni des Folgejahres (ausschließlich), wobei die erste Zinsperiode vom Ausgabetag (einschließlich) bis zum 30. Juni 2007 (ausschließlich) läuft und die letzte Zinsperiode vom 30. Juni 2015 (einschließlich) bis zum 30. Juni 2016 (ausschließlich) läuft.

**Zinszahlung** hat die in § 6(1) festgelegte Bedeutung.

**Zusätzliche Beträge** hat die in § 10 festgelegte Bedeutung.

**Principal Paying Agent** has the meaning specified in § 13(1).

**Contribution Payment** has the meaning specified in § 4(2).

**German Withholding Tax** means German investment income tax levied in accordance with § 43 German Income Tax Act plus the solidarity surcharge.

**Cumulative Profit Participation Securities** has the meaning specified in § 4(1).

**KWG** means the German Banking Act (*Kreditwesengesetz*).

**Successor** has the meaning specified in § 14(1).

**Repayment Amount** means the lower of the book value of the Cumulative Profit Participation Securities as reflected in the Bank's audited unconsolidated balance sheet for the Bank's fiscal year immediately preceding the Repayment Date and their aggregate nominal amount.

**Repayment Date** has the meaning specified in § 7(1).

**Restricted Period** has the meaning specified in § 2(2).

A **Tax Event** is present if as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of Jersey or any political subdivision or any taxing authority thereof or therein, or as a result of any amendment to, or change in, an official interpretation or application of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), the Issuer becomes subject to an income tax liability in Jersey and the Coupon Payments payable by the Issuer in respect of the Securities are not deductible by the Issuer for Jersey income tax purposes, and that risk cannot be avoided by the Issuer taking reasonable measures.

**Tax Refund Claims** has the meaning specified in § 4(2).

**Redemption Payment** has the meaning specified in § 7(1).

**U.S. Person** has the meaning specified in the United States Internal Revenue Code of 1986, as amended.

**Temporary Global Security** has the meaning specified in § 2(2).

**Securities** has the meaning specified in § 2(1).

**Paying Agent** and **Paying Agents** has the meaning specified in § 13(2).

**Interest Calculation Method** refers to the calculation of interest for a period of less than one year on the basis of the actual number of days in such period divided by the actual number of days (365 or 366) in the relevant Coupon Period.

**Coupon Period** means each period from (and including) 30 June of a year to (but excluding) 30 June of the next following year, provided that the first Coupon Period shall run from (and include) the Issue Date to (but excluding) 30 June 2007 and that the last Coupon Period shall run from (and include) 30 June 2015 to (but excluding) 30 June 2016.

**Coupon Payment** has the meaning specified in § 6(1).

**Additional Amounts** has the meaning specified in § 10.

**Zusätzliche Rückzahlungsbeträge** sind die unter den Voraussetzungen des § 8(2) der Genussscheinbedingungen gegebenenfalls zu zahlenden zusätzlichen Beträge.

**Zusätzliche Rückzahlungstage** sind entweder (i) der 30. Juni des jeweiligen Jahres nach dem Geschäftsjahr, für den ein Zusätzlicher Rückzahlungsbetrag zahlbar ist, oder, falls dies kein Geschäftstag ist, der darauffolgende Geschäftstag, oder (ii) falls am 29. Juni des Jahres, in dem ein Zusätzlicher Rückzahlungsbetrag zahlbar ist, der geprüfte Jahresabschluss der Bank für das maßgebliche Geschäftsjahr noch nicht festgestellt ist, der auf die Feststellung folgende Geschäftstag, je nachdem, welcher Tag der spätere ist.

## § 2 Stückelung; Verbriefung und Verwahrung; Übertragbarkeit

- (1) **Stückelung:** Die Emission der befristeten Ergänzungskapital-Wertpapiere im Gesamtnennbetrag von € 500.000.000 (in Worte: Euro fünfhundert Millionen) der ProSecure Funding Limited Partnership (**Emmittentin**) ist eingeteilt in 500.000 untereinander gleichrangige Teilschuldverschreibungen mit einem Nennbetrag von jeweils € 1.000 (die **Wertpapiere**).
- (2) **Verbriefung:** Die Wertpapiere werden zunächst durch eine vorläufige auf den Inhaber lautende Globalschuldverschreibung (die **Vorläufige Globalurkunde**) ohne Zinsscheine verbrieft; die Vorläufige Globalurkunde wird nicht früher als 40 Tage (dieser Zeitraum nachfolgend die **Sperfrist**) und nicht später als 180 Tage nach dem Ausgabetag in eine endgültige auf den Inhaber lautende Globalschuldverschreibung (**Dauer-Globalurkunde**), und die Vorläufige Globalurkunde gemeinsam mit der Dauer-Globalurkunde die **Globalurkunden** und jede für sich eine **Globalurkunde**) ohne Zinsscheine ausgetauscht, und zwar gegen Nachweis über das Nichtbestehen U.S. amerikanischen wirtschaftlichen Eigentums (*U.S. beneficial ownership*) an den Wertpapieren, der nach Inhalt und Form den Anforderungen des Rechts der Vereinigten Staaten von Amerika und den dann bestehenden Usancen des Clearing Systems entspricht.
- (3) **Ausgabe und Verwahrung:** Die Vorläufige Globalurkunde und die Dauer-Globalurkunde sind jeweils nur wirksam, wenn sie die eigenhändige Unterschrift einer durch die Emittentin bevoimmächtigten Person sowie die Unterschrift eines Kontrollbeauftragten der Hauptzahlstelle tragen. Die Globalurkunden werden bei der Gemeinsamen Verwahrstelle hinterlegt, bis sämtliche Verpflichtungen der Emittentin aus den Wertpapieren erfüllt sind.
- (4) **Übertragbarkeit:** Den Emissionsgläubigern stehen Miteigentumsanteile oder -rechte an der Globalurkunde zu, die nach Maßgabe des anwendbaren Rechts und der jeweils geltenden Usancen des Clearing Systems übertragen werden können. Das Clearing System erlaubt die Übertragung von Schuldverschreibungen ausschließlich im Gesamtnennbetrag von wenigstens € 50.000.

## § 3 Rang der Wertpapiere, Ausschluss der Aufrechnung

- (1) Die Wertpapiere begründen unmittelbare, nicht nachrangige und (mit Ausnahme der Sicherungsübereignung der die Kumulativen Genussscheine verbrieften Globalurkunde und der Sicherungsabtretung bestimmter Zahlungsansprüche der Emittentin) nicht besicherte bedingte Verbindlichkeiten der Emittentin und sind untereinander gleichrangig und mindestens

**Additional Repayment Amounts** are additional amounts payable under § 8(2) of the terms and conditions of the Cumulative Profit Participation Securities, if any.

**Additional Repayment Dates** means the later of (i) 30 June of each year following the fiscal year with respect to which an Additional Repayment Amount is payable or, if that date is not a Business Day, the next Business Day, or (ii) if on 29 June of the year in which an Additional Repayment Amount is payable the Bank's audited annual financial statements for the relevant fiscal year have not been adopted, the Business Day following adoption thereof.

## § 2 Denomination; Form and Custody, Transferability

- (1) **Denomination:** The issue of the Dated Upper Tier 2 Securities in the aggregate nominal amount of € 500,000,000 (in words: euro five-hundred million) by ProSecure Funding Limited Partnership (**Issuer**) is divided into 500,000 notes, ranking *pari passu* among themselves, in the nominal amount of € 1,000 each (the **Securities**).
- (2) **Form:** The Securities will initially be represented by a temporary global bearer security (**Temporary Global Security**) without interest coupons, which will be exchanged not earlier than 40 days (this period herein-after referred to as the **Restricted Period**) and not later than 180 days after the Issue Date against a permanent global bearer security (**Permanent Global Security**), and the Temporary Global Security together with the Permanent Global Security the **Global Securities** and each a **Global Security**) without interest coupons upon certification as to non U.S. beneficial ownership of the Securities, the contents and form of which shall correspond to the applicable requirements of the laws of the United States of America and the then prevailing standard practices of the Clearing System.
- (3) **Issuance and Custody:** Each of the Temporary Global Security and the Permanent Global Security shall only be valid if it bears the hand written signature of a duly authorised representative of the Issuer and the control signature of a person instructed by the Principal Paying Agent. The Global Securities shall be deposited with the Common Depository, until the Issuer has satisfied and discharged all its obligations under the Securities.
- (4) **Transferability:** The Securityholders will receive co-ownership interests or rights in the Global Security that are transferable in accordance with applicable law and applicable standards of the Clearing System. The Clearing System will only permit transfers in aggregate denominations of € 50,000 or greater.

## § 3 Ranking of the Securities, No Right of Set-Off

- (1) The Securities constitute direct, unsubordinated and (save for the security transfer of the global security representing the Cumulative Profit Participation Securities and certain payment claims of the Issuer) unsecured conditional obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all unsubordinated and unsecured obligations of

gleichrangig mit allen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin, soweit zwingendes Gesetzesrecht nichts anderes vorschreibt.

(2) Die Wertpapierinhaber sind nicht berechtigt, Forderungen aus den Wertpapieren mit etwaigen Forderungen der Emittentin gegen sie aufzurechnen. Die Emittentin ist nicht berechtigt, etwaige Forderungen gegenüber den Wertpapierinhabern mit ihren Verbindlichkeiten aus den Wertpapieren aufzurechnen.

#### § 4 Kumulative Genussscheine; Einzahlungsvertrag; Darlehensvertrag

(1) **Kumulative Genussscheine:** Den Erlös aus der Begebung der Wertpapiere wird die Emittentin ausschließlich zu dem Zweck verwenden, von der Bank ausgegebene Genussscheine im Gesamtnennbetrag von € 500.000.000 (in Worten: Euro fünfhundert Millionen) (die **Kumulativen Genussscheine**) zu erwerben.

(a) **Gewinnausschüttungszahlungen:** Nach Maßgabe der Genussscheinbedingungen stehen der Emittentin als Gegenleistung für die Bereitstellung des Genussrechtskapitals Gewinnausschüttungen (*Gewinnausschüttungen*) zu, die jeweils jährlich nach Maßgabe der Genussscheinbedingungen für jedes Geschäftsjahr der Bank ermittelt und jährlich nachträglich am jeweiligen Fälligkeitstag ausgeschüttet werden (jeweils eine **Gewinnausschüttungszahlung**).

(b) **Gewinnerioden; Erste Gewinnperiode:** Nach Maßgabe der Genussscheinbedingungen laufen auf das Genussrechtskapital Gewinnausschüttungen für Gewinnzeiträume (jeweils eine **Gewinnperiode**) auf. Gewinnerioden laufen jeweils vom 1. Januar (einschließlich) bis zum 31. Dezember (einschließlich) eines jeden Kalenderjahres. Die erste Gewinnperiode (**Erste Gewinnperiode**) beginnt am Ausgabetag (einschließlich) und endet am 31. Dezember 2006 (einschließlich).

(c) **Fälligkeitstage der Gewinnausschüttungszahlungen:** Jeder Tag, an dem nach Maßgabe der Genussscheinbedingungen eine Gewinnausschüttungszahlung fällig wird, ist ein **Fälligkeitstag**.  
Nach Maßgabe der Genussscheinbedingungen ist jede Gewinnausschüttungszahlung zahlbar entweder (i) am 30. Juni eines Jahres nach Ablauf der maßgeblichen Gewinnperiode oder, falls dies kein Geschäftstag ist, am darauf folgenden Geschäftstag, oder (ii), falls am 29. Juni, der auf das Ende der maßgeblichen Gewinnperiode folgt, der geprüfte, nicht konsolidierte Jahresabschlusses der Bank für das maßgebliche Geschäftsjahr noch nicht festgestellt ist, an dem auf die Feststellung folgenden Geschäftstag, je nachdem, welcher Tag der spätere ist.

(d) **Ausschluss der Gewinnausschüttung:** Nach Maßgabe der Genussscheinbedingungen ist eine Gewinnausschüttung für eine Gewinnperiode (einschließlich der Ersten Gewinnperiode) ausgeschlossen:

(i) falls und soweit eine solche Zahlung, ggf. unter Berücksichtigung der Nachzahlung von Ausgefallenen Gewinnausschüttungen, zu einem Bilanzverlust in dem Geschäftsjahr der Bank, auf das sich die maßgebliche Gewinnperiode

the Issuer, present or future, save for mandatory exceptions prescribed by statutory law.

(2) No Securityholder shall be entitled to set off any claims arising under the Securities against any claims that the Issuer may have against it. The Issuer may not set off any claims it may have against any Securityholder against any of its obligations under the Securities.

#### § 4 Cumulative Profit Participation Securities; Contribution Agreement; Loan Agreement

(1) **Cumulative Profit Participation Securities:** The proceeds of the issue of the Securities will be used by the Issuer exclusively for the purpose of acquiring profit participation securities issued by the Bank in the aggregate nominal amount of € 500,000,000 (in words: euro five-hundred million) (the **Cumulative Profit Participation Securities**).

(a) **Profit Distribution Payments:** Under the terms and conditions of the Cumulative Profit Participation Securities, the Issuer will earn, as consideration for providing profit participating capital, profit distributions (*Profit Distributions*) calculated annually in accordance with the terms and conditions of the Cumulative Profit Participation Securities for each fiscal year of the Bank and payable annually in arrear (each a **Profit Distribution Payment**) on the relevant Due Date.

(b) **Profit Periods; First Profit Period:** Under the terms and conditions of the Cumulative Profit Participation Securities, Profit Distributions on the profit participating capital accrue for profit periods (**Profit Periods**). Profit Periods run from (and including) 1 January to (and including) 31 December of each calendar year. The first Profit Period (**First Profit Period**) commences on (and including) the Issue Date and ends on (and including) 31 December 2006.

(c) **Due Dates for Profit Distribution Payments:** Each date on which a Profit Distribution Payment falls due under the terms and conditions of the Cumulative Profit Participation Securities is a **Due Date**.  
Under the terms and conditions of the Cumulative Profit Participation Securities, each Profit Distribution Payment is payable on the later of (i) 30 June following the end of the relevant Profit Period or, if that is not a Business Day, the next Business Day, or (ii) if on 29 June following the end of the relevant Profit Period the Bank's audited annual unconsolidated financial statements for the relevant fiscal year have not been adopted, the Business Day following adoption thereof.

(d) **Profit Distributions Excluded:** Profit Distributions for any Profit Period (including the First Profit Period) shall be excluded:

(i) if and to the extent that payment of such Profit Distribution would, also taking into account the payment of Arrears of Profit Distributions, lead to or increase a Balance Sheet Deficit for the fiscal year of the Bank to which the relevant

riode bezieht, führen oder diesen erhöhen würde; oder

(ii) wenn der Buchwert der Kumulativen Genuss-scheine aufgrund der Teilnahme an Bilanzver-lusten der Bank herabgesetzt und noch nicht durch in Folgejahren angefallene Gewinne wieder aufgefüllt wurde.

(e) **Nachzahlung Ausgefallener Gewinnausschüttung:** Nach Maßgabe der Genusscheinbedingungen sind Ausgefallene Gewinnausschüttungen aus den Bilanzgewinnen nachfolgender Gewinnperi-o-den, die vor dem Rückzahlungstag enden, nachzu-zahlen. Die Nachzahlung erfolgt am Fälligkeitstag für die Gewinnausschüttungszahlung der jeweils nächst-ten Gewinnperiode, in der ein Bilanzgewinn zur Ver-fügung steht. Reicht der Bilanzgewinn der jeweils letzten Gewinnperiode zur Zahlung der Ausgefallenen Gewinnausschüttungen sowie der Gewinnausschüttung für die jeweils letzte Ge-winnperiode nicht aus, erfolgen Zahlungen zu-nächst auf die Ausgefallenen Gewinnausschüttun-gen und erst danach auf die Gewinnausschüttung für die jeweils letzte Gewinnperiode. Ausgefallene Gewinnausschüttungen werden nicht verzinst.

(f) **Verfall von Ausgefallenen Gewinnausschüttungen und der Gewinnausschüttung für die letzte Gewinnperiode:** Ausgefallene Gewinnausschüttungen und die Gewinnausschüttung für die letzte Gewinnperiode, die aufgrund der unter (d) und (e) beschriebenen Bestimmungen nicht spätestens am Rückzahlungstag gezahlt werden, verfallen am Rückzahlungstag endgültig. Ein derartiger Verfall stellt keinen Verzug und keine Pflichtverletzung der Bank für irgendeinen Zweck dar.

(g) **Genusscheinbedingungen:** Die Genusscheinbe-dingungen werden diesen Emissionsbedingungen sowie der Globalurkunde als Anlage beige-fügt und bilden mit diesen jeweils eine Einheit.

(2) **Einzahlungsvertrag:** Bei Zahlung von Gewinnausschüttungszahlungen an die Emittentin und Wiederauffüllun-gen nach einer Herabsetzung des Buchwerts der Kumulativen Genusscheine nach Maßgabe der Genuss-scheinbedingungen ist die Bank verpflichtet, Kapital-ertragsteuer auf die ausgeschütteten bzw. zur Auffüllung verwendeteten Beträge einzubehalten. Soweit diese Einbehalte nach deutschem Steuerrecht der Emittenten-Kommanditistin zuzurechnen sind, gelten sie vor-aussichtlich als Vorauszahlungen auf die von der Emittenten-Kommanditistin geschuldete deutsche Einkom-mensteuer. In Bezug auf diese Vorauszahlungen geht die Emittenten-Kommanditistin davon aus, dass ihr gegenüber den deutschen Finanzbehörden Steuererstat-tungsansprüche zustehen (**Steuererstattungsansprü-che**). In diesem Zusammenhang haben die Emittenten-ge-sellschafter am 29. März 2006 einen Vertrag (**Einzahlungsvertrag**) geschlossen, nach dem die Emittenten-Kommanditistin verpflichtet ist, der Emittentin sämtli-che Beträge zu zahlen, die sie von den deutschen Steuerbehörden in Bezug auf Steuererstattungsansprüche erhält (jede solche Zahlung jeweils eine **Kapitaleinzah-lung**).

(3) **Darlehensvertrag:** Steuererstattungsansprüche wer-den erst nach der steuerlichen Veranlagung der Emittenten-Kommanditistin für jedes Geschäftsjahr fällig. Demgemäß hat die Emittentin am 29. März 2006 mit der Darlehensgeberin einen Darlehensvertrag abge-  
Profit Period relates; or  
(ii) if the Book Value of the Cumulative Profit Participation Securities has been reduced due to sharing in the Balance Sheet Deficit of the Bank and has not yet been fully replenished by profits from the following years.  
(e) **Payment of Arrears of Profit Distributions:** Pursuant to the terms and conditions of the Cumula-tive Profit Participation Securities, Arrears of Profit Distributions shall be paid out of Balance Sheet Profits of subsequent Profit Periods ending prior to the Repayment Date. The payment of Arrears of Profit Distributions shall be made on the Due Date for the Profit Distribution Payment in respect of the respective next Profit Period for which a Balance Sheet Profit is available. Should the Balance Sheet Profit for the last preceding Profit Period be insuffi-cient for the payment of the Arrears of Profit Distribu-tion and the Profit Distribution for the respective last Profit Period, payment shall first be made on the Arrears of Profit Distributions before any payment is made in respect of such Profit Distribu-tion for the respective last Profit Period. Arrears of Profit Distributions shall not bear interest.  
(f) **Extinction of Arrears of Profit Distributions and the Profit Distribution for the last Profit Period:** Arrears of Profit Distributions and the Profit Distribu-tion for the last Profit Period which are not paid on the Repayment Date due to the restrictions described in (d) and (e) above shall be extin-guished on the Repayment Date. Such extinction shall not constitute a default or a breach of obliga-tions on the part of the Bank for any purpose.  
(g) **Terms and conditions of the Cumulative Profit Par-ticipation Securities:** The terms and conditions of the Cumulative Profit Participation Securities are attached to these Terms and Conditions and to the Global Security and shall be deemed to constitute one document herewith.  
(2) **Contribution Agreement:** Upon payment of Profit Dis-tribution Payments to the Issuer and replenishments after a reduction of the Book Value of the Cumulative Profit Participation Securities in accordance with their terms and conditions, the Bank must withhold German Withholding Tax on the amounts distributed or used for replenishment. These withholdings, to the extent attributable to the Issuer Limited Partner in accordance with German tax laws, are expected to be counted as prepayments towards the German income tax owed by the Issuer Limited Partner. In relation to such prepayments, the Issuer Limited Partner expects to be entitled to refund claims against the German tax authorities (**Tax Refund Claims**). In this context, the Issuer Partners entered into an agreement on 29 March 2006 (**Contribution Agreement**) under which the Issuer Limited Partner is required to pay to the Issuer all amounts that it receives from the German tax authorities on account of Tax Refund Claims (each such payment a **Contribution Payment**).  
(3) **Loan Agreement:** Tax Refund Claims only become due after the Issuer Limited Partner's tax assessment for each fiscal year. Accordingly, the Issuer has entered into a loan agreement with the Lender on 29 March 2006 (**Loan Agreement**) pursuant to which the Issuer

schlossen (**Darlehensvertrag**), nach dem die Emittentin Auszahlungen (jeweils eine **Darlehensauszahlung**) erhält, um ihre Verpflichtung zur Zahlung von Zinszahlungen an den jeweiligen Fälligkeitstagen und zur Übernahme der Kapitalertragsteuer in Bezug auf eine Wiederauffüllung der Kumulativen Genusscheine nach einer Herabsetzung ihres Buchwerts nach Maßgabe der Genussscheinbedingungen erfüllen zu können. Die Emittentin geht davon aus, die Darlehensauszahlungen mit den von der Emittenten-Kommanditistin als Kapitaleinzahlungen erhaltenen Geldern zurückzuzahlen. Die Bestimmungen des Darlehensvertrages werden diesen Emissionsbedingungen sowie der Globalurkunde als Anlage beigefügt und bilden mit diesen jeweils eine Einheit.

(4) **Freistellungsvereinbarung:** Gemäß einer zwischen der Bank und der Emittentin am 29. März 2006 geschlossenen Freistellungsvereinbarung (die **Freistellungsvereinbarung**) ist die Bank verpflichtet, Zahlungen an die Emittentin im Hinblick auf etwaige in Jersey in Bezug auf Zahlungen auf die Wertpapiere erhobene Quellensteuern zu leisten. Die Emittentin wird die aufgrund der Freistellungsvereinbarung geleisteten Zahlungen verwenden, um ihre Verpflichtung zu erfüllen, etwaige Zusätzliche Beträge gemäß § 10 zu zahlen. Die Bestimmungen der Freistellungsvereinbarung werden diesen Emissionsbedingungen sowie der Globalurkunde als Anlage beigefügt und bilden mit diesen jeweils eine Einheit.

## § 5

### Bindung der Emittentin; Rechtsverhältnisse

(1) **Bindung der Emittentin:** Die Wertpapiere verbrieften die Verpflichtung der Emittentin, den Erlös aus der Begebung der Wertpapiere zum Erwerb der Kumulativen Genusscheine von der Bank zu verwenden und (i) die Gewinnausschüttungszahlungen, (ii) den Rückzahlungsbetrag einschließlich eventuell darauf aufgelaufene Zinsen, (iii) die etwaigen Zusätzlichen Rückzahlungsbeträge, (iv) die etwaigen Zahlungen aus der Freistellungsvereinbarung sowie (v) die Darlehensauszahlungen zu verwenden, um ihre Zahlungsverpflichtungen gegenüber den Emissionsgläubigern nach Maßgabe dieser Emissionsbedingungen zu erfüllen. Gemäß § 6 ist die Emittentin unter keinen Umständen verpflichtet, Zahlungen an die Emissionsgläubiger zu leisten, wenn sie nicht zuvor die ihr nach Maßgabe der Genussscheinbedingungen, der Freistellungsvereinbarung oder des Darlehensvertrags zustehenden Beträge tatsächlich erhalten hat.

(2) **Kein Rechtsverhältnis zwischen Emissionsgläubigern und Bank:** Durch die Kumulativen Genusscheine, den Darlehensvertrag und die Freistellungsvereinbarung werden keine Rechte der Emissionsgläubiger gegenüber der Bank begründet. Die Emissionsgläubiger sind nicht berechtigt, die Herausgabe von Kumulativen Genusscheinen an sich zu verlangen.

(3) **Kein Rechtsverhältnis zwischen Emissionsgläubigern und Emittenten-Kommanditistin:** Durch den Einzahlungsvertrag werden keine Rechte der Emissionsgläubiger gegenüber der Emittenten-Kommanditistin begründet.

## § 6

### Zinszahlungen

(1) **Fälligkeit:** Vorausgesetzt die Emittentin hat die jeweilige Gewinnausschüttungszahlung und Darlehensauszahlung von der Bank bzw. der Darlehensgeberin tatsächlich erhalten, wird die Emittentin an jedem Fälligkeitstag Zinsen für die jeweilige Zinsperiode in Höhe

is entitled to obtain advances (each an **Advance**) in order to fund its obligations to make Coupon Payments on the relevant Due Dates or to bear the German Withholding Tax relating to the replenishment of the Cumulative Profit Participation Securities after a reduction of their Book Value in accordance with their terms and conditions. The Issuer expects to repay the Advances with the monies that it receives from the Issuer Limited Partner as Contribution Payments. The terms of the Loan Agreement are attached to these Terms and Conditions and to the Global Security and shall be deemed to constitute one document herewith.

(4) **Indemnity Agreement:** Pursuant to an indemnity agreement dated 29 March 2006 among the Bank and the Issuer (the **Indemnity Agreement**), the Bank is obliged to make payments to the Issuer in respect of withholding tax, if any, levied in Jersey in relation to payments under the Securities. The Issuer will use the payments under the Indemnity Agreement to fund its obligations in respect of Additional Amounts, if any, payable in accordance with § 10. The terms of the Indemnity Agreement are attached to these Terms and Conditions and to the Global Security and shall be deemed to constitute one document herewith.

## § 5

### Issuer Commitment; Legal Relationships

(1) **Issuer Commitment:** The Securities represent the Issuer's obligation to use the proceeds from the issue of the Securities for the purpose of acquiring the Cumulative Profit Participation Securities from the Bank, and to use (i) the Profit Distribution Payments, (ii) the Repayment Amount, including any interest accrued thereon, (iii) the Additional Repayment Amounts, if any, (iv) payments under the Indemnity Agreement, if any, and (v) the Advances to satisfy its payment obligations to the Securityholders under these Terms and Conditions. In accordance with § 6, in no event will the Issuer be under any obligation to make payments to Securityholders without prior receipt of the relevant amounts due to the Issuer under the Cumulative Profit Participation Securities, the Indemnity Agreement or the Loan Agreement.

(2) **No Relationship between Securityholders and Bank:** The Cumulative Profit Participation Securities, the Loan Agreement and the Indemnity Agreement do not create any rights for the Securityholders vis-à-vis the Bank. The Securityholders shall have no claims for the delivery of Cumulative Profit Participation Securities to them.

(3) **No Relationship between Securityholders and Issuer Limited Partner:** The Contribution Agreement does not create any rights for the Securityholders vis-à-vis the Issuer Limited Partner.

## § 6

### Coupon Payments

(1) **Payment:** Subject to the actual receipt in full by the Issuer of the relevant Profit Distribution Payment and Advance from the Bank and the Lender, respectively, from time to time on each Due Date, the Issuer shall pay on each Due Date interest for the respective Cou-

von 4,668% p.a. auf den Nennbetrag der Wertpapiere zahlen (jeweils eine **Zinszahlung**). Falls die von der Bank an einem Fälligkeitstag geschuldete Gewinnausschüttungszahlung geringer ist als die maximale Gewinnausschüttungszahlung für die jeweilige Gewinnperiode, reduziert sich der auf jedes Wertpapier zahlbare Betrag entsprechend pro-ratarisch. Kommt es gemäß den Genussscheinbedingungen zur Nachzahlung Ausgefallener Gewinnausschüttungszahlungen an die Emittentin, verwendet die Emittentin diese Gewinnausschüttungszahlung sowie die korrespondierende Darlehensauszahlung zur Nachzahlung von Zinszahlungen auf diese Wertpapiere, die aufgrund des Ausfalls der Gewinnausschüttungszahlung nicht oder nicht vollständig gezahlt wurden. Auf die einzelnen Wertpapiere entfällt jeweils ein verhältnismäßiger Anteil aller vorstehend genannten zahlbaren Beträge (auf den nächsten vollen Cent abgerundet).

- (2) **Keine Nachzahlungsverpflichtung in Bezug auf Zinszahlungen:** Die Emittentin ist nicht verpflichtet, Zinszahlungen, die aufgrund von § 5(1) oder § 6(1) ganz oder teilweise ausfallen, nachzuholen.
- (3) **Kein Ausgleich bei verspäteter Zahlung:** Falls der Tag der Zahlung einer Gewinnausschüttungszahlung nach Maßgabe der Genussscheinbedingungen verschoben wird, erfolgt auf den insoweit nach dem vorgesehenen Fälligkeitstag gezahlten Betrag der Zinszahlung der maßgeblichen Zinsperiode keine Zahlung von Zinsen oder von sonstigen Beträgen.
- (4) **Berechnung von Zinszahlungen für Zinsperioden, die nicht einem Jahr entsprechen:** Zinszahlungen für einen Zeitraum von weniger als einem Jahr werden auf Grundlage der Zinsberechnungsmethode berechnet. Die Berechnung der Zinsen für die erste Zinsperiode (von mehr als einem Jahr) erfolgt auf derselben Grundlage.

## § 7 Rückzahlung

- (1) **Rückzahlung:** An entweder dem (i) 30. Juni 2016 oder, falls dies kein Geschäftstag ist, dem darauf folgenden Geschäftstag, oder (ii), falls am 29. Juni 2016 der geprüfte Jahresabschluss der Bank für das am 31. Dezember 2015 endende Geschäftsjahr noch nicht festgestellt ist, dem auf die Feststellung folgenden Geschäftstag, je nachdem, welcher Tag der spätere ist, sowie an jedem anderen Tag, an dem die Kumulativen Genussscheine zur Rückzahlung fällig werden (**Rückzahlungstag**), wird die Emittentin den Rückzahlungsbetrag, den sie tatsächlich von der Bank erhalten hat, zur Rückzahlung der Wertpapiere bzw. zur Zahlung aufgelaufener Zinsen auf die Wertpapiere an die Emissionsgläubiger verwenden (**Tilgungszahlung**). Reichen die von der Emittentin als Rückzahlungsbetrag tatsächlich erhaltenen Beträge nicht aus, um eine Zahlung in Höhe des Gesamtnennbetrags der Wertpapiere zu leisten, vermindert sich die Tilgungszahlung auf die Wertpapiere entsprechend. Auf die einzelnen Wertpapiere entfällt jeweils ein anteiliger Betrag der zahlbaren Beträge (auf den nächsten vollen Cent abgerundet).
- (2) Falls der am Rückzahlungstag zu zahlende Betrag der Tilgungszahlung niedriger ist als der Gesamtnennbetrag der Wertpapiere und falls und soweit der Emittentin (a) Zusätzliche Rückzahlungsbeträge nach Maßgabe der Genussscheinbedingungen und (b) Mittel aus diesbezüglichen Darlehensauszahlungen zustehen, wird die Emittentin sämtliche tatsächlich von der Bank bzw. der Darlehensgeberin erhaltenen Zusätzlichen Rückzahlungsbeträge und Darlehensauszahlun-

pon Period at a rate of 4.668 per cent. *per annum* on the nominal amount of the Securities (each such payment, a **Coupon Payment**). To the extent that the Profit Distribution Payment owed by the Bank on a Due Date is lower than the maximum Profit Distribution Payment for the relevant Profit Period, the amount payable under the Securities shall be reduced correspondingly and on a *pro rata* basis. If Arrears of Profit Distributions are paid to the Issuer pursuant to the terms and conditions of the Cumulative Profit Participation Securities, the Issuer shall use the respective payment and any related Advance to make up for Coupon Payments on the Securities which have not previously been made as a result of the non-payment or a partial payment of Profit Distribution Payments. A *pro rata* share of the above-mentioned amounts payable (rounded down to the next full cent) shall be allocated to each Security.

- (2) **No Obligation to Compensate for Coupon Payments:** The Issuer shall be under no obligation to compensate subsequently any Securityholder for Coupon Payments which are not made in whole or in part due to § 5(1) or § 6(1).
- (3) **No Compensation for Late Payment:** No interest or further amounts will accrue or be payable on Coupon Payments for a Coupon Period which are paid after the scheduled due date as a result of the postponement of the payment date of a Profit Distribution Payment under the terms and conditions of the Cumulative Profit Participation Securities.
- (4) **Calculation of Coupon Payments for Periods other than one year:** Coupon Payments accrued for less than one year shall be calculated on the basis of the Interest Calculation Method. Interest for the first Coupon Period (of more than one year) will be calculated on the same basis.

## § 7 Redemption

- (1) **Repayment:** On the later of (i) 30 June 2016 or, if that is not a Business Day, the next Business Day, or (ii) if on 29 June 2016 the Bank's audited annual financial statements for the fiscal year ended 31 December 2015 have not been adopted, the Business Day following adoption thereof, as well as any other date on which the Cumulative Profit Participation Securities fall due for repayment (the **Repayment Date**), the Issuer will use the Repayment Amount effectively received by the Issuer from the Bank for the repayment of the Securities (**Redemption Payment**). To the extent that the amounts effectively received by the Issuer as a Repayment Amount are not sufficient to pay the aggregate nominal amount of the Securities, the Redemption Payment shall be reduced accordingly. A *pro rata* share of the amounts payable (rounded down to the next full cent) shall be allocated to the respective individual Securities.
- (2) If the Redemption Payment payable on the Repayment Date is less than the aggregate nominal amount of the Securities and, if and to the extent that the Issuer is entitled to (a) Additional Repayment Amounts in accordance with the terms and conditions of the Cumulative Profit Participation Securities and (b) any amounts from corresponding Advances, the Issuer will use any Additional Repayment Amounts and Advances effectively received by the Issuer from the

gen zur Rückzahlung der Wertpapiere an die Emissionsgläubiger verwenden. Etwaige Zusätzliche Rückzahlungsbeträge werden nicht verzinst und sind zusammen mit entsprechenden Darlehensauszahlungen an dem jeweiligen Zusätzlichen Rückzahlungstag zu zahlen. Auf die einzelnen Wertpapiere entfällt ein anteiliger Betrag aller vorstehend genannten zahlbaren Beträge (auf den nächsten vollen Cent abgerundet).

- (3) **Erlöschen der Zahlungspflichten:** Durch die Zahlung nach Maßgabe von § 7(1) und (2) an die Emissionsgläubiger gelten das Kapital der Wertpapiere als vollständig zurückgezahlt und alle Ansprüche der Emissionsgläubiger gegenüber der Emittentin als erloschen.
- (4) **Bekanntmachung:** Die Emittentin wird den Rückzahlungstag und etwaige Zusätzliche Rückzahlungstage nach Maßgabe von § 15 gegenüber den Emissionsgläubigern mit einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen bekannt machen und die Irische Börse entsprechend benachrichtigen.

## § 8 Kündigung durch Emittentin

- (1) **Kündigung durch die Emittentin wegen Steuerereignis oder Gross-up-Ereignis:** Die Emittentin ist berechtigt, die Wertpapiere jederzeit unter Einhaltung einer Kündigungsfrist von mindestens 30 Tagen und höchstens 60 Tagen durch Mitteilung nach Maßgabe des § 15 mit sofortiger Wirkung zu kündigen, wenn ein Steuerereignis oder ein Gross-up-Ereignis eingetreten ist.
- (2) **Eingeschränkte Zulässigkeit der Kündigung:** Die Kündigung der Wertpapiere durch die Emittentin nach Maßgabe dieses § 8 ist nur zulässig, sofern die Rückzahlung der Wertpapiere zum Nennbetrag zuzüglich aufgelaufener Zinsen durch Ausgabe vergleichbarer Schuldverschreibungen oder auf andere Weise gesichert ist.

## § 9 Zahlungen

- (1) **Befreende Zahlung an das Clearing System:** Die Emittentin verpflichtet sich, Zahlungen auf die Wertpapiere bei Fälligkeit in Euro an die Hauptzahlstelle zur Weiterleitung an das Clearing System oder an dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber bei dem Clearing System zu zahlen. Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder an dessen Order in Höhe der geleisteten Zahlung von ihrer Zahlungspflicht befreit.
- (2) **Zahlung an Geschäftstagen:** Falls eine Zahlung auf die Wertpapiere an einem Tag zu leisten ist, der kein Geschäftstag ist, so erfolgt die Zahlung am nächstfolgenden Geschäftstag. In diesem Fall steht den Emissionsgläubigern weder ein Zahlungsanspruch noch ein Anspruch auf Zinszahlungen oder eine andere Entschädigung wegen dieser Verzögerung zu.

## § 10 Steuern

Sämtliche auf die Wertpapiere zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde mit Besteuerungsrechten von oder in Jersey durch Einbehalt oder Abzug auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich

Bank and the Lender respectively for the repayment of the Securities to the Securityholders. Any Additional Repayment Amounts shall not bear interest and will be payable together with corresponding Advances on the relevant Additional Repayment Date. A *pro rata* share of the above amounts payable (rounded down to the next full cent) shall be allocated to the respective individual Securities.

- (3) **Discharge of Payment Obligations:** Upon payment to the Securityholders in accordance with § 7(1) and (2), the principal of the Securities shall be deemed fully repaid and all claims of the Securityholders against the Issuer shall be deemed discharged.
- (4) **Notification:** In accordance with § 15, the Issuer shall notify the Securityholders of the Repayment Date and Additional Repayment Dates, if any, within a notice period of not less than 30 and not greater than 60 days and notify the Irish Stock Exchange accordingly.

## § 8 Termination by the Issuer

- (1) **Termination by the Issuer in case of a Tax Event or a Gross-up Event:** The Issuer may call the Securities for redemption at any time, with immediate effect by giving not less than 30 days and not more than 60 days' prior notice in accordance with § 15 if a Tax Event or a Gross-up-Event has occurred.
- (2) **Limited Permissibility of Termination:** Any termination of the Securities by the Issuer in accordance with this § 8 is only permissible if financing of the redemption of the Securities at their nominal amount plus any interest accrued thereon has been secured through the issuance of similar debt securities or in any other way.

## § 9 Payments

- (1) **Discharge by Payment to the Clearing System:** The Issuer undertakes to pay, as and when due, amounts due on the Securities in Euro to the Principal Paying Agent for onward payment to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System. Upon effecting the payment to the Clearing System or to its order, the Issuer shall be released from its payment obligation in the amount of the payment effected.
- (2) **Payment on Business Days:** If any payment of any amount with respect to the Securities is to be effected on a day other than a Business Day, payment shall be effected on the next following Business Day. In this case, the Securityholders shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.

## § 10 Taxes

All amounts payable in respect of the Securities shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or for the account of any political subdivision or any tax authority of or in Jersey having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will, but subject always to receipt thereof

vorgeschrieben. In diesem Fall wird die Emittentin, jedoch nur soweit sie die dafür erforderlichen Beträge tatsächlich von der Bank aufgrund der Freistellungsvereinbarung erhalten hat, diejenigen zusätzlichen Beträge (**Zusätzlichen Beträgen**) zahlen, die erforderlich sind, damit die den Emissionsgläubigern zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Emissionsgläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher Zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

- (1) auf andere Weise als durch Einbehalt oder Abzug von zahlbaren Beträgen zu entrichten sind; oder
- (2) wegen einer (vermuteten) gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Emissionsgläubigers zu Jersey zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Wertpapiere aus Quellen in Jersey stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort be- sichert sind; oder
- (3) abzuziehen oder einzubehalten sind aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung oder Absprache über deren Besteuerung, an der Jersey, die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist/sind, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung, Vereinbarung oder Absprache umsetzt oder befolgt; oder
- (4) aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntma- chung nach Maßgabe von § 15, wirksam wird; oder
- (5) von einer Zahlstelle abgezogen oder einbehalten wer- den, wenn eine andere Zahlstelle in einem EU-Mit- gliedstaat die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können.

### § 11 Kündigung durch Emissionsgläubiger

- (1) **Kündigungsgründe:** Jeder Emissionsgläubiger ist berechtigt, seine Wertpapiere durch Erklärung gegen- über der Hauptzahlstelle zu kündigen und deren Rück- zahlung zum Nennbetrag zuzüglich etwaiger aufgelau- fener Zinsen auf seine Wertpapiere bis zum Tag der tatsächlichen Rückzahlung zu verlangen, falls:
  - (a) Kapital oder Zinsen auf die Wertpapiere nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag gemäß §§ 6 und 7 gezahlt wurden; oder
  - (b) die Emittentin die ordnungsgemäße Erfüllung einer sonstigen Verpflichtung aus den Wertpapie- ren unterlässt und diese Unterlassung länger als 30 Tage andauert, nachdem die Hauptzahlstelle hierüber eine Benachrichtigung von einem Emissi- onsgläubiger erhalten hat; oder
  - (c) die Emittentin ihre Zahlungen insgesamt einstellt; oder
  - (d) die Emittentin ihre Zahlungsunfähigkeit bekannt gibt; oder
  - (e) die Emittentin in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Ver- schmelzung, Konsolidierung oder einer anderen

from the Bank under the Indemnity Agreement, pay such additional amounts (**Additional Amounts**) as shall be necessary in order that the net amounts received by the Securityholders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable by the Securityholders in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (1) are payable otherwise than by withholding or deduc- tion from amounts payable; or
- (2) are payable by reason of the Securityholder (being deemed as) having, or having had some personal or business connection with Jersey and not merely by reason of the fact that payments in respect of the Securities are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, Jersey; or
- (3) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of savings, or (ii) any international treaty or under- standing relating to such taxation and to which Jersey, the Federal Republic of Germany or the European Union is a party/are parties or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or
- (4) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly pro- vided for and notice thereof is published in accord- ance with § 15, whichever occurs later; or
- (5) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent in an EU member state without such deduction or withholding.

### § 11 Termination by Securityholders

- (1) **Events of Default:** Each Securityholder shall be entitled to declare due and payable by notice to the Principal Paying Agent its Securities and demand immediate redemption thereof at their nominal amount together with accrued interest (if any) on its Securities to the date of actual repayment, in the event that:
  - (a) principal or interest on the Securities have not been paid within 30 days from the relevant due date in accordance with §§ 6 and 7; or
  - (b) the Issuer fails to duly perform any other obliga- tion arising under the Securities and such failure continues for more than 30 days without cure after the Principal Paying Agent has received notice thereof from a Securityholder; or
  - (c) the Issuer suspends its payments generally; or
  - (d) the Issuer announces its inability to meet its finan- cial obligations; or
  - (e) the Issuer enters into liquidation, except in con- nection with a merger, consolidation or other form of combination with another company or in

Form des Zusammenschlusses mit einer anderen Gesellschaft oder im Zusammenhang mit einer Umwandlung, und diese andere oder neue Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin im Zusammenhang mit den Wertpapieren eingegangen ist; oder

(f) ein Gericht ein Insolvenzverfahren oder ein Vergleichsverfahren zur Abwendung der Insolvenz oder des Konkurses oder ein vergleichbares Verfahren über das Vermögen der Emittentin eröffnet, und ein solches Verfahren über ihr Vermögen nicht innerhalb von 60 Tagen aufgehoben oder ausgesetzt wird, oder die Emittentin die Eröffnung eines solchen Verfahrens beantragt oder einleitet oder eine allgemeine Schuldenregelung zugunsten ihrer Gläubiger anbietet oder trifft oder ein Dritter ein Insolvenzverfahren gegen die Emittentin beantragt und ein solches Verfahren nicht innerhalb einer Frist von 60 Tagen aufgehoben oder ausgesetzt wird.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) **Quorum:** In den Fällen des § 11(1)(b), (c), und/oder (d) wird eine Kündigungserklärung in Bezug auf Wertpapiere, sofern nicht bei deren Eingang zugleich einer der in § 11(1)(a), (e) oder (f) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei der Hauptzahlstelle Kündigungserklärungen von Emissionsgläubigern mit einem Anteil von mindestens einem Zehntel des Gesamtnennbetrags der ausstehenden Wertpapiere eingegangen sind.

(3) **Benachrichtigung:** Eine Benachrichtigung oder Kündigung gemäß § 11(1) hat in der Weise zu erfolgen, dass der Emissionsgläubiger der Hauptzahlstelle eine schriftliche Erklärung per Bote oder durch eingeschriebenen Brief überendet und dabei wie in § 16(3) vorgesehen nachweist, dass er im Zeitpunkt der Erklärung Inhaber der betreffenden Wertpapiere ist.

(4) **Mittel für die Rückzahlung bei Kündigung durch die Emissionsgläubiger:** Im Fall einer Kündigung der Wertpapiere durch die Emissionsgläubiger aufgrund dieses § 11 oder aus anderem Grund werden der Emittentin für etwaige dann auf gekündigte Wertpapiere zu leistende Zahlungen keine Mittel zur Verfügung stehen außer dem Rückzahlungsbetrag, etwaigen Zusätzlichen Rückzahlungsbeträgen, den Gewinnausschüttungszahlungen, den Zahlungen auf Ausgefallene Gewinnausschüttungen und Darlehensauszahlungen, welche die Emittentin aufgrund und im Einklang mit den Bedingungen der Kumulativen Genussscheine, der Freistellungsvereinbarung bzw. des Darlehensvertrags tatsächlich erhalten hat. Daher erfolgen Zahlungen auf gekündigte Wertpapiere nur, und sind bedingt durch, den tatsächlichen Erhalt der entsprechenden Beträge durch die Emittentin aufgrund der Kumulativen Genussscheine, der Freistellungsvereinbarung bzw. des Darlehensvertrags.

## § 12 Vorlegungsfrist; Verjährung

Die Vorlegungsfrist gemäß § 801 (1) Satz 1 BGB für die Wertpapiere wird auf zehn Jahre verkürzt. Die Verjährungsfrist für Ansprüche aus den Wertpapieren, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

connection with a reorganisation and such other or new company assumes all obligations undertaken by the Issuer under or in connection with the Securities; or

(f) a court institutes insolvency proceedings or composition proceedings to avert insolvency or bankruptcy or similar proceedings against the assets of the Issuer and such proceedings are not discharged or stayed within 60 days, or the Issuer applies for institution of such proceedings in respect of its assets or offers or makes a general arrangement for the benefit of its creditors generally, or a third party applies for insolvency proceedings against the Issuer and such proceedings are not discharged or stayed within 60 days.

The right to declare Securities due shall terminate if the cause of the termination has been cured before the right is exercised.

(2) **Quorum:** In the events specified in § 11(1)(b), (c), and/or (d), any notice declaring the Securities due shall, unless at the time such notice is received any of the events of default specified in § 11(1)(a), (e) or (f) has occurred, become effective only when the Principal Paying Agent has received such notices from the Securityholders of at least one tenth of the aggregate nominal amount of Securities then outstanding.

(3) **Notice:** Any notice in accordance with § 11(1) shall be given by means of a written declaration delivered by hand or registered mail to the Principal Paying Agent together with evidence in accordance with § 16(3) that such Securityholder, at the time of such written notice, is a holder of the relevant Securities.

(4) **Funds in the Event of Termination by Securityholders:** In the event of a termination of any the Securities pursuant to this § 11 or otherwise, the Issuer will have no funds available for payment of any amounts in respect of any terminated Securities other than any Repayment Amount, any Additional Repayment Amounts, Profit Distribution Payment, Arrears of Profit Distribution or Advances actually received by the Issuer under, and in accordance with the terms of, the Cumulative Profit Participation Securities, the Indemnity Agreement and the Loan Agreement, respectively. Accordingly, the payment of any amounts in respect of any terminated Securities will be subject to, and conditional upon, actual receipt of the requisite amounts by the Issuer under the Cumulative Profit Participation Securities, the Indemnity Agreement and the Loan Agreement.

## § 12 Presentation Period; Prescription

The period for presentation of the Securities (as provided for in § 801(1) sentence 1 of the German Civil Code) shall be reduced to ten years. The period of limitation for claims under the Securities presented during the period for presentation shall be two years calculated from the expiration of the relevant presentation period.

### § 13 Zahlstellen

(1) **Hauptzahlstelle:** Die Deutsche Bank Aktiengesellschaft, Frankfurt am Main, ist die anfängliche Hauptzahlstelle (**Hauptzahlstelle**).

(2) **Zusätzliche Zahlstellen:** NCB Stockbrokers Ltd., Dublin, ist als weitere Zahlstelle (gemeinsam mit der Hauptzahlstelle, die **Zahlstellen**, und jede eine **Zahlstelle**) bestellt. Die Emittentin wird dafür sorgen, dass, solange Wertpapiere an der Irischen Börse notiert sind, immer eine Zahlstelle in Irland bestellt ist. In keinem Fall darf die Geschäftsstelle einer von der Emittentin benannten Zahlstelle innerhalb der Vereinigten Staaten oder deren Landesbesitzungen liegen.

(3) **Ersetzung von Zahlstellen:** Die Emittentin wird dafür sorgen, dass stets eine Hauptzahlstelle vorhanden ist. Die Emittentin ist berechtigt, Banken von internationalem Ansehen als Hauptzahlstelle zu bestellen. Die Emittentin ist des Weiteren berechtigt, die Bestellung einer Bank zur Hauptzahlstelle zu widerrufen. Im Falle einer solchen Abberufung oder, falls die bestellte Bank nicht mehr als Hauptzahlstelle tätig werden kann oder will, bestellt die Emittentin eine andere Bank von internationalem Ansehen als Hauptzahlstelle. Die Emittentin wird sich, soweit möglich, darum bemühen, dass stets eine Zahlstelle mit Geschäftsstelle in einem Mitgliedsstaat der Europäischen Union vorhanden ist, die nicht verpflichtet ist, Steuern einzubehalten oder abzuziehen, die aufgrund einer Richtlinie oder einer Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen, oder aufgrund einer gesetzlichen Vorschrift, die diese Richtlinie oder diese Verordnung umsetzt oder befolgt oder erlassen wurde, um der Richtlinie zu entsprechen, einzubehalten oder abzuziehen sind. Jede solche Bestellung oder Abberufung ist unverzüglich gemäß § 15 oder, falls dies nicht möglich sein sollte, in sonstiger Weise öffentlich bekannt zu machen.

(4) **Haftung der Zahlstellen:** Jede Zahlstelle haftet dafür, dass sie Erklärungen abgibt, nicht abgibt oder entgegennimmt oder Handlungen vornimmt oder unterlässt, nur, wenn und soweit sie die Sorgfalt eines ordentlichen Kaufmanns verletzt hat.

(5) **Rechtsverhältnisse der Zahlstellen:** Die Zahlstellen sind in ihrer jeweiligen Funktion ausschließlich Beauftragte der Emittentin. Zwischen den Zahlstellen einerseits und den Emissionsgläubigern andererseits besteht kein Auftrags- oder Treuhandverhältnis. Die Zahlstellen sind jeweils von den Beschränkungen des § 181 BGB und etwaigen gleichartigen Beschränkungen des anwendbaren Rechts anderer Rechtsordnungen befreit.

### § 14 Ersetzung

(1) **Ersetzung:** Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Emissionsgläubiger im Wege (i) der Abtretung bzw. Vertragsübernahme oder (ii) einer gesellschaftsrechtlichen Umstrukturierung eine andere Gesellschaft an ihrer Stelle als Hauptschuldnerin und Hauptgläubigerin (**Nachfolgerin**) für alle Verpflichtungen und Rechte aus und im Zusammenhang mit den Wertpapieren, den Kumulativen Genussscheinen und dem Einzahlungsvertrag sowie sonstigen, mit diesen Verträgen zusammenhängenden Verträge einzusetzen; allerdings nur sofern:

(a) sie sich nicht mit einer Zahlung auf die Wertpapiere in Verzug befindet;

### § 13 Paying Agents

(1) **Principal Paying Agent:** Deutsche Bank Aktiengesellschaft, Frankfurt am Main, shall be the initial paying agent (**Principal Paying Agent**).

(2) **Additional Paying Agents:** NCB Stockbrokers Ltd., Dublin, shall be appointed as additional paying agent (together with the Principal Paying Agent, the **Paying Agents**, and each, a **Paying Agent**). The Issuer shall procure that as long as the Securities are listed on the Irish Stock Exchange, there will at all times be a Paying Agent in Ireland. In no event shall the specified office of a Paying Agent appointed by the Issuer be within the United States or its possessions.

(3) **Replacement of Paying Agents:** The Issuer shall procure that there will at all times be a Principal Paying Agent. The Issuer shall be entitled to appoint banks of international standing as Principal Paying Agent. Furthermore, the Issuer shall be entitled to terminate the appointment of a bank as Principal Paying Agent. In the event of such termination or such bank being unable or unwilling to continue to act as Principal Paying Agent, the Issuer shall appoint another bank of international standing as Principal Paying Agent. The Issuer shall to the extent possible procure that it will at all times maintain a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive or Regulation on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or Regulation. Any such appointment or termination shall be published without undue delay in accordance with § 15, or, should this not be possible, shall be published in another way.

(4) **Liability of Paying Agents:** Each Paying Agent shall be held responsible for giving, failing to give, or accepting a declaration, or for acting or failing to act, only if, and insofar as, it fails to act with the diligence of a conscientious businessman.

(5) **Paying Agent Legal Matters:** The Paying Agents, acting in such capacity, act only as agents of the Issuer. There is no agency or fiduciary relationship between the Paying Agents on the one hand and the Securityholders on the other hand. Each of the Paying Agents shall be exempt from the restrictions set forth in § 181 German Civil Code and similar restrictions of the applicable laws of other jurisdictions.

### § 14 Substitution

(1) **Substitution:** The Issuer may, at any time and without the consent of the Securityholders, substitute by (i) assignment or contractual assumption or (ii) corporate restructuring another entity for the Issuer as principal debtor and creditor (**Successor**) in respect of all obligations and rights under and in connection with the Securities, the Cumulative Profit Participation Securities and the Contribution Agreement as well as any other agreements related thereto, provided that:

(a) the Issuer is not in default in respect of any payment owed under the Securities;

- (b) die Nachfolgerin alle Rechte und Verpflichtungen der Emittentin in Bezug auf die Wertpapiere übernimmt;
- (c) die Emittentin und die Nachfolgerin alle erforderlichen Genehmigungen erhalten haben und berechtigt sind, die zur Erfüllung der Zahlungsverpflichtungen aus den Wertpapieren zahlbaren Beträge in Euro zu zahlen, ohne verpflichtet zu sein, in dem Land, in dem die Nachfolgerin oder die Emittentin ihren jeweiligen Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;
- (d) die Nachfolgerin sich verpflichtet hat, die Emissionsgläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die den Emissionsgläubigern bezüglich der Ersetzung auferlegt werden; und
- (e) die Ersetzung nicht zu einer erhöhten Belastung (i) der Nachfolgerin oder (ii) ihrer Anteilseigner (für den Fall einer Kapitalgesellschaft) bzw. Gesellschafter (für den Fall einer Personengesellschaft) mit Kapitalertrag- oder sonstiger Abzugssteuer, etwaiger Vermögensteuer oder der Gewerbeertrag- oder sonstiger Ertragsteuer führt, es sei denn, die Nachfolgerin und/oder ihrer Anteilseigner bzw. Gesellschafter werden für eine solche erhöhte Belastung entschädigt.

(2) **Bekanntmachung der Ersetzung:** Jedwede Ersetzung gemäß diesem § 14 ist den Emissionsgläubigern unverzüglich nach Maßgabe von § 15 bekannt zu machen.

(3) **Änderung von Bezugnahmen:** Im Fall einer Ersetzung gilt jedwede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgerin und jedwede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz hat, als Bezugnahme auf das Land, in dem die Nachfolgerin ihren Sitz hat.

## § 15

### Bekanntmachungen

- (1) **Mitteilungen über die Irische Börse:** Alle Bekanntmachungen an die Emissionsgläubiger werden durch die Emittentin, solange die Wertpapiere an der Irischen Börse notiert werden und die Irische Börse dies verlangt, durch Mitteilung an das Company Announcements Office der Irischen Börse bekannt gemacht.
- (2) **Unmittelbare Mitteilungen:** Sofern die Regeln der Börse, an der die Wertpapiere notiert sind, dies zulassen, ist die Emittentin berechtigt, Bekanntmachungen auch durch eine Mitteilung an das Clearing System zur Weiterleitung an die Emissionsgläubiger oder direkt an die Emissionsgläubiger zu bewirken. Bekanntmachungen über das Clearing System gelten am siebten Tage nach der Mitteilung an das Clearing System, direkte Mitteilungen an die Emissionsgläubiger mit ihrem Zugang als bewirkt.
- (3) **Auslegung bei den Zahlstellen:** Die Texte sämtlicher Veröffentlichungen gemäß diesem § 15 sind außerdem in den Geschäftsräumen einer jeden Zahlstelle zugänglich zu machen.

## § 16

### Sonstige Bestimmungen

- (1) **Anwendbares Recht:** Form und Inhalt der Wertpapiere sowie die Rechte und Pflichten der Emissionsgläubiger, der Emittentin und der Zahlstellen bestimmen

- (b) the Successor assumes all rights and obligations of the Issuer under the Securities;

- (c) the Issuer and the Successor have obtained all necessary permits and are authorised to comply with the payment obligations under the Securities by paying the amounts due in Euro without being obliged to withhold or deduct applicable tax or other duties of any kind in the respective country in which the Successor or the Issuer is domiciled or resident for tax purposes;
- (d) the Successor has agreed to indemnify the Securityholders against such taxes, duties or other governmental charges as may be imposed on the Securityholders in connection with the substitution; and
- (e) the substitution does not result in an increase in German Investment Income Tax or any other withholding tax, in property tax, if applicable, trade income or any other income tax payable by (i) the Successor or (ii) its shareholders (if incorporated as a corporation) or partners (if established as a partnership), unless the Successor and/or its shareholders or partners are indemnified for such increase.

(2) **Notification of Substitution:** Any substitution in accordance with this § 14 shall be notified to Securityholders in accordance with § 15 hereof without undue delay.

(3) **Change in Reference:** Upon substitution, any references in these Terms and Conditions to the Issuer shall forthwith be deemed to be references to the Successor, and any references to the country of domicile of the Issuer shall forthwith be deemed to be references to the country of domicile of the Successor; in each case with effect from the substitution date.

## § 15

### Notices

- (1) **Notices of the Irish Stock Exchange:** All notices to the Securityholders will be given by the Issuer, so long as any of the Securities are listed on the Irish Stock Exchange and the Irish Stock Exchange so requires, by notification to the Company Announcements Office of the Irish Stock Exchange.
- (2) **Direct Notices:** The Issuer shall also be entitled to give notices to the Clearing System for communication by the Clearing System to the Securityholders or directly to the Securityholders provided that this complies with the rules of the stock exchange on which the Securities are listed. Notifications vis-à-vis the Clearing System shall be deemed to be effected on the seventh day after the notification to the Clearing System, direct notifications to the Securityholders shall be deemed to be effected upon their receipt.
- (3) **Display at the Paying Agents:** The text of any publication to be made in accordance with this § 15 shall also be available at the specified office of each Paying Agent.

## § 16

### Miscellaneous

- (1) **Governing Law:** The form and content of the Securities and the rights and duties of the Securityholders, the Issuer and the Paying Agents shall in all respects be

sich in jeder Hinsicht nach deutschem Recht und werden in Übereinstimmung damit ausgelegt.

- (2) **Gerichtsstand:** Jegliche aus oder im Zusammenhang mit den Wertpapieren entstehenden Klagen oder Verfahren unterliegen der nichtausschließlichen Zuständigkeit des Landgerichts Frankfurt am Main.
- (3) **Geltendmachung von Ansprüchen:** Jeder Emissionsgläubiger kann in Rechtsstreitigkeiten gegen die Emittentin oder in Rechtsstreitigkeiten, an denen der Emissionsgläubiger und die Emittentin beteiligt sind, im eigenen Namen seine Rechte aus den ihm zustehenden Wertpapieren unter Vorlage der folgenden Dokumente geltend machen und durchsetzen:
  - (a) einer Bescheinigung seiner Depotbank, die (i) den vollen Namen und die volle Anschrift des Emissionsgläubiger bezeichnet (ii) den Gesamtnennbetrag von Wertpapieren angibt, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Wertpapierdepot dieses Emissionsgläubigers gutgeschrieben sind und (iii) bestätigt, dass die Depotbank dem Clearing System und der Hauptzahlstelle eine schriftliche Mitteilung gemacht hat, die die Angaben gemäß (i) und (ii) enthält und Bestätigungsvermerke des Clearing Systems trägt; und
  - (b) einer von einem Vertretungsberechtigten des Clearing Systems oder einer Zahlstelle beglaubigten Ablichtung der Globalurkunde.
- (4) **Begebung weiterer Wertpapiere:** Die Emittentin ist berechtigt, bis zum 31. Dezember 2006 (einschließlich jederzeit und ohne Zustimmung der Emissionsgläubiger weitere Wertpapiere mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Begebungstages, des Beginns der Verzinsung und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit den Wertpapieren eine einheitliche Serie bilden.
- (5) **Teilunwirksamkeit:** Sollte eine der Bestimmungen dieser Emissionsbedingungen ganz oder teilweise unwirksam und undurchführbar sein oder werden, so bleibt die Wirksamkeit oder die Durchführbarkeit der übrigen Bestimmungen hiervon unberührt. Anstelle der unwirksamen Bestimmung soll, soweit rechtlich möglich, eine dem Sinn und wirtschaftlichen Zweck dieser Emissionsbedingungen zum Zeitpunkt der Begebung der Wertpapiere entsprechende Regelung gelten. Unter Umständen, unter denen sich diese Emissionsbedingungen als unvollständig erweisen, soll eine ergänzende Auslegung, die dem Sinn und Zweck dieser Emissionsbedingungen entspricht, unter angemessener Berücksichtigung der berechtigten Interessen der beteiligten Parteien erfolgen.
- (6) **Bindende Fassung:** Die deutsche Fassung dieser Emissionsbedingungen ist bindend.

governed by, and construed in accordance with, the laws of Germany.

- (2) **Jurisdiction:** The District Court in Frankfurt am Main shall have non exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Securities.
- (3) **Enforcement:** Any Securityholder may, in any proceedings against the Issuer or to which the Securityholder and the Issuer are parties, protect and enforce in its own name its rights arising under its Securities upon presentation of the following documents:
  - (a) a certificate issued by its Custodian (i) stating the full name and address of the Securityholder, (ii) specifying the aggregate nominal amount of Securities credited on the date of such statement to such Securityholder's securities account maintained with its Custodian and (iii) confirming that its Custodian has given a written notice to the Clearing System and the Principal Paying Agent containing the information specified in (i) and (ii) and, bearing the acknowledgement of the Clearing System; and
  - (b) a copy of the Global Security, certified as being a true copy by a duly authorised officer of the Clearing System or by a Paying Agent.
- (4) **Further Issues of Securities:** The Issuer may, until (and including) 31 December 2006 and without the consent of Securityholders, issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the date of issuance, commencement of interest and/or price of issue) so as to form a single series of securities with the Securities.
- (5) **Severability:** Should any of the provisions of these Terms and Conditions be or become invalid or unenforceable in whole or in part, the validity or the enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In this case the invalid provision shall be replaced by a provision that is, to the extent legally possible, in accordance with the meaning and the economic purposes of the Terms and Conditions at the time of the issue of the Securities. In circumstances in which these Terms and Conditions prove to be incomplete, a supplementary interpretation in accordance with the meaning and the purposes of these Terms and Conditions under due considerations of the legitimate interest of the parties involved shall be applied.
- (6) **Binding Version:** The German version of these Terms and Conditions shall be the binding version.

# TERMS AND CONDITIONS OF THE CUMULATIVE PROFIT PARTICIPATION SECURITIES

THE GERMAN TEXT OF THE CUMULATIVE PROFIT PARTICIPATION SECURITIES IS LEGALLY BINDING.  
THE ENGLISH TRANSLATION IS FOR CONVENIENCE ONLY.

## EMISSIONSBEDINGUNGEN

der  
€ 500.000.000  
**Kumulativen Genussscheine**  
der  
**Deutsche Postbank AG**  
(nachstehend als **Bank** bezeichnet)

## TERMS AND CONDITIONS

of the  
€ 500,000,000  
**Cumulative Profit Participation Securities**  
issued by  
**Deutsche Postbank AG**  
(hereinafter called **Bank**)

### § 1

#### Definitionen und Auslegung

**Definitionen:** Sofern sich aus dem Zusammenhang nicht etwas anderes ergibt, haben die nachstehenden Begriffe in diesen Genussscheinbedingungen folgende Bedeutung:

**Ausgabetag** bezeichnet den 31. März 2006.

**Ausgefallene Gewinnausschüttung** bezeichnet eine Gewinnausschüttung, welche aufgrund von § 5(3) dieser Genussscheinbedingungen nicht gezahlt wurde.

**BaFin** bezeichnet die Bundesanstalt für Finanzdienstleistungsaufsicht oder eine etwaige Nachfolgebehörde, die an deren Stelle tritt.

**Bank** bezeichnet die Deutsche Postbank AG mit Sitz in Bonn.

**Besserungsperiode** hat die in § 8(2) festgelegte Bedeutung.

Der **Bilanzgewinn** errechnet sich aus dem nicht konsolidierten Jahresüberschuss oder Jahresfehlbetrag der Bank, *zuzüglich* eines etwaigen Gewinnvortrags aus dem Vorjahr, *abzüglich* eines etwaigen Verlustvortrags aus dem Vorjahr, *zuzüglich* Entnahmen aus Kapital- und Gewinnrücklagen, *abzüglich* Einstellungen in Gewinnrücklagen, und zwar jeweils in Übereinstimmung und nach Maßgabe der deutschen handelsrechtlichen Rechnungslegungsvorschriften (einschließlich des HGB) sowie sonstigen zum maßgeblichen Zeitpunkt anwendbaren deutschen Rechts.

Ein **Bilanzverlust** liegt dann vor, wenn die geprüfte, nicht konsolidierte Jahresbilanz der Bank keinen Bilanzgewinn von wenigstens € 0 für das Geschäftsjahr ausweist, auf das sich die jeweilige Gewinnausschüttung bezieht.

**Buchwert** bezeichnet den Buchwert der Kumulativen Genussscheine, so wie dieser in der geprüften, nicht konsolidierten Bilanz der Bank für das jeweilige Geschäftsjahr der Bank reflektiert ist.

Ein **Deutsches Steuerereignis** liegt vor, wenn aufgrund einer Änderung der Gesetze (oder einer Änderung von darunter erlassenen Bestimmungen und Vorschriften) der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder einer ihrer Steuerbehörden, oder als Folge einer Änderung der offiziellen Auslegung oder Anwendung solcher Gesetze, Bestimmungen oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht, eine Regierungsstelle, Steuerbehörde oder eine Aufsichtsbehörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung gerichtlicher oder aufsichtsrechtlicher Entscheidungen), Gewinnausschüttun-

### § 1

#### Definitions and Interpretation

**Definitions:** Unless the context requires otherwise, the following terms shall have the following meanings in these terms and conditions:

**Issue Date** shall mean 31 March 2006.

**Arrears of Profit Distribution** means a Profit Distribution which has not been paid pursuant to § 5(3) of these Terms and Conditions.

**BaFin** means the German Federal Financial Supervisory Authority or any successor agency taking its place.

**Bank** means Deutsche Postbank AG, having its seat in Bonn.

**Recovery Period** has the meaning specified in § 8(2).

The **Balance Sheet Profit** is calculated based on the Bank's annual unconsolidated net income or loss for the year, *plus* any profits carried forward from the previous year, *minus* any loss carried forward from the previous year, *plus* withdrawals made from the capital reserves and retained earnings, *minus* allocations to retained earnings, all in compliance, and determined in accordance, with accounting principles generally accepted in Germany (including the German Commercial Code (*Handelsgesetzbuch*)) and other applicable German law then in effect.

A **Balance Sheet Deficit** is present if the audited annual unconsolidated balance sheet of the Bank does not show a Balance Sheet Profit of at least € 0 for the fiscal year to which the relevant Profit Distribution relates.

**Book Value** means the book value of the Cumulative Profit Participation Securities as reflected in the Bank's audited unconsolidated balance sheet for the Bank's respective fiscal year.

A **German Tax Event** is present if as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of the Federal Republic of Germany or any political subdivision or any taxing authority thereof or therein, or as a result of any amendment to, or change in, an official interpretation or application of any such laws, rules or regulations by any legislative body, court, governmental agency, tax authority or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), Profit Distributions payable by the Bank in respect of the Cumulative Profit Participation Securities are no

gen, die von der Bank auf die Kumulativen Genussscheine zu zahlen sind, von der Bank nicht mehr für die Zwecke der deutschen Körperschaft- und Gewerbesteuer abzugsfähig sind und die Bank dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen abwenden kann.

**Einzahlungsvertrag** bezeichnet den am 29. März 2006 zwischen den Gesellschaftern der ProSecure Funding Limited Partnership geschlossenen ergänzenden Gesellschaftsvertrag, nach dem die Kommanditistin der ProSecure Funding Limited Partnership verpflichtet ist, der ProSecure Funding Limited Partnership sämtliche Beträge zu zahlen, die sie von den deutschen Steuerbehörden in Bezug auf Steuererstattungsansprüche erhält.

**Erste Gewinnperiode** bezeichnet den Zeitraum vom Ausgabetag (einschließlich) bis zum 31. Dezember 2006 (einschließlich).

**Fälligkeitstag** hat die in § 5(1) festgelegte Bedeutung.

**Freistellungsvereinbarung** bezeichnet die Vereinbarung zwischen der ProSecure Funding Limited Partnership und der Bank, nach der die Bank verpflichtet ist, für etwaige im Hinblick auf Zahlungen auf die Wertpapiere anfallende Quellensteuern in Jersey Zahlungen an die ProSecure Funding Limited Partnership zu leisten.

**Genussscheinbedingungen** bezeichnet diese Bedingungen der Kumulativen Genussscheine.

**Genussscheininhaber** bezeichnet die Inhaber eines Mit-eigentumsanteils oder -rechts an der Globalurkunde.

**Geschäftstag** bezeichnet jeden Tag an dem TARGET (das Trans-European Automated Real Time Gross Settlement Express Transfer System) Buchungen oder Zahlungsanweisungen im Hinblick auf Zahlungen in Euro abwickelt.

**Gewinnausschüttung** bezeichnet die in der jeweiligen Gewinnperiode aufgelaufene Gewinnausschüttung.

**Gewinnperiode** bezeichnet (mit Ausnahme der Ersten Gewinnperiode) jeweils den Zeitraum vom 1. Januar (einschließlich) bis zum 31. Dezember (einschließlich) eines Jahres; die letzte Gewinnperiode endet am 31. Dezember 2015.

**Globalurkunde** hat die in § 2(2) festgelegte Bedeutung.

Ein **Gross-up-Ereignis** liegt vor, wenn die Bank verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 9 zu zahlen.

**Herabsetzung** bezeichnet jede Herabsetzung des Rückzahlungsbetrages nach § 6(1).

**HGB** bezeichnet das Handelsgesetzbuch.

Ein **Jersey-Steuerereignis** liegt dann vor, wenn die Bank verpflichtet ist oder verpflichtet sein wird, gemäß der Freistellungsvereinbarung für etwaige im Hinblick auf Zahlungen auf die Wertpapiere anfallende Quellensteuern in Jersey Zahlungen an die ProSecure Funding Limited Partnership zu leisten.

**Kumulative Genussscheine** hat die in § 2(1) festgelegte Bedeutung.

**KWG** bezeichnet das Gesetz über das Kreditwesen.

Der **Nennbetrag** ist € 1.000 je Kumulativer Genussschein.

**Rückzahlungsbetrag** bezeichnet entweder den Buchwert der Kumulativen Genussscheine, so wie dieser in der geprüften, nicht konsolidierten Bilanz der Bank für das Geschäftsjahr der Bank reflektiert ist, das dem Rückzahlungstag unmittelbar voranging, oder den Gesamt-Nennbetrag der Kumulativen Genussscheine, je nachdem welcher Betrag niedriger ist.

longer deductible by the Bank for German corporate income tax and trade tax purposes, and that risk cannot be avoided by the Bank taking reasonable measures.

**Contribution Agreement** means the supplementary partnership agreement entered into by and between the partners of ProSecure Funding Limited Partnership on 29 March 2006 under which the limited partner of ProSecure Funding Limited Partnership is required to pay to ProSecure Funding Limited Partnership all amounts that it receives from the German tax authorities on account of Tax Refund Claims.

**First Profit Period** means the period from (and including) the Issue Date to (and including) 31 December 2006.

**Due Date** has the meaning specified in § 5(1).

**Indemnity Agreement** means the agreement between ProSecure Funding Limited Partnership and the Bank pursuant to which the Bank is obliged to make payments to ProSecure Funding Limited Partnership in respect of withholding tax, if any, levied in Jersey in relation to payments under the Securities.

**Terms and Conditions** means these terms and conditions of the Cumulative Profit Participation Securities.

**Holders** means any holder of a co-ownership interest or right in the Global Security.

**Business Day** means a day on which TARGET (the Trans-European Automated Real Time Gross Settlement Express Transfer System) is operating credit or transfer instructions in respects of payments in Euro.

**Profit Distribution** means a profit distribution accrued in any Profit Period.

**Profit Period** means each period (with the exception of the First Profit Period) from (and including) 1 January to (and including) 31 December of a year, the last Profit Period ending on 31 December 2015.

**Global Security** has the meaning specified in § 2(2).

A **Gross-up Event** shall be present if the Bank has or will become obliged to pay Additional Amounts pursuant to § 9.

**Reduction** means any reduction of the Repayment Amount pursuant to § 6(1).

**HGB** means the German Commercial Code (*Handelsgesetzbuch*).

A **Jersey Tax Event** is present if the Bank is or will be obliged to make payments to ProSecure Funding Limited Partnership under the Indemnity Agreement in respect of withholding tax, if any, levied in Jersey in relation to payments under the Securities.

**Cumulative Profit Participation Securities** has the meaning specified in § 2(1).

**KWG** means the German Banking Act.

The **Nominal Amount** is € 1,000 per Cumulative Profit Participation Security.

**Repayment Amount** means the lower of the Book Value of the Cumulative Profit Participation Securities as reflected in the Bank's audited unconsolidated balance sheet for the Bank's fiscal year immediately preceding the Repayment Date and their aggregate Nominal Amount.

**Rückzahlungstag** bezeichnet entweder den (i) 30. Juni 2016 oder, falls dies kein Geschäftstag ist, den darauf folgenden Geschäftstag, oder (ii), falls am 29. Juni 2016 der geprüfte Jahresabschlusses der Bank für das am 31. Dezember 2015 endende Geschäftsjahr noch nicht festgestellt ist, den auf die Feststellung folgenden Geschäftstag, je nachdem, welcher Tag der spätere ist.

**Steuererstattungsanspruch** bezeichnet Erstattungsansprüche der Kommanditistin der ProSecure Funding Limited Partnership gegen die deutschen Finanzbehörden, die aufgrund der folgenden Umstände erwartet werden: Bei Zahlung von Gewinnausschüttungszahlungen an die ProSecure Funding Limited Partnership und Wiederauffüllungen nach einer Herabsetzung des Buchwerts der Kumulativen Genussscheine nach Maßgabe dieser Genussscheinbedingungen ist die Bank verpflichtet, Kapitalertragsteuer auf die ausgeschütteten bzw. zur Auffüllung verwendeten Beträge einzubehalten. Soweit diese Einbehalte nach deutschem Steuerrecht der Kommanditistin der ProSecure Funding Limited Partnership zuzurechnen sind, gelten sie als Vorauszahlungen auf die von der Kommanditistin der ProSecure Funding Limited Partnership geschuldete deutsche Einkommensteuer.

Ein **Steuer-Rückerstattungsereignis** liegt vor, wenn aus jedwedem Grund, einschließlich (aber nicht begrenzt auf) eine Änderung der Gesetze (oder einer Änderung von darunter erlassenen Bestimmungen und Vorschriften) in der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder einer ihrer Steuerbehörden, oder als Folge einer Änderung der offiziellen Auslegung oder Anwendung solcher Gesetze, Bestimmungen oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht, eine Regierungsstelle oder eine Aufsichtsbehörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung gerichtlicher oder aufsichtsrechtlicher Entscheidungen), die Kommanditistin der ProSecure Funding Limited Partnership binnen einer Frist von 18 Monaten seit entsprechender Antragstellung keine Rückerstattung des im Wesentlichen vollständigen Betrages der gezahlten deutschen Kapitalertragsteuer (einschließlich des Solidaritätszuschlages) erhält oder ausweislich eines an die Bank adressierten Gutachtens eines international anerkannten Steuerberaters voraussichtlich nicht dauerhaft erhalten wird und die Kommanditistin der ProSecure Funding Limited Partnership oder die ProSecure Funding Limited Partnership dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen abwenden können.

**Wertpapiere** bezeichnet die von der ProSecure Funding Limited Partnership am 31. März 2006 begebenen € 500.000.000 befristeten Ergänzungskapital-Wertpapiere.

**Zinsberechnungsmethode** bezeichnet die Berechnung von Zinsen für einen kürzeren Zeitraum als ein Jahr auf Grundlage der Anzahl der tatsächlich vergangenen Tage des Zinsberechnungszeitraums geteilt durch die Anzahl der Tage (365 oder 366) in dem jeweiligen Zinsjahr.

**Zusätzliche Beträge** hat die in § 9 festgelegte Bedeutung.

**Zusätzliche Rückzahlungsbeträge** sind die unter den Voraussetzungen des § 8(2) zu zahlenden zusätzlichen Beträge.

**Zusätzliche Rückzahlungstage** sind entweder (i) der 30. Juni des jeweiligen Jahres nach dem Geschäftsjahr, für den ein Zusätzlicher Rückzahlungsbetrag zahlbar ist, oder, falls dies kein Geschäftstag ist, der darauffolgende Geschäftstag, oder (ii) falls am 29. Juni des Jahres, in dem ein Zusätzlicher Rückzahlungsbetrag zahlbar ist, der geprüfte Jahresabschluss der Bank für das maßgebliche Geschäftsjahr noch

**Repayment Date** means the later of (i) 30 June 2016 or, if that is not a Business Day, the next Business Day, or (ii) if on 29 June 2016 the Bank's audited annual financial statements for the fiscal year ended 31 December 2015 have not been adopted, the Business Day following adoption thereof.

**Tax Refund Claim** means refund claims against the German tax authorities to which the limited partner of ProSecure Funding Limited Partnership is expected to be entitled as a consequence of the following circumstances: Upon payment of Profit Distribution Payments to ProSecure Funding Limited Partnership and replenishments after a reduction of the Book Value of the Cumulative Profit Participation Securities in accordance with these Terms and Conditions, the Bank must withhold German investment income tax on the amounts distributed or used for replenishment. These withholdings, to the extent attributable to the limited partner of ProSecure Funding Limited Partnership in accordance with German tax laws, will be counted as prepayments towards the German income tax owed by the limited partner of ProSecure Funding Limited Partnership.

A **Tax Refund Event** is present if for any reason, including, but not limited to, any amendment to, or change in, the laws (or any rules or regulations thereunder) of the Federal Republic of Germany or any political subdivision or any taxing authority thereof or therein, or as a result of any amendment to, or change in, an official interpretation or application of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), within eighteen months from the filing of the respective application, the limited partner of ProSecure Funding Limited Partnership does not or, according to the opinion of a tax advisor of international standing which is addressed to the Bank, is unlikely to permanently receive a refund for substantially the full amount of German withholding tax (including solidarity surcharge (*Solidaritätszuschlag*)) paid, and that risk cannot be avoided by the limited partner of ProSecure Funding Limited Partnership or ProSecure Funding Limited Partnership taking reasonable measures.

**Securities** means the € 500,000,000 Dated Upper Tier 2 Securities issued by ProSecure Funding Limited Partnership on 31 March 2006.

**Interest Calculation Method** refers to the calculation of interest for a period of less than one year on the basis of the actual number of days in such period divided by the actual number of days (365 or 366) in the relevant interest year.

**Additional Amounts** has the meaning specified in § 9.

**Additional Repayment Amounts** are additional amounts payable under § 8(2), if any.

**Additional Repayment Dates** means the later of (i) 30 June of each year following the fiscal year with respect to which an Additional Repayment Amount is payable or, if that date is not a Business Day, the next Business Day, or (ii) if on 29 June of the year in which an Additional Repayment Amount is payable, the Bank's audited annual financial statements for the relevant fiscal year have not been

nicht festgestellt ist, den auf die Feststellung folgenden Geschäftstag, je nachdem, welcher Tag der spätere ist.

## § 2 Stückelung; Verbriefung und Verwahrung; Übertragbarkeit

(1) **Ausgabe und Stückelung:** Die Deutsche Postbank AG (**Bank**) begibt aufgrund der von der Hauptversammlung am 26. Mai 2003 erteilten Ermächtigung unter Ausschluss des Bezugsrechts der Aktionäre Genusscheine im Gesamtnennbetrag von € 500.000.000 (in Worten: Euro fünfhundert Millionen). Die Emission ist eingeteilt in 500.000 untereinander gleichrangige Genusscheine mit einem Nennbetrag von jeweils € 1.000 (die **Kumulativen Genusscheine**).

(2) **Verbriefung:** Die Kumulativen Genusscheine werden durch eine auf den Inhaber lautende Globalurkunde (die **Globalurkunde**) ohne Zinscheine verbrieft. Die Globalurkunde ist nur wirksam, wenn sie die eigenhändigen Unterschriften zweier durch die Bank bevollmächtigter Personen trägt.

## § 3 Rang der Kumulativen Genusscheine, Ausschluss der Aufrechnung

(1) Die Zahlungsverpflichtungen der Bank aufgrund dieser Kumulativen Genusscheine sind im Falle der Insolvenz oder Liquidation der Bank:

(a) nachrangig gegenüber Forderungen aller bestehenden und künftigen Gläubiger der Bank (mit Ausnahme der unter (b) und (c) genannten Gläubiger);

(b) (prozentual zum fälligen Betrag) mindestens gleichrangig mit allen Forderungen auf Rückzahlung von oder Ausschüttungen auf Genussrechte(n) oder Genusscheine(n) und ggf. anderer Kapitalinstrumente des Ergänzungskapitals, sowie sonstiger nachrangiger Verbindlichkeiten gemäß § 10(5) und (5a) KWG; und

(c) vorrangig vor allen Forderungen auf Rückzahlung von und Ausschüttungen auf stille Beteiligungen, allen Forderungen aus anderen Kernkapitalinstrumenten der Bank (sowohl auf unkonsolidierter wie auf konsolidierter Ebene), aus Garantien und Patronatserklärungen für derartige Instrumente sowie allen Forderungen von Anteilseignern der Bank im Zusammenhang mit ihren Anteilen am Grundkapital der Bank;

soweit diese jeweils bereits begründet wurden oder in Zukunft begründet werden.

(2) Die Genusscheininhaber sind nicht berechtigt, Forderungen aus den Kumulativen Genusscheinen mit etwaigen Forderungen der Bank gegen sie aufzurechnen. Die Bank ist nicht berechtigt, etwaige Forderungen gegenüber den Genusscheininhabern mit ihren Verbindlichkeiten aus den Kumulativen Genusscheinen aufzurechnen.

## § 4 Gewinnausschüttung auf die Kumulativen Genusscheine

(1) **Allgemeines:** Als Gegenleistung für die Bereitstellung des Genussrechtskapitals stehen den Genusscheininhabern vom Ausgabetag (einschließlich) bis zum

adopted, the Business Day following adoption thereof.

## § 2 Denomination; Form and Custody, Transferability

(1) **Issuance and Denomination:** Deutsche Postbank AG, Bonn (**Bank**) hereby issues pursuant to the authorisation granted by the shareholders' meeting on 26 May 2003, under exclusion of subscription rights of shareholders, profit participation securities in the aggregate nominal amount of € 500,000,000 (in words: euro five-hundred million). The issue is divided into 500,000 profit participation securities, ranking *pari passu* among themselves, in the nominal amount of € 1,000 each (the **Cumulative Profit Participation Securities**).

(2) **Form:** The Cumulative Profit Participation Securities are represented by a global bearer security (the **Global Security**) without interest coupons. The Global Security shall only be valid if it bears the hand written signatures of two duly authorised representatives of the Bank.

## § 3 Ranking of the Cumulative Profit Participation Securities, No Right of Set-Off

(1) In liquidation and insolvency of the Bank, the Bank's obligations under these Cumulative Profit Participation Securities:

(a) are subordinated to the claims of all existing and future creditors of the Bank (but excluding the creditors referred to under (b) and (c) below);

(b) rank at least *pari passu* (by percentage of the amount payable) with all claims for distributions under or the repayment of capital contributions made with respect to profit participation rights in the form of *Genussrechte* or *Genusscheine*, and other upper tier 2 capital instruments, if any, and any other subordinated debt in accordance with § 10(5) and (5a) KWG; and

(c) rank senior to all claims for distributions under or the repayment of capital contributions made with respect to any silent partnership interest, all other instruments qualifying as tier 1 capital (*Kernkapital*) of the Bank (whether on a Bank or consolidated level), any guarantees and support undertakings in respect of such instruments and all claims of shareholders of the Bank in connection with their shares in the registered share capital of the Bank;

in each case as already arisen or arising in the future.

(2) No Holder shall be entitled to set off any claims arising under the Cumulative Profit Participation Securities against any claims that the Bank may have against it. The Bank may not set off any claims it may have against any Holder against any of its obligations under the Cumulative Profit Participation Securities.

## § 4 Profit Distribution on the Cumulative Profit Participation Securities

(1) **General:** In consideration for the provision of the profit participating capital, the Holders shall be entitled, subject to the provisions of § 5, to Profit Distributions

31. Dezember 2015 (ausschließlich) und vorbehaltlich der Bestimmungen von § 5 Gewinnausschüttungen zu, deren Höhe sich nach Maßgabe dieses § 4 bestimmt.

(2) **Gewinnausschüttung:** Den Genussrechtsinhabern stehen vorbehaltlich § 5(3) Gewinnausschüttungen in Höhe von 4,723 % p.a. auf den Nennbetrag des Kumulativen Genusscheins entsprechend der tatsächlichen Kapitalüberlassung zu. Die gemäß § 5(3) durch das Ergebnis der ersten Gewinnperiode bedingte Gewinnausschüttung beträgt € 58,72 je kumulativen Genusschein; Satz 1 dieses § 4(2) bleibt unberührt.

(3) **Berechnung unterjähriger Gewinnausschüttungen:** Gewinnausschüttungen für einen Zeitraum von weniger als einem Jahr (mit Ausnahme der Ersten Gewinnperiode) werden auf Grundlage der Zinsberechnungsmethode berechnet.

## § 5

### Zahlung der Gewinnausschüttungen, Zahlungsaufschub, Verfall von Gewinnausschüttungen

(1) **Fälligkeit von Gewinnausschüttungen:** Vorbehaltlich der Bestimmungen von § 5(3) bis (5), wird jede Gewinnausschüttung zur Zahlung fällig entweder (i) am 30. Juni eines Jahres nach Ablauf der maßgeblichen Gewinnperiode oder (ii), falls an dem 29. Juni, der auf das Ende der maßgeblichen Gewinnperiode folgt, der geprüfte Jahresabschlusses der Bank für das Geschäftsjahr, auf das sich die maßgebliche Gewinnperiode bezieht, noch nicht festgestellt ist, an dem auf die Feststellung folgenden Geschäftstag, je nachdem, welcher Tag der spätere ist (jeweils ein **Fälligkeitstag**). Die Gewinnausschüttung wird vom Ende der jeweiligen Gewinnperiode bis zum Fälligkeitstag der Gewinnausschüttung nicht verzinst.

(2) **Zahlung an Geschäftstagen; kein Ausgleich bei verspäteter Zahlung:** Falls ein Fälligkeitstag kein Geschäftstag ist, verschiebt sich die Fälligkeit auf den nächstfolgenden Geschäftstag; aufgrund einer solchen Verschiebung erfolgt keine Zahlung von Zinsen und keine Zahlung von weiteren Gewinnausschüttungen.

(3) **Ausschluss der Gewinnausschüttung:** Eine Gewinnausschüttung für eine Gewinnperiode (einschließlich der Ersten Gewinnperiode) ist ausgeschlossen:

- (a) falls und soweit eine solche Zahlung, ggf. unter Berücksichtigung der Nachzahlung von Ausgefällten Gewinnausschüttungen gemäß § 5(4), zu einem Bilanzverlust in dem Geschäftsjahr der Bank, auf das sich die maßgebliche Gewinnperiode bezieht, führen oder diesen erhöhen würde; oder
- (b) wenn eine Herabsetzung der Kumulativen Genusscheine erfolgt ist und noch keine vollständige Wiederauffüllung gemäß § 6(3) stattgefunden hat.

(4) **Nachzahlung Ausgefällener Gewinnausschüttung:** Ausgefällene Gewinnausschüttungen sind aus den Bilanzgewinnen nachfolgender Gewinnperioden, die vor dem Rückzahlungstag enden, nachzuzahlen. Die Nachzahlung erfolgt am Fälligkeitstag für die Gewinnausschüttung der jeweils nächsten Gewinnperiode, in der ein Bilanzgewinn zur Verfügung steht. Reicht ein solcher Bilanzgewinn zur Zahlung der Ausgefällenen Gewinnausschüttungen sowie der Gewinnausschüttung für die jeweils letzte Gewinnperiode nicht aus, erfolgen Zahlungen zunächst auf die Ausgefällenen Gewinnausschüttungen und erst danach auf die Gewinnausschüttung für die jeweils letzte Gewinnperiode.

from (and including) the Issue Date to (but excluding) 31 December 2015 in the amounts specified in this § 4.

(2) **Profit Distribution:** Subject to § 5(3), the Holders shall be entitled to Profit Distributions at a rate, calculated by reference to the Nominal Amount of the Cumulative Profit Participation Security of 4.723 per cent. *per annum*. The Profit Distribution subject to the results of the First Profit Period pursuant to § 5(3) shall amount to € 58.72 per Cumulative Profit Participation Security; the first sentence of this § 4(2) shall remain unaffected.

(3) **Calculation of short Profit Distributions:** Profit Distributions accrued for less than one year (other than for the First Profit Period) shall be calculated on the basis of the Interest Calculation Method.

## § 5

### Profit Distribution Payments, Deferral of Payment, Extinction of Profit Distribution Payments

(1) **Profit Distribution Due Dates:** Subject to § 5(3) through (5), each Profit Distribution shall be payable on the later of (i) 30 June following the end of the relevant Profit Period or (ii) if on 29 June following the end of the relevant Profit Period the Bank's audited annual financial statements for the fiscal year to which the Profit Period relates have not been adopted, the Business Day following adoption thereof (each a **Due Date**). No interest shall accrue on the Profit Distribution from the end of the relevant Profit Period to the Due Date for the Profit Distribution.

(2) **Payment on Business Days; no Compensation for Late Payment:** If a Due Date is not a Business Day, payment shall be postponed to the next following Business Day; no interest or further Profit Distribution will accrue or be payable as a result of such postponement.

(3) **Profit Distributions excluded:** Profit Distributions for any Profit Period (including the First Profit Period) shall be excluded:

- (a) if and to the extent that payment of such Profit Distribution would, also taking into account the payment of Arrears of Profit Distributions as provided for in § 5(4), lead to or increase a Balance Sheet Deficit for the fiscal year of the Bank to which the relevant Profit Period relates; or
- (b) if a Reduction has occurred and the Cumulative Profit Participation Securities have not yet been fully replenished as provided for in § 6(3).

(4) **Payment of Arrears of Profit Distributions:** Arrears of Profit Distributions shall be paid out of Balance Sheet Profits of subsequent Profit Periods ending prior to the Repayment Date. The payment of Arrears of Profit Distributions shall be made on the Due Date in respect of the respective next Profit Period for which a Balance Sheet Profit is available. Should such Balance Sheet Profit be insufficient for the payment of the Arrears of Profit Distribution and the Profit Distribution for the respective last Profit Period, payment shall first be made on the Arrears of Profit Distributions before any payment is made in respect of such Profit Distribution for the respective last Profit Period. Arrears of Profit

riode. Ausgefallene Gewinnausschüttungen werden nicht verzinst.

(5) **Verfall von Ausgefallenen Gewinnausschüttungen und der Gewinnausschüttung für die letzte Gewinnperiode:** Ausgefallene Gewinnausschüttungen und die Gewinnausschüttung für die letzte Gewinnperiode, die aufgrund der Bestimmungen von § 5(3) und (4) nicht spätestens am Rückzahlungstag gezahlt werden, verfallen am Rückzahlungstag endgültig. Ein derartiger Verfall stellt keinen Verzug und keine Pflichtverletzung der Bank für irgendeinen Zweck dar.

Distributions shall not bear interest.

(5) **Extinction of Arrears of Profit Distributions and the Profit Distribution for the last Profit Period:** Arrears of Profit Distributions and the Profit Distribution for the last Profit Period which are not paid on the Repayment Date due to the restrictions set forth in § 5(3) and (4) shall be extinguished on the Repayment Date. Such extinction shall not constitute a default or a breach of obligations on the part of the Bank for any purpose.

## § 6 Verlustbeteiligung

(1) **Verlustbeteiligung:** An einem Bilanzverlust nehmen die Kumulativen Genusscheine im Verhältnis ihres Buchwerts zum Gesamtbuchwert aller am Bilanzverlust teilnehmenden Bestandteile des haftenden Eigenkapitals der Bank und untereinander gleichrangig durch entsprechende Herabsetzung ihres Rückzahlungsbetrags teil.

(2) **Begrenzung der Verlustbeteiligung auf Nennbetrag:** Die Gesamtverlustbeteiligung der Kumulativen Genusscheine ist auf ihren Nennbetrag beschränkt.

(3) **Wiederauffüllung nach Verlustbeteiligung:** Nach einer Herabsetzung wird der Buchwert der Kumulativen Genusscheine in jedem der Herabsetzung nachfolgenden Geschäftsjahr der Bank bis zum Ablauf der Besserungsperiode bis zur vollständigen Höhe ihres Nennbetrages wieder aufgefüllt, soweit hierdurch in dem jeweiligen Geschäftsjahr kein Jahresfehlbetrag der Bank entsteht oder erhöht würde.

Die Wiederauffüllung nach einer Herabsetzung geht der Wiederauffüllung des Grundkapitals und Einstellungen in die Rücklagen (mit Ausnahme der gesetzlichen Rücklage) der Bank vor. Im Verhältnis zu anderen Kapitalgebern nach § 10(4) KWG (Vermögensinlagen stiller Gesellschafter) erfolgt die Wiederauffüllung des Buchwerts der Kumulativen Genusscheine vorrangig, wenn die Bedingungen dieser Kapitalanlagen dies vorsehen. Ist dies nicht der Fall und gegenüber anderen Kapitalgebern nach § 10(5) KWG (Genussrechte) erfolgt die Gutschrift gemäß diesem § 6(3) in der gleichen Reihenfolge und im gleichen Verhältnis wie die Beteiligung am Bilanzverlust.

(4) **Keine Pflicht zur Aufdeckung von stillen Reserven oder der Auflösung bilanzieller Rücklagen:** Die Bank ist nicht verpflichtet, zur Vermeidung eines Jahresfehlbetrags oder eines Bilanzverlusts stille Reserven aufzudecken oder bilanzielle Rücklagen aufzulösen.

## § 6 Sharing in Losses

(1) **Sharing in Losses:** The Cumulative Profit Participation Securities shall share in a Balance Sheet Deficit on a *pari passu* basis among themselves in the proportion which their Book Value bears in relation to the aggregate book value of all components of the Bank's liable capital sharing in the Balance Sheet Deficit by a corresponding reduction of the Repayment Amount.

(2) **Limitation of Sharing in Losses to Nominal Amount:** The Cumulative Profit Participation Securities' aggregate share in all Balance Sheet Deficits shall be limited to their Nominal Amount.

(3) **Replenishment after Reduction:** After a Reduction, the book value of the Cumulative Profit Participation Securities shall, in each fiscal year of the Bank following such Reduction up to the end of the Recovery Period, be replenished up to their full Nominal Amount, but only if and to the extent such replenishment would not cause or increase an annual net loss of the Bank for the relevant fiscal year.

The replenishment after a Reduction ranks senior to the replenishment of the Bank's registered share capital and to allocations to reserves (with the exception of the statutory reserve). In relation to other capital providers in accordance with § 10(4) KWG (silent participations), the replenishment on the Book Value of the Cumulative Profit Participation Securities will rank senior if the terms of such instruments provide therefore. If not and in relation to other capital providers in accordance with and § 10(5) KWG (profit participation rights in the form of *Genussrechte* and *Genusscheine*), the replenishment pursuant to this § 6(3) shall be effected in the same priority and in the same proportion as the sharing in a Balance Sheet Deficit.

(4) **No Obligation to Realise Hidden Reserves or to make Withdrawals from On-balance Sheet Reserves:** The Bank shall not be obliged to realise hidden reserves or to make withdrawals from on-balance sheet reserves in order to avoid an annual net loss or a Balance Sheet Deficit.

## § 7 Keine Gesellschafterrechte

Den Genusscheininhabern stehen keine Gesellschafterrechte, insbesondere keine Teilnahme-, Mitwirkungs- und Stimmrechte in der Hauptversammlung der Bank oder Bezugsrechte auf Wertpapiere, hinsichtlich derer den Aktionären der Bank Bezugsrechte zustehen, zu. Die Kumulativen Genusscheine gewähren keinen Anteil am Liquidationserlös.

## § 7 No Shareholder Rights

The Holders shall have no shareholder rights, in particular, no rights to participate, engage in or vote in the Bank's shareholder meeting or to subscribe to any securities to which shareholders of the Bank have subscription rights. The Cumulative Profit Participation Securities do not convey any right in a liquidation surplus.

## § 8

### Laufzeit der Kumulativen Genussscheine, Rückzahlung, Kündigung

(1) **Laufzeit und Rückzahlung:** Die Laufzeit der Kumulativen Genussscheine endet am 31. Dezember 2015. Der Rückzahlungsbetrag ist am Rückzahlungstag an die Genussscheininhaber zurückzuzahlen. Der Rückzahlungsbetrag wird nicht verzinst.

(2) **Zusätzliche Rückzahlungsbeträge:** Falls der am Rückzahlungstag zu zahlende Rückzahlungsbetrag niedriger ist als der Gesamt-Nennbetrag der Kumulativen Genussscheine, stehen den Genussscheininhabern Zusätzliche Rückzahlungsbeträge bis zur Höhe der Differenz zwischen dem Rückzahlungsbetrag und dem Gesamt-Nennbetrag der Kumulativen Genussscheine zu, falls und soweit in einem oder mehreren auf den Rückzahlungstag folgenden Geschäftsjahren der Bank, die am oder vor dem 31. Dezember 2019 enden (die **Besserungsperiode**), die Voraussetzung einer Wiederauflöfung gemäß § 6(3) vorliegen. Etwaige Zusätzliche Rückzahlungsbeträge sind an dem jeweiligen Zusätzlichen Rückzahlungstag zu zahlen. Etwaige Zusätzliche Rückzahlungsbeträge werden nicht verzinst.

(3) **Kündigung durch die Bank wegen eines Deutschen Steuerereignisses, Jersey-Steuerereignisses oder Steuer-Rückerstattungsereignisses:** Wenn ein Deutsches Steuerereignis, ein Jersey-Steuerereignis oder ein Steuer-Rückerstattungsereignis eingetreten ist und fortbesteht, ist die Bank berechtigt, die Kumulativen Genussscheine unter Einhaltung einer Kündigungsfrist von mindestens 30 und höchstens 60 Tagen, frühestens jedoch zum 31. Dezember 2011, durch Mitteilung nach Maßgabe des § 13 zu kündigen. In diesen Fällen ist der Rückzahlungstag entweder (i) der 30. Juni des Jahres, welcher auf das Wirksamwerden der Kündigung folgt oder, falls dies kein Geschäftstag ist, der darauf folgende Geschäftstag, oder (ii), falls an dem 29. Juni des betreffenden Jahres der geprüfte Jahresabschluss der Bank für das maßgebliche Geschäftsjahr noch nicht festgestellt ist, der auf die Feststellung folgende Geschäftstag, je nachdem, welcher Tag der spätere ist. Die wirksame Ausübung des Kündigungsrechts nach diesem § 8(3) setzt voraus, dass der Buchwert der Kumulativen Genussscheine zum Zeitpunkt der Kündigung ihren Nennbetrag nicht unterschreitet und (i) die Bank die Kumulativen Genussscheine durch die Einzahlung anderen, mindestens gleichwertigen haftenden Eigenkapitals im Sinne des KWG ersetzt, oder (ii) die BaFin der vorzeitigen Rückzahlung vorher zustimmt.

(4) **Kündigung durch die Bank wegen Gross-up-Ereignis:** Die Bank ist berechtigt, die Kumulativen Genussscheine jederzeit unter Einhaltung einer Kündigungsfrist von mindestens 30 Tagen und höchstens 60 Tagen durch Mitteilung nach Maßgabe des § 13 gegenüber den Genussscheininhabern mit sofortiger Wirkung zu kündigen, wenn ein Gross-up-Ereignis eingetreten ist und fortbesteht. Die wirksame Ausübung des Kündigungsrechts nach diesem § 8(4) setzt voraus, dass der Buchwert der Kumulativen Genussscheine zum Zeitpunkt der Kündigung ihren Nennbetrag nicht unterschreitet und (i) die Bank die Kumulativen Genussscheine durch die Einzahlung anderen, mindestens gleichwertigen haftenden Eigenkapitals im Sinne des KWG ersetzt, oder (ii) die BaFin der vorzeitigen Rückzahlung vorher zustimmt.

(5) **Ausschluss der Kündigung aufgrund bestimmter Ereignisse:** Von Verschmelzungen, Umwandlungen

## § 8

### Term of the Cumulative Profit Participation Securities, Redemption, Termination

(1) **Term:** The term of the Cumulative Profit Participation Securities ends on 31 December 2015. The Repayment Amount shall be repaid to the Holders on the Repayment Date. The Repayment Amount shall not bear interest.

(2) **Additional Repayment Amounts:** If the Repayment Amount is less than the aggregate Nominal Amount of the Cumulative Profit Participation Securities, the Holders are entitled to Additional Repayment Amounts up to the amount of the difference between the Repayment Amount and the aggregate Nominal Amount of the Cumulative Profit Participation Securities, if and to the extent the requirements for a replenishment in accordance with § 6(3) are met in one or more of the fiscal years of the Bank that follow the end of the term of the Cumulative Profit Participation Securities and that end on or before 31 December 2019 (the **Recovery Period**). Any Additional Repayment Amounts are payable on the relevant Additional Repayment Date. Additional Repayment Amounts, if any, shall not bear interest.

(3) **Termination by the Bank in case of a German Tax Event, a Jersey Tax Event or a Tax Refund Event:** If a German Tax Event, a Jersey Tax Event or a Tax Refund Event has occurred and is continuing, the Bank may call the Cumulative Profit Participation Securities for redemption at any time, but in no event as of any date prior to 31 December 2011, by giving not less than 30 days and not more than 60 days' prior notice accordance with § 13. In these events, the Repayment Date shall be the later of (i) the 30 June following the effective date for the notice or, if that is not a Business Day, the next Business Day, or (ii) if on 29 June of the relevant year the Bank's audited annual financial statements for the Bank's relevant fiscal year have not been adopted, the Business Day following adoption thereof. The effectiveness of the Banks' call for redemption of the Cumulative Profit Participation Securities pursuant to this § 8(3) is conditional upon the Book Value of the Cumulative Profit Participation Securities being equal to their Nominal Amount at the time of exercise of the call right and (i) the Bank replacing the Cumulative Profit Participation Securities with other, at least equivalent regulatory banking capital (*haftendes Eigenkapital*) within the meaning of the KWG, or (ii) prior approval of the BaFin to such early redemption.

(4) **Termination by the Bank in case of a Gross-up Event:** The Bank may call the Cumulative Profit Participation Securities for redemption at any time, with immediate effect by giving not less than 30 days and not more than 60 days' prior notice to the Paying Agent and the Holders in accordance with § 13 if a Gross-up-Event has occurred and is continuing. The effectiveness of the Banks' call for redemption of the Cumulative Profit Participation Securities pursuant to this § 8(4) is conditional upon the Book Value of the Cumulative Profit Participation Securities being equal to their Nominal Amount at the time of exercise of the call right and (i) the Bank replacing the Cumulative Profit Participation Securities with other, at least equivalent regulatory banking capital (*haftendes Eigenkapital*) within the meaning of the KWG, or (ii) prior approval of the BaFin to such early redemption.

(5) **No termination by virtue of certain events:** The Cumulative Profit Participation Securities shall remain unaf-

oder Änderungen des Grundkapitals der Bank bleiben die Kumulativen Genussscheine unberührt.

(6) **Ausschluss von Kündigungsrechten der Genussscheininhaber:** Die Genussscheininhaber sind zur Kündigung der Kumulativen Genussscheine nicht berechtigt.

### § 9 Steuern

Sämtliche auf die Kumulativen Genussscheine zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde von oder in der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In diesem Fall wird die Bank diejenigen zusätzlichen Beträge (**Zusätzlichen Beträge**) zahlen, die erforderlich sind, damit die den Genussscheininhabern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Genussscheininhabern empfangen worden wären; die Verpflichtung zur Zahlung solcher Zusätzlichen Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

- (1) auf andere Weise als durch Einbehalt oder Abzug von zahlbaren Beträgen zu entrichten sind; oder
- (2) wegen einer (vermuteten) gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Genussscheininhabers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Kumulativen Genussscheine aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
- (3) abzuziehen oder einzubehalten sind aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung oder Absprache über deren Besteuerung, an der Jersey, die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist/sind, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung, Vereinbarung oder Absprache umsetzt oder befolgt; oder
- (4) aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Rückzahlungsbetrag oder Gewinnaus schüttung oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung nach Maßgabe von § 15 wirksam wird; oder
- (5) von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle in einem EU-Mitgliedstaat die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können; oder
- (6) in Ansehung der deutschen Kapitalertragsteuer gemäß § 43 Abs. 1 Einkommensteuergesetz (in der jeweils gültigen Fassung) oder einer Nachfolgebestimmung zu zahlen sind; oder
- (7) den Genussscheininhaber oder einen Gesellschafter des Genussscheininhabers zu einer Steuererstattung und/oder einer Anrechnung auf seine Einkommen- oder Körperschaftsteuerschuld berechtigen, in Höhe der Erstattung und/oder Anrechnung.

fected by mergers, conversions or changes in the registered share capital of the Bank.

(6) **Exclusion of Holders' Termination Right:** The Holders are not entitled to terminate the Cumulative Profit Participation Securities.

### § 9 Taxes

All amounts payable in respect of the Cumulative Profit Participation Securities shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or in or for the account of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Bank will pay such additional amounts (**Additional Amounts**) as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable by the Holders in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (1) are payable otherwise than by withholding or deduction from amounts payable; or
- (2) are payable by reason of the Holder (being deemed as) having, or having had some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Cumulative Profit Participation Securities are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany; or
- (3) are deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of savings, or (ii) any international treaty or understanding relating to such taxation and to which Jersey, the Federal Republic of Germany or the European Union is a party/are parties or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding; or
- (4) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment of the Repayment Amount or Profit Distribution becomes due, or is duly provided for and notice thereof is published in accordance with § 15, whichever occurs later; or
- (5) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent in an EU member state without such deduction or withholding; or
- (6) are payable in respect of German withholding tax pursuant to Sec. 43(1) of the German Income Tax Act (as amended from time to time), or a successor provision; or
- (7) entitle the Holder or a shareholder of the Holder to a tax refund and/or a tax credit towards its personal or corporate income tax liability, in the amount of the refund and/or tax credit.

## § 10 Zahlungen

(1) **Befreende Zahlung an ein Clearing System:** Für den Fall, dass die Globalurkunde bei einem Clearing System hinterlegt wurde, verpflichtet sich die Bank, Zahlungen auf die Kumulativen Genusscheine bei Fälligkeit in Euro an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber bei dem Clearing System zu zahlen. Die Bank wird durch Leistung der Zahlung an das Clearing System oder dessen Order in Höhe der geleisteten Zahlung von ihrer Zahlungspflicht befreit. Ansonsten leistet die Bank Zahlungen an den Inhaber der Globalurkunde gegen Vorlage und Aushändigung der Globalurkunde (oder, im Falle von Teilzahlungen, durch Indossament).

(2) **Zahlung an Geschäftstagen:** Falls eine Zahlung auf die Kumulativen Genusscheine an einem Tag zu leisten ist, der kein Geschäftstag ist, so erfolgt die Zahlung am nächstfolgenden Geschäftstag. In diesem Fall steht den Genusscheininhabern weder ein Zahlungsanspruch noch ein Anspruch auf Zinszahlungen oder eine andere Entschädigung wegen einer solchen Verzögerung zu.

## § 11 Hinweis gemäß § 10(5) S. 1 Ziff. 6 KWG

(1) **Verbot nachträglicher Änderungen zum Nachteil der Bank:** Nach Ausgabe der Kumulativen Genusscheine dürfen (i) weder die Verlustbeteiligung zum Nachteil der Bank verändert, (ii) noch die Nachrangigkeit eingeschränkt noch (iii) die Laufzeit oder Kündigungsfrist verkürzt werden.

(2) **Rückzahlungsverpflichtung:** Ungeachtet anderweitiger Vereinbarungen sind vorzeitige Rückzahlungen auf die Kumulativen Genusscheine an die Bank zurückzuzahlen, es sei denn, (i) das Kapital wurde durch anderes mindestens gleichwertiges haftendes Eigenkapital ersetzt oder (ii) die BaFin stimmt der vorzeitigen Rückzahlung zu.

## § 12

### Begebung weiteren haftenden Eigenkapitals

Die Bank behält sich das Recht vor, weiteres haftendes Eigenkapital und sonstige Verbindlichkeiten aufzunehmen. Ein Bezugsrecht der Genusscheininhaber auf derartige Instrumente besteht nicht.

## § 13 Bekanntmachungen

Bekanntmachungen der Bank, die die Kumulativen Genusscheine betreffen, erfolgen im elektronischen Bundesanzeiger und in je einem Pflichtblatt derjenigen deutschen Börse, an dem die Kumulativen Genusscheine zum Börsenhandel zugelassen sind. Zur rechtlichen Wirksamkeit genügt die Veröffentlichung im elektronischen Bundesanzeiger.

## § 14 Sonstige Bestimmungen

(1) **Anwendbares Recht:** Form und Inhalt der Kumulativen Genusscheine sowie die Rechte und Pflichten der Genusscheininhaber und der Bank bestimmen sich in jeder Hinsicht nach deutschem Recht und werden in Übereinstimmung damit ausgelegt.

## § 10 Payments

(1) **Discharge by Payment to a Clearing System:** In case the Global Security has been deposited with a clearing system, the Bank undertakes to pay, as and when due, amounts due on Cumulative Profit Participation Securities in Euro to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System. Upon effecting the payment to the Clearing System or to its order, the Bank shall be released from its payment obligation in the amount of the payment effected. In all other cases, the Bank will make payment to the holder of the Global Security against presentation and surrender (or, in the case of part payment, endorsement) of the Global Security.

(2) **Payment on Business Days:** If any payment of any amount with respect to Cumulative Profit Participation Securities is to be effected on a day other than a Business Day, payment shall be effected on the next following Business Day. In this case, the Holders shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.

## § 11 Notice in Accordance with § 10(5) s. 1 no. 6 KWG

(1) **Exclusion of Amendments to the Bank's Detriment:** After issuance of the Cumulative Profit Participation Securities, (i) their loss participation may not be amended to the Bank's detriment, (ii) their subordination may not be limited and (iii) neither their term nor their notice period may be shortened.

(2) **Recontribution Obligation:** Any early repayment of the Cumulative Profit Participation Securities must be repaid to the Bank irrespective of any agreement to the contrary, unless (i) the capital has been replaced by other, at least equivalent regulatory banking capital (*haftendes Eigenkapital*) or (ii) the BaFin agrees to the early repayment.

## § 12

### Issue of Additional Liable Capital

The Bank reserves the right to raise additional regulatory banking capital and other liabilities. Holders shall not have any subscription rights to such instruments.

## § 13 Notices

All notices by the Bank concerning the Cumulative Profit Participation Securities will be given by the Bank in the electronic version of the Federal Gazette (*Bundesanzeiger*) and in at least one stock exchange approved newspaper of such German exchange on which the Cumulative Profit Participation Securities may be admitted to trading from time to time. Publication in the electronic version of the Federal Gazette shall suffice to give legal effect to any notice.

## § 14 Miscellaneous

(1) **Governing Law:** The form and content of the Cumulative Profit Participation Securities and the rights and duties of the Holders and the Bank shall in all respects be governed by, and construed in accordance with, the laws of Germany.

(2) **Gerichtsstand:** Jegliche aus oder im Zusammenhang mit den Kumulativen Genussscheinen entstehenden Klagen oder Verfahren unterliegen der ausschließlichen Zuständigkeit des Landgerichts Frankfurt am Main, soweit nicht zwingende gesetzliche Bestimmungen etwas anderes bestimmen.

(3) **Begebung weiterer Kumulativer Genussscheine:** Die Bank ist berechtigt, bis zum 31. Dezember 2006 (einschließlich) jederzeit und ohne Zustimmung der Genussscheininhaber weitere Wertpapiere mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Begebungstages, des Beginns der Verzinsung und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit den Kumulativen Genussscheinen eine einheitliche Serie von Wertpapieren bilden.

(4) **Teilunwirksamkeit:** Sollte eine der Bestimmungen dieser Genussscheinbedingungen ganz oder teilweise unwirksam und undurchführbar sein oder werden, so bleibt die Wirksamkeit oder die Durchführbarkeit der übrigen Bestimmungen hiervon unberührt. Anstelle der unwirksamen Bestimmung soll, soweit rechtlich möglich, eine dem Sinn und wirtschaftlichen Zweck dieser Genussscheinbedingungen zum Zeitpunkt der Begebung der Kumulativen Genussscheine entsprechende Regelung gelten. Unter Umständen, unter denen sich diese Genussscheinbedingungen als unvollständig erweisen, soll eine ergänzende Auslegung, die dem Sinn und Zweck dieser Genussscheinbedingungen entspricht, unter angemessener Berücksichtigung der berechtigten Interessen der beteiligten Parteien erfolgen.

(5) **Bindende Fassung:** Die deutsche Fassung dieser Genussscheinbedingungen ist bindend.

(2) **Jurisdiction:** The District Court in Frankfurt am Main shall have exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Cumulative Profit Participation Securities save as required by mandatory provisions of law.

(3) **Further Issues of Cumulative Profit Participation Securities:** The Bank may, until (and including) 31 December 2006 and without the consent of Holders, issue further securities having the same terms and conditions as the Cumulative Profit Participation Securities in all respects (or in all respects except for the date of issuance, commencement of interest and/or price of issue) so as to form a single series of securities with the Cumulative Profit Participation Securities.

(4) **Severability:** Should any of the provisions of these Terms and Conditions be or become invalid or unenforceable in whole or in part, the validity or enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In this case the invalid provision shall be replaced by a provision that is, to the extent legally possible, in accordance with the meaning and the economic purposes of the Terms and Conditions at the time of the issue of the Cumulative Profit Participation Securities. In circumstances in which these Terms and Conditions prove to be incomplete, a supplementary interpretation in accordance with the meaning and the purposes of these Terms and Conditions under due considerations of the legitimate interest of the parties involved shall be applied.

(5) **Binding Version:** The German version of these Terms and Conditions shall be the binding version.

# TERMS AND CONDITIONS OF THE LOAN AGREEMENT

THE GERMAN TEXT OF THE LOAN AGREEMENT IS LEGALLY BINDING.  
THE ENGLISH TRANSLATION IS FOR CONVENIENCE ONLY.

DIESER VERTRAG wird am 29. März 2006 abgeschlossen zwischen:

(1) **PROSECURE FUNDING LIMITED PARTNERSHIP**, einer nach dem Recht Jerseys errichteten Kommanditgesellschaft (*Limited Partnership*) mit eingetragenem Sitz in 22 Grenville Street, St. Helier, Jersey JE4 8PX, Kanalinseln (die **Darlehensnehmerin**), handelnd durch ihre Komplementärin (*General Partner*) ProSecure Funding Limited; und

(2) **DEUTSCHE POSTBANK AG** mit Sitz in Bonn, Deutschland (die **Darlehensgeberin**).

## PRÄAMBEL

(A) Die Darlehensnehmerin wurde am 16. März 2006 als Kommanditgesellschaft (*limited partnership*) nach dem Recht von Jersey errichtet. Die alleinigen Gesellschafter der Darlehensnehmerin sind ProSecure Funding Limited (die **Komplementärin**) und ProSecure Funding GmbH (die **Kommanditistin**).

(B) Die Darlehensgeberin ist mit der Komplementärin und der Kommanditistin nicht verbunden.

(C) Die Darlehensnehmerin beabsichtigt, am oder um den 31. März 2006 € 500.000.000 befristete Ergänzungskapital-Wertpapiere zu begeben (die **Wertpapiere**) und die Emissionserlöse ausschließlich zu dem Zweck zu verwenden, von der Deutschen Postbank AG (in dieser Funktion nachfolgend **Bank**) ausgegebene Genusscheine im Gesamtnennbetrag von € 500.000.000 (die **Kumulativen Genusscheine**) zu erwerben. Eine Abschrift der Genusscheinbedingungen ist diesem Vertrag als Anhang I beigefügt.

(D) Als Gegenleistung für die Bereitstellung des Genussrechtskapitals stehen der Darlehensnehmerin als Genusscheininhaberin nach Maßgabe der Genusscheinbedingungen Gewinnausschüttungen zu, die jährlich nachträglich zahlbar sind (**Gewinnausschüttungszahlungen**).

Im Fall eines Bilanzverlustes wird der Buchwert der Kumulativen Genusscheine gemäß § 6 der Genusscheinbedingungen um den Betrag der anteiligen Verlustbeteiligung der Genusscheininhaber herabgesetzt, der sich aus dem Verhältnis des Buchwerts der Kumulativen Genusscheine zu dem Gesamtbuchwert des gesamten am Bilanzverlust teilnehmenden haftenden Eigenkapitals der Bank ergibt. Nach einer solchen Herabsetzung werden künftige Bilanzgewinne für eine Wiederauffüllung des Buchwerts der Kumulativen Genusscheine bis zu ihrem vollen Nennbetrag (die **Wiederauffüllung**) verwendet.

(E) Nach Maßgabe der Emissionsbedingungen der Wertpapiere sind die Inhaber der Wertpapiere (**Emissionsgläubiger**) berechtigt, jährlich von den Gewinnausschüttungszahlungen abhängende Zinszahlungen auf die Wertpapiere (**Zinszahlungen**) zu erhalten. Eine Abschrift der Emissionsbedingungen der Wertpapiere ist diesem Vertrag als Anhang II beigefügt.

THIS AGREEMENT is made on 29 March 2006 between:

(1) **PROSECURE FUNDING LIMITED PARTNERSHIP**, a limited partnership established under the laws of Jersey whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (the **Borrower**) acting through its general partner ProSecure Funding Limited; and

(2) **DEUTSCHE POSTBANK AG** with its registered office in Bonn, Germany (the **Lender**).

## WHEREAS

(A) The Borrower was established as a limited partnership under Jersey law on 16 March 2006. The Borrower's sole partners are ProSecure Funding Limited (the **General Partner**) and ProSecure Funding GmbH (the **Limited Partner**).

(B) The Lender is unaffiliated with the General Partner and the Limited Partner.

(C) The Borrower proposes to issue on or about 31 March 2006 € 500,000,000 Dated Upper Tier 2 Securities (the **Securities**), the proceeds of which it will use exclusively for the purpose of acquiring profit participation securities issued by Deutsche Postbank AG (in this capacity hereinafter referred to as the **Bank**) in the aggregate nominal amount of € 500,000,000 (the **Cumulative Profit Participation Securities**). A copy of the terms and conditions of the Cumulative Profit Participation Securities is attached to this Agreement as Annex I.

(D) In consideration for the provision of the profit participating capital, the Borrower, as holder of the Cumulative Profit Participation Securities will be entitled, subject to the terms and conditions of the Cumulative Profit Participation Securities, to profit distributions payable annually in arrear (**Profit Distribution Payments**).

In the event of a Balance Sheet Deficit, the book value of the Cumulative Profit Participation Securities will be reduced in accordance with § 6 of the terms and conditions of the Cumulative Profit Participation Securities by the amount of its *pro rata* share in the relevant Balance Sheet Deficit in the same proportion which the book value of the Cumulative Profit Participation Securities bears to the aggregate book value of all components of the Bank's regulatory banking capital (*haftendes Eigenkapital*) which share in the Balance Sheet Deficit. After such reduction, future Balance Sheet Profits will be used to replenish the book value of the Cumulative Profit Participation Securities to their full nominal amount (the **Replenishment**).

(E) Pursuant and subject to the terms and conditions of the Securities, the holders of the Securities (**Security-holders**) are entitled to receive annual interest payments on the Securities (**Coupon Payments**) which are linked to the Profit Distribution Payments. A copy of the terms and conditions of the Securities is attached to this Agreement as Annex II.

(F) Wenn Gewinnausschüttungszahlungen (einschließlich der Zahlung von Ausgefallenen Gewinnausschüttungen) an die Darlehensnehmerin ausgeschüttet werden oder der Buchwert der Kumulativen Genussscheine nach einer Herabsetzung ihres Buchwerts gemäß § 6 der Genussscheinbedingungen wieder aufgefüllt wird, ist die Bank verpflichtet, von den ausgeschütteten Beträgen oder dem Betrag der Wiederauffüllung Kapitalertragsteuer zuzüglich Solidaritätszuschlag einzubehalten (jeweils ein **Einbehalt**), sofern nicht die Finanzbehörden Zahlungen an die Darlehensnehmerin hiervon befreit haben.

(G) Die Kommanditistin ist eine nach deutschem Recht errichtete Gesellschaft mit beschränkter Haftung mit Sitz in Düsseldorf, Deutschland, die der *limited partner* (wie in dem Limited Partnerships (Jersey) Law 1994 in der jeweils gültigen Fassung definiert) der Darlehensnehmerin ist. Die Kommanditistin rechnet in jedem Geschäftsjahr mit Steuererstattungsansprüchen gegenüber den deutschen Finanzbehörden (jeweils ein **Steuererstattungsanspruch**) in Höhe der Beträge, um die die Vorauszahlungen in Form der Einbehalte ihre jeweilige tatsächliche Körperschaftsteuerschuld in Deutschland übersteigen.

(H) In einem Vertrag zwischen der Komplementärin und der Kommanditistin, der das gleiche Datum wie dieser Vertrag trägt (**Einzahlungsvertrag**), verpflichtet sich die Kommanditistin zugunsten der Darlehensnehmerin, sämtliche Beträge, die sie von den deutschen Finanzbehörden in Bezug auf die Steuererstattungsansprüche der Kommanditistin erhält, an die Darlehensnehmerin zu zahlen (jeweils eine **Kapitaleinzahlung**).

(I) Die Darlehensnehmerin hat die Darlehensgeberin gebeten, ihr ein Darlehen einzuräumen, um damit ihre Verpflichtungen zu Zinszahlungen auf die Wertpapiere und zur Übernahme des Einbehals in Bezug auf die Wiederauffüllung der Kumulativen Genussscheine nach einer Herabsetzung ihres Buchwertes gemäß den Genussscheinbedingungen, jeweils in dem Umfang, in dem ein Einbehalt gemacht werden muss, zu finanzieren.

AUF DIESER GRUNDLAGE WIRD FOLGENDES VEREINBART:

### § 1 Definitionen

In diesem Vertrag haben die nachfolgenden Begriffe die in der jeweils genannten Bestimmung festgelegte Bedeutung.

<b>Auszahlungszahltag</b>	§ 2(2)
<b>Bank</b>	Präambel (C)
<b>Darlehen</b>	§ 2(1)
<b>Darlehensauszahlung</b>	§ 2(1)
<b>Darlehensgeberin</b>	Parteien
<b>Darlehensnehmerin</b>	Parteien
<b>Einbehalt</b>	Präambel (F)
<b>Einzahlungsvertrag</b>	Präambel (H)
<b>Emissionsgläubiger</b>	Präambel (E)
<b>Kumulative Genussscheine</b>	Präambel (C)
<b>Geschäftstag</b>	§ 3(2)
<b>Gewinnausschüttungszahlung</b>	Präambel (D)
<b>Kapitaleinzahlung</b>	Präambel (H)
<b>Kommanditistin</b>	Präambel (A)
<b>Komplementärin</b>	Präambel (A)

(F) When Profit Distribution Payments (including payments of Arrears of Profit Distributions) are distributed to the Borrower or upon a replenishment of the Cumulative Profit Participation Securities after a reduction of its book value in accordance with § 6 of the terms and conditions of the Cumulative Profit Participation Securities, the Bank must withhold German withholding tax (*Kapitalertragsteuer*) plus the "solidarity surcharge" (each a **Withholding**) on the distributed amounts or on the amount of the Replenishment, unless the tax authorities have granted an exemption for payments to the Borrower.

(G) The Limited Partner is a limited liability company incorporated under the laws of Germany whose corporate seat is in Düsseldorf, Germany, and is the limited partner (as defined in the Limited Partnerships (Jersey) Law 1994, as amended) of the Borrower. The Limited Partner expects to be entitled for each fiscal year to refund claims against the German tax authorities (each a **Tax Refund Claim**) in the amount by which the prepayments in the form of the Withholdings exceed its actual German corporate income tax liability.

(H) In an agreement between the General Partner and the Limited Partner dated the date hereof (**Contribution Agreement**), the Limited Partner undertakes, for the benefit of the Borrower, to contribute to the Borrower amounts that it receives from the German tax authorities on account of the Limited Partner's Tax Refund Claims (each such contribution a **Contribution Payment**).

(I) The Borrower has requested that the Lender make available to it a loan facility in order to fund the Borrower's obligations to pay Coupon Payments under the Securities and to bear the Withholding relating to the replenishment of the Cumulative Profit Participation Securities after the reduction of their book value in accordance with the terms and conditions of the Cumulative Profit Participation Securities, in each case to the extent that a Withholding is required to be made.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

### § 1 Definitions

In this Agreement, the following terms have the meaning ascribed to them in the provision of this Agreement at the place set out below:

<b>Advance Payment Date</b>	§ 2(2)
<b>Bank</b>	Preamble (C)
<b>Loan</b>	§ 2(1)
<b>Advance</b>	§ 2(1)
<b>Lender</b>	Parties
<b>Borrower</b>	Parties
<b>Withholding</b>	Preamble (F)
<b>Contribution Agreement</b>	Preamble (H)
<b>Securityholders</b>	Preamble (E)
<b>Cumulative Profit Participation Securities</b>	Preamble (C)
<b>Business Day</b>	§ 3(2)
<b>Profit Distribution Payments</b>	Preamble (D)
<b>Contribution Payment</b>	Preamble (H)
<b>Limited Partner</b>	Preamble (A)
<b>General Partner</b>	Preamble (A)

<b>Kündigungsgrund</b>	§ 6(1)	<b>Event of Default</b>	§ 6(1)
<b>Rückzahlung</b>	§ 3(1)	<b>Repayment</b>	§ 3(1)
<b>Rückzahlungstag</b>	§ 3(1)	<b>Repayment Date</b>	§ 3(1)
<b>Steuererstattungsanspruch</b>	Präambel (G)	<b>Tax Refund Claim</b>	Preamble (G)
<b>Wertpapiere</b>	Präambel (C)	<b>Securities</b>	Preamble (C)
<b>Wiederauffüllung</b>	Präambel (D)	<b>Replenishment</b>	Preamble (D)
<b>Zinszahlungen</b>	Präambel (E)	<b>Coupon Payments</b>	Preamble (E)

## § 2 Vertragsgegenstand

(1) Die Darlehensgeberin verpflichtet sich nach Maßgabe der Bestimmungen dieses Vertrages, an den in § 2(2) genannten Tagen Darlehensauszahlungen an die Darlehensnehmerin oder eine von der Darlehensnehmerin bestimmte dritte Person in der in § 2(3) genannten Höhe vorzunehmen. Jede tatsächlich erfolgte Darlehensauszahlung wird in diesem Vertrag als **Darlehensauszahlung** und alle zu einem bestimmten Zeitpunkt ausstehenden Darlehensauszahlungen werden zusammen als das **Darlehen** bezeichnet.

(2) **Auszahlungszahltage** sind

- (a) jeder Tag, an dem eine Gewinnausschüttungszahlung und/oder eine Nachzahlung Ausgefallener Gewinnausschüttungen nach Maßgabe der Genusscheinbedingungen fällig wird; und
- (b) jeder Tag, an dem eine Wiederauffüllung des Buchwerts der Kumulativen Genusscheine gemäß den Bestimmungen der Genusscheinbedingungen tatsächlich erfolgt.

(3) Darlehensauszahlungen sind in Euro in der in diesem § 2(3) festgesetzten Höhe vorzunehmen.

- (a) Falls Darlehensauszahlungen gemäß § 2(2)(a) geleistet werden, sind diese in Höhe des Betrages zu zahlen, der dem Einbehalt von der Gewinnausschüttungszahlung bzw. Zahlung der Ausgefallenen Gewinnausschüttung entspricht, die an dem betreffenden Auszahlungszahltag fällig wird.
- (b) Falls Darlehensauszahlungen gemäß § 2(2)(b) geleistet werden, sind diese in Höhe des Betrags zu zahlen, der dem Einbehalt von der Wiederauffüllung entspricht, die an dem betreffenden Auszahlungszahltag tatsächlich erfolgt.

(4) Die Darlehensnehmerin wird die Erlöse aus jeder gemäß diesem Vertrag erhaltenen Darlehensauszahlung ausschließlich wie folgt verwenden:

- (a) im Fall von Darlehensauszahlungen, die gemäß § 2(2)(a) fällig sind, zur Finanzierung ihrer Verpflichtungen, an den jeweiligen Fälligkeitstagen Zinszahlungen an die Emissionsgläubiger nach Maßgabe der Emissionsbedingungen der Wertpapiere zu leisten; und
- (b) im Fall von gemäß § 2(2)(b) geleisteten Darlehensauszahlungen zur Übernahme des auf die Wiederauffüllung des Genussrechtskapitals entfallenden Einbehalts.

## § 3 Rückzahlung

(1) Die Darlehensnehmerin ist verpflichtet, unverzüglich nach Erhalt von Kapitaleinzahlungen das Darlehen in Höhe des Betrages der jeweiligen Kapitaleinzahlung zurückzuzahlen (jede solche Zahlung eine **Rückzahlung** und jeder Fälligkeitstag einer solchen Zahlung ein **Rückzahlungstag**).

## § 2 Loan Facility

(1) Subject to, and upon the terms and conditions contained herein, the Lender agrees to make advances to the Borrower or a third person specified by the Borrower in the amounts specified in § 2(3) on the dates specified in § 2(2). Each actual advance made is hereinafter referred to as an **Advance** and the sum of all Advances outstanding at any given time is referred to as the **Loan**.

(2) **Advance Payment Dates** shall be:

- (a) any day on which a Profit Distribution Payment and/or a payment of Arrears of Profit Distributions becomes due under the terms and conditions of the Cumulative Profit Participation Securities; and
- (b) any day on which a Replenishment of the book value of the Cumulative Profit Participation Securities is actually made pursuant to their terms and conditions.

(3) Advances shall be payable in Euro in the amounts stipulated in this § 2(3).

- (a) In the case of Advances falling due under § 2(2)(a), an Advance shall be payable in an amount corresponding to the Withholding on the Profit Distribution Payment and/or payment of Arrears of Profit Distribution falling due on the relevant Advance Payment Date.
- (b) In the case of Advances paid under § 2(2)(b), an Advance shall be payable in an amount corresponding to the Withholding on the Replenishment actually made on the relevant Advance Payment Date.

(4) The Borrower shall make use of the proceeds of each Advance obtained hereunder solely:

- (a) in the case of Advances falling due under § 2(2)(a), to fund its obligations to make Coupon Payments to the Securityholders on each Due Date therefore pursuant to the terms and conditions of the Securities; and
- (b) in the case of Advances paid under § 2(2)(b), to bear the Withholding relating to the replenishment of the profit participating capital.

## § 3 Repayment

(1) Promptly after receipt of Contribution Payments, the Borrower shall be required to repay the Loan in the amount of such Contribution Payments (each such payment, a **Repayment**, and each Due Date for such prepayment, a **Repayment Date**).

(2) Die Darlehensnehmerin ist zur vorzeitigen Rückzahlung des Darlehens ausschließlich dann berechtigt, wenn es für die Darlehensgeberin in Deutschland ungesetzlich wird, irgendeine ihrer in diesem Vertrag vorgesehenen Verpflichtungen zu erfüllen oder den Fortbestand des Darlehens zu ermöglichen. Die Kündigungsfrist beträgt in diesem Fall fünf Geschäftstage. **Geschäftstag** bezeichnet jeden Tag an dem TARGET (das Trans-European Automated Real-time Gross Settlement Express Transfer System) Buchungen oder Zahlungsanweisungen im Hinblick auf Zahlungen in Euro abwickelt.

(3) Nach vollständiger Rückzahlung der Wertpapiere und Rückführung des Darlehens aus allen verfügbaren Kapitaleinzahlungen ist die Darlehensnehmerin verpflichtet, etwa verbleibende Darlehenssalden aus sonstigen ihr zur Verfügung stehenden Barmitteln zurückzuführen, soweit diese nicht zur Aufrechterhaltung ihrer Existenz unbedingt erforderlich sind.

(4) Vorbehaltlich § 3(3) sind die Ansprüche der Darlehensgeberin gegen die Darlehensnehmerin auf Rückzahlung von Darlehensauszahlungen gemäß diesem § 3(4) sowie alle anderen Zahlungsverpflichtungen der Darlehensnehmerin hierunter mit Ausnahme der Verpflichtung zur Zahlung von aufgelaufenen Zinsen durch die Barmittel begrenzt, welche die Darlehensnehmerin tatsächlich in Anbetracht von Kapitaleinzahlungen erhält. Die Ansprüche der Darlehensgeberin auf Zahlung von aufgelaufenen und nicht gezahlten Zinsen sind durch die verbleibenden und der Darlehensnehmerin tatsächlich zur Verfügung stehenden Barmittel begrenzt. Sie sind gegenüber fällig gewordenen Verbindlichkeiten aus den Wertpapieren nachrangig und erst nach deren vollständiger Befriedigung zahlbar. Die Darlehensnehmerin verfügt über keine anderen als die vorstehenden Mittel zur Erfüllung ihrer Verbindlichkeiten unter diesem Vertrag und dieser Vertrag begründet demgemäß keinerlei über die vorstehenden hinausgehenden Zahlungsverbindlichkeiten der Darlehensnehmerin.

(2) The Borrower may prepay the Loan only if it becomes illegal in Germany for the Lender to perform any of its obligations as contemplated by this Agreement or to allow the Loan to remain outstanding. The notice period in this case is five Business Days. **Business Day** shall mean a day on which TARGET (the Trans-European Automated Real-time Gross Settlement Express Transfer system) is operating credit or transfer instructions in respect of payments in Euro.

(3) Following the full and final repayment of the Securities and the repayment of the Loan using all available Contribution Payments, the Borrower shall be obliged to repay any remaining loan balance using any other cash funds available to it to the extent such funds are not absolutely required to keep the Borrower in operation.

(4) Subject to § 3(3), the Lender's claims against the Borrower for repayment of outstanding Advances pursuant to this § 3(4) and any other payment obligations of the Borrower hereunder save for the payment of interest are limited to the payments actually received by the Borrower on account of Contribution Payments. The Lender's claims against the Borrower for payment of accrued and unpaid interest are limited to the remaining cash actually available to the Borrower. They shall rank behind, and be paid only after full satisfaction of, any matured payment obligation under the Securities has been satisfied in full. Other than the foregoing, the Borrower will have no funds available to meet its payment obligations under this Agreement and this Agreement will not give rise to any payment obligation in excess of the foregoing.

#### § 4 Zinsen

(1) Zinsen sind von der Darlehensnehmerin an jedem Rückzahlungstag in der gemäß diesem § 4 bestimmten Höhe an die Darlehensgeberin zu zahlen.

(2) Die Darlehensauszahlungen werden wie folgt verzinst:

Für den Zeitraum vom jeweiligen Auszahlungszahltag (einschließlich) bis zum jeweiligen Rückzahlungstag (ausschließlich) entspricht der anwendbare Zinssatz 4,60% p.a.

(3) Die Zinsen werden berechnet, indem der anwendbare Zinssatz mit der tatsächlichen Anzahl von Tagen, die in diesem Zeitraum verstrichen sind (wobei jeweils der Auszahlungszahltag einbezogen und der Rückzahlungstag nicht einbezogen wird) multipliziert, das Ergebnis durch die tatsächliche Anzahl der Tage (365 oder 366) im jeweiligen Zinsjahr dividiert und der so ermittelte Zinssatz auf das Darlehen angewendet wird.

#### § 5 Allgemeine Verpflichtungen

Die Verpflichtungen in diesem § 5 bleiben vom Datum dieses Vertrages an solange in Kraft, wie das Darlehen gemäß diesem Vertrag aussteht.

#### § 4 Interest

(1) The Borrower shall make interest payments to the Lender on each Repayment Date in an amount to be calculated in accordance with this § 4.

(2) Interest shall accrue on the amount of the Advances as follows:

For the period from and including the relevant Advance Payment Date to but excluding the relevant Repayment Date interest accrues at a rate of 4.60 per cent. *per annum*.

(3) Interest will be calculated by multiplying the applicable rate of interest by the actual number of days elapsed during such period (provided that the Advance Payment Date shall be inclusive and the Repayment Date shall be exclusive) divided by the actual number of days (365 or 366) in the respective interest year and applying such interest rate to the Loan balance.

#### § 5 General Undertakings

The undertakings in this § 5 shall remain in force from the date of this Agreement for so long as the Loan is outstanding under this Agreement.

- (1) Die Darlehensnehmerin wird sämtliche Genehmigungen, Zustimmungen, Billigungen, Beschlüsse, Zulassungen, Befreiungen, Einreichungen oder Registrierungen, die gemäß irgendeinem Gesetz oder einer Vorschrift erforderlich sind, um sie in die Lage zu versetzen, ihre Verpflichtungen aufgrund dieses Vertrages zu erfüllen und die Rechtmäßigkeit, Wirksamkeit, Durchsetzbarkeit und Zulässigkeit dieses Vertrages als Beweismittel in Deutschland sicherzustellen, unverzüglich einholen, einhalten und alles Erforderliche unternehmen, damit diese uneingeschränkt wirksam bleiben.
- (2) Die Darlehensnehmerin wird sämtliche Gesetze, denen sie gegebenenfalls unterliegt, in jeder Hinsicht einhalten, sofern die Nichteinhaltung solcher Gesetze ihre Fähigkeit zur Erfüllung ihrer Verpflichtungen aufgrund dieses Vertrages erheblich beeinträchtigen würde.

## § 6

### Kündigungsgründe und vorzeitige Fälligstellung

- (1) Jedes der in diesem § 6(1) genannten Ereignisse oder Umstände ist ein **Kündigungsgrund**.
  - (a) Die Darlehensnehmerin zahlt einen gemäß diesem Vertrag fälligen Betrag nicht am Fälligkeitstag an dem Ort und in der Währung, die für die Zahlung vorgesehen sind, es sei denn, dass:
    - (i) ihre Nichtzahlung auf einem administrativen oder technischen Fehler beruht; und
    - (ii) die Zahlung innerhalb von fünf Geschäftstagen nach dem Fälligkeitstag erfolgt.
  - (b) Die Darlehensnehmerin erfüllt irgendeine Bestimmung dieses Vertrages nicht (mit Ausnahme der in § 6(1)(a) genannten), es sei denn, dass:
    - (i) die Nichterfüllung geheilt werden kann und innerhalb von fünf Geschäftstagen geheilt wird, nachdem die Darlehensgeberin die Darlehensnehmerin benachrichtigt hat oder die Darlehensnehmerin von ihrer Nichterfüllung Kenntnis erlangt; oder
    - (ii) dieses Ereignis keine erheblichen Auswirkungen auf die Fähigkeit der Darlehensnehmerin zur Leistung von Zinszahlungen und Tilgungszahlungen gemäß diesem Vertrag hat.
  - (c) Eine Zusicherung oder Erklärung, die von der Darlehensnehmerin in diesem Vertrag abgegeben wurde bzw. als abgegeben gilt, ist oder erweist sich in irgendeiner wesentlichen Hinsicht als zum Zeitpunkt der Abgabe oder angenommenen Abgabe unrichtig oder irreführend, es sei denn, dass die Tatsachen und Umstände, die die falsche Darstellung verursacht haben, keine erheblichen Auswirkungen auf die Fähigkeit der Darlehensnehmerin zur Leistung von Zinszahlungen und Tilgungszahlungen gemäß diesem Vertrag haben.
- (2) Bei und jederzeit nach Eintritt eines Kündigungsgrundes, der fortbesteht, kann die Darlehensgeberin durch Mitteilung an die Darlehensnehmerin:
  - (a) das Darlehen und alle unter diesem Vertrag aufgelaufenen Beträge unverzüglich ganz oder teilweise fällig stellen, woraufhin diese unverzüglich fällig werden; und/oder
  - (b) das Darlehen ganz oder teilweise für auf Verlangen zahlbar erklären, woraufhin es auf Verlangen der Darlehensgeberin unverzüglich fällig wird.

(1) The Borrower shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect any authorisation, consent, approval, resolution, licence, exemption, filing or registration required under any law or regulation to enable it to perform its obligations under this Agreement and to ensure the legality, validity, enforceability or admissibility in evidence in Germany of this Agreement.

(2) The Borrower shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under this Agreement.

## § 6

### Events of Default and Acceleration

- (1) Each of the events or circumstances set out in this § 6(1) is an **Event of Default**.
  - (a) The Borrower does not pay on the Due Date any amount payable pursuant to this Agreement at the place and in the currency in which it is expressed to be payable, unless:
    - (i) its failure to pay is caused by administrative or technical error; and
    - (ii) payment is made within five Business Days of its Due Date.
  - (b) The Borrower does not comply with any provision of this Agreement (other than those referred to in § 6(1)(a)), unless:
    - (i) the failure to comply is capable of remedy and is remedied within five Business Days of the Lender giving notice to the Borrower or the Borrower becoming aware of its failure to comply; or
    - (ii) such event will not materially affect the Borrower's ability to make interest payments and principal repayments under this Agreement.
  - (c) Any representation or statement made or deemed to be made by the Borrower in this Agreement is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, unless the facts and circumstances giving rise to the misrepresentation materially affect the Borrower's ability to make interest payments and principal repayments under this Agreement.
- (2) On and at any time after the occurrence of an Event of Default which is continuing, the Lender may by notice to the Borrower:
  - (a) declare that all or part of the Loan and all other amounts accrued under this Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
  - (b) declare that all or part of the Loan be payable on demand, whereupon the same shall immediately become payable on demand by the Lender.

## § 7 Wechsel der Parteien

Die Darlehensnehmerin ist nicht berechtigt, irgendwelche ihrer jeweiligen Rechte aus diesem Vertrag abzutreten oder zu übertragen oder irgendwelche ihrer jeweiligen Verpflichtungen aufgrund dieses Vertrages ohne die vorherige Zustimmung der jeweils anderen Partei zu übertragen. Die Darlehensgeberin kann ihre Rechte und Pflichten aus diesem Vertrag jederzeit an Dritte übertragen.

## § 8 Zahlungen

- (1) **Aufrechnungsverbot:** Die Darlehensgeberin und die Darlehensnehmerin sind nicht berechtigt, eine fällige Verpflichtung, die eine von ihnen schuldet, gegen eine fällige Verpflichtung aufzurechnen, die die andere von ihnen schuldet, unabhängig vom Zahlungsort oder der Währung jeder Verpflichtung oder ob diese sich auf diesen Vertrag bezieht oder nicht.
- (2) **Geschäftstagskonvention:** Jede Zahlung, die an einem Tag fällig ist, der kein Geschäftstag ist, hat am darauf folgenden Geschäftstag zu erfolgen. Aufgrund einer solchen Verschiebung erfolgt keine Zahlung von Zinsen.

## § 9 Kommunikation

Jede Mitteilung gemäß diesem Vertrag muss schriftlich erfolgen und per Einschreiben, Kurier, bestätigter Sendung oder Fax zu Händen der nachstehend genannten Personen an die jeweiligen Anschriften der Parteien oder die in diesem Vertrag genannten eingetragenen Sitze oder, bei Sendung per Fax, an die jeweils nachstehend genannten Nummern gesendet bzw. übermittelt werden:

*[absichtlich freigelassen]*

## § 10 Teilunwirksamkeit

Sollte irgendeine Bestimmung dieses Vertrages aus irgendeinem Grund unwirksam, ungesetzlich oder undurchsetzbar sein, gilt sie als durch diejenige wirksame, gesetzliche und durchsetzbare Bestimmung ersetzt, die der in der betreffenden Bestimmung niedergelegten Absicht der Parteien soweit wie möglich nahe kommt, und die Wirksamkeit, Gesetzlichkeit und Durchsetzbarkeit der übrigen Bestimmungen dieses Vertrages wird hierdurch in keiner Weise berührt oder beeinträchtigt.

## § 11 Änderungen und Verzichtserklärungen

Eine Änderung oder Verzichtserklärung in Bezug auf irgendeine Bestimmung dieses Vertrages ist nur mit schriftlicher Zustimmung der Darlehensgeberin und der Darlehensnehmerin möglich. Dies gilt auch für eine Änderung oder Verzichtserklärung in Bezug auf diesen § 11.

## § 12 Sonstige Bestimmungen

- (1) Dieser Vertrag unterliegt dem Recht der Bundesrepublik Deutschland und die Parteien unterwerfen sich unwiderruflich dem Landgericht Frankfurt am Main als nicht-ausschließlichem Gerichtsstand.
- (2) Dieser Vertrag kann in mehreren Ausfertigungen und durch die Parteien in getrennten Ausfertigungen unterzeichnet und übergeben werden, von denen jede

## § 7 Changes to the Parties

The Borrower may not assign or transfer, as applicable, any of its rights or transfer any of its obligations under this Agreement without the prior consent of the other party. The Lender may at any time assign its rights and obligations under this Agreement to any third party.

## § 8 Payments

- (1) **No right of set off:** The Lender and the Borrower shall not set off any matured obligation due from the other party against any matured obligation owed by it to the other party, regardless of the place of payment or currency of either obligation or whether the obligations relate to this Agreement or not.
- (2) **Business Day Convention:** Any payment which is due to be made on a day that is not a Business Day shall be made on the next following Business Day. No interest will accrue or be payable as a result of such delay.

## § 9 Notices

Any notice to be given under this Agreement shall be in writing and shall be delivered to or sent by registered, special delivery or recorded post or by facsimile transmission for the attention of the persons set out below to the parties' respective addresses or registered offices as set out in this Agreement or, in the case of facsimile transmission, to the respective numbers set out below:

*[intentionally omitted]*

## § 10 Severability

Should any provision of this Agreement be found invalid, illegal or unenforceable for any reason, it is to be deemed replaced by the valid, legal and enforceable provision most closely approximating the intent of the parties, as expressed in such provision, and the validity, legality and enforceability of the remainder of this Agreement shall in no way be affected or impaired thereby.

## § 11 Amendments and Waivers

Any term of this Agreement may be amended or waived only with the written consent of the Lender and the Borrower. This shall also apply to an amendment or waiver of this § 11.

## § 12 Miscellaneous

- (1) This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany and the parties irrevocably submit to the non-exclusive jurisdiction of the district court (*Landgericht*) Frankfurt am Main.
- (2) This Agreement may be executed and delivered in any number of counterparts and by the parties on separate counterparts, each of which is an original, but all of

ein Original darstellt, jedoch alle zusammen ein und dasselbe Instrument bilden.

(3) Die deutsche Fassung dieses Vertrages ist bindend.

**Anhang I** – Genussscheinbedingungen

**Anhang II** – Emissionsbedingungen der Wertpapiere

which taken together constitute one and the same instrument.

(3) The German version of this Agreement shall be the binding version.

**Annex I** – Terms and Conditions of the Cumulative Profit Participation Securities

**Annex II** – Terms and Conditions of the Securities

## **DESCRIPTION OF THE CONTRIBUTION AGREEMENT**

Upon distribution of Profit Distribution Payments to the Issuer or the replenishment of the book value of the Cumulative Profit Participation Securities following a Reduction, Postbank must withhold amounts on account of German Withholding Tax plus solidarity surcharge (*Solidaritätszuschlag*) payable on the distributed amounts and/or on the amount of the replenishment pursuant to § 43 (1) German Income Tax Act (*EStG*), unless the tax authorities have granted a tax exemption for such payments.

The withholding of such amounts is expected to be treated as a prepayment of the corporate income tax liability of that part of the Issuer's profits that is attributable to the Issuer Limited Partner under German tax law. To the extent that any such prepayment exceeds the actual amount of corporate income tax payable by the Issuer Limited Partner, the Issuer Limited Partner expects to have a Tax Refund Claim against the German tax authorities.

On 29 March 2006, the Issuer General Partner and the Issuer Limited Partner entered into the Contribution Agreement according to which the Issuer Limited Partner is obliged to contribute to the Issuer all payments that it receives from the German tax authorities on account of its Tax Refund Claims. Under the Contribution Agreement, the Issuer must use the monies received as Contribution Payments to make repayments under the Loan Agreement.

The Contribution Agreement is governed by, and construed in accordance with, German law.

## DESCRIPTION OF THE FIDUCIARY ASSIGNMENT AGREEMENT

On 31 March 2006, Postbank, the Lender, the Issuer, the Issuer General Partner, the Issuer Limited Partner and Deutsche Bank Luxembourg S.A., acting as security trustee for the benefit of Securityholders will enter into the Fiduciary Assignment Agreement.

Under the Fiduciary Assignment Agreement, the Issuer will transfer the global certificate representing the Cumulative Profit Participation Securities to the Security Trustee and will assign to the Security Trustee all its (present and future, conditional and unconditional) payment claims against the Lender under the Loan Agreement and against Postbank under the Indemnity Agreement. The payment claims assigned under the Fiduciary Assignment Agreement are the **Assigned Claims**. The Fiduciary Assignment Agreement provides that any existing payment claims under the Loan Agreement and the Indemnity Agreement shall pass to the Security Trustee immediately and that any and all future payment claims under the Loan Agreement and the Indemnity Agreement shall pass to the Security Trustee as they arise.

The purpose of the security transfer of the Cumulative Profit Participation Securities and the assignment of the payment claims under the Fiduciary Assignment Agreement is to create collateral for the benefit of Securityholders in order to secure the Securityholders' claims for Coupon Payments and capital repayments under the Securities.

Under the Fiduciary Assignment Agreement, the Security Trustee holds the Cumulative Profit Participation Securities and the Assigned Claims in trust for the benefit of the Securityholders to secure payments to be made to the Securityholders under the Securities. The Security Trustee may not dispose of the Cumulative Profit Participation Securities and the Assigned Claims (i) without the prior written consent of the holders of 100 per cent. of the Securities or (ii) through transactions which are adverse to the interests of the holders of the Securities.

In case the payments due on the Cumulative Profit Participation Securities or in respect of the Assigned Claims are not made as and when due, the Security Trustee is obliged immediately to assert any such claims against the relevant debtor.

The Fiduciary Assignment Agreement further provides that the Issuer may not dispose of the Assigned Claims and that the Issuer Limited Partner may not dispose of its Tax Refund Claims. In particular, the Issuer and the Issuer Limited Partner are prohibited from encumbering the Assigned Claims and the Tax Refund Claims, respectively, with any third party rights or taking any action that might adversely affect or jeopardise the Assigned Claims and the Tax Refund Claims, respectively.

Pursuant to the Fiduciary Assignment Agreement, the Security Trustee may retire at any time. However, such retirement will not take effect until (i) the appointment of a new security trustee, (ii) the transfer of the global security representing the Cumulative Profit Participation Securities and all Assigned Claims to such new security trustee and (iii) the accession to the Fiduciary Assignment Agreement by such new security trustee. The new security trustee will be appointed by the Issuer with the prior consent of Postbank. It shall be a bank having its corporate seat, and licensed to conduct banking business, in either Germany or Luxembourg or a fully owned direct or indirect subsidiary of such bank.

The Fiduciary Assignment Agreement is governed by, and construed in accordance with, German law.

## GENERAL INFORMATION ON THE ISSUER

### **Incorporation, Domicile and Duration**

The Issuer was established under the name ProSecure Funding Limited Partnership on 16 March 2006 and registered under the Limited Partnerships (Jersey) Law 1994, as amended, on 16 March 2006. It is registered with the Jersey Registrar of Limited Partnerships under no. 740. The Issuer was established for an unlimited duration and is not a legal entity separate from its partners and has no operating history.

### **Contributed Capital**

The partnership capital of the Issuer amounts to € 1,000 (one thousand Euro).

### **Partners**

The Issuer General Partner is ProSecure Funding Limited, a limited liability company incorporated under Jersey law whose sole shareholder will be, upon consummation of the offering described herein, Mourant & Co. Trustees Limited as trustee for the ProSecure Funding Limited Charitable Trust, an independent charitable trust domiciled in Jersey. The Issuer Limited Partner is ProSecure Funding GmbH, a limited liability company incorporated under German law and domiciled in Düsseldorf, Germany. The sole beneficial shareholder of the Issuer Limited Partner is Mourant & Co. Trustees Limited as trustee for the ProSecure Funding GmbH Charitable Trust, an independent charitable trust domiciled in Jersey.

### **Principal Activities**

The business purpose of the Issuer is, pursuant to a limited partnership agreement entered into by the Issuer General Partner and the Issuer Limited Partner on 15 March 2006, to invest in profit participation securities issued by Postbank and, for this purpose, to raise capital by the issuance of debt securities and to undertake certain activities related thereto. The Issuer is further entitled to engage in any ancillary businesses that promote the foregoing principal business purpose.

The principal activities of the Issuer correspond with the business purpose stipulated in the limited partnership agreement. The Issuer has no employees.

### **Management**

The Issuer acts through the Issuer General Partner who has the sole power to represent the partnership. The Issuer General Partner may be contacted at the registered office of the Issuer which is 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands, telephone no. +44 1534 609000. The current directors of the Issuer General Partner are:

<b>Name</b>	<b>Function</b>
Gareth Essex-Cater	Director
Louise Kerhoat	Director
Helen Grant	Director
Daniel le Blancq	Director

Each of the above members of the Issuer's management are employees of the Mourant Group of which the administrator of the Issuer and Issuer General Partner and Mourant & Co. Trustees Limited are a part. The relevant parts of the Mourant Group are remunerated in respect of the services supplied.

Other than that, there are no potential conflicts of interest between any duties of the Issuer and the above members of the Issuer's management and their private interests.

### **Fiscal Year**

The fiscal year of the Issuer corresponds to the calendar year.

### **Auditor**

The auditor of the Issuer is PricewaterhouseCoopers C.I. LLP having its address at 22 Colomberie, St Helier, Jersey JE14XA, Channel Islands. All partners of PriceWaterhouseCoopers C.I. LLP are members of the Institute of Chartered Accountancy (England & Wales).

A copy of the audited accounts of the Issuer may be obtained at the Issuer's registered office at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands.

### **Capital Contributions on the Issue Date**

Under the limited partnership agreement, the Issuer General Partner and the Issuer Limited Partner have agreed to make an initial capital contribution (in relation to each such party, its ***Capital Contribution***) to the Issuer in the following amounts:

	€
Issuer General Partner .....	1
Issuer Limited Partner .....	999

Provided that the Issuer Limited Partner does not become involved with the management of the Issuer other than in the circumstances provided in the limited partnership agreement, the liability of the Issuer Limited Partner for the debts or obligations of the Issuer will be limited to its Capital Contribution and any additional capital contribution that it has made or agreed to make to the Issuer.

### **Capitalisation on the Issue Date**

The following table sets forth the Issuer's contributed capital on the date of its establishment and as adjusted for the consummation of the transaction:

Contributed Date Capital	
Date of Establishment .....	€ 1,000
Issue Date .....	€ 1,000

In addition, as of the Issue Date, the Issuer will have additional liabilities of € 500,000,000 incurred under the Securities.

There has been no material adverse change in respect of the capitalisation of the Issuer since the date of its establishment on 16 March 2006.

# POSTBANK

## History and Development of Deutsche Postbank AG

Deutsche Postbank AG is a stock corporation incorporated under German law.

Until 1989, Postbank formed an undifferentiated part of Deutsche Bundespost, a special asset and agency (*Sondervermögen*) of the Federal Republic of Germany. In 1989, Deutsche Bundespost was reorganized into three parts, Deutsche Bundespost POSTDIENST, Deutsche Bundespost POSTBANK and Deutsche Bundespost TELEKOM. In 1990, the Postbank of the former German Democratic Republic was integrated into Deutsche Bundespost POSTBANK. Deutsche Bundespost POSTBANK was then incorporated on 20 December 1994, as a stock corporation under German law under the corporate name Deutsche Postbank AG by virtue of the "Act on the Conversion of the Enterprises of Deutsche Bundespost into a Stock Corporation" (*Gesetz zur Umwandlung der Unternehmen der Deutschen Bundespost in die Rechtsform der Aktiengesellschaft*) of 14 September 1994, and, by statutory provision, obtained a full banking license. On 2 January 1995, Postbank was registered with the commercial register of the Local Court of Bonn (*Amtsgericht Bonn*) under HRB 6793. Postbank's registered office and business address are located at Friedrich-Ebert-Allee 114-126, 53113 Bonn, Federal Republic of Germany (Tel. +49-228-920-0). Deutsche Postbank AG maintains branch offices in Berlin, Bielefeld, Bonn, Cologne, Dortmund, Dresden, Düsseldorf, Erfurt, Essen, Frankfurt am Main, Hamburg, Hannover, Karlsruhe, Leipzig, Ludwigshafen, Magedeburg, Mannheim, Munich, Nuremberg, Saarbrücken, Schwerin and Stuttgart as well as in Luxembourg and in London.

In June 1999, an agreement was concluded between Postbank, the Federal Republic of Germany, the Federal State of Berlin and the State of Bavaria concerning the sale of the shares in *Deutsche Siedlungs- und Landesrentenbank (DSL Bank)* to Postbank with effect as of 1 January 2000. By virtue of the Act on the Conversion of DSL Bank into a Stock Corporation (*Gesetz über die Umwandlung der Deutschen Siedlungs- und Landesrentenbank in eine Aktiengesellschaft*) of 16 December 1999, DSL Bank was converted from a public law entity (*Anstalt des öffentlichen Rechts*) into the private law entity DSL Bank Aktiengesellschaft as of the end of 31 December 1999. DSL Bank Aktiengesellschaft was registered with the commercial register of the Local Court of Bonn (*Amtsgericht Bonn*) on 24 January 2000. Afterwards, DSL Bank Aktiengesellschaft was merged into Postbank under a merger agreement dated 8 May 2000. The merger was registered with the commercial register of Postbank of the Local Court of Bonn (*Amtsgericht Bonn*) on 26 May 2000.

## Corporate Purpose

Deutsche Postbank AG is a credit institution (*Kreditinstitut*) within the meaning of Section 1(1) of the German Banking Act (*Kreditwesengesetz*). The purpose of Deutsche Postbank AG set forth in Article 2 of its articles of association is to conduct banking transactions of all types, and to render financial and other services, including any related activities. Deutsche Postbank AG is also entitled to conduct any other business and take any other measures that seem suitable to serve Deutsche Postbank AG's purpose. Deutsche Postbank AG may also establish other companies for this purpose, acquire and participate in or manage such companies or restrict itself to the management of the participation. Deutsche Postbank AG may spin off its operations to associated companies in part or in full and is entitled to conclude intercompany agreements. Postbank may establish, operate and liquidate branch offices. Branch offices may also conduct business under the corporate name "DSL Bank – Ein Geschäftsbereich der Deutschen Postbank AG (DSL Bank – A business division of Deutsche Postbank AG)."

## Fiscal Year

The fiscal year of Deutsche Postbank AG is the calendar year.

## Listings

Securities issued by Deutsche Postbank AG are listed on the regulated markets of the Börse Berlin-Bremen, Düsseldorfer Börse, Frankfurter Wertpapierbörse, Hanseatische Wertpapierbörse Hamburg, Bourse de Luxembourg, AIAF Mercado de Renta Fija in Madrid, Börse München, Eurolist by Euronext in Paris and Baden-Württembergische Wertpapierbörse in Stuttgart.

## Recent Acquisitions

### *BHW Group*

On 2 January 2006, Postbank acquired a 82.9% interest in BHW Holding AG (**BHW**), the parent company of the BHW Group, and subsequently extended a mandatory tender offer to the remaining minority shareholders in BHW. Upon settlement of the mandatory tender offer, Postbank held 98.43% in BHW. The total purchase price paid by Postbank for its 98.43% in BHW amounted to € 1,752 million (including related expenses). Postbank intends to squeeze-out the remaining minority shareholders in BHW in accordance with German corporate law requirements.

The BHW Group's core business comprises the following two segments:

- *Private Building Finance*: BHW Group's home savings business is conducted by BHW Bausparkasse AG, the second largest *Bausparkasse* in Germany. In addition to Bauspar loans, the real estate finance offered by BHW Group also includes the key elements of financing such as fixed mortgages, capital repayment mortgages and bridge financing.
- *Private Asset Accumulation*: Apart from life insurance products, this BHW Group business segment also engages in mutual fund business and market activities for private accumulation such as savings plans.

Until 15 December 2005, BHW Group also engaged in the commercial mortgage bank business through Allgemeine HypothekenBank Rheinboden AG (**AHBR**). BHW Group disposed of its participation in AHBR on 16 December 2005, thereby ending an engagement that had materially adversely affected the financial performance of the BHW Group, particularly in 2005.

Through the acquisition of the BHW Group, Postbank seeks to enhance and further strengthen its position as a leading retail bank in Germany. Postbank believes that the products that the BHW Group focuses on constitute a favorable complement to Postbank Group's other business activities. Another key strategic aspect of the acquisition is the strengthening of Postbank Group's sales force by integrating the approximately 800 BHW Group service centers and approximately 4,400 commercial agents into Postbank Group's multichannel strategy.

Postbank expects to realize over time significant revenue synergies from the acquisition of the BHW Group, through cross-selling, strengthening of the sales force and other measures. Postbank also expects to realize cost synergies by process optimization and economies of scale. Given the relatively high interest rates on customer deposits in BHW Group's Bauspar business and the currently low interest rate environment, Postbank expects only a modest pre-tax profit contribution from BHW Group in 2006 and 2007. Postbank believes that the purchase price Postbank paid for the BHW Group adequately reflects the expected performance.

### *Retail Network*

As of 1 January 2006, Postbank Group took over from Deutsche Post AG 850 retail outlets, the majority of which are Postbank Centers, for a purchase price of € 986 million. In this context, 9,600 employees were transferred from Deutsche Post AG to Postbank Group. Up to 1,250 employees may be transferred back to Deutsche Post AG until 2012. The formerly existing cooperation agreement with Deutsche Post AG was replaced by a new cooperation agreement effective 1 January 2006. In addition, due to the changes in the retail outlet network, two new cooperation agreements for the provision of postal services and New Services (*Neue Dienstleistungen*) were concluded.

# POSTBANK GROUP

## BUSINESS OVERVIEW

### ***Postbank Group***

With approximately 15.5 million active customers and approximately 4.6 million checking accounts, Deutsche Postbank AG is the largest retail bank (single institution) in the Federal Republic of Germany (according to estimates of Deutsche Postbank AG based on annual reports of other German banks). The business of Postbank Group is focused mainly on the German market. Postbank Group also has corporate banking activities in the United Kingdom and the United States of America.

Postbank Group has organized its operations into the following business segments:

### ***Retail Banking***

Through its Retail Banking business segment, Postbank Group offers its customers a broad range of products that are to a large extent standardized and geared towards typical needs with a focus on the traditional checking account and savings business.

#### *Payment transfers*

Postbank Group is one of Germany's leading providers of domestic payment transfer services and offers the following products and services:

*Checking accounts:* "Giro Plus", which does not carry a fee provided that at least € 1,250 per month is paid into the account, is one of Postbank Group's most important products. "Business Giro" is a checking account that is geared towards the needs of business customers.

According to estimates of Deutsche Postbank AG based on statistical data published by Deutsche Bundesbank, by the end of the year 2004 Deutsche Postbank AG had a market share of 3.85 per cent. of the market for checking accounts. Pursuant to statistics of Deutsche Bundesbank, this market had a total volume of € 343 billion by the end of the year 2004.

*Credit and debit cards:* Postbank Group offers its customers bank and debit cards as well as Visa or MasterCard credit cards.

#### *Savings and investment products*

*Savings products:* Postbank Group's savings products are geared toward basic customer needs relating to the accumulation of capital and to investment.

According to estimates of Deutsche Postbank AG based on statistical data published by Deutsche Bundesbank, by the end of the year 2004 Deutsche Postbank AG had a market share of 5.1 per cent. of the savings market (consisting of savings deposits (including private and business customers), fixed deposits of domestic private persons and not for profit-organisations, and savings certificates). Pursuant to statistics of Deutsche Bundesbank, this market had a total volume of € 805,7 billion by the end of the year 2004.

*Securities and mutual funds:* Through mutual fund companies Postbank Group manages mutual funds (retail mutual funds). In addition to its own retail mutual funds, Postbank Group offers its customers an extensive range of third-party funds that are managed by fund companies not affiliated with Postbank Group. Furthermore, Postbank Group offers its customers securities custody and brokerage services.

*Insurance:* Since 1999, Postbank Group has been offering selected insurance products for pension planning and risk coverage purposes through two joint ventures with Talanx AG, a subsidiary of HDI

Haftpflichtverband der Deutschen Industrie VVaG. Through BHW Lebensversicherung AG, Postbank Group offers life insurance products.

***Building savings and loan products:*** The product range in the field of building savings and loan products encompasses, apart from building loans, the main financing elements such as fixed mortgages, amortisation mortgages as well as advance financing and bridging loans.

#### *Loans*

***Real estate finance:*** After the acquisition of BHW Group, Postbank Group now offers real estate finance with an emphasis on private residential property under three brands: "DSL Bank", "Postbank Baufinanzierung", and "BHW BauDarlehen". It is planned to focus on the "DSL" and "BHW" real estate finance brands in the future. This multi-brand strategy enables Postbank Group to vary its real estate finance pricing structure depending on customer group and product complexity.

According to estimates of Deutsche Postbank AG based on statistical data published by Deutsche Bundesbank, by the end of the year 2004 Deutsche Postbank AG had a market share of 2.9 per cent. of the market for private real estate finance. Pursuant to statistics of Deutsche Bundesbank, this market had a total volume of € 762,4 billion by the end of the year 2004. The market share of Deutsche Postbank AG in the market for private real estate finance has increased in 2006 with the acquisition of BHW Group, the second largest German building savings and loan bank.

***Loans to retail customers:*** With respect to retail customer loans, Postbank Group also offers a largely standardized instalment loan under its "DSL" and "Postbank" brands. Through the acquisition of BHW Group, Postbank is additionally able to offer retail customer loans under the "BHW" brand.

#### ***Corporate Banking***

##### *Products and Services*

***Payment Solutions.*** Postbank Group is one of the Federal Republic of Germany's leading providers of domestic payment transfer services. Postbank Group's most important product in the Payment Solutions area is the corporate customer checking account. In 2004, Postbank Group maintained an average 51,343 checking accounts for corporate customers.

According to estimates of Deutsche Postbank AG based on statistical data published by Deutsche Bundesbank, by the end of the year 2004 Deutsche Postbank AG had a market share of 1.9 per cent. of the market for fixed deposits of corporate customers. Pursuant to statistics of Deutsche Bundesbank, this market had a total volume of € 805,7 billion by the end of the year 2004.

***Selective Commercial Finance.*** In the Selective Commercial Finance area, Postbank Group offers national and international commercial finance as well as factoring, leasing and logistics finance products. In domestic commercial finance, Postbank Group is active in commercial real estate finance, leasing company refinancing (real estate and movable assets) and occasionally in financing property development companies (purchase of real estate and construction projects mainly involving residential property). The geographical focus of Postbank Group's activities in international commercial finance is on the western and central regions of Europe. Since acquiring PB Capital Corp. in 2001, Postbank Group has been active in North America on a selective basis, primarily in the areas of real estate finance, bond investments and syndicated loan business. In order to diversify its loan portfolio and to cover the market in the United Kingdom, in particular in the greater London area, Postbank acquired the business of the London Branch of ING-BHF Bank at the end of 2004. Its main activities are commercial real estate finance in the United Kingdom.

According to estimates of Deutsche Postbank AG based on statistical data published by Deutsche Bundesbank, by the end of the year 2004 Deutsche Postbank AG had a market share of 1.9 per cent. of the market for commercial real estate finance (including the relatively small portion of foreign engagements). Pursuant to statistics of Deutsche Bundesbank, this market had a total volume of € 792.6 billion by the end of the year 2004.

## **Financial Markets**

### *Investing Liquidity Surplus*

The Financial Markets business segment performs a special role in Postbank Group's "customer business." Postbank Group's customer business covers all assets and liabilities arising from its operations in the Retail Banking and Corporate Banking business segments. "Customer liabilities" essentially consist of the customer sight and savings deposits generated in the checking account and savings business while "customer assets" essentially comprise loans that have been extended. As a result of its strong position in the savings and checking account business and the relatively low volume of lending compared to customer deposits, the balance sheet of Postbank Group is characterized by surplus liquidity. As part of asset/liability management, the Financial Markets business segment invests this liquidity surplus on the money and capital markets. The objective is to minimize market risks arising from the investment of the liquidity surplus. This relieves the customer-related business segments of market risk.

### *Own Account Business*

In addition, the Financial Market business segment is assigned the task of contributing to Postbank Group's earnings by engaging in the so-called own-account business. Postbank regards own-account business as consisting of the management of the historical issuance business of former DSL Bank with its high interest expense and other own-account business, especially treasury operations and proprietary trading activities. The "historical" issuance business includes long-term borrowings by former DSL Bank that are still outstanding and was primarily used by DSL Bank prior to its merger with Postbank in 2000 to refinance real estate loans on a matching term basis. The outstanding liabilities cannot be reduced sooner because of their fixed maturities, but will be reduced according to their respective maturities.

### *Loan Portfolio Management*

Risk management measures are usually proposed and developed based on input of Postbank's credit risk committee, the credit risk controlling unit as well as other business units. For example, to modify the structure of its loan portfolio, hedge itself against possible borrower default or transfer the risk associated with its loan portfolio to the capital market, Postbank Group uses a number of financial instruments, including asset-backed or mortgage-backed securities (instruments that securitize a share in receivables secured by mortgages) and credit derivatives (such as credit default swaps). In 2003, for the first time, Postbank Group securitized a portfolio of residential property loans with a volume of € 2.0 billion using the so-called Provide-Platform operated by KfW Bankengruppe and thus sold the credit risk associated with the portfolio to capital market investors in synthetic form. The loan portfolio remains on the Postbank Group balance sheet. However, it need not be taken into account in computing requirements in respect of bank regulatory Tier I requirements, with the exception of that proportion of any loss contractually retained by Postbank Group (so-called "First Loss"), as the transaction has relieved Postbank Group of any excess credit risk. Postbank intends to engage in further securitisation transactions in the future if need be.

### *Other Activities*

The Financial Markets business segment is responsible for the activities of Deutsche Postbank International S.A, which operates as a full-service bank with its registered office in Luxembourg and provides services to retail and corporate customers, in particular time deposits and individual and syndicated lending as well as securities business and securities custody services. The Financial Markets business segment also comprises various Postbank mutual fund companies in the Federal Republic of Germany and Luxembourg as well as an asset management company. Postbank also manages a number of institutional investment funds through which it mainly invests its own capital.

## **Transaction Banking**

### *Domestic Payment Transactions*

Postbank Group supports domestic payment transactions, by offering all aspects of payment transaction processing. These services encompass the receipt of instructions (in both paper and paperless form), processing, account management (disposition), clearing, the booking of entries, archiving and complaints investigation. In the case of paper-based payment transactions, Postbank Group offers the recording of payment documentation (digital inputting and recording of documents by means of scanners), the processing of payment documents by generating payment transaction data sets and the elimination of payment transaction differences as well as the archiving of paper documentation. In the account management field, Postbank Group offers the monitoring of customer account balances by checking incoming and outgoing payments as well as the archiving of data.

### *Foreign Payment Transactions*

Payments related to cross-border transactions are either handled through the correspondent bank system or – in the case of a single currency zone – through the clearing and settlement systems. Postbank Group offers products that cover the entire value chain for foreign payment transactions. Under the products offered, instructions are reviewed and allocated (including foreign currency positions), and the data sets are then relayed to the recipient bank by means of SWIFT or Eurogiro with appropriate entries booked. Postbank Group maintains clearing accounts, eliminates payment transaction differences, archives the paper documentation and correspondence, and conducts investigations if necessary.

### *Processing of Payment Transactions for Dresdner Bank AG and Deutsche Bank Aktiengesellschaft*

Since May 2004, Dresdner Bank AG has commissioned Postbank to handle its domestic and foreign payment transactions. Since July 2004, Postbank has also assumed the handling of domestic and standardized Euro-denominated payment transactions for Deutsche Bank Aktiengesellschaft. In addition, Postbank also performs substantial parts of the payment transaction inquiries of both banks. The former subsidiaries of Dresdner Bank AG and Deutsche Bank Aktiengesellschaft in charge of payment transaction for such banks were acquired and substantially restructured by Postbank.

## **Other**

The business segment Other includes the results of Postbank Group's own account business and treasury activities. In addition, the historical issuance business of DSL Bank and the portion of provisions for losses on loans and advances in the Retail Banking, Corporate Banking and Financial Markets business segments that exceeds standard loan loss costs are accounted for in this segment.

In addition, Postbank Group carries on the "fiduciary business" (*Treuhandgeschäft*) of former DSL Bank. This business consists of the management by Postbank Group, on the basis of agency agreements as well as administrative guidelines and instructions issued by the Federal Republic of Germany and the Federal States (*Bundesländer*), of public funds made available for disbursement in the form of development loans. These development loans primarily serve to finance measures relating to the integration of farmers who fled or were expelled from former German territories as well as to effect improvements in the structure of farming and the protection of the coastline. Postbank Group bears no credit risk in connection with these loans.

## **TREND INFORMATION**

Since 31 December 2005, the date of the last audited financial statements published by Deutsche Postbank AG, there has been no material adverse change in the prospects of Deutsche Postbank AG.

## ORGANISATIONAL STRUCTURE

### ***Capital and Shares***

The share capital of Postbank amounts to € 410,000,000 and is divided into 164,000,000 ordinary registered shares with no par value (*Stückaktien*), each share representing a € 2.50 portion of Postbank's share capital.

Each share of Deutsche Postbank AG confers one vote at the general shareholders' meeting and is fully entitled to dividends. At this time, Deutsche Postbank AG has issued no preference shares. The right to demand the delivery of individual shares is excluded. All of the shares of Deutsche Postbank AG are freely transferable. There are no selling restrictions or other restrictions in regard to the transferability of the shares of Deutsche Postbank AG.

The share capital of Deutsche Postbank AG has been fully paid.

### ***Deutsche Post Group***

Postbank Group is the major part of the business segment FINANZDIENSTLEISTUNGEN (financial services) of Deutsche Post Group, a multi-national group which offers a broad range of postal, express, logistics and financial services.

### ***Major Shareholders***

Currently, 66.7 per cent. of the share capital of Postbank is held by Deutsche Post AG directly or indirectly through its subsidiary Postbank Beteiligungs GmbH. To the knowledge of Postbank, no other shareholder directly or indirectly holds 10 per cent. or more of the share capital of Postbank.

In June 2004, Deutsche Post AG issued € 1,081,550,000 2.65% Senior Exchangeable Notes due 2007 (the ***Exchangeable Notes***). Deutsche Post AG has granted each holder of the Exchangeable Notes the right to exchange the Exchangeable Notes from and including 11 August 2004, up to and including 25 June 2007, into shares of Deutsche Postbank AG at an initial exchange price for each share of € 39.33. Deutsche Post AG is entitled, upon exercise of the exchange right by a noteholder, to pay a cash amount in lieu of delivery of shares of Postbank. The total exchange volume amounts to approximately 16.8 per cent. of the share capital of Postbank.

Deutsche Post AG agreed with the Federal Republic of Germany to sell an interest in the share capital of Postbank of 50 per cent. plus one share until 5 January 2009, in whole or in part, only with the consent of the Federal Republic of Germany. This also applies, *inter alia*, to the issuance of additional shares of Postbank to third parties, provided that such issuance of additional shares leads to a dominating influence on Postbank by such third parties. The Federal Republic of Germany may grant its consent at any time. Other than the Exchangeable Notes, neither Postbank nor any affiliate has issued any debt securities that are exchangeable or convertible into shares of Postbank, and neither of them has issued any debt securities with warrants to acquire shares of Postbank.

### ***Management and Supervisory Board***

Pursuant to the German Stock Corporation Act (*Aktiengesetz*), Deutsche Postbank AG has a management and a supervisory board. Both boards are separate bodies; it is not possible to be a member of both boards simultaneously. The supervisory board appoints the members of the management board and supervises the activities of the management board. The management board represents Deutsche Postbank AG externally and is responsible for the management of Deutsche Postbank AG.

According to the articles of association, the management board of Postbank is comprised of at least two members. The number of management board members is otherwise determined by the supervisory board.

The members of the management board and their mandates and positions in other administrative, management or supervisory bodies outside Postbank Group were as follows:

NAME	OCCUPATION AND MANDATES OUTSIDE POSTBANK GROUP
Prof. Dr. Wulf von Schimmelmann	Member of the Supervisory Board, TCHIBO Holding AG, Hamburg; Member of the Board of Directors, accenture Corp., Irving (Texas, USA); Member of the Board of Directors, Altadis S.A., Madrid (Spain); Member of the Management Board, Bundesverband deutscher Banken e.V., Berlin
Dirk Berensmann	Member of the Board of Directors, Eurogiro Network A/S, Taastrup (Denmark); Chairman of the Advisory Board, e-Finance Lab Universität Frankfurt am Main; Member of the Supervisory Board of einsnull IT-Support GmbH, Bonn
Henning Engmann	Deputy Chairman of the Supervisory Board, Frankfurter Service Kapitalanlage-Gesellschaft mbH, Frankfurt am Main; Member of the Supervisory Board, SAB Spar- und Anlageberatung AG, Bad Homburg; Member of the Supervisory Board, EUWAX AG, Stuttgart; Member of the Management Board, Verband der Privaten Bausparkassen e.V., Berlin
Stefan Jütte	Member of the Supervisory Board, BVVG Bodenverwertungs- und verwaltungsgesellschaft mbH, Berlin; Member of the Advisory Board, Sireo Real Estate Asset Management GmbH, Heusenstamm
Dr. Wolfgang Klein	Chairman of the Supervisory Board, Comma Soft AG, Bonn; Deputy Chairman of the Administrative Board, VISA Deutschland e.V., Frankfurt
Loukas Rizos	–
Hans-Peter Schmid	–
Ralf Stemmer	Member of the Administrative Board, Bundesanstalt für Post und Telekommunikation, Deutsche Bundespost, Bonn; Member of the Supervisory Board of Danzas Deutschland Holding GmbH, Düsseldorf; Member of the Supervisory Board of DHL Freight GmbH, Düsseldorf; Member of the Advisory Board of einsnull IT-Support GmbH, Bonn

Pursuant to the articles of association, the supervisory board at Postbank has twenty members. Ten members representing the shareholders are elected by the general shareholders' meeting in accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*). A further ten members representing employees are elected in accordance with the provisions of the German Co-Determination Act (*Mitbestimmungsgesetz*) of 1976. Of these ten supervisory board members, seven must be Postbank employees and include a senior salaried employee with managerial functions. The remaining supervisory board members must be representatives of the unions represented within the enterprise.

The following table shows the supervisory board members elected by Postbank's shareholders and their mandates and positions in other administrative, management or supervisory bodies outside Postbank Group:

NAME	OCCUPATION AND MANDATES OUTSIDE POSTBANK GROUP
Dr. Klaus Zumwinkel (Chairman)	Chairman of the Management Board, Deutsche Post AG, Bonn; Chairman of the Supervisory Board, Deutsche Telekom AG, Bonn; Member of the Supervisory Board, Deutsche Lufthansa AG, Cologne; Member of the Supervisory Board, KarstadtQuelle AG, Essen; Member of the Board of Directors, Morgan Stanley, Delaware (USA)
Jörg Asmussen	Head of a ministry department, Federal Ministry of Finance, Berlin; Member of the Supervisory Board, IKB Deutsche Industriebank AG, Düsseldorf; Member of the Supervisory Board, Euler Hermes Kreditversicherungs-AG, Hamburg; Member of the SME Advisory Council ( <i>Mittelstandsrat</i> ), KfW Bankengruppe, Frankfurt am Main
Wilfried Boysen	Management consultant
Prof. Dr. Edgar Ernst	Member of the Management Board, Deutsche Post AG, Bonn; Member of the Supervisory Board, Allianz Versicherungs AG, Munich
Dr. Peter Hoch	Member of the Supervisory Board, Giesecke & Devrient GmbH, Munich
Prof. Dr. Ralf Krüger	Management consultant, Professor at the University of Applied Sciences Wiesbaden; Member of the Supervisory Board, Deutsche Post AG, Bonn; Member of the Advisory Board, Sireo Real Estate Asset Management GmbH, Heusenstamm; Chairman of the Supervisory Board, KMS AG, Frankfurt am Main
Dr. Hans-Dieter Petram	Member of the Management Board, Deutsche Post AG, Bonn; Member of the Supervisory Board, HDI Industrie Versicherung AG, Hanover; Member of the Supervisory Board, HDI Privat Versicherung AG, Hanover; Member of the Supervisory Board, HDI Service AG, Hanover; Chairman of the Supervisory Board, Gästehaus Petersberg GmbH, Königswinter; Chairman of the Advisory Board, Deutsche Post Bauen GmbH, Bonn; Chairman of the Advisory Board, Deutsche Post Global Mail GmbH, Bonn; Chairman of Advisory Board, Deutsche Post Immobilienentwicklung GmbH, Bonn; Chairman of the Advisory Board, Global Mail Inc., Weston (USA)
Dr. Bernd Pfaffenbach	State Secretary, Federal Ministry of Economics and Technology, Berlin; Member of the Supervisory Board, Deutsche Bahn AG, Berlin; Member of the Supervisory Board, Lufthansa Cargo AG, Frankfurt am Main
Dr. Klaus Schlede	Former Deputy Chairman of the Management Board, Deutsche Lufthansa AG, Cologne; Member of the Supervisory Board, Deutsche Lufthansa AG, Cologne; Member of the Supervisory Board, Deutsche Telekom AG, Bonn; Member of the Administrative Board, SWISS International Airlines AG, Basel (Switzerland)
Elmo von Schorlemer	Attorney-at-law, Aachen; Member of the Supervisory Board, VHV; Allgemeine Versicherung AG, Hanover; Chairman of the Supervisory Board, Securess AG Die Versicherungsmakler, Essen; Chairman of the Supervisory Board, Caruno AG, Cologne; Chairman of the Supervisory Board, Consuno AG, Cologne

The following table shows the supervisory board members who were elected by Postbank's employees and their mandates and positions in other administrative, management or supervisory bodies outside Postbank Group:

NAME:	OCCUPATION AND MANDATES OUTSIDE POSTBANK GROUP
Michael Sommer (Deputy Chairman)	Chairman of the German Trade Union Confederate ( <i>Deutscher Gewerkschaftsbund</i> ), Berlin; Deputy Chairman of the Supervisory Board, DGB Rechtsschutz GmbH, Düsseldorf; Member of the Supervisory Board, Deutsche Telekom AG, Bonn; Member of the Supervisory Board, Salzgitter AG, Salzgitter
Marietta Auer	Head of Department, Deutsche Postbank AG, Bonn (¹)
Rosemarie Bolte	Head of the Management of the Unit I Specialist Department of Financial Services, ver.di trade union, Stuttgart; Member of the Supervisory Board, Karlsruher Lebensversicherung AG, Karlsruhe
Annette Harms	Deputy chairperson of the Works Council, Postbank Hamburg, Hamburg; Member of the Supervisory Board, Deutsche Post AG, Bonn
Ralf Höhmann	Chairman of the Works Council, Postbank Stuttgart, Stuttgart; Member of the management of the State Unit I Specialist Department of Financial Services, ver.di, Stuttgart; Chairman of the Administrative Board, Deutsche BKK, Wolfsburg; Member of the management, UKPT, Tübingen
Elmar Kallfelz	Member of the Group Works Council of Deutsche Post AG, Bonn; Member of the Administrative Board, <i>Bundesanstalt für Post und Telekommunikation</i> , Bonn
Harald Kuhlow	Expert at the Central Works Council of Deutsche Postbank AG, Bonn (²)
Sabine Schwarz	Chairperson of the Works Council of Postbank Berlin, Berlin (²)
Gerd Tausendfreund	Trade union secretary, ver.di, Nidderau
Christine Weiler	Chairperson of the Works Council of Postbank Munich, Munich (²)

(¹) Member of the supervisory board of the Deutsche Bundespost POSTBANK special asset from 1989 through 1995.  
 (²) No activity "outside Postbank Group".

### Potential Conflicts of Interests

Prof. Dr. Wulf von Schimmelmann, chairman of Postbank's management board, is simultaneously a member of the management board of Deutsche Post AG and responsible for the Financial Services division, which includes Postbank and, in addition, the Pension Service. Additionally, Ralf Stemmer, who is head of the "Resources" division as a member of the management board of Postbank, is the group head of the central department of wages and salaries policy and personnel legal affairs in Germany at Deutsche Post AG.

Moreover, in fiscal year 2005 part of the variable compensation of the members of the management board of Deutsche Postbank AG is based on the consolidated earnings of Deutsche Post AG, which also includes the earnings of Deutsche Postbank AG. In the case of Prof. Dr. von Schimmelmann, 25 per cent. of the total compensation is based on the consolidated earnings of Deutsche Post AG while for the remaining current management board members of Deutsche Postbank AG up to 12.5 per cent. of the total compensation is based on the consolidated earnings of Deutsche Post AG. As of the beginning of fiscal year 2006, the tying of parts of the variable compensation to the consolidated earnings of Deutsche Post AG has been discontinued for the members of the management board of Deutsche Postbank AG except for the variable compensation of Prof. Dr. von Schimmel-

mann, whose variable compensation remains linked to the consolidated earnings of Deutsche Post AG.

As of 31 December 2005, the members of the management board of Deutsche Postbank AG held a total of 741,931 stock options issued by Deutsche Post AG in several tranches granting the right to subscribe for shares of Deutsche Post AG. Members of the supervisory board who are simultaneously members of the management board of Deutsche Post AG held a total of 1,479,687 stock options of Deutsche Post AG as of 31 December 2005. Among other conditions, the exercise of the stock options is linked to attaining certain performance targets relating to the price of the shares of Deutsche Post AG. It is intended that capital market oriented, long-term performance compensation which is granted to members of the management board of Deutsche Post AG will continue to be granted to members of the management board of Deutsche Postbank AG as well as members of the supervisory board who are members of the management board of Deutsche Post AG in the future.

Against this background, potential conflicts of interests between the obligations of members of the management and supervisory board vis-à-vis Deutsche Postbank AG and their private interests or their other obligations cannot be entirely excluded. Deutsche Postbank AG is convinced that its internal rules of Corporate Governance and the legal requirements ensure that potential conflicts of interest of the aforementioned kind will be disclosed.

The business address of the members of the members of the management and supervisory board of Deutsche Postbank AG is Friedrich-Ebert-Allee 114–126, 53113 Bonn, Federal Republic of Germany.

## **FINANCIAL INFORMATION**

Postbank Group's consolidated financial statements of the years ended 31 December 2004 and 2005 including the auditor's report thereon as well as Postbank's unconsolidated financial statements of the years ended 31 December 2004 and 2005 including the auditor's report thereon are set out under "Financial Statements of Deutsche Postbank AG" in this Prospectus.

### **Third Party Information and Statement by Experts and Declarations of any interest**

This prospectus contains third party information particularly in the form of industry and market data as well as calculations and statistics which are based on industry reports and studies, market research reports, publicly available information and commercial publications (*External Data*). Deutsche Postbank AG confirms that to the extent External Data have been included in this prospectus, such information has been accurately reproduced and as far as Deutsche Postbank AG is aware and is able to ascertain from such External Data, no facts have been omitted which would render the reproduced information inaccurate or misleading.

For the purpose of producing this prospectus, the following sources have been used:

- Monthly Report of Deutsche Bundesbank for May, July, and August 2005 (including the statistical supplements)
- Statistics of Deutsche Bundesbank of September 2004 regarding the handling of payments in Germany from 1993–2003
- Annual reports of other banks in the Federal Republic of Germany regarding fiscal year 2004.

## REGULATION

The following explains certain regulatory matters that are of significance to the business of Postbank and the Postbank Group.

### **Introduction**

Postbank has had a full banking license since 1 January 1995, *i.e.*, it is entitled to engage in all types of banking business in the Federal Republic of Germany. Among other activities, this includes deposit-taking, lending, securities deposit business, mutual fund business, payment transfer business and e-cash business as well as underwriting business.

The German Banking Act (*Kreditwesengesetz*) contains the most important provisions for the supervision of banks in the Federal Republic of Germany. The German Banking Act and the regulations, directives and circulars adopted thereunder implement, *inter alia*, certain European directives applicable to banks and certain recommendations of the Basel Committee on Banking Regulations and Supervisory Practices (**Basel Committee**) at the Bank for International Settlements (**BIS**). These directives address issues such as accounting standards, regulatory capital, risk-based capital adequacy, consolidated supervision, the monitoring and control of large exposures, the establishment of retail outlets within the European Union and the creation of a single European Union-wide banking market with no internal barriers to cross-border banking services.

### **Bank Supervision**

The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, **BaFin**) is the most important supervisory authority for Postbank both on an unconsolidated basis (only Deutsche Postbank AG) and on a consolidated basis (Deutsche Postbank AG and its consolidated companies for bank regulatory purposes). A particular emphasis of BaFin's supervision is placed on the issuance of banking licenses and the authorisation of managers, the compliance with capital adequacy and liquidity requirements, large exposure limits and the restrictions on certain business activities.

The BaFin is a public law institution (*Anstalt des öffentlichen Rechts*) under the legal and professional supervision (*Rechts- und Fachaufsicht*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*). The BaFin fulfils its banking supervisory role in close cooperation with *Deutsche Bundesbank*. The most important task of *Deutsche Bundesbank* is the day-to-day monitoring of German banks. This monitoring includes in particular the collection and analysis of statistics and reports from German banks, as well as the conduct and analysis of supervisory reviews in the area of compliance with the capital adequacy and risk management requirements.

In connection with their supervisory role, the BaFin and *Deutsche Bundesbank* require banks in the Federal Republic of Germany to submit extensive information in order to ensure compliance with the German Banking Act and other legal provisions.

### **Regulatory Capital Adequacy Requirements**

#### *Regulatory Significance of Capital Adequacy*

From a regulatory point of view, capital adequacy serves as the basis for determining a series of restrictions under bank regulatory law. Pursuant to the German Banking Act, banks with registered offices in the Federal Republic of Germany must have sufficient capital for their ongoing business operations to satisfy their obligations towards creditors, particularly to safeguard assets entrusted to them. Such capital serves in particular as a provision for covering counterparty risk (insolvency of a debtor) and the market risk associated with trading transactions. Market risks include in particular interest rate-related, share price-related and foreign exchange-related risks. Apart from these, there are several other supervisory regulations relating to capital adequacy, including the conditions for a

suspension of an operating license, the limitation on large exposures and measures in the event of a threat of default.

### *Capital Adequacy*

Capital adequacy principles of banks with registered offices in the Federal Republic of Germany are based on the principle of risk weighting. Banks are required to cover counterparty risks (*Adressenausfallrisiko*) and market price risks (*Marktrisiko*) with Tier I capital (*Kernkapital* or **core capital**) and Tier II capital (*Ergänzungskapital* or **supplementary capital**) (together, *haftendes Eigenkapital* or **regulatory capital**). They may also cover market price risk with Tier III capital (*Dritttrangmittel*) and, to the extent not required to cover counterparty risk, with regulatory capital. The elements comprising Tier I capital and Tier II capital as well as the calculation of regulatory capital and Tier III capital are set forth below.

Principle I (*Grundsatz I*), in which the BaFin sets forth the principles for the capital adequacy of banks under the German Banking Act, requires all German banks to maintain a solvency ratio (*Eigenkapitalquote* or **solvency ratio**) of regulatory capital to risk-weighted assets (*gewichtete Risikoaktiva*) of at least 8%. Risk-weighted assets include loans, securities, financial swaps, financial forward transactions, options and other off-balance sheet items, as further described below. The solvency ratio rules implement the European directives on regulatory capital and capital adequacy.

### *Regulatory Banking Capital*

For a bank that is organized as a stock corporation, such as Deutsche Postbank AG, regulatory banking capital is defined in the German Banking Act as consisting principally of the following items:

Tier I capital:

- *Paid-in subscribed capital* (not including capital paid on preferred shares with cumulative dividend rights).
- *Capital reserves*.
- *Retained earnings*.
- *Special item for general banking risks*. A bank may record this special item on the liability side of its balance sheet to reflect special risks inherent in the banking business. A bank must consider this necessary on the basis of reasonable commercial judgment.
- *Silent partnership interests (stille Beteiligungen)*. Silent partnership interests are assets contributed to the business of a bank by silent partners. To qualify as regulatory banking capital, such interests are subject to certain conditions, including a minimum term of five years, non-cumulative dividends, participation in the bank's losses and subordination to the rights of all creditors in the event of insolvency or liquidation of the bank.

Treasury shares, balance sheet losses and intangible assets are subtracted from the Tier I capital calculation. In addition, the BaFin may require further deductions from a bank's Tier I capital, in particular with respect to a bank's unrealized losses. The BaFin has never requested that Postbank make such a deduction.

As of 31 December 2005, the Tier I capital of Deutsche Postbank AG was € 3.30 billion (2004: € 3.05 billion).

Tier II capital (limited to the amount of Tier I capital):

- *Preferred shares*. Preferred shares with cumulative preferred rights to distributions of profits are considered Tier II capital.
- *Profit-participation rights (Genussrechte)*. These rights are subject to certain conditions, including a minimum term of five years, participation in the bank's losses and subordination to the rights of all non-subordinated creditors in the event of insolvency or liquidation of the bank.

- *Longer-term subordinated debt* (limited to 50% of the amount of Tier I capital). This debt is subject to certain criteria, including a minimum term of five years and subordination to the rights of all non-subordinated creditors in the event of insolvency or liquidation of the bank.
- *Reserves decreasing the taxable profits* (Section 6b of the German Income Tax Act (Einkommensteuergesetz)). A bank may include 45% of these reserves in regulatory banking capital. However, any reserves included in regulatory banking capital must have been created from the proceeds of the sale of real property, property rights equivalent to real property or buildings.
- *Reserves for general banking risks*. A bank may record certain receivables on its balance sheet at a lower value than would be permitted for industrial entities. Such receivables include loans and securities that are neither investment securities nor part of the trading portfolio. The bank may record these receivables at a lower value if the use of a lower value is advisable in its reasonable commercial judgment to safeguard against the special risks inherent in the banking business. Reserves for general banking risks may not exceed 4% of the book value of the receivables and securities recorded.
- *Certain unrealized reserves*. These may include 45% of the difference between the book value and the lending value (Beleihungswert) of real property and buildings, and 35% of the difference between the book value and the market value of securities listed on a stock exchange or the published redemption price of shares issued by certain securities or real estate funds. A bank may include these reserves in Tier II capital only if its Tier I capital amounts to at least 4.4% of its risk-weighted assets. These reserves may be included in Tier II capital only up to a maximum of 1.4% of the risk-weighted assets.

As of 31 December 2005, the Tier II capital of Deutsche Postbank AG was € 2.53 billion (2004: € 2.24 billion).

Capital components that meet the above criteria but are provided to another bank, financial services institution (*Finanzdienstleistungsinstitut*) or financial enterprise (*Finanzunternehmen*) not consolidated with the bank for regulatory purposes, may not be included in the bank's regulatory banking capital,

- if the bank holds more than 10% of the capital of such other bank, financial services institution or financial enterprise, or
- if the bank holds 10% or less of the capital of such other bank, financial services institution or financial enterprise, to the extent the aggregate book value of such investments exceeds 10% of the bank's regulatory banking capital.

As of 31 December 2005, deductions from Deutsche Postbank AG's regulatory banking capital amounted to € 16 million; as of 31 December 2004, no deductions from Deutsche Postbank AG's regulatory capital were required.

### *Risk-Weighted Assets*

The calculation of risk-weighted assets, the denominator of the solvency ratio, is also set forth in Principle I. Assets are assigned to one of five rating categories based on the debtor and the type of collateral, if any, securing the respective assets. Each rating category has a risk-classification multiplier (0%, 10%, 20%, 50% and 100%). The balance sheet value of each asset is then multiplied by the risk-classification multiplier for the asset's rating category. The resulting figure is the risk-weighted value of the asset.

Off-balance sheet items, such as financial guarantees, letters of credit and certain loan commitments, are subject to a two-tier procedure. First, the value of each item is determined. This value is multiplied by one of three risk-classification multipliers (20%, 50% and 100%) depending on the type of instrument. In the second step, the off-balance sheet item is assigned to one of the five rating categories. Selection of an appropriate risk multiplier is based on the type of counterparty or debtor and the type of collateral, if any, securing the asset. The adjusted value of the off-balance sheet item is then multiplied by the risk multiplier to arrive at the risk-weighted value of the off-balance sheet item.

As of 31 December 2005, Postbank had risk-weighted assets in the amount of € 57.67 billion (2004: € 45.77 billion).

#### *Tier III Capital and Market Price Risk*

Principle I also sets forth the principles governing capital adequacy requirements for market price risk. The market price risk positions of a bank include the following:

- foreign exchange positions;
- commodities positions;
- certain trading book positions, including those involving counterparty risk, interest rate risk and share price risk; and
- options positions.

The net risk-weighted market price risk positions, which amounted to € 7.12 billion as of 31 December 2005 (2004: € 5.87 billion) at Postbank must be covered by own funds (*Eigenmittel*) that are not required to cover counterparty risk. The calculation of risk-weighted market price risk positions must be made in accordance with specific rules set forth in Principle I or, at the request of a bank, in whole or in part in accordance with the bank's internal risk rating models approved by the BaFin. Own funds consist of regulatory banking capital (Tier I capital plus Tier II capital) and Tier III capital.

Tier III capital consists of the following items:

- *Net profits*. Net profits are defined as the proportionate profit of a bank which would result from closing all trading book positions at the end of a given day minus all foreseeable expenses and distributions as well as losses resulting from the investment book which would likely arise upon a liquidation of the bank unless such losses have to be deducted from Tier I capital at the request of the BaFin.
- *Short-term subordinated debt*. This debt must meet certain criteria, including a minimum term of two years, subordination to the rights of all non-subordinated creditors in the event of insolvency or liquidation of the bank and suspension of the payment of interest and principal if such payment would result in a breach of the own funds requirements applicable to the bank.

Net profits and short-term subordinated debt qualify as Tier III capital only up to an amount which, together with the Tier II capital not required to cover risks arising from the investment book (as described above), does not exceed 250% of the Tier I capital not required to cover risks arising from the investment book.

At the close of each business day, a bank's total net risk-weighted market price risk positions must not exceed the sum of:

- the difference between the bank's regulatory banking capital and 8% of its aggregate amount of risk-weighted assets; and
- the bank's Tier III capital.

As of 31 December 2005, the Tier III capital of Postbank was € 406 million (2004: € 335 million).

#### *Capital Adequacy Requirements under Basel I and II*

For the first time in 2004, Postbank Group calculated and reported its consolidated capital adequacy ratios in direct application of the recommendations made by the Basel Committee in 1988 (**Basel I**) in addition to the calculation and reporting requirements in accordance with the German Banking Act. Basel I provides that banks shall maintain (on a consolidated basis) a risk-based core capital ratio of at least 4% and a risk-based regulatory capital ratio of at least 8%.

Whereas the solvency-calculation under the German Banking Act as well as the calculation under Basel I in the Federal Republic of Germany are generally based on the financial statements prepared

in accordance with German GAAP, Postbank, in accordance with rules issued by the BaFin, calculates its capital ratios under Basel I based on financial statements prepared in accordance with IFRS.

In some respects, the calculation of the capital ratios under Basel I is different from the calculation under the German Banking Act. In particular, under Basel I, the full amount of Postbank Group's goodwill resulting from the consolidation of subsidiaries must be deducted directly from the Group's Tier I capital, whereas under the German Banking Act, such goodwill may be amortized over ten years and only half of the yearly amortisation amount must be deducted from each of Tier I capital and Tier II capital. In addition, the risk weighting of certain risk assets under Basel I is different from that under the German Banking Act. Among other things, under Basel I commercial real estate mortgage loans have a risk weighting of 100%, whereas the risk weighting of these loans is 50% under the German Banking Act. In addition, Basel I requires the counterparty risks related to the trading book to be included in the definition of risk-weighted assets and, thus, to be covered with Tier I or Tier II capital. Under the German Banking Act, the counterparty risks related to the trading book are included in the market price risk positions and, thus, may also be covered with Tier III capital.

In January 2001, the Basel Committee released proposals to replace the 1988 capital accord with a new capital accord (**Basel II**) and to revise the existing international capital adequacy standards. The two principal goals of the proposals are (i) to align capital requirements more closely with the underlying risks; and (ii) to introduce a capital cover for operational risk (comprising, among other things, risks related to certain external factors, as well as to technical errors and errors of employees). The final framework of Basel II was published by the Basel Committee in June 2004. It will be implemented in the various countries that participate in the Basel Committee partially by the end of 2006 and partially by the end of 2007. In May 2005, the Federal Ministry of Finance published a draft solvability regulation (*Solvabilitätsverordnung*) for discussion purposes with a view to implementing Basel II capital requirements. In December 2005, the BaFin issued the Minimum Requirements on Risk Management (*Mindestanforderungen an das Risikomanagement, MaRisk*) that, *inter alia*, transpose certain elements of Basel II into German law. Based on preliminary analyses Postbank expects its risk-weighted assets and, thus its capital requirements, to be reduced once the new rules have entered into effect and the standard Internal Ratings Based (**IRB**) approach has been introduced. This expectation is based on the assumption that all other circumstances remain unchanged and it does not take into account capital requirements for operational risk.

#### *Consolidated Regulation and Supervision of Capital Adequacy Requirements*

The German Banking Act's provisions on consolidated supervision require that each group of institutions (*Institutsgruppe*) or group of financial holding companies (*Finanzholding-Gruppe*) taken as a whole meets capital adequacy requirements. Under the German Banking Act, a group of institutions consists of a bank or financial services institution, as the parent company, and all other banks, financial services institutions, financial enterprises and ancillary banking service enterprises (*Unternehmen mit bankbezogenen Hilfsdiensten*) in which the parent company holds more than 50% of the voting rights or on which the parent company can otherwise exert a controlling influence. Special rules apply to joint venture arrangements that result in the joint management of a bank, financial services institution, financial enterprise or ancillary banking service enterprise by a bank and one or more third parties.

Postbank applies the consolidation rules of the German Banking Act for the calculation of the capital requirements under Basel I.

#### ***Liquidity Requirements***

The German Banking Act requires German banks to invest their funds so as to maintain adequate liquidity at all times. Liquidity requirements are set forth in Principle II (*Grundsatz II*) of the BaFin and are based on a comparison of the remaining terms of certain assets and liabilities. Principle II requires maintenance of a ratio (*Liquiditätskennzahl*) of liquid assets to liquid liabilities expected during the month following the date on which the ratio is determined of at least one. The liquidity requirements set forth in Principle II do not apply on a consolidated basis. For further information on liquidity risk management.

## ***Limitations on Large Exposures***

The German Banking Act and the Large Exposure Regulation (*Großkredit- und Millionenkreditverordnung*) limit a bank's concentration of credit risks on an unconsolidated and a consolidated basis through restrictions on large exposures (*Großkredite*).

The large exposure rules contain separate restrictions for investment book large exposures (*Anlagebuch-Großkredite*) and aggregate book large exposures (*Gesamtbuch-Großkredite*) of a bank or group of institutions.

Investment book large exposures are exposures incurred in the investment book and related to a single customer (and companies associated with it) that equal or exceed 10% of a bank's or group of institutions' regulatory capital. Individual investment book large exposures must not exceed 25% of the bank's or group of institutions' regulatory capital (20% in the case of exposures to affiliates of the bank that are not consolidated for regulatory purposes).

Aggregate book large exposures are created when the sum of exposures related to a customer (and companies associated with it) (investment book and trading book) equals or exceeds 10% of the bank's or group of institutions' own funds. Individual aggregate book large exposures may not exceed 25% of a bank's or group's own funds (20% in the case of unconsolidated affiliates). Exposures incurred in the trading book include:

- the net amount of long and short positions in financial instruments involving interest rate risk (interest net positions);
- the net amount of long and short positions in financial instruments involving equity price risk (equity net positions); and
- the counterparty risk arising from positions in the trading book.

In addition to the above limits, the total investment book large exposures must not exceed eight times the bank's or group of institutions' regulatory capital, and the aggregate book large exposures must not exceed in the aggregate eight times the bank's or group of institutions' own funds.

A bank or group of institutions may exceed these ceilings only with the approval of the BaFin. In such a case, the bank or group is required to support the amount of the large exposure that exceeds the ceiling with regulatory capital (in the case of ceilings calculated with respect to regulatory capital) or with own funds (in the case of ceilings calculated with respect to own funds) on a one-to-one basis.

Furthermore, total trading book exposures to a single customer (and companies associated with it) must not exceed five times the bank's or group of institutions' own funds, to the extent such own funds are not required to meet the capital adequacy cover with respect to the investment book. Total trading book exposures to a single customer (and companies associated with it) in excess of the aforementioned ceilings are not permitted.

## TAXATION

The statements below regarding taxation are based on the law and practice of the relevant specified jurisdiction at the date of this Prospectus and are subject to any subsequent changes in law or practice (which could be made on a retroactive basis). The following statements do not constitute tax advice and do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities and may not apply equally to all persons. Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Securities.

### Taxation in Jersey

Investors (other than residents of Jersey) are not subject to any tax in Jersey in respect of the holding, sale or other disposition of Securities. Payments of interest on Securities will be made by the Issuer without withholding or deduction for or on account of Jersey income tax.

No stamp duties are payable in Jersey on the acquisition, ownership, redemption, sale or other disposal of Securities. Stamp duty is payable in Jersey on the registration of Probate or Letters of Administration relating to the death of an individual holder of Securities with assets situate in Jersey (which may, in some circumstances, extend to the Securities) which is calculated by reference to the value of the holder's estate in Jersey.

### Taxation in the Federal Republic of Germany

This section "Taxation in the Federal Republic of Germany" contains a summary of some important German fiscal provisions that are relevant in connection with the acquisition, the holding and the sale or redemption of the Securities. This summary is not intended to be a comprehensive and complete representation of all aspects that could be relevant to investors under German tax law. It is based on the German tax law in force at the time of preparing this Prospectus, which may change at short notice, even with retroactive effect. We therefore strongly recommend that potential investors seek advice from their professional tax advisors with respect to the tax implications of the acquisition, the holding and the sale or redemption of Securities.

#### *Investors tax resident in Germany*

All interest payments including interest having accrued up to the disposal of the Security and credited separately (**Accrued Interest**) made by the Issuer to investors tax resident in Germany (persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to income or corporate tax plus solidarity surcharge in the amount of 5.5 per cent. of the relevant income or corporate tax liability. If Securities are held as a non-business asset, any Accrued Interest paid upon the acquisition of Securities may give rise to negative income and may, therefore, reduce such Securityholder's income tax liability. If Securities are held as assets of a German commercial business, these interest payments are subject to trade tax (*Gewerbesteuer*) also. If Securities are held in a custodial account maintained with a bank or financial services provider in Germany, including branches of foreign banks or financial services providers in Germany (the **Disbursing Agent** – *inländische Zahlstelle*), withholding tax on interest income (*Zinsabschlagsteuer*) in the amount of 30 per cent. (plus 5.5 per cent. solidarity surcharge thereon, i.e. a total of 31.65 per cent.) will be withheld from the gross amount of the interest payments (including Accrued Interest). Tax withheld by the Disbursing Agent will be credited against the final German income or corporate tax burden of the Securityholder.

No tax is withheld by the Disbursing Agent if the Securityholder is an individual who has filed a certificate of exemption (*Freistellungsauftrag*) with the Disbursing Agent and the Securities held by such individual are not part of a German commercial business property or generate income from the letting and leasing of property. However, this exemption applies only to the extent that the aggregate interest income derived from the Securities, together with an individual's other investment income administered by the Disbursing Agent, does not exceed the maximum annual exemption amount

shown on the certificate of exemption (up to € 1,370 for individuals and € 2,740 for married couples filing jointly). No withholding obligation exists also, if the Securityholder submits to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the local tax office.

Profits from the sale or redemption of the Securities, including the profits achieved by a second or subsequent purchaser, are deemed to be interest income and are subject to personal income or corporate tax plus solidarity surcharge thereon under German tax law. If Securities are held as part of a German commercial business, such profits are subject to trade tax also. The taxable profit from the sale or redemption of Securities is calculated as the difference between the proceeds from the sale or redemption and the purchase price of the Securities (so-called *Marktrendite*). For Securities held in a custodial account maintained with a Disbursing Agent since the acquisition of the Securities, the Disbursing Agent will be required to withhold tax in the amount of 30 per cent. (plus a 5.5 per cent. solidarity surcharge) of the difference between the sale or redemption proceeds and the purchase price paid for the Securities. If the Disbursing Agent has changed since the acquisition of the Securities, tax is withheld in the amount of 30 per cent. of the sale or redemption proceeds (plus solidarity surcharge of 5.5 per cent. thereon). The tax withheld will be credited against the final German income or corporate tax burden of the Securityholder.

No tax will be withheld, if the Securityholder is an individual whose Security does not form part of the property of a German business nor gives rise to income from the letting and leasing of property and who filed a certificate of exemption (*Freistellungsauftrag*) with the Disbursing Agent to the extent that the interest income derived from the Security together with other investment income does not exceed the maximum exemption amount shown on this certificate (see above Interest Payments). The same applies if the Securityholder submits to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the local tax office.

#### *Non-resident investors*

Interest paid to a Securityholder and profits from the sale or redemption realized by a Securityholder not resident in Germany will generally not be taxable in Germany and no tax will be withheld (even if the Securities are kept with a Disbursing Agent). Exemptions apply, for example, (i) if the Securities are held as a business asset of a German permanent establishment or by a permanent representative of the non-resident Securityholder, (ii) if the interest income of such Securities does otherwise constitute German source income or (iii) if the non-resident Securityholder does not comply with the procedural rules to prove his status as a non-tax resident. In these cases, the Securityholder not resident in Germany will be subject to a tax regime similar to that described above under "Investors tax resident in Germany".

#### *Inheritance and Gift Tax*

The transfer of Securities in case of succession upon death, or by way of a gift among living persons is subject to German inheritance and/or gift tax, if the deceased, donor and/or the recipient is a German resident. German inheritance and gift tax is also triggered if neither the deceased, the donor nor the recipient of the Securities are German residents, if the Securities are attributable to German business activities and if a German permanent establishment is maintained for such business activities or a permanent representative is appointed in Germany. In specific situations, also German expatriates that have been tax resident in Germany may be subject to inheritance and gift tax. Double taxation treaties may provide for exceptions to the German inheritance and gift tax regulations.

#### *European Union Directive on the Taxation of Savings Income*

Under the EU Council Directive 2003/48/EU on the taxation of savings income (the ***Savings Directive***), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclu-

sion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have (agreed to) adopt(ed) similar measures.

Germany has implemented the Savings Directive through the Interest Information Regulation (*Zinsinformationsverordnung – ZIV*) of 26 January 2004.

#### **Jersey and the European Union Directive on the Taxation of Savings Income**

As part of an agreement reached in connection with the Savings Directive, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey tax authorities, the Issuer would not be obliged to levy retention tax in Jersey under these provisions in respect of interest payments made by it to a paying agent established outside Jersey.

## SUBSCRIPTION AND SALE

Under a subscription agreement dated 29 March 2006, the Managers have agreed to subscribe for the aggregate nominal amount of € 500,000,000 Dated Upper Tier 2 Securities at the price of 100 per cent. of their nominal amount in order to sell the Securities to investors. The Managers have agreed to sell the Securities to investors in the primary placement only in units of € 50,000 or more. Certain commissions are being paid to the Managers by Postbank in connection with the issue of the Securities.

Postbank has undertaken to indemnify and hold harmless the Managers against certain liabilities incurring in the context of the subscription and sale of the Securities. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to the issue of, and payment for, the Securities.

The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Postbank Group, for which the Managers or their affiliates have received or will receive customary fees and commissions.

There are no interests of natural and legal persons involved in the issue, including conflicting ones, that are material to the issue.

### Selling Restrictions

#### *United States*

Each of the Managers has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Securities within the United States of America or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the closing date and the completion of the distribution of the Securities, and it will send to each dealer to which it sells Securities during the 40 day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States of America or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Securities within the United States of America by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Securities may not be purchased by or transferred to any employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, any plan or arrangement subject to Section 4975 of the Code, or any entity whose underlying assets include the assets of any such employee benefit plans, plan or arrangements.

#### *European Economic Area*

In relation to each Member State of the European Economic Area (\*) which has implemented the Prospectus Directive (each, a **Relevant Member State**), each of the Managers has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Securities to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Securities which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State at any time:

---

(\*) The EU plus Iceland, Norway and Liechtenstein.

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last fiscal year; (2) a total balance sheet of more than € 43,000,000 and (3) an annual turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and includes any relevant implementing measure in each Relevant Member State.

*United Kingdom of Great Britain and Northern Ireland*

Each of the Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

*Jersey*

Each of the Managers has represented and agreed that it has not offered or sold, and will not offer or sell, the Securities to any person resident for income tax purposes in Jersey.

*General*

In addition to the specific restrictions set out above, the Managers agree that they will observe all applicable provisions of law in each jurisdiction in or from which it may offer Securities or distribute any offering material.

**Delivery of the Securities**

The Securities will initially be represented by a temporary global security in bearer form without coupons which will be exchanged not earlier than 40 days and not later than 180 days into a permanent global security in bearer form without coupons upon certification as to non U.S. beneficial ownership of the Securities in accordance with the practices of Clearstream Luxembourg and Euroclear.

Co-ownership interests in Securities may be transferred according to the applicable rules of Clearstream Luxembourg and Euroclear. It is expected that the delivery of the Securities will be made through Clearstream Luxembourg and Euroclear against payment therefor in immediately available funds on 31 March 2006. Physical certificates or interest coupons will not be issued. A copy of the global security will be available free of charge with the paying agents named below.

The Securities will be transferable in Euroclear and Clearstream exclusively in aggregate denominations of € 50,000 or greater.

It is expected that the Securities will be admitted to trading on the Irish Stock Exchange on 31 March 2006.

## GENERAL INFORMATION

### **Subject of this Prospectus**

The subject of this Prospectus are the € 500,000,000 Dated Upper Tier 2 Securities.

### **Clearing Codes**

The Securities have been accepted for clearance through the facilities of Clearstream Luxembourg and Euroclear under the following clearance codes:

ISIN: XS 0249466730

WKN: A0GQE7

Common Code: 024946673

### **Issue Date**

The Securities will be issued on 31 March 2006. The rights attached to the Securities take effect as of such Issue Date.

### **Yield to Maturity**

The yield to maturity is 4.664 per cent. *per annum* provided that all interest is paid in full.

### **Listing Documents for Inspection**

Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under the Prospectus Directive, for this Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Securities to be admitted to the Official List and trading on its regulated market. So long as the Securities are listed on the Irish Stock Exchange, the Issuer will maintain a paying agent in Ireland.

At any time during the term of the Securities the most recently published audited consolidated and non-consolidated audited annual financial statements and unaudited consolidated interim financial reports of Postbank, and, once available, the most recently available annual accounts of the Issuer, will also be available for inspection and obtainable free of charge at the offices of the Principal Paying Agent in Frankfurt am Main and the Irish Paying Agent.

The Issuer does not prepare interim financial statements and will not provide post-issuance transaction information regarding the Securities or the underlying collateral (other than the financial statements referred to above).

In addition, copies of the following documents will be available in physical form for inspection and obtainable, free of charge, at any time as long as any Securities are outstanding at the offices of the Issuer and, at any time as long as the Securities are listed on the Irish Stock Exchange, at the offices of the Irish Paying Agent:

- (a) the Fiduciary Assignment Agreement;
- (b) the articles of association (*Satzung*) of Postbank;
- (c) the Partnership Agreement of the Issuer; and
- (d) the consents and authorisations referred to under "Authorisations" below.

At any time during the term of the Securities, the articles of association (*Satzung*) of Postbank (as amended from time to time) and the audited consolidated annual financial statements of Postbank for the fiscal years 2004 and 2005 will also be available in physical form for inspection during the regular business hours at the offices of Deutsche Postbank AG, Friedrich-Ebert-Allee 114-126, 53113 Bonn, Germany.

## **Notices**

All notices to the Securityholders will be given by the Issuer (i) by mail, fax or electronically to Clearstream Luxembourg and Euroclear and (ii) so long as any of the Securities are listed on the Irish Stock Exchange and the Irish Stock Exchange so requires, to the Company Announcement Office of the Irish Stock Exchange through the Irish Paying Agent.

## **No Material Change**

Since its date of formation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Prospectus. Save as disclosed herein, there has been no significant change in the financial position of Postbank or the Postbank Group since the date of its last published audited annual report. Furthermore, save as disclosed herein, there has been no material adverse change in the prospects of the Issuer since its formation on 16 March 2006 or Postbank or the Postbank Group since the date of its last published audited annual report.

## **Authorisations**

The issue of the Securities by the Issuer has been duly authorised by a board resolution of the Issuer General Partner dated 28 March 2006.

## **Legal status**

The Issuer was registered under the name "ProSecure Funding Limited Partnership" under the Limited Partnerships (Jersey) Law 1994, as amended, on 16 March 2006. The Issuer was established on 16 March 2006 for an unlimited duration, is not a legal entity separate from its partners and has no operating history.

Postbank operates under German law. Postbank is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Bonn (HRB 6793) and has been established for an unlimited duration.

## **Litigation and Arbitration Proceedings**

Save as disclosed in this Prospectus, neither Postbank nor the Issuer is nor has been engaged in any governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer, Postbank or the Postbank Group nor, as far as Postbank and the Issuer is aware, are any such governmental, legal or arbitration proceedings pending or threatened.

## **Subsidiaries**

A selective overview of Postbank's equity participations as at 31 December 2005 is set out in the published consolidated audited financial statements of Postbank for the year ended 31 December 2005.

## **Auditors**

The unconsolidated and consolidated financial statements of Deutsche Postbank AG have been audited without qualification for the two financial years ended 31 December 2004 and 31 December 2005 by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (formerly named PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft), Moskauer Strasse 19, 40227 Düsseldorf. PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft is a member of the chamber of public accountants (*Wirtschaftsprüferkammer*), Berlin.

[This page intentionally left blank]

## INDEX OF FINANCIAL STATEMENTS OF POSTBANK

<b>Consolidated financial statements of the Postbank Group for the period ended</b>	
<b>31 December 2005</b>	.....
Consolidated Income Statement	.....
Consolidated Balance Sheet	.....
Statement of Changes in Equity	.....
Consolidated Cash Flow Statement	.....
Notes	.....
Auditor's Report	.....
<b>Consolidated financial statements of the Postbank Group for the period ended</b>	
<b>31 December 2004</b>	.....
Consolidated Income Statement	.....
Consolidated Balance Sheet	.....
Statement of Changes in Equity	.....
Consolidated Cash Flow Statement	.....
Notes	.....
Auditor's Report	.....
<b>Unconsolidated financial statements of Deutsche Postbank AG as of 31 December 2005</b>	.....
Balance Sheet	.....
Profit and Loss Account	.....
Notes	.....
Auditor's Report	.....

---

Note: The auditor's reports included in this Prospectus have been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) on the consolidated and unconsolidated financial statements as well as on the respective management report of Postbank. These management reports are neither included nor incorporated by reference in this Prospectus.

**Consolidated Financial Statements in accordance  
with International Financial Reporting Standards  
for the period ended December 31, 2005**

## Consolidated Income Statement for the period January 1 to December 31, 2005

	Note	2005 €m	2004 <sup>1</sup> €m
Interest income	(8)	5,350	5,271
Interest expense	(8)	-3,675	-3,704
Net interest income	(8)	1,675	1,567
Allowance for losses on loans and advances	(9)	-205	-185
Net interest income after allowance for losses on loans and advances		1,470	1,382
Fee and commission income	(10)	801	706
Fee and commission expense	(10)	-102	-94
Net fee and commission income	(10)	699	612
Net trading income	(11)	205	198
Net income from investment securities	(12)	252	297
Administrative expenses	(13)	-1,886	-1,869
Other income	(14)	252	161
Other expenses	(15)	-273	-133
Profit before tax		719	648
Income tax expense	(16)	-226	-212
Profit from ordinary activities after tax		493	436
Minority interest		-1	-1
<b>Net profit for the period</b>		<b>492</b>	<b>435</b>

### Earnings per share

The average number of shares outstanding in fiscal year 2005 was 164,000,000 (previous year: 164,000,000).

	2005	2004 <sup>1</sup>
Basic earnings per share (€)	3.00	2.65
Diluted earnings per share (€)	3.00	2.65

The diluted earnings per share are the same as the basic earnings per share because, as in the previous year, no conversion or option rights are outstanding, and hence there is no dilutive effect.

The Management Board will propose to the Annual General Meeting that a dividend of €1.25 per share be paid.

<sup>1</sup> Prior-period figures restated (see note 5)

## Consolidated Balance Sheet as of December 31, 2005

Assets	Note	2005 €m	2004 <sup>1</sup> €m
Cash reserve	(17)	968	1,125
Loans and advances to other banks	(18)	17,801	23,820
Loans and advances to customers	(19)	52,873	47,739
Allowance for losses on loans and advances	(21)	-776	-667
Trading assets	(22)	10,386	9,695
Hedging derivatives	(23)	639	973
Investment securities	(24)	55,423	43,483
Property and equipment	(25)	825	926
Other assets	(26)	2,141	1,160
thereof deferred tax assets	(27)	434	520
<b>Total assets</b>		<b>140,280</b>	<b>128,254</b>
Shareholders' Equity and Liabilities	Note	2005 €m	2004 <sup>1</sup> €m
Deposits from other banks	(29)	30,778	16,215
Due to customers	(30)	78,481	80,519
Securitized liabilities	(31)	14,613	16,490
Trading liabilities	(32)	3,345	2,702
Hedging derivatives	(33)	1,668	2,245
Provisions	(34)	1,999	1,992
a) Provisions for pensions and other employee benefits	(35)	585	584
b) Provisions for taxes	(36)	1,030	995
thereof deferred tax liabilities		955	958
c) Other provisions	(37)	384	413
Other liabilities	(38)	427	517
Subordinated debt	(39)	3,783	2,808
Shareholders' Equity	(40)	5,186	4,766
a) Issued capital		410	410
b) Share premium		1,160	1,159
c) Retained earnings		3,123	2,761
d) Consolidated net profit		492	435
Minority interest		1	1
<b>Total liabilities and shareholders' equity</b>		<b>140,280</b>	<b>128,254</b>

<sup>1</sup> Prior-period figures restated (see notes 5 and 6)

## Statement of Changes in Equity

	Issued capital €m	Share premium €m	Retained earnings €m	Currency translation reserve €m	Revaluation reserve €m	Consolidated net profit €m	Total €m	Minority interest €m	Total €m
<b>Balance at December 31, 2003</b>	<b>410</b>	<b>1,159</b>	<b>3,002</b>	<b>-94</b>	<b>-200</b>	<b>589</b>	<b>4,866</b>	<b>14</b>	<b>4,880</b>
first-time application of IAS 39 (rev. 2003)									
Cumulative impairment			-422		422		-		-
New designation of financial instruments					-141		-141		-141
IAS restatements			66				66		66
<b>Balance at January 1, 2004</b>	<b>410</b>	<b>1,159</b>	<b>2,646</b>	<b>-94</b>	<b>81</b>	<b>589</b>	<b>4,791</b>	<b>14</b>	<b>4,805</b>
first-time application of IAS 39 (rev. 2003)									
Cumulative impairment			13		-13		-		-
New designation of financial instruments					98		98		98
Dividend payment						-589	-589		-589
Currency translation differences				-26			-26		-26
Changes in unrealized gains and losses, net of deferred taxes					56		56		56
Consolidated net profit January 1 – December 31, 2004						420	420	1	421
IAS restatements						15	15		15
Treasury shares						-	-		-
Other changes						-	-14		-14
<b>Balance at December 31, 2004</b>	<b>410</b>	<b>1,159</b>	<b>2,659</b>	<b>-120</b>	<b>222</b>	<b>435</b>	<b>4,765</b>	<b>1</b>	<b>4,766</b>
For info.: Total of items in 2004 that change shareholders' equity in accordance with IAS 1.96c			13	-26	141	435	563	1	564
Dividend payment						-205	-205		-205
Appropriation to retained earnings			230			-230	-		-
Currency translation differences				43			43		43
Changes in unrealized gains and losses, net of deferred taxes					89		89		89
Consolidated net profit January 1 – December 31, 2005						492	492	1	493
Treasury shares			1				1		1
Other changes						-	-1		-1
<b>Balance at December 31, 2005</b>	<b>410</b>	<b>1,160</b>	<b>2,889</b>	<b>-77</b>	<b>311</b>	<b>492</b>	<b>5,185</b>	<b>1</b>	<b>5,186</b>
For info.: Total of items in 2005 that change shareholders' equity in accordance with IAS 1.96c				43	89	492	624	1	625

Changes in unrecognized gains and losses, net of deferred taxes, include measurement and disposal gains and losses on available-for-sale financial instruments. A more detailed disclosure of changes in the revaluation reserve may be found in note 40. Please see note 6a for more information on the cumulative impairment arising from the first-time application of IAS 39 (rev. 2003), see note 6b for more information on the new designation of financial instruments, and note 5 on the IAS restatement. Postbank did not hold any treasury shares as of December 31, 2005.

## Consolidated Cash Flow Statement

	2005 €m	2004 <sup>1</sup> €m
<b>Net profit for the period</b>	<b>492</b>	<b>435</b>
Non-cash items in net profit for the period and reconciliation of net profit to net cash used in operating activities		
Depreciation and write-downs of property and equipment, write-downs of investment securities, loans and advances, and reversals of impairment losses on these items	314	262
Changes in provisions	7	341
Changes in other non-cash items	-141	-246
Gains on disposal of property and equipment and investment securities	-263	-214
Other adjustments (net)	-1,544	-1,429
<b>Subtotal</b>	<b>-1,135</b>	<b>-851</b>
Changes in working capital after adjustment for non-cash components		
Loans and advances to other banks	5,710	10,291
Loans and advances to customers	-5,202	-4,594
Trading assets	-669	3,337
Hedging derivatives with positive fair values	176	-459
Other operating assets	-927	-52
Deposits from other banks	14,397	-4,107
Due to customers	-2,063	5,788
Securitized liabilities	-1,598	-9,395
Trading liabilities	642	1,068
Hedging derivatives with negative fair values	-586	401
Other liabilities	-90	146
Interest received	5,109	5,247
Interest paid	-3,496	-3,386
Other income	132	55
Dividends received	58	23
Income taxes paid	-106	-34
<b>Net cash used in operating activities</b>	<b>10,352</b>	<b>3,478</b>

<sup>1</sup> Prior-period figures restated (see note 5)

	2005 €m	2004 <sup>1</sup> €m
<b>Proceeds from the disposal of</b>		
Investment securities	6,069	18,583
Investments in subsidiaries	18	2
Property and equipment	83	2
Intangible assets	3	–
<b>Payments to acquire</b>		
Investment securities	–17,250	–22,902
Investments in subsidiaries	–29	–11
Property and equipment	–65	–49
Intangible assets	–66	–40
<b>Net cash from investing activities</b>	<b>–11,237</b>	<b>–4,415</b>
Dividends paid	–205	–590
Net change in cash and cash equivalents from other financing activities	943	1,024
<b>Net cash used in/from financing activities</b>	<b>738</b>	<b>434</b>
<b>Cash and cash equivalents at start of period</b>	<b>1,125</b>	<b>1,623</b>
Net cash used in operating activities	10,352	3,478
Net cash from investing activities	–11,237	–4,415
Net cash used in/from financing activities	738	434
Effect of exchange differences	–10	5
<b>Cash and cash equivalents at end of period</b>	<b>968</b>	<b>1,125</b>

Cash and cash equivalents include cash, balances with central banks, public-sector debt instruments and bills eligible for rediscounting with the central bank.

The allocation of cash flows to operating activities is based on the definition of profit from ordinary activities. The change in other non-cash items relates in particular to changes in the positive and negative fair values of derivatives.

<sup>1</sup> Prior-period figures restated (see note 5)

## Table of contents

### Notes

<b>Basis of preparation</b>	<b>114</b>
(1) Basis of accounting	114
(2) Basis of consolidation	115
(3) Consolidation methods	116
(4) Accounting policies	116
(a) Cash reserve	116
(b) Loans and advances	116
(c) Leases	117
(d) Allowances and provisions for losses on loans and advances, write-downs and impairment	117
(e) Trading assets	118
(f) Securities lending and repurchase agreements	118
(g) Hedging derivatives	119
(h) Investment securities	120
(i) Property and equipment	120
(j) Other assets	121
(k) Liabilities	121
(l) Trading liabilities	122
(m) Provisions	122
(n) Currency translation	124
(o) Income tax expense	124
(5) Changes in accounting policies	124
(6) Effects of the IFRSs to be applied from January 1, 2005	125
(7) Significant events after the balance sheet date	126
 <b>Income statement disclosures</b>	 <b>128</b>
(8) Net interest income	128
(9) Allowance for losses on loans and advances	129
(10) Net fee and commission income	130
(11) Net trading income	130
(12) Net income from investment securities	132
(13) Administrative expenses	133
(14) Other income	134
(15) Other expenses	135
(16) Income tax expense	136

<b>Balance sheet disclosures</b>	<b>138</b>
(17) Cash reserve	138
(18) Loans and advances to other banks	138
(19) Loans and advances to customers	139
(20) Total credit extended	140
(21) Allowance for losses on loans and advances	141
(22) Trading assets	142
(23) Hedging derivatives	143
(24) Investment securities	144
(25) Property and equipment	147
(26) Other assets	150
(27) Deferred tax assets	150
(28) Intangible assets	152
(29) Deposits from other banks	154
(30) Due to customers	155
(31) Securitized liabilities	156
(32) Trading liabilities	156
(33) Hedging derivatives	157
(34) Provisions	157
(35) Provisions for pensions and other employee benefits	158
(36) Provisions for taxes	161
(37) Other provisions	162
(38) Other liabilities	162
(39) Subordinated debt	163
(40) Shareholders' equity	164
<b>Other disclosures</b>	<b>166</b>
(41) Segment reporting	166
(42) Contingencies and other obligations	167
(43) Bonds outstanding	167
(44) Cover for bonds outstanding	168
(45) Foreclosures and compulsory administration	168
(46) Fair value of financial instruments carried at amortized cost or hedge fair value	169
(47) Foreign currency volume	170
(48) Disclosures on significant concentration of business	170
(49) Financial instruments in accordance with IAS 39 – Measurement categories	171
(50) Derivatives	172
(51) Risk assets and capital ratio	176
(52) Maturity structure	177
(53) Subordinated assets	179
(54) Other financial obligations	179
(55) Trust activities	180
(56) Employees	181
(57) Related party disclosures	181
(58) Other disclosures	188
(59) Members of executive bodies	188
(60) Auditors' fee in accordance with section 314 (1) no. 9 of the HGB	196
(61) Declaration of Compliance with the German Corporate Governance Code	197

## Notes

### **Basis of preparation**

#### **(1) Basis of accounting**

As a listed company, Postbank AG has prepared its consolidated financial statements for the year ended December 31, 2005 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements of German commercial law under section 315a(1) of the HGB (German Commercial Code).

Annexe A.1 to these consolidated financial statements provides an overview of the IFRSs applied (as of December 31, 2005).

Accounting and measurement are based on the going concern principle. Income and expenses are accrued. They are recognized and recorded in the period to which they relate.

The consolidated financial statements comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the notes.

Unless otherwise indicated, all amounts are shown in millions of euros (€m).

All estimates and assessments required for accounting and measurement in accordance with the IFRSs are in conformity with the respective standard, are regularly remeasured and based on historic experience as well as other factors, including expectations as to future events which appear reasonable under the given circumstances. If there were a greater extent of estimates required, the assumptions made are explained in detail in the note to the corresponding item.

The management of interest rate and counterparty risks is described in the Risk Report.

The IFRSs do not require a specific format for the presentation of the income statement and the balance sheet. In accordance with customary international practice, the income statement and the balance sheet are presented in a summary format complying with IAS 1 and 30, and supplemented by additional disclosures in the notes.

**(2) Basis of consolidation**

In addition to the parent company Deutsche Postbank AG, Bonn, 34 (previous year: 33) subsidiaries and 2 (previous year: 2) joint ventures, all of which are listed in the summary entitled "Consolidated Companies" (note 57), are included in the consolidated financial statements as of December 31, 2005.

In conjunction with an issue of "trust preferred securities", two companies located in Wilmington (Delaware, USA) were formed on April 20, 2005 as wholly-owned subsidiaries of Postbank: Deutsche Postbank Funding LLC III and Deutsche Postbank Funding Trust III.

As of June 30, 2005, Ralos Verwaltungs GmbH & Co. Vermietungs KG, Munich, was deconsolidated due to its materiality for the Postbank Group.

Dresdner Zahlungsverkehrsservice GmbH, Frankfurt am Main, a wholly owned subsidiary of Betriebs-Center für Banken Deutschland GmbH & Co. KG, Frankfurt am Main, was renamed Betriebs-Center für Banken Zahlungsverkehrsservice GmbH, Frankfurt am Main, on July 6, 2005.

With effect from September 1, 2005, VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn, and PBC Carnegie, LLC, Wilmington, Delaware, USA, which had been formed as a wholly-owned subsidiary by PB (USA) Holdings Inc., Wilmington, Delaware, USA, on October 19, 2005, were newly included in the basis of consolidation.

Postbank Vermögensberatung Service GmbH, Cologne, was deconsolidated due to its merger with Postbank Vermögensberatung AG, Bonn. The merger took effect upon registration in the commercial register on September 29, 2005.

DSL Finance N.V., Amsterdam (Netherlands), was deconsolidated due to its materiality for the Postbank Group as of September 30, 2005. Subsequent to the transfer of outstanding bonds from DSL Finance N.V., Amsterdam (Netherlands), to Postbank the company was wound up on December 15, 2005.

Accordingly, the following companies were newly included in the basis of consolidation up to and including December 31, 2005:

- VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn
- PBC Carnegie LLC, Wilmington, Delaware, USA
- Deutsche Postbank Funding LLC III
- Deutsche Postbank Funding Trust III

We have described the effects, where they are material, of the initial consolidation of these companies under the related income statement and balance sheet items. Details of additions to goodwill can be found in note 28.

In accordance with Interpretation SIC-12 issued by the International Financial Reporting Interpretations Committee (IFRIC), according to which special purpose entities must be consolidated under certain circumstances, a total of 24 special funds (December 31, 2004: 25) were consolidated as special purpose entities in the consolidated financial statements. One special fund was dissolved as of August 31, 2005 and one was transferred to a new special fund as of October 1, 2005.

### **(3) Consolidation methods**

In accordance with IAS 27.28, the consolidated financial statements of Postbank have been prepared in accordance with uniform Group accounting and measurement policies.

Acquisition accounting uses the purchase method in accordance with IAS 27.22 in conjunction with IFRS 3. Recognition of the investments in affiliated companies at their carrying amount at the parent is replaced by the fair values of the assets and liabilities of the companies included.

Any goodwill arising from initial consolidation is no longer amortized over its useful life. Instead, it is tested for impairment once a year and written down if required.

Investments in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as "minority interest". The value of such minority interest is determined on the basis of the carrying amounts of the assets and liabilities attributable to them.

Joint ventures are proportionately consolidated in accordance with IAS 31.30.

Intercompany receivables and liabilities, as well as income and expenses from intercompany transactions, were eliminated in accordance with IAS 27.24 f. Intercompany profits within the Group were eliminated in accordance with IAS 27.25 f..

In accordance with Interpretation SIC-12 issued by the International Financial Reporting Interpretations Committee (IFRIC), special purpose entities must be consolidated under certain circumstances. At Postbank, this applies in particular to special funds.

### **(4) Accounting policies**

#### **(a) Cash reserve**

With the exception of bills, which are carried at their fair values, all cash reserves are carried at their face value.

#### **(b) Loans and advances**

Loans and advances to other banks and customers are reported at amortized cost ("loans and receivables" category). These also include all money market lendings.

Loans and advances are recognized at the settlement date.

Impairments of loans and advances due to changes in credit risk are recognized separately in the allowance for losses on loans and advances, and deducted from assets.

The carrying amount of collateralized loans that qualify for hedge accounting is adjusted for the gains and losses from changes in fair value attributable to the hedged risk.

Premiums, discounts and transaction costs are recognized in net interest income. Deferred interest on loans and advances, as well as premiums and discounts, are carried together under the relevant items of loans and advances. Premiums and discounts are deferred using the effective interest method.

(c) Leases

Under IFRSs, leased assets are allocated to and recognized at the lessor or the lessee on the basis of the risks and rewards incidental to ownership.

Where Postbank is the lessor of a finance lease, it discloses the receivable at its net investment value under loans and advances to other banks or loans and advances to customers. The lease installments due are recognized as interest income (interest component; recognized in income) and deducted from the receivables reported (principal redemption component; recognized in equity).

Where Postbank is the lessor of an operating lease, it carries the leased asset at amortized cost under property and equipment. The lease installments received during the respective period are reported in other operating income; write-downs on the leased asset are carried under administrative expenses.

Where Postbank is the lessee of an operating lease, it reports the lease installments paid in full as rental expense under other expenses.

(d) Allowances and provisions for losses on loans and advances, write-downs and impairment  
Identifiable credit risks are covered by recognizing specific valuation allowances. For risks that have arisen but not yet been identified by the unit concerned within the Group, portfolio-based valuation allowances are recognized for groups of financial assets with similar default risk profiles, the amounts of which are determined on the basis of historical loss experience. The allowance for losses on loans and advances is deducted from assets as a separate balance sheet item. It relates to allowances for losses on loans and advances to other banks and customers.

A financial asset is impaired if its estimated recoverable amount is lower than its carrying amount, i.e. if a loan is presumed to be (partly) uncollectable. If this is the case, the loss on assets carried at amortized cost (IAS 39.63) must either be recognized through an indirect write-down (loan loss allowance) or by writing down the asset directly and recognizing the loss in net profit or loss (IAS 39.63).

In accordance with IAS 39.AG 84 ff., the recoverable amount is determined using the following methods:

- discounted present value of estimated future cash flows (interest and principal payments as well as incoming payment amounts from the liquidation of collaterals) from the financial asset;
- the market price, where there is an observable market price for the financial instrument, because marking-to-market reflects the greater counterparty risk.

Uncollectable loans and advances are written off directly against income in the appropriate amount; recoveries on loans previously written off are recognized in income.

Credit risk provisions are recognized for liabilities under sureties/and other guarantees involving a default risk.

**(e) Trading assets**

Securities and derivatives with positive fair values acquired for the purpose of generating a profit from short-term fluctuations in market prices or dealing margins are carried under this balance sheet item. It also contains the positive fair values of banking book derivatives. These transactions are recognized at the trade date.

Trading assets are measured at their fair values. Remeasurement gains and losses as well as gains or losses on the sale or disposal of trading assets are recognized in net trading income. If there are publicly quoted market prices on an active market as defined by IAS 39.AG 71 ff., these are generally used as the fair value; if this is not the case, fair value is determined using recognized valuation models.

**(f) Securities lending and repurchase agreements**

Postbank enters into both securities lending and bona fide securities repurchase agreements. Securities sold under repo and sell-and-buy-back transactions (cash sales) are carried as securities in the consolidated balance sheet. Cash inflows from such transactions are carried in the balance sheet as deposits from other banks or amounts due to customers, depending on the respective counterparty. As is the case under the HGB, these cash inflows are disclosed in the amount of the purchase price received (net); prepaid expenses are recognized ratably for the repo rate to be paid. Interest payments are carried under interest expense.

Reverse repo and buy-and-sell-back transactions (cash purchases of securities) are carried as loans and advances to other banks or loans and advances to customers. The securities purchased are not carried in the balance sheet; interest arising from such transactions is carried under interest income.

IFRSs only require an obligation to return the securities to be recognized by the borrower if the securities are passed on to another party. The lender continues to recognize the securities.

(g) Hedging derivates

The aim of asset/liability management at the Postbank Group is to manage the Bank's overall exposure in a way which minimizes risk while maximizing earnings, with a particular focus on present value risk and balance sheet-related revenues under the IFRSs (the total of net interest income, net trading income and net investment securities).

The hedging strategies employed in asset/liability management aim to manage these factors in a constantly changing market and portfolio environment; fair value hedges are employed in particular.

For interest-bearing securities and noncurrent receivables, the instruments used in fair value hedges are primarily interest rate swaps. For issues, cross-currency swaps and structured swaps are also employed to convert fixed-income or structured items into variable-rate exposures. Fair value hedges are used to hedge both individual items and homogeneous subportfolios. Shares are managed using derivatives with option features.

Hedging derivatives relate to those hedging instruments that meet the requirements for hedge accounting set out in IAS 39.

As a rule, a derivative held for hedging purposes may be allocated to a single hedged item or to several similar hedged items. Such hedges are generally termed micro-hedges. IAS 39 restricts the use of hedge accounting. Under IFRSs, hedge accounting may only be used for hedging relationships that meet the requirements of IAS 39.88 ff. A hedging relationship ends when the hedged item or the hedging instrument expires, is sold or exercised, or if the hedge no longer meets the criteria for qualification for hedge accounting.

Derivatives entered into for the purposes of asset/liability management and derivatives from ineffective hedging relationships do not meet the conditions set out in IAS 39.88 ff., and thus are always recognized in income and disclosed at their fair value as banking book derivatives under trading assets/liabilities. These derivatives generally relate to interest rate swaps entered into to hedge net positions of receivables and liabilities. Under IFRSs, measurement gains and interest income from these items are recognized in net trading income.

The hedge accounting criteria must be satisfied at each balance sheet date and for each hedging relationship.

A fair value hedge is a hedge of the exposure to changes in the fair value of assets and liabilities where these changes are based on market price risks. Effectiveness testing for all fair value hedges is performed prospectively by way of a sensitivity analysis of the hedged item and the hedging instrument, supplemented by homogeneity testing of the subportfolios. Actual changes in the fair values of the hedged item and the hedging instrument are regularly compared retrospectively for each hedging relationship, supplemented by simulations in some cases.

(h) Investment securities

Investment securities are composed of bonds not held for trading and other fixed-income securities, equities and other non-fixed-income securities, investments in unconsolidated subsidiaries and other equity investments.

Investment securities are measured at cost at the time of initial recognition.

Available-for-sale investment securities are subsequently measured at their fair values.

Changes in the fair values of available-for-sale investment securities are recognized directly in the revaluation reserve in equity and are not recognized in income until the gain or loss is realized. If hedge accounting is used for these investment securities, gains and losses from changes in fair value attributable to the hedged risk are recognized directly in income.

Held-to-maturity bonds and securities not listed on an active market are carried at amortized cost.

Premiums and discounts are allocated directly to the financial instruments and spread over the remaining maturity while applying the effective interest method. Write-downs are charged in the event of significant or permanent impairment. If hedge accounting is used for these investment securities, their carrying amount is adjusted for the gains and losses from changes in fair value attributable to the hedged risk.

Investments in unconsolidated subsidiaries and other equity investments are generally carried at cost as their fair value cannot reliably be determined.

Write-downs are charged in the event of permanent impairment. Investment securities are recognized at the settlement date.

(i) Property and equipment

Property and equipment is carried at cost and reduced by depreciation over the standard useful life of the asset. Determination of the useful life of an asset reflects physical wear and tear, technical obsolescence and legal and contractual restraints. Write-downs are charged in the event of additional impairment.

The carrying amount of property and equipment is reduced by straight-line depreciation over the following periods:

	Useful life (years)
Buildings	60
IT systems	4–7
Other operating and office equipment	3–20

For reasons of materiality, acquisitions of low-value assets are expensed immediately. Maintenance and repair costs for property and equipment are also expensed as incurred.

IAS 40 (Investment Property) defines investment property as property held to earn rentals and/or for capital appreciation, rather than for supply of services or for administrative purposes or for sale in the ordinary course of business.

In the case of mixed-use property, a distinction is made between investment property and owner-occupied property by way of an assessment to determine whether the leased portion could be sold separately from the portion used for operating purposes. If this is the case, the two portions are accounted for separately: one portion as an item of property and equipment (owner-occupied property) and the other portion as investment property. A leased portion of less than 20 % of the total area and less than 20 % of total rental income is treated as insignificant.

IAS 40 allows an option to measure investment property at fair value or at cost. Postbank has opted to measure it at cost, and the necessary disclosures are contained in note (25).

(j) Other assets

In addition to intangible assets, prepaid expenses and all assets not allocated to other items of assets are carried under other assets.

Intangible assets are carried at amortized cost, and relate primarily to software and purchased goodwill.

Software development costs in the Postbank Group are capitalized in accordance with IAS 38.21-23 if an economic benefit is expected to flow to the enterprise from the production of internally developed software and the cost can be reliably determined. If the criteria for capitalization are not met, the expenses are recognized immediately in the income statement for the period when they arose. The carrying amounts of intangible assets with a finite useful life are generally reduced by straight-line amortization over a period of three to five years. Impairment losses are recognized in the event of impairment or where no further economic benefits are expected to flow to the enterprise in the future.

Acquired goodwill is not amortized. Instead, it is tested for impairment to determine whether an impairment loss must be recognized (IFRS 3.54).

(k) Liabilities

Liabilities are carried at amortized cost (IAS 39.47).

The carrying amount of securitized liabilities that meet the requirements for hedge accounting is adjusted for the gains and losses from changes in fair value attributable to the hedged risk.

Premiums, discounts and issue costs are recognized in net interest income by applying the effective interest method.

(l) Trading liabilities

Derivatives with negative fair values that were acquired for the purpose of generating a profit from short-term fluctuations in market prices or dealing margins are carried under this balance sheet item. It also contains the negative fair values of banking book derivatives. Remeasurement gains and losses as well as gains or losses realized on the settlement of trading liabilities are recognized in net trading income. Derivatives carried under trading liabilities are recognized at the trade date. In addition, short sales of securities are recognized at their negative fair value.

(m) Provisions

Adequate provisions have been recognized for uncertain liabilities and anticipated losses from onerous contracts at the balance sheet date, according to the best estimate of the expenditure required to settle the obligation.

Occupational pensions are governed by defined benefit plans and defined contribution plans. Expenses for defined contribution plans mainly relate to payments made to *Bundes-Pensions-Service für Post und Telekommunikation e.V.* in the amount of €64 million (previous year: €67 million). The defined benefit plans are fully funded by provisions for pensions and other employee benefits. Provisions for pension obligations for defined benefit plans correspond to the present value of pension entitlements earned at the valuation date. They reflect expected compensation increases and forecasted pension growth and are calculated on the basis of actuarial reports in accordance with IAS 19. Pension obligations and pension expenses are calculated using the projected unit credit method.

The agreements that underlie the pension obligations provide for a range of benefits, depending on the beneficiaries concerned, such as:

- Old-age pensions starting at age 62 or 63, or 60 for the severely disabled
- Invalidity pensions for total or occupational disability;
- Surviving dependents' pensions.

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 Post* (VAP – Postal Service Institution for Supplementary Retirement Pensions).

Pension provisions are calculated using the following actuarial assumptions:

Discount rate	4.25 % p.a.
Salary growth	2.5 %
Pension growth	2.0 %
Fluctuation	4.0 % p.a.
Pensionable age	60–63 years
Mortality, invalidity, etc.	2005G Heubeck tables
Average expected return on plan assets	5.0 %

In fiscal year 2005, the discount rate was reduced from 5.00 % to 4.75 % to reflect the development of capital market rates. For the German Group companies, longevity was calculated using the mortality tables *Richttafeln 2005G* for the 2005 results while the 2004 results used the mortality tables *Richttafeln 1998*, both published by Prof. Klaus Heubeck. The other actuarial assumptions remained unchanged.

The expected return on plan assets was determined by taking into account current long-term rates of return on bonds (government and corporate) and applying to these rates a suitable risk premium determined on the basis of historical market returns and current market expectations for a given plan's asset structure.

In accordance with IAS 19.92, actuarial gains and losses are not recognized as income or expense until the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed the greater of 10 % of the present value of the defined benefit obligation or of the fair value of plan assets at this time.

As a result of the changes that became effective as of December 1, 2005, the basis for contributions to and funding of the *Postbeamtenkrankenkasse* (Postal Civil Service Health Insurance Fund), which has been closed to new employees since 1995, was sustainably strengthened. On the one hand, the German Post Office's successors have set up a compensation fund amounting to €525 million to finance the costs of winding down the fund. On the other hand, the limitation on the increases in contributions to the level prevailing for statutory health insurance was eliminated. Postbank accordingly only has liability risks to the extent that *Postbeamtenkrankenkasse* contributions may not exceed the average level of contributions for comparable assistance tariffs for private health insurance plans (the so-called "constitutional limit"), and any caps to contributions must be compensated by the *Postbeamtenkrankenkasse*'s sponsors.

Deutsche Post AG and Deutsche Postbank AG have carried out an independent analysis and assessment of the outstanding liability risks based on their best estimates. The forecast calculations prepared by an actuary in this connection show that the *Postbeamtenkrankenkasse*'s books will remain continuously balanced until it has been completely wound down, provided that membership contributions continue to rise in line with the expected average trend for private health insurance. Accordingly it was possible to reverse most of the provision recognized for liability risks arising from the winding down of the *Postbeamtenkrankenkasse*. The remaining amount of €6 million at Deutsche Postbank AG relates to funds that were set up for the purpose of mitigating the effects of additional financial burdens for members of the *Postbeamtenkrankenkasse*.

(n) Currency translation

In accordance with IAS 21.23, all foreign currency monetary items and equities denominated in foreign currencies that are classified as non-monetary items in accordance with IAS 21.8 are translated into euros at the middle spot rate at the balance sheet date. There were no material non-monetary items at the balance sheet date measured at (amortized) cost (in particular property and equipment, prepaid expenses and deferred income) and translated at the historical rate in accordance with IAS 21.23(b). Foreign currency income and expenses are generally translated at the exchange rate at the end of the month.

Exchange differences were recognized in income in accordance with IAS 21.28.

The subgroup consolidated financial statements of the PB (USA) Holdings group prepared in US dollars were translated using the modified closing rate method (IAS 21.39). The resulting exchange difference was taken directly to equity.

(o) Income tax expense

Income taxes are recognized and measured in accordance with IAS 12. Deferred taxes are generally recognized for all temporary differences between the carrying amounts in the IFRS financial statements and the carrying amounts in the tax accounts (tax base). Deferred tax assets are recognized for tax loss carryforwards in the amount of probable future utilization.

Deferred tax assets are carried under other assets; deferred tax liabilities are carried under provisions for taxes.

The calculation as of December 31, 2005 is based on a tax rate of 39.9 %.

Income and expenses from deferred taxes are recognized under income tax expense in net profit or loss for the period separately from current tax income and expenses. Recognition depends on the accounting treatment of the underlying item. For example, deferred taxes are recognized in net profit or loss if the balance sheet item is itself recognized in net profit or loss. Deferred taxes are credited or charged to the revaluation reserve in equity if the balance sheet item is itself credited or charged directly to equity (IAS 12.61), e.g. in the case of remeasurement of available-for-sale financial instruments.

**(5) Changes in accounting policies**

From 2005 onwards, Postbank will accrue its selling expenses for mortgage lending in accordance with the matching principle. Under this principle, expenses are not recognized in the income statement until the directly related income has been recognized (Framework F 95).

Application of the restatement requirement in IAS 8.22 (i.e. adjusting the figures for the previous year) resulted in an accumulated increase as of January 1, 2004 of €66 million in equity and of €15 million in net profit in 2004. In this context, other assets rose by €135 million as of January 1, 2005 and deferred tax liabilities by €54 million.

**(6) Effects of the IFRSs to be applied from January 1, 2005**

With the "IAS 32/39" project and the "IAS Improvements Project", the IASB amended a number of IFRSs. The amended Standards must be applied from fiscal year 2005, as must the new Standards IFRS 1 to 5 (with the exception of IFRS 3, which was already to be applied to new acquisitions effected subsequent to March 31, 2004).

The main changes resulting from the application of the new Standards at Postbank from fiscal year 2005 relate to the following:

a) Impairment of equities

Under IAS 39.61 sentence 2 (rev. 2003), a significant or prolonged decline in the fair value of an equity instrument held by an enterprise below its cost now represents objective evidence of impairment.

The retrospective application of this revised Standard entailed the recognition of cumulative impairment losses on equities of €409 million on January 1, 2005. This amount was reclassified in equity from the revaluation reserve to retained earnings.

b) Reclassification – New definition of the asset category "loans and receivables"

IAS 39.9 (rev. 2003) redefines the category "loans and receivables" (LaR), among other things. Instead of the criterion "direct provision to the debtor", the determining factor is now that the financial instruments are not quoted in an active market (within the meaning of IAS 39, AG 71).

The previous classifications were adjusted to reflect the new definition on January 1, 2005. The application of this revised Standard resulted in a cumulative amount arising on reclassification on January 1, 2005 of €-43 million. The revaluation reserve was reduced by this amount. In this context, loans and advances to other banks were adjusted downward by €22 million, loans and advances to customers upward by €24 million, investment securities downward by €98 million and provisions for deferred taxes downward by €53 million.

c) Amortization of goodwill

Under IFRS 3, existing goodwill ceases to be amortized from fiscal year 2005 onwards, but is instead tested annually for impairment.

The effects of the retrospective application of the new standard are contained in the "statement of changes in equity". Henceforth, this overview also contains minority interest which, under the revised IAS 1 (rev. 2003), are reported under equity, rather than as a separate item before equity as they were previously.

**(7) Significant events after the balance sheet date**

**(a) Purchase of BHW Holding AG**

On completion of the purchase agreement entered into on October 25, 2005 with BHW Holding's former main shareholders, BGAG Beteiligungsgesellschaft der Gewerkschaften AG, BGAG Beteiligungsverwaltungsgesellschaft mbH, NH-Beteiligungsverwaltungsgesellschaft mbH and Deutscher Beamtenwirtschaftsbund (BWB) GmbH, Deutsche Postbank AG acquired 137,581,212 BHW shares on January 2, 2006. This is equivalent – taking into account the capital reduction by BHW Holding AG as of December 31, 2005 by means of retiring treasury shares – to 82.9 % of BHW Holding AG's share capital and voting rights. This acquisition brought Deutsche Postbank AG's investment in BHW Holding AG up to 91.04 % of its share capital and voting rights and, in accordance with IAS 27, gives it control over BHW Holding AG.

In accordance with section 35(2) of the *Wertpapiererwerbs- und Übernahmegesetz* (WpÜG – German Securities Acquisition and Takeover Act), Deutsche Postbank made a mandatory offer for the remaining shares on January 26, 2006. The mandatory offer is for the acquisition of all no-par value shares of BHW Holding.

The purchase price for the 91.04 % amounts to €1,550 million plus transaction costs to date of €17 million. The allocation of the purchase price to the identifiable assets, liabilities and contingent liabilities at fair value will be made in accordance with purchase price allocation under IFRS 3, which had not been completed at the time the consolidated financial statements were being prepared.

**(b) Purchase of Deutsche Post Retail GmbH**

By purchasing Deutsche Post Retail GmbH, Deutsche Postbank AG took over 850 of Deutsche Post AG's retail outlets with around 9,600 employees as of January 1, 2006.

The purchase price for the retail outlets amounts to €986 million plus transaction costs to date of €5 million. The allocation of the purchase price to the identifiable assets, liabilities and contingent liabilities at fair value will be made in accordance with purchase price allocation under IFRS 3, which had not been completed at the time the consolidated financial statements were being prepared.

For the services previously provided to Postbank in the retail outlets, Postbank paid a variable remuneration amounting to €513 million in 2005 and €496 million in 2004. In future, remuneration will only be paid for services provided in the remaining retail outlets of Deutsche Post. Deutsche Post will in future pay remuneration to the Postbank Group for the postal services provided in the retail outlets that have been taken over.

As the BHW Group is preparing consolidated financial statements under IFRS as of December 31, 2005 for the first time and these figures were not yet available at the time the Postbank consolidated financial statements were being prepared, we have provided the data required under IFRS 3 on the basis of the last available financial statements. The figures there are HGB (German Commercial Code) figures that have merely been reclassified into an IFRS format and adjusted for the figures relating to AHBR (Allgemeine HypothekenBank Rheinboden) that were still included in the published financial statements.

	Purchased book assets	
	a)	b)
	BHW restated (excluding AHBR)	Deutsche Post Retail GmbH
<b>Assets</b>	<b>Sept. 30, 2005</b>	<b>Dec. 31, 2005</b>
	Carrying amount	Carrying amount
	€m	€m
Cash reserve	103	118
Loans and advances to other banks	5,450	n.r.
Loans and advances to customers	26,384	n.r.
Allowance for losses on loans and advances	n/a	n.r.
Trading assets	n/a	n.r.
Hedging derivatives	n/a	n.r.
Investment securities	6,679	n.r.
Property and equipment	259	60
Other assets	12,395	61
<b>Total assets</b>	<b>51,270</b>	<b>239</b>
<b>Shareholders' Equity and Liabilities</b>	<b>Sept. 30, 2005</b>	<b>Dec. 31, 2005</b>
	Carrying amount	Carrying amount
	€m	€m
Deposits from other banks	8,933	n.r.
Due to customers	20,499	n.r.
Securitized liabilities	5,690	n.r.
Trading liabilities	n/a	n.r.
Hedging derivatives	n/a	n.r.
Provisions	2,033	86
Other liabilities	12,393	153
Subordinated debt	643	n.r.
Total liabilities (excluding shareholders' equity)	50,191	239
Shareholders' equity	1,079	0.1
<b>Total liabilities and shareholders' equity</b>	<b>51,270</b>	<b>239</b>

n/a = not available

n.r. = not relevant

## Income statement disclosures

### (8) Net interest income

	2005 €m	2004 €m
<b>Interest and current income</b>		
Interest income from:		
Lending and money market transactions	3,354	2,993
Fixed-income and book-entry securities	1,605	1,971
Trading operations	206	222
Net gains/losses on hedges	-5	5
	<b>5,160</b>	<b>5,191</b>
Current income from:		
Equities and other non-fixed-income securities	189	77
Investments in associates	1	3
	<b>190</b>	<b>80</b>
	<b>5,350</b>	<b>5,271</b>
Interest expense on:		
Deposits	2,375	2,212
Securitized liabilities	727	934
Subordinated debt	171	103
Swaps (hedge accounting in accordance with IAS 39)	289	375
Trading operations	113	80
	<b>3,675</b>	<b>3,704</b>
<b>Total</b>	<b>1,675</b>	<b>1,567</b>

Interest income and expenses on swaps are reported as a net expense. The underlying transactions are hedging transactions that meet the criteria for qualification for hedge accounting in accordance with IAS 39. The interest expense on the trading portfolio includes imputed interest expenses of €113 million (previous year: €80 million).

Gains or losses from the remeasurement of fair value hedges are carried under net gains on hedges.

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

	2005 €m	2004 €m
Gains on the fair value remeasurement of hedged items	214	339
Losses on the fair value remeasurement of hedging transactions	-219	-334
<b>Total</b>	<b>-5</b>	<b>5</b>

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

	2005 €m	2004 €m
Cost of additions:		
Specific valuation allowances	235	220
Portfolio-based valuation allowances	4	4
	<b>239</b>	<b>224</b>
Cost of additions to provisions for credit risks	-	5
Direct loan write-offs	19	13
	<b>258</b>	<b>242</b>
Income from reversals:		
Specific valuation allowances	46	55
Portfolio-based valuation allowances	-	-
	<b>46</b>	<b>55</b>
Income from the reversal of provisions for credit risks	2	1
Recoveries on loans previously written off	5	1
	<b>53</b>	<b>57</b>
<b>Total</b>	<b>205</b>	<b>185</b>

**(10) Net fee and commission income**

	2005 €m	2004 €m
Money transmission and clearing business	363	341
Securities business	110	84
Lending and guarantee business	56	38
Other fee and commission income	170	149
<b>Total</b>	<b>699</b>	<b>612</b>

Other fee and commission income includes income from payment transaction services for third parties.

**(11) Net trading income**

Quoted prices are generally used to establish the fair values of trading assets and trading liabilities. The fair values of unlisted products are established using the discounted present value method or suitable option pricing models. In addition to trading income and expenses, net trading income also includes net remeasurement gains on trading assets.

	2005 €m	2004 €m
Net income from sale of securities	64	67
Net gain/losses on remeasurement of trading assets and liabilities		
Bonds and other fixed-income securities	-8	5
Equities	-	-
	<b>-8</b>	<b>5</b>
Net gain on derivatives carried in the trading portfolio and the banking book		
Gain on derivatives	2,896	2,192
Loss on derivatives	-2,752	-2,077
	<b>144</b>	<b>115</b>
Foreign exchange gain/loss	7	11
Net fee and commission income carried in the trading portfolio	-2	-
<b>Total</b>	<b>205</b>	<b>198</b>

The net gain on derivatives carried in the trading portfolio and the banking book includes an interest expense on swaps of €21 million (previous year: €102 million). The underlying swap holdings are not part of a hedging relationship as defined by IAS 39.

	2005 €m	2004 €m
Net income from interest rate products	37	67
Net gain on derivatives carried in the trading portfolio and the banking book	144	115
Net income from equities	19	5
Foreign exchange gain/loss	7	11
Net fee and commission income carried in the trading portfolio	-2	-
<b>Total</b>	<b>205</b>	<b>198</b>

**(12) Net income from investment securities**

Net income from investment securities contains net gains from the sale and remeasurement of investment securities, investments in unconsolidated subsidiaries and investments in associates.

	2005 €m	2004 €m
Net income from loans-and-receivables investment securities	25	49
thereof net income from sale	29	49
Gains on sale	39	70
Losses on sale	10	21
thereof net impairment loss	-4	-
Net income from available-for-sale investment securities	224	160
thereof net income from sale	226	165
Gains on sale	391	256
Losses on sale	165	91
thereof net impairment loss	-2	-5
Net income from loans to other banks	7	15
thereof net income from sale of loans and receivables	7	15
thereof net income from sale of available-for-sale loans	-	-
Net income from loans to customers	-4	73
thereof net income from sale of loans and receivables	-4	64
thereof net income from sale of available-for-sale loans	-	9
<b>Total</b>	<b>252</b>	<b>297</b>
	2005 €m	2004 €m
Net income from bonds	83	173
Net income from promissory note loans	3	88
Net income from equities and other non-fixed-income securities	166	36
Net income from investments in associates	-	-
<b>Total</b>	<b>252</b>	<b>297</b>

### (13) Administrative expenses

Administrative expenses are composed of staff costs, non-staff operating expenses and depreciation and write-downs of property and operating and office equipment. These expenses are composed of the following items:

	2005 €m	2004 <sup>1</sup> €m
<b>Staff costs</b>		
Wages and salaries	491	473
Social security contributions	47	45
Expenses for pensions and other benefits	125	104
	<b>663</b>	<b>622</b>
Other administrative expenses	1,162	1,172
Depreciation and write-downs of property and equipment	61	75
<b>Total</b>	<b>1,886</b>	<b>1,869</b>

€1 million of the depreciation of property and equipment relates to investment property (previous year: €1 million).

Other administrative expenses relate primarily to expenses for intragroup services received from Deutsche Post AG in the amount of €513 million (previous year: €496 million); IT costs of €235 million (previous year: €259 million); market communication costs of €90 million (previous year: €65 million); operating building and premises expenses of €37 million (previous year: €45 million); and legal, consulting and audit costs of €28 million (previous year: €46 million). €1 million of the other administrative expenses relates to investment property (previous year: €2 million).

Other administrative expenses include lease expenses of €59 million (previous year: €70 million), composed of expenses for leased intangible assets, land and buildings, and operating and office equipment under operating leases.

<sup>1</sup> Prior-period figures restated (see note 5)

**(14) Other income**

	<b>2005</b> €m	<b>2004</b> €m
Income from the reversal of risk compensation amounts of the <i>Postbeamtenkrankenkasse</i> (Postal Civil Service Health Insurance Fund)	67	–
Income from the reversal of other provisions	21	9
Income from refund by the civil servants' special pension fund	12	34
Income from the reimbursement of administrative costs of the <i>Postbeamtenkrankenkasse</i> (Postal Civil Service Health Insurance Fund)	7	–
Income from property and equipment	29	24
Income from uncollectable transactions	10	10
Income from the reversal of accruals	6	7
Net income from insurance business	10	7
Net income from profit transfer agreements	–	1
Other operating income	90	69
<b>Total</b>	<b>252</b>	<b>161</b>

Income from property and equipment relates to book profits of €8 million (previous year: €0 million) and rental income of €21 million (previous year: €24 million), €4 million of which relates to investment property (previous year: €8 million).

€10 million of the total other income in the amount of €252 million is attributable to proportionately consolidated joint ventures (previous year: €7 million) and corresponds to the net income from insurance business.

Other operating income contains lease income in the amount of €1 million (previous year: €3 million).

**(15) Other expenses**

	2005 €m	2004 €m
Additions to provisions for restructuring	104	–
Amortization and write-downs of intangible assets	50	47
Write-downs of property and equipment	24	–
Expenses for special projects	15	25
Expenses for other taxes	13	9
Expenses from property and equipment	5	7
Expenses for the Federal Posts and Telecommunications Agency (BAnstPT and StiftPT)	4	5
Expenses for risk compensation amounts of the <i>Postbeamtenkrankenkasse</i> (Postal Civil Service Health Insurance Fund)	2	4
Expenses from retail outlet final settlement	11	4
Miscellaneous	45	32
<b>Total</b>	<b>273</b>	<b>133</b>

Additions to provisions in restructuring were made in particular for the integration of BHW.

€15 million of the impairment losses on property and equipment relates to investment property (previous year: €0 million).

Expenses for other taxes relate primarily to land taxes amounting to €3 million (previous year: €3 million).

The miscellaneous item includes interest expense on payables to tax authorities in the amount of €1 million (previous year: €1 million).

**(16) Income tax expense**

Income taxes in the Group were composed of the following items:

	2005 €m	2004 <sup>1</sup> €m
<b>Current income tax expense</b>		
Corporate income tax and solidarity surcharge	63	20
Trade income tax	36	14
	<b>99</b>	<b>34</b>
Income/expense from prior-period income tax	25	–1
<b>Effective income tax expense</b>	<b>124</b>	<b>33</b>
<b>Expense from deferred taxes</b>		
from temporary differences	14	130
from the reversal of loss carryforwards	88	49
	<b>102</b>	<b>179</b>
<b>Total</b>	<b>226</b>	<b>212</b>

<sup>1</sup> Prior-period figures restated (see notes 5 and 6)

The tax expense changed as follows:

	2005 €m	2004 <sup>1</sup> €m
<b>Profit from ordinary activities after tax</b>	493	436
Income tax expense	226	212
<b>Profit before tax</b>	719	648
Applicable tax rate	39.90 %	39.90 %
Expected income taxes	287	259
<b>Tax effects</b>		
Effect of difference between applicable tax rates in Germany and abroad	2	-1
Effect of tax-free foreign income	-8	-5
Effect of tax-free domestic income and non-deductible expenses	9	12
Effect of previously unrecognized tax losses	5	-
Effect of prior-period taxes	25	19
Effect of equities and investments resulting from section 8b KStG	-98	-76
Other	4	4
	<b>-61</b>	<b>-47</b>
<b>Income tax expense</b>	<b>226</b>	<b>212</b>

<sup>1</sup> Prior-period figures restated (see notes 5 and 6)

## Balance sheet disclosures

### (17) Cash reserve

The cash reserve is composed of the following items:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Cash	785	623
Balances with central banks	183	502
<b>Total</b>	<b>968</b>	<b>1,125</b>

€175 million (previous year: €485 million) of the balances with central banks relates to balances with the Deutsche Bundesbank.

The minimum reserve requirement at end-December 2005 was €1,319 million (previous year: €1,213 million).

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

	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
Domestic banks		
Payable on demand	525	322
Other loans and advances	5,423	8,364
	<b>5,948</b>	<b>8,686</b>
Foreign banks		
Payable on demand	628	1,866
Other loans and advances	11,225	13,268
	<b>11,853</b>	<b>15,134</b>
<b>Total</b>	<b>17,801</b>	<b>23,820</b>

As of December 31, 2005, there were bona fide transactions under repurchase agreements amounting to €294 million (previous year: €2.2 billion). Postbank is the lender in such transactions. Securities purchased under agreements to resell relate to listed bonds of public-sector issuers or German banks.

Loans and advances to other banks include fixed-interest loans in the amount of €17.1 billion (previous year: €21.3 billion) and variable-interest loans in the amount of €0.7 billion (previous year: €2.5 billion).

In total, €108 million of loans and advances to other banks (previous year: €67 million) relates to proportionately consolidated joint ventures.

<sup>1</sup> Prior-period figures restated (see note 6)

Loans and advances to other banks are classified as follows in accordance with the categories of financial instruments as defined in IAS 39:

	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
Loans to other banks (loans and receivables)	16,378	20,528
thereof fair value hedges	2,720	2,723
Loans to other banks (available for sale)	–	–
thereof fair value hedges	–	–
Money market lendings	1,423	3,292
<b>Total</b>	<b>17,801</b>	<b>23,820</b>

#### (19) Loans and advances to customers

	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
Mortgage lending	28,953	22,306
Public sector	8,682	11,051
Installment credits	1,575	1,193
Other loans and advances	13,663	13,189
<b>Total</b>	<b>52,873</b>	<b>47,739</b>
thereof:		
Secured by mortgage charges	19,088	17,259
Public-sector loans	8,682	11,051
Domestic customers	44,019	41,372
Foreign customers	8,854	6,367
<b>Total</b>	<b>52,873</b>	<b>47,739</b>

Loans and advances to customers without a fixed maturity amounted to 1.0 % of total assets (previous year: 1.1%).

Loans and advances to customers include fixed-interest loans in the amount of €48.2 billion (previous year: €43.3 billion) and variable-interest loans in the amount of €4.6 billion (previous year: €4.4 billion).

<sup>1</sup> Prior-period figures restated (see note 6)

Loans and advances to customers do not constitute amounts due under finance leases (previous year: €7 million). The gross investment value of the leases amounts to €4 million (previous year: €33 million).

The total amount of future lease payments is €3 million (previous year: €29 million) and has the following maturity structure:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
in the first year after the balance sheet date	1	8
in the second year after the balance sheet date	1	8
in the third year after the balance sheet date	1	6
in the fourth year after the balance sheet date	–	3
in the fifth year after the balance sheet date	–	2
more than five years after the balance sheet date	–	2
<b>Total</b>	<b>3</b>	<b>29</b>

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

	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
Loans to customers (loans and receivables)	52,300	47,100
thereof fair value hedges	4,115	5,260
Loans to customers (held to maturity)	573	639
Loans to customers (available for sale)	–	–
thereof fair value hedges	–	–
<b>Total</b>	<b>52,873</b>	<b>47,739</b>

## (20) Total credit extended

	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
Loans and advances to other banks	17,801	23,820
Loans and advances to customers	52,873	47,739
Guarantees	1,804	1,110
<b>Total</b>	<b>72,478</b>	<b>72,669</b>

<sup>1</sup> Prior-period figures restated (see note 6)

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

The allowance for losses on loans and advances covers all identifiable credit risks. Portfolio-based valuation allowances were recognized for the potential credit risk.

Risks have been provided for by an allowance for losses on loans and advances carried under assets, and by the recognition of provisions for credit risks.

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

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Allowances for losses on loans and advances to other banks	–	2
Allowances for losses on loans and advances to customers	776	665
<b>Total allowances for losses on loans and advances</b>	<b>776</b>	<b>667</b>
Provisions for credit risks	7	9
<b>Total</b>	<b>783</b>	<b>676</b>

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

	Specific risks		Potential risks		Total	
	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m
<b>Balance at Jan. 1</b>	<b>627</b>	<b>561</b>	<b>40</b>	<b>36</b>	<b>667</b>	<b>597</b>
Additions						
Allowance charged to the income statement	235	220	4	4	239	224
Disposals						
Utilization	88	94	–	–	88	94
Allowance reversed to the income statement	46	55	–	–	46	55
Currency translation differences	–4	5	–	–	–4	5
<b>Balance at Dec. 31</b>	<b>732</b>	<b>627</b>	<b>44</b>	<b>40</b>	<b>776</b>	<b>667</b>

The total amount of loans at the balance sheet date for which no interest payments are received was €612 million (previous year: €475 million). Write-downs were charged on loans with a total volume of €1,226 million (previous year: €988 million). The outstanding interest receivables accounted for by these loans amounted to €102 million at December 31, 2005 (previous year: €84 million).

€19 million of loans and advances was written off directly in the year under review (previous year: €13 million). Recoveries on loans written off amounted to €5 million (previous year: €1 million).

#### (22) Trading assets

Group trading activities consist of trading in bonds and other fixed-income securities, equities and other non-fixed-income securities, promissory note loans and foreign currencies, as well as derivatives. All trading assets are carried at their fair values.

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Bonds and other fixed-income securities issued by		
Public-sector issuers	61	312
Other issuers	7,223	6,547
thereof money market instruments	–	101
	<b>7,284</b>	<b>6,859</b>
Equities and other non-fixed-income securities	10	82
Positive fair values of derivatives carried as trading assets	2,617	2,296
Positive fair values of banking book derivatives	475	458
<b>Total</b>	<b>10,386</b>	<b>9,695</b>

€0.6 billion of the bonds and other fixed-income securities has a fixed rate of interest over the entire term (previous year: €1.1 billion), while €6.7 billion (previous year: €5.8 billion) has a variable rate of interest (floaters).

The following amounts of bonds and other fixed-income securities, and equities and other non-fixed-income securities carried as trading assets, are negotiable and listed:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Bonds and other fixed-income securities	7,277	6,719
Equities and other non-fixed-income securities	10	82

**(23) Hedging derivatives**

Hedges with positive fair values that qualify for hedge accounting in accordance with IAS 39 are composed of the following items:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
<b>Assets</b>		
Hedging derivatives on loans to other banks		
Loans and receivables	4	4
	<b>4</b>	<b>4</b>
Hedging derivatives on loans to customers		
Loans and receivables	5	3
	<b>5</b>	<b>3</b>
Hedging derivatives on investment securities		
Bonds and other fixed-income securities	63	3
Equities and other non-fixed-income securities	–	1
	<b>63</b>	<b>4</b>
<b>Liabilities</b>		
Deposits from other banks	106	103
Due to customers	110	144
Securitized liabilities	290	438
Subordinated debt	61	277
	<b>567</b>	<b>962</b>
<b>Total</b>	<b>639</b>	<b>973</b>

**(24) Investment securities**

Investment securities include bonds and other fixed-income securities, equities and other non-fixed-income securities, investments in associates and investments in unconsolidated subsidiaries.

	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
<b>Bonds and other fixed-income securities</b>		
Public-sector issuers	17,399	13,298
thereof equalization claims against the government	–	12
Other issuers	32,262	27,066
	<b>49,661</b>	<b>40,364</b>
<b>Equities and other non-fixed-income securities</b>		
Equities	2,125	1,411
Investment fund shares	3,595	1,675
	<b>5,720</b>	<b>3,086</b>
Investments in associates	15	18
Investments in unconsolidated subsidiaries	27	15
<b>Total</b>	<b>55,423</b>	<b>43,483</b>

Bonds and other fixed-income securities contain collection documents amounting to €12 million (previous year: €47 million).

€40.7 billion of the bonds and other fixed-income securities has a fixed rate of interest over the entire term (previous year: €33.6 billion), while €9.0 billion (previous year: €6.9 billion) has a variable rate of interest (floaters).

The equities include the shares of BHW Holding AG acquired during the fiscal year.

€41 million of investment securities relates to proportionately consolidated joint ventures (previous year: €6 million).

<sup>1</sup> Prior-period figures restated (see note 6)

Investment securities are classified as follows in accordance with the categories of financial instruments as defined in IAS 39:

	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
<b>Bonds and other fixed-income securities</b>		
Loans-and-receivables investment securities	12,599	4,446
thereof fair value hedges	2,143	377
thereof equalization claims against the government	–	12
Held to maturity	3,375	2,385
Available for sale	33,687	33,521
thereof fair value hedges	16,681	13,712
	<b>49,661</b>	<b>40,364</b>
<b>Equities and other non-fixed-income securities</b>		
Available for sale	5,720	3,086
thereof fair value hedges	–	37
	<b>5,720</b>	<b>3,086</b>
Investments in associates (available for sale)	15	18
Investments in unconsolidated subsidiaries (available for sale)	27	15
<b>Total</b>	<b>55,423</b>	<b>43,483</b>

The following amounts of investment securities are negotiable and listed:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Bonds and other fixed-income securities	48,538	39,442
Equities and other non-fixed-income securities	4,250	2,314

Losses on the measurement of unhedged available-for-sale securities were charged directly to the revaluation reserve in the amount of €309 million (previous year: €174 million). €236 million (previous year: €170 million) carried in the revaluation reserve was reversed to income in the period under review from the disposal of investment securities and the recognition of impairment losses.

To enable it to enter into open market transactions, Postbank has pledged securities with an eligible value of €10 billion (previous year: €7 billion) as collateral to the European Central Bank. There were open market transactions amounting to €7 billion at the balance sheet date (previous year: €1 billion). The securities lodged as collateral are reported as investment securities.

Impairment losses totalling €7 million (previous year: €5 million) were recognized in fiscal year 2005 to reflect the economic performance of the financial instruments.

<sup>1</sup> Prior-period figures restated (see note 6)

Changes in investment securities in fiscal year 2005 are presented in the following table:

	Investments in unconsolidated subsidiaries	Investments in associates	Bonds and other fixed-income securities	
	€m	€m	€m	€m
Historical cost				
<b>Balance at Jan. 1, 2005</b>	<b>15</b>	<b>18</b>	<b>2,385</b>	<b>7,751</b>
Exchange differences	–	–	–	11
Additions	16	2	1,705	1,392
Disposals	4	5	715	5,077
<b>Balance at Dec. 31, 2005</b>	<b>27</b>	<b>15</b>	<b>3,375</b>	<b>4,077</b>
Write-downs/reversals of write-downs				
<b>Balance at Jan. 1, 2005</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–80</b>
Current write-downs/changes	–	–	–	12
Reversals of write-downs	–	–	–	–1
<b>Balance at Dec. 31, 2005</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–69</b>
Carrying amounts				
<b>Balance at Jan. 1, 2005</b>	<b>15</b>	<b>18</b>	<b>2,385</b>	<b>7,831</b>
<b>Balance at Dec. 31, 2005</b>	<b>27</b>	<b>15</b>	<b>3,375</b>	<b>4,146</b>

With regard to bonds and other fixed-income securities, the statement includes only those securities which can be allocated to the IAS category "held to maturity" or, for other IAS categories, to the HGB category "fixed assets" (other long-term investment securities).

Disposals of bonds and other fixed-income securities in the IAS category "held to maturity" only occur as a result of the maturity of the relevant transactions. No securities were sold prior to maturity.

**(25) Property and equipment**

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Land and buildings	726	817
Operating and office equipment	92	100
Advance payments and assets under development	7	9
<b>Total</b>	<b>825</b>	<b>926</b>

A comparison of historical cost and cumulative depreciation with the prior-period amounts is presented below:

	Land and buildings €m	Operating and office equipment €m	Advance payments and assets under development €m	Total €m
<b>Historical cost</b>				
<b>Opening balance</b> <b>at Jan. 1, 2004</b>	<b>1,041</b>	<b>453</b>	<b>22</b>	<b>1,516</b>
Changes in basis of consolidation	–	4	–	4
Additions	6	24	16	46
Reclassifications	22	6	–28	–
Disposals	3	61	1	65
Exchange differences	–	–	–	–
<b>Closing balance</b> <b>at Dec. 31, 2004</b>	<b>1,066</b>	<b>426</b>	<b>9</b>	<b>1,501</b>
Changes in basis of consolidation	–	5	–	5
Additions	10	37	12	59
Reclassifications	1	4	–5	–
Disposals	111	44	9	164
Exchange differences	–	1	–	1
<b>Closing balance</b> <b>at Dec. 31, 2005</b>	<b>966</b>	<b>429</b>	<b>7</b>	<b>1,402</b>

	Land and buildings €m	Operating and office equipment €m	Advance payments and assets under development €m	Total €m
<b>Depreciation</b>				
<b>Opening balance at Jan. 1, 2004</b>	<b>234</b>	<b>322</b>	<b>–</b>	<b>556</b>
Changes in basis of consolidation and other adjustments	–	–	–	–
Current depreciation	18	57	–	75
Reclassifications	–	–	–	–
Disposals	3	53	–	56
Exchange differences	–	–	–	–
<b>Closing balance at Dec. 31, 2004</b>	<b>249</b>	<b>326</b>	<b>–</b>	<b>575</b>
Changes in basis of consolidation and other adjustments	–	4	–	4
Current depreciation	38	47	–	85
Reclassifications	–	–	–	–
Disposals	47	41	–	88
Exchange differences	–	1	–	1
<b>Closing balance at Dec. 31, 2005</b>	<b>240</b>	<b>337</b>	<b>–</b>	<b>577</b>
<b>Carrying amount at Dec. 31, 2004</b>	<b>817</b>	<b>100</b>	<b>9</b>	<b>926</b>
<b>Carrying amount at Dec. 31, 2005</b>	<b>726</b>	<b>92</b>	<b>7</b>	<b>825</b>

The carrying amounts of property and equipment changed as follows in the year under review:

	Carrying amount at Jan. 1, 2005 €m	Exchange differences €m	Additions €m	Disposals €m	Reclassifications €m	Depreciation €m	Carrying amount at Dec. 31, 2005 €m
Land and buildings	817	–	10	64	1	38	726
Operating and office equipment	100	–	38	3	4	47	92
Advance payments and assets under development	9	–	12	9	–5	–	7
<b>Total</b>	<b>926</b>	<b>–</b>	<b>60</b>	<b>76</b>	<b>–</b>	<b>85</b>	<b>825</b>

At the balance sheet date, assets under development include €7 million (previous year: €8 million) for costs that have already been incurred although the assets are still under development at the balance sheet date.

In 2005, items of property and equipment for which Postbank acts as the lessor under an operating lease consist of land and buildings; their maturity structure is as follows:

	Land and buildings €m
Historical cost	569
Cumulative depreciation	-152
<b>Carrying amount at Dec. 31, 2005</b>	<b>417</b>
Minimum lease payments due	
less than 1 year	98
1–2 years	1
2–3 years	–
3–4 years	–
4–5 years	–
more than 5 years	–
<b>Total</b>	<b>99</b>

The disclosures relating to investment property for fiscal year 2005 are as follows:

	Third-party use	Rental income	Direct operating expenses	Restraints on disposal	Disposal proceeds received	Contractual obligations
	%	€m	€m	€m	€m	€m
Investment Property	86	4	–	–	–	–

The corresponding figures for fiscal year 2004 are as follows:

	Third-party use	Rental income	Direct operating expenses	Restraints on disposal	Disposal proceeds received	Contractual obligations
	%	€m	€m	€m	€m	€m
Investment property	86	8	2	–	–	–

A comparison of historical cost and cumulative depreciation with the prior-period amounts is presented below:

	Historical cost Dec. 31, 2005 €m	Dec. 31, 2004 €m	Cumulative depreciation Dec. 31, 2005 €m	Dec. 31, 2004 €m
Investment Property	100	198	28	59

The carrying amounts of investment property changed follows in the year under review:

	Carrying amount at Jan. 1, 2005 €m	Additions €m	Disposals €m	Reclassifications €m	Depreciation €m	Carrying amount at Dec. 31, 2005 €m
Investment Property	139	–	51	–	16	72

The fair value of investment property amounts to €72 million (previous year: €139 million).

#### (26) Other assets

	Note	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
Deferred tax assets	(27)	434	520
Intangible assets	(28)	223	168
Prepaid expenses		280	254
Receivables from tax authorities		50	81
Collection documents		1	1
Miscellaneous		1,153	136
<b>Total</b>		<b>2,141</b>	<b>1,160</b>

€64 million (previous year: €78 million) of the prepaid expenses relates to prepaid rent or lease expenses.

Miscellaneous other assets relate in particular to the purchase price of €986 million paid on December 27, 2005 for the acquisition of Deutsche Post Retail GmbH (see note 7b) as well as trade receivables amounting to €48 million (previous year: €51 million) and receivables from the insurance business amounting to €42 million (previous year: €31 million).

#### (27) Deferred tax assets

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Deferred tax assets		
from temporary differences	296	294
from tax loss carryforwards	138	226
thereof domestic	138	220
foreign	–	6
<b>Total</b>	<b>434</b>	<b>520</b>

<sup>1</sup> Prior-period figures restated (see note 5)

Deferred tax assets were recognized in connection with temporary differences relating to the following balance sheet items, and in connection with unused tax losses:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
<b>Assets</b>		
Loans and advances	36	–
Allowance for losses on loans and advances	11	9
Trading assets	–	–
Hedging derivatives	–	–
Investment securities	4	1
Property and equipment	3	1
Other assets	24	128
<b>Liabilities</b>		
Amounts due to other banks and customers	6	409
Trading liabilities	782	404
Hedging derivatives	568	723
Provisions for pensions and other employee benefits	–	–
Other provisions	14	21
Other liabilities	13	13
	<b>1,461</b>	<b>1,709</b>
Tax loss carryforwards	138	226
Netted against deferred tax liabilities	1,165	1,415
<b>Total</b>	<b>434</b>	<b>520</b>

At December 31, 2005, there were no deductible temporary differences and tax loss carryforwards for which no deferred tax assets were recognized in the balance sheet.

**(28) Intangible assets**

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Originated intangible assets and software	16	–
Acquired software, concessions, industrial rights	121	122
Acquired goodwill	51	28
Advance payments on intangible assets and in-process intangible assets	35	18
<b>Total</b>	<b>223</b>	<b>168</b>

A comparison of historical cost and cumulative amortization with the prior period amounts is presented below:

	Originated intangible assets and software	Acquired software, concessions, industrial rights	Acquired goodwill	Advance payments on intangible assets and in-process intangible assets	Total
	€m	€m	€m	€m	€m
<b>Historical cost</b>					
<b>Opening balance at Jan. 1, 2004</b>	–	286	25	27	338
Changes in basis of consolidation	–	5	–	–	5
Additions	–	16	8	18	42
Reclassifications	–	27	–	–27	–
Disposals	–	5	–	–	5
<b>Closing balance at Dec. 31, 2004</b>	–	329	33	18	380
Changes in basis of consolidation	–	6	–	–	6
Additions	–	25	29	53	107
Reclassifications	17	17	–	–34	–
Disposals	–	11	–	2	13
<b>Closing balance at Dec. 31, 2005</b>	<b>17</b>	<b>366</b>	<b>62</b>	<b>35</b>	<b>480</b>

	Originated intangible assets and software	Acquired software, concessions, industrial rights	Acquired goodwill	Advance payments on intangible assets and in-process intangible assets	Total
	€m	€m	€m	€m	€m
<b>Amortization</b>					
<b>Opening balance at Jan. 1, 2004</b>	–	166	4	–	170
Changes in basis of consolidation and other restatements	–	–	–	–	–
Current amortization	–	46	1	–	47
Reclassifications	–	–	–	–	–
Disposals	–	5	–	–	5
Exchange differences	–	–	–	–	–
<b>Closing balance at Dec. 31, 2004</b>	–	207	5	–	212
Changes in basis of consolidation and other restatements	–	4	–	–	4
Current amortization	1	43	6	–	50
Additions	–	–	–	–	–
Reclassifications	–	–	–	–	–
Disposals	–	9	–	–	9
<b>Closing balance at Dec. 31, 2005</b>	1	245	11	–	257
<b>Carrying amount at Dec. 31, 2004</b>	–	122	28	18	168
<b>Carrying amount at Dec. 31, 2005</b>	16	121	51	35	223

The carrying amounts of intangible assets changed as follows in the year under review:

	Carrying amount at Jan. 1, 2005 €m	Additions €m	Disposals €m	Reclassifications €m	Amortization €m	Carrying amount at Dec. 31, 2005 €m
Originated intangible assets and software	–	–	–	17	1	16
Acquired software, concessions, industrial rights	122	27	2	17	43	121
Acquired goodwill	28	29	–	–	6	51
Advance payments on intangible assets and in-process intangible assets	18	53	2	–34	–	35
<b>Total</b>	<b>168</b>	<b>109</b>	<b>4</b>	<b>–</b>	<b>50</b>	<b>223</b>

The carrying amount as of December 31, 2005 of advance payments on intangible assets is €19 million; the carrying amount of intangible assets under development is €16 million.

#### (29) Deposits from other banks

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Domestic banks		
Payable on demand	135	339
With an agreed maturity or withdrawal notice	14,720	11,884
	<b>14,855</b>	<b>12,223</b>
Foreign banks		
Payable on demand	450	577
With an agreed maturity or withdrawal notice	15,473	3,415
	<b>15,923</b>	<b>3,992</b>
<b>Total</b>	<b>30,778</b>	<b>16,215</b>

€2,306 million of the deposits from other banks is covered by fair value hedges (previous year: €2,978 million).

Deposits from other banks include fixed-interest deposits in the amount of €30.4 billion (previous year: €15.3 billion) and variable-interest deposits in the amount of €0.4 billion (previous year: €0.9 billion).

As of December 31, 2005, there were bona fide securities repurchase agreements amounting to €6.9 billion (previous year: €2.3 billion). Postbank is the borrower in such transactions.

### (30) Due to customers

Amounts due to customers are primarily composed of savings deposits, amounts payable on demand and term deposits.

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
<b>Savings deposits</b>		
With an agreed withdrawal notice of three months	37,702	35,838
With an agreed withdrawal notice of more than three months	286	320
	<b>37,988</b>	<b>36,158</b>
<b>Other amounts due</b>		
Payable on demand	21,940	21,255
With an agreed maturity or withdrawal notice	18,553	23,106
	<b>40,493</b>	<b>44,361</b>
<b>Total</b>	<b>78,481</b>	<b>80,519</b>
Domestic customers	76,329	79,516
Foreign customers	2,152	1,003
<b>Total</b>	<b>78,481</b>	<b>80,519</b>

€2,849 million of the amounts due to customers is covered by fair value hedges (previous year: €3,445 million).

Amounts due to customers contain fixed-interest deposits in the amount of €19.2 billion (previous year: €23.1 billion) and variable-interest deposits in the amount of €59.3 billion (previous year: €57.4 billion).

### (31) Securitized liabilities

Amounts reported as securitized liabilities relate to bonds, including mortgage bonds and public-sector mortgage bonds (*Pfandbriefe*), and money market instruments (e.g. Certificates of Deposit, Euro Notes, Commercial Paper).

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Mortgage bonds	67	181
Public-sector mortgage bonds ( <i>Pfandbriefe</i> )	319	1,073
Other debt instruments	14,227	15,236
<b>Total</b>	<b>14,613</b>	<b>16,490</b>

€13,376 million of the securitized liabilities is covered by fair value hedges (previous year: €11,571 million).

Securitized liabilities include fixed-interest liabilities in the amount of €10.8 billion (previous year: €13.9 billion) and variable interest liabilities in the amount of €3.8 billion (previous year: €2.6 billion).

Repurchased own bonds amounting to €103 million (previous year: €135 million) were deducted directly from securitized liabilities.

### (32) Trading liabilities

Trading liabilities consist of the negative fair values of derivatives carried in the trading portfolio and in the banking book as well as delivery obligations under securities sold short.

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Negative fair values of trading derivatives	2,770	2,111
Negative fair values of banking book hedging derivatives	571	540
Delivery obligations under securities sold short	4	51
<b>Total</b>	<b>3,345</b>	<b>2,702</b>

**(33) Hedging derivatives**

Hedges with negative fair values that qualify for hedge accounting in accordance with IAS 39 are composed of the following items:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
<b>Assets</b>		
Hedging derivatives on loans to other banks		
Loans and receivables	137	142
Purchased available-for-sale loans	7	37
	<b>144</b>	<b>179</b>
Hedging derivatives on loans to customers		
Loans and receivables	217	291
Purchased available-for-sale loans	4	89
	<b>221</b>	<b>380</b>
Hedging derivatives on investment securities		
Bonds and other fixed-income securities	1,149	1,253
Equities and other non-fixed-income securities	–	3
	<b>1,149</b>	<b>1,256</b>
<b>Liabilities</b>		
Deposits from other banks	6	–
Due to customers	–	–
Securitized liabilities	106	136
Subordinated debt	42	294
	<b>154</b>	<b>430</b>
<b>Total</b>	<b>1,668</b>	<b>2,245</b>

**(34) Provisions**

	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
Provisions for pensions and other employee benefits	585	584
Provisions for taxes		
for current tax liabilities	75	37
for deferred tax liabilities	955	958
	<b>1,030</b>	<b>995</b>
Other provisions	384	413
<b>Total</b>	<b>1,999</b>	<b>1,992</b>

€166 million of provisions is attributable to proportionately consolidated joint ventures (previous year: €106 million), of which €158 million (previous year: €101 million) relates to technical reserves (insurance) included in Other provisions and €7 million (previous year: €2 million) to provisions for deferred tax liabilities.

<sup>1</sup> Prior-period figures restated (see notes 5 and 6)

**(35) Provisions for pensions and other employee benefits**

The provisions for pensions and other employee benefits relate primarily to provisions for the obligations to pay occupational pensions on the basis of 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 date of commencement of employment.

The provisions for pension obligations changed as follows:

	<b>Reconciliation of the present value of obligations, fair value of plan assets and net pension provisions</b>	
	<b>2005</b>	<b>2004</b>
	€m	€m
Present value of obligations at December 31 of fully or partially funded benefits	73	–
Present value of obligations at December 31 of non-funded benefits	761	714
Present value of defined benefit obligations at December 31	834	714
Fair value of plan assets at December 31	–59	–
Unrealized gains/losses	–190	–130
<b>Net pension provisions at December 31</b>	<b>585</b>	<b>584</b>

	<b>Change in present value of defined benefit obligation</b>	
	<b>2005</b>	<b>2004</b>
	€m	€m
Present value of defined benefit obligation at January 1	714	614
Current service cost, excluding employee contributions	17	11
Employee contributions	–	–
Interest cost	37	38
Pension benefits paid	–43	–40
Past service cost	–	–2
Plan amendments	–17	–35
Transfers/asset transfers	53	–2
Changes in basis of consolidation	–	33
Actuarial gains/losses	73	97
Currency effects	–	–
<b>Present value of defined benefit obligation at December 31</b>	<b>834</b>	<b>714</b>

	Change in plan assets	
	2005 €m	2004 €m
Fair value of plan assets at January 1	–	–
Employer contributions	1	–
Employee contributions	–	–
Expected return on plan assets	3	–
Gains/(losses) on plan assets	3	–
Pension benefits paid	–	–
Transfers	52	–
Changes in basis of consolidation	–	–
Plan amendments	–	–
Currency effects	–	–
<b>Fair value of plan assets at December 31</b>	<b>59</b>	–

Plan assets primarily consist of fixed-income securities, time deposits, other cash and cash equivalents, etc. (64 %), equities and investment funds (17 %) and other assets such as real estate (19 %). None of the assets are used directly by Deutsche Postbank AG.

#### Gains and losses

	Gains and losses on plan assets 2005
Actual return on plan assets (€m)	6
Expected return on plan assets (€m)	3
Experience gains (+)/losses (–) on plan assets (€m)	3
<b>As a relative proportion of plan assets at January 1 (%)</b>	<b>6</b>

	Gains and losses on defined benefit obligations 2005
Experience gains (+)/losses (–) on defined benefit obligations (€m)	–13
As a relative proportion of the present value of defined benefit obligations at January 1 (%)	–2
Increase (+)/decrease (–) in defined benefit obligations arising from changes in assumptions (€m)	–60
As a relative proportion of the present value of defined benefit obligations at January 1 (%)	–8
Total actuarial gains (+)/losses (–) on defined benefit obligations (€m)	–73
<b>As a relative proportion of the present value of defined benefit obligations at January 1 (%)</b>	<b>–10</b>

	Change in net pension provisions	
	2005 €m	2004 €m
<b>Balance at January 1</b>	<b>584</b>	<b>572</b>
Current service cost	42	19
Pension benefits paid	-43	-40
Contributions to fund assets	-1	-
Changes in basis of consolidation	-	33
Asset transfer	3	-
Currency effects	-	-
<b>Balance at December 31</b>	<b>585</b>	<b>584</b>

	Pension expense	
	2005 €m	2004 €m
Current service cost	17	11
Interest cost	37	38
Expected return on plan assets	-3	-
Recognized past service cost	-	-2
Amortization of unrecognized gains/losses	4	-
Effects of plan amendments	-13	-32
Other	-	4
<b>Pension expense</b>	<b>42</b>	<b>19</b>

Additions from asset transfers arose from the conversion of management bonus benefits to provisions for pension benefits. The expense was included in net income for the period in fiscal year 2004. In fiscal year 2005, €42 million was transferred from staff costs to provisions for pensions and recognized in the income statement (previous year: €50 million).

Due to adjustments to reflect the development of capital market rates, the amount of unrecognized actuarial losses exceeds the greater of 10 % of the present value of the obligation or of the plan assets of the defined benefit obligation. These losses are amortized over the average remaining working lives of the active employees in accordance with IAS 19. An amount of €4 million was recognized in the income statement in 2005.

## (36) Provisions for taxes

	Balance at Jan. 1, 2005 <sup>1</sup> €m	Utilization €m	Reversal €m	Additions €m	Balance at Dec. 31, 2005 €m
Current taxes	37	20	1	59	75
Deferred taxes	958	–	60	57	955
<b>Total</b>	<b>995</b>	<b>20</b>	<b>61</b>	<b>116</b>	<b>1,030</b>

Provisions for current taxes relate to current payment obligations to the tax authorities.

Deferred tax liabilities relate to the following balance sheet items:

	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
<b>Assets</b>		
Loans and advances	118	202
Trading assets	797	911
Hedging derivatives	141	171
Investment securities	790	919
Property and equipment	21	29
Other assets	61	9
<b>Liabilities</b>		
Amounts due to other banks and customers	71	3
Trading liabilities	–	–
Hedging derivatives	–	–
Provisions for pensions and other employee benefits	18	16
Other provisions	10	–
Other liabilities	93	113
	<b>2,120</b>	<b>2,373</b>
Netted against deferred tax assets	1,165	1,415
<b>Total</b>	<b>955</b>	<b>958</b>

<sup>1</sup> Prior-period figures restated (see notes 5 and 6)

### (37) Other provisions

The other provisions changed as follows in the year under review:

	Balance at Jan. 1, 2005 €m	Changes in basis of consolidation €m	Utilization €m	Reversal €m	Additions €m	Balance at Dec. 31, 2005 €m
Restructuring	153	–6	96	12	104	143
Technical reserves (insurance)	101	–	–	–	57	158
Risk compensation amounts of the <i>Postbeamtenkranke- kasse</i> (Postal Civil Service Health Insurance Fund)	92	–	19	67	–	6
Miscellaneous	67	6	15	12	31	77
<b>Total</b>	<b>413</b>	<b>–</b>	<b>130</b>	<b>91</b>	<b>192</b>	<b>384</b>

Additions to provisions for restructuring were made in particular for the integration of BHW. Miscellaneous other provisions include provisions for litigation costs amounting to €5 million (previous year: €3 million), provisions for year-end closing costs amounting to €2 million (previous year: €3 million) and provisions for jubilee benefits amounting to €2 million (previous year: €9 million).

### (38) Other liabilities

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Trade payables	39	56
Liabilities from other taxes	95	147
Liabilities from income taxes	2	1
Miscellaneous liabilities	281	310
Deferred income	10	3
<b>Total</b>	<b>427</b>	<b>517</b>

Miscellaneous liabilities include liabilities from early termination fees amounting to €13 million (previous year: €17 million), expenses for outstanding invoices amounting to €44 million (previous year: €44 million), expenses for services performed by Deutsche Post AG amounting to €57 million (previous year: €107 million), expenses for management bonuses amounting to €34 million (previous year: €21 million) and expenses for outstanding vacation entitlements and other compensated absences amounting to €21 million (previous year: €23 million).

In total, €25 million of other liabilities relates to proportionately consolidated joint ventures (previous year: €21 million).

**(39) Subordinated debt**

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Subordinated liabilities	2,020	1,512
Hybrid capital instruments	1,125	783
Profit participation certificates outstanding	583	458
Contributions by typical silent partners	55	55
<b>Total</b>	<b>3,783</b>	<b>2,808</b>

Due to the current maturity structure, only €2,389 million of the items reported as subordinated debt represents liable capital in accordance with the Basel Capital Accord.

The interest expense on subordinated liabilities amounts to €86 million (previous year: €74 million). Deferred interest not yet due amounting to €29 million (previous year: €25 million) is carried as subordinated debt and allocated to subordinated liabilities.

Hybrid capital instruments represent three issues in the form of trust preferred securities that were issued by subsidiaries established for this purpose. Trust preferred securities are issued for an unlimited term and represent Tier 1 capital for banking regulatory purposes.

Deferred interest on hybrid capital instruments not yet due amounted to €14 million (previous year: €2 million).

Holders of profit participation certificates receive an annual profit-related distribution ranking prior to shareholders' profit rights; the distribution right is reduced if and to the extent that no distributable profit is available.

The interest expense for 2005 on profit participation certificates outstanding totals €24 million (previous year: €23 million). Deferred interest not yet due amounting to €22 million (previous year: €19 million) is allocated directly to profit participation certificates.

Due to their contractual arrangements and economic substance, contributions by typical silent partners represent debt and are reported under subordinated debt in accordance with IAS 32.

The interest expense on contributions of assets by silent partners amounts to €4 million (previous year: €4 million).

A total of €2,290 million of the subordinated debt (previous year: €1,297 million) is hedged against changes in fair value, of which €663 million (previous year: €514 million) is attributable to subordinated liabilities and €1,125 million (previous year: €783 million) to hybrid capital instruments.

€3.2 billion of subordinated debt is (previous year: €2.7 billion) fixed-interest, while €0.5 billion (previous year: €0.1 billion) is variable-interest.

**(40) Shareholders' equity**

	Dec. 31, 2005 €m	Dec. 31, 2004 <sup>1</sup> €m
Issued capital	410	410
Share premium	1,160	1,159
Retained earnings	2,889	2,659
Foreign currency translation reserve	-77	-120
Revaluation reserve	311	222
Unappropriated surplus	492	435
Minority interest	1	1
<b>Total</b>	<b>5,186</b>	<b>4,766</b>

Postbank's issued capital is composed of 164,000,000 no-par value registered shares.

The Management Board is authorized, with the consent of the Supervisory Board, to increase the Bank's share capital on one or more occasions by up to a total of €41 million up to March 24, 2009 by issuing new, non-voting registered shares (preference shares) against non-cash contributions (authorized capital). This authorization can be exercised in full or in part. Shareholders' pre-emptive subscription rights are disapplied. The Management Board is authorized, with the consent of the Supervisory Board, to determine all additional rights attached to the shares and the conditions governing their issuance.

The Management Board was authorized at the Annual General Meeting on May 19, 2005 to purchase own shares for the purposes of securities trading in accordance with section 71 (1) no. 7 of the AktG (German Stock Corporation Act) amounting to up to a total of 5 % of the share capital or for other purposes in accordance with section 71 (1) no. 8 of the AktG amounting to up to a total of 10 % of the share capital. In accordance with the legal regulation, 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 November 18, 2006. The authorizations on the purchase of own shares in accordance with section 71 (1) no. 7 of the AktG as well as section 71 (1) no. 8 of the AktG existing at the time of the Annual General Meeting, originally restricted until September 24, 2005, were revoked when the new authorization became effective.

<sup>1</sup> Prior-period figures restated (see notes 5 and 6)

The gains or losses on the measurement of available-for-sale financial instruments reported in the revaluation reserve in equity changed as follows:

	<b>Available-for-sale financial instruments</b>	
	€m	€m
Balance at December 31, 2003		-200
First-time application of IAS 39 (rev. 2003)		422
New designation of financial instruments		-141
	2005	2004 <sup>1</sup>
	€m	€m
Balance at January 1	222	81
Addition (+)/disposal (-)	294	366
Available for sale, hedged (due to changes in credit risk)	-15	192
Available for sale, unhedged	309	174
<b>Reclassified to the income statement</b>		
addition (+)/disposal (-)	-224	-182
Available for sale due to impairment	2	-8
thereof hedged financial instruments	-	-
thereof unhedged financial instruments	2	-8
Available for sale due to disposal/hedge termination	-226	-174
thereof hedged financial instruments	12	-12
thereof unhedged financial instruments	-238	-162
Deferred taxes recognized directly in equity	19	-43
<b>Balance at December 31</b>	<b>311</b>	<b>222</b>

An amount of €224 million (previous year: €182 million) carried in the revaluation reserve was reversed to income from disposals of and valuation allowances on available-for-sale financial instruments in the year under review. In addition, the revaluation reserve rose by €294 million (previous year: €366 million net of deferred taxes) due to the remeasurement of available-for-sale financial instruments. Deferred taxes recognized directly in equity decreased by €19 million (previous year: €43 million after restatement) in the fiscal year under review to a closing balance of €20 million (previous year: €39 million after restatement); the revaluation reserve fell accordingly.

<sup>1</sup> Prior-period figures restated (see notes 5 and 6)

## Other disclosures

### (41) Segment reporting

#### Segment reporting by business division

Postbank Group manages its activities on the basis of a management information system whose core component is management accounting by business division. The business divisions correspond to the Group's organizational structure.

	Retail Banking		Corporate <sup>1</sup> Banking		Transaction Banking		Financial <sup>1</sup> Markets		Others <sup>1</sup>		Group <sup>1</sup>	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Net interest income	1,682	1,623	238	212	5	3	83	64	-333	-335	1,675	1,567
Net trading income	-	-	1	5	-	-	55	62	149	131	205	198
Net income from investment securities	-	-	8	5	-	-	-	-	1	244	291	252
<b>Balance sheet-related revenues</b>	<b>1,682</b>	<b>1,623</b>	<b>247</b>	<b>222</b>	<b>5</b>	<b>3</b>	<b>138</b>	<b>127</b>	<b>60</b>	<b>87</b>	<b>2,132</b>	<b>2,062</b>
Net fee and commission income	388	324	108	89	278	201	62	57	-137	-59	699	612
<b>Total income</b>	<b>2,070</b>	<b>1,947</b>	<b>355</b>	<b>311</b>	<b>283</b>	<b>204</b>	<b>200</b>	<b>184</b>	<b>-77</b>	<b>28</b>	<b>2,831</b>	<b>2,674</b>
Administrative expenses	-1,335	-1,347	-165	-148	-263	-196	-80	-81	-43	-97	-1,886	-1,869
Allowance for losses on loans and advances	-148	-118	-39	-38	-	-	2	-	-20	-29	-205	-185
Other income/expenses	1	-2	-2	-	3	1	-2	2	-21	27	-21	28
<b>Profit before tax</b>	<b>588</b>	<b>480</b>	<b>149</b>	<b>125</b>	<b>23</b>	<b>9</b>	<b>120</b>	<b>105</b>	<b>-161</b>	<b>-71</b>	<b>719</b>	<b>648</b>
<b>Cost/income ratio (CIR)</b>	<b>64.5 %</b>	<b>69.2 %</b>	<b>46.5 %</b>	<b>47.6 %</b>	<b>92.9 %</b>	<b>96.1 %</b>	<b>40.0 %</b>	<b>44.0 %</b>	<b>-</b>	<b>-</b>	<b>66.6 %</b>	<b>69.9 %</b>
<b>Return on equity before taxes (RoE)</b>	<b>27.3 %</b>	<b>23.6 %</b>	<b>35.8 %</b>	<b>28.5 %</b>	<b>-</b>	<b>-</b>	<b>17.7 %</b>	<b>15.9 %</b>	<b>-10.4 %</b>	<b>-4.8 %</b>	<b>14.6 %</b>	<b>14.0 %</b>
<b>Segment assets</b>	<b>31,762</b>	<b>24,740</b>	<b>14,580</b>	<b>11,250</b>	<b>239</b>	<b>240</b>	<b>23,337</b>	<b>18,245</b>	<b>66,565</b>	<b>70,262</b>	<b>136,483</b>	<b>124,737</b>
<b>Segment liabilities</b>	<b>58,978</b>	<b>56,970</b>	<b>13,732</b>	<b>17,674</b>	<b>143</b>	<b>73</b>	<b>11,957</b>	<b>8,562</b>	<b>42,407</b>	<b>32,647</b>	<b>127,217</b>	<b>115,926</b>

The "Others" item contains consolidation adjustments, items not attributable to the business divisions, unallocated overhead costs and Postbank's proprietary trading result.

Since the settlement of payment transactions is not banking business in the traditional sense, we do not report return on equity in our Transaction Banking business segment.

The prior-period amounts were adjusted to reflect the organizational structures prevailing in 2005 as well as modified allocation criteria.

<sup>1</sup> Prior-period figures restated (see notes 5 and 6)

### Segment reporting by geographical region

The allocation of segments by the domicile of the branch or Group company produces the following distribution:

	Assets		Liabilities		Income		Profit before tax	
	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m
Germany	97,408	91,457	89,938	83,707	2,637	2,508	592	533
Others	39,075	33,280	37,279	32,219	194	166	127	115
Europe	35,327	30,714	33,907	29,965	130	93	87	81
USA	3,748	2,566	3,372	2,254	64	73	40	34
<b>Total</b>	<b>136,483</b>	<b>124,737</b>	<b>127,217</b>	<b>115,926</b>	<b>2,831</b>	<b>2,674</b>	<b>719</b>	<b>648</b>

### (42) Contingencies and other obligations

Contingent liabilities arise from past events that will lead to possible future obligations.

These obligations arise from the occurrence of uncertain future events whose settlement amount cannot be estimated with sufficient reliability.

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Contingent liabilities		
on guarantees and warranties	1,804	1,110
Other obligations		
Irrevocable loan commitments	16,583	13,518
<b>Total</b>	<b>18,387</b>	<b>14,628</b>

### (43) Bonds outstanding

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Bonds outstanding		
Bonds issued	13,486	14,257
Registered mortgage bonds issued as collateral	67	82
Public-sector mortgage bonds (Pfandbriefe)/municipal bonds	30	36
<b>Cover requirement for bonds outstanding</b>	<b>13,583</b>	<b>14,375</b>

**(44) Cover for bonds outstanding**

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
<b>Cover for registered securities</b>		
Loans to other banks and customers	10,588	8,593
Total registered securities requiring cover	4,849	3,722
<b>Excess cover</b>	<b>5,739</b>	<b>4,871</b>
 <b>Mortgage bond cover</b>		
Loans to other banks and customers (mortgage loans)	3,805	4,294
Total mortgage bonds requiring cover	2,684	3,159
<b>Excess cover</b>	<b>1,121</b>	<b>1,135</b>
 <b>Municipal bond cover</b>		
Loans to other banks and customers and substitute cover in securities	6,499	9,763
Total municipal bonds requiring cover	5,953	7,375
<b>Excess cover</b>	<b>546</b>	<b>2,388</b>
 <b>Cover for interest expenses on registered securities</b>		
Interest expenses on registered securities	213	170
Interest income from cover assets	531	455
<b>Excess cover</b>	<b>318</b>	<b>285</b>
 <b>Cover for interest expenses on mortgage bonds</b>		
Interest expenses on mortgage bonds	145	177
Interest income from cover assets	211	246
<b>Excess cover</b>	<b>66</b>	<b>69</b>
 <b>Cover for interest expenses on municipal bonds</b>		
Interest expenses on municipal bonds	303	377
Interest income from cover assets	326	466
<b>Excess cover</b>	<b>23</b>	<b>89</b>

**(45) Foreclosures and compulsory administration**

	Dec. 31, 2005 Number	Dec. 31, 2004 Number
Foreclosures pending	942	1,107
Compulsory administration proceedings	653	617
Foreclosures completed	269	211

**(46) Fair value of financial instruments carried at amortized cost**

**or hedge fair value**

The fair values of financial instruments carried at amortized cost or hedge fair value on the balance sheet are compared with their carrying amounts in the following table:

	Dec. 31, 2005		Dec. 31, 2004 <sup>1</sup>	
	Carrying amount €m	Full fair value €m	Carrying amount €m	Full fair value €m
<b>Assets</b>				
Cash reserve	968	968	1,125	1,125
Loans and advances to other banks	17,801	17,862	23,820	23,974
Loans and advances to customers	52,873	54,975	47,739	48,509
Allowance for losses on loans and advances	–776	–776	–667	–667
Investment securities	15,974	16,037	6,843	6,963
	<b>86,840</b>	<b>89,066</b>	<b>76,860</b>	<b>79,904</b>
<b>Liabilities</b>				
Deposits from other banks	30,778	30,986	16,215	16,463
Due to customers	78,481	78,871	80,519	80,602
Securitized liabilities and subordinated debt	18,396	18,806	19,298	19,564
	<b>127,655</b>	<b>128,663</b>	<b>116,032</b>	<b>116,629</b>

In general, fair value is calculated for all financial instruments. The only exceptions are items payable on demand and savings deposits with an agreed withdrawal notice of one year or less.

If there is an active market for a financial instrument (e.g. a stock exchange), the fair value is expressed by the market or quoted exchange price at the balance sheet date. If there is no active market, the fair value is determined using recognized valuation models (present value method or option pricing models). The valuation models used must reflect the key factors affecting the value of the financial instruments, and their parameters are based on market conditions at the balance sheet date. The cash flows used in the present value method are based on the contractual terms of the financial instruments.

<sup>1</sup> Prior-period figures restated (see note 6)

**(47) Foreign currency volume**

	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>
	€m	€m
Foreign currency assets	12,075	7,838
Foreign currency liabilities	12,029	7,348

**(48) Disclosures on significant concentration of business**

The percentage classification of Deutsche Postbank AG's loans by sector is as follows:

	<b>2005</b>	<b>2004</b>
	%	%
Dependent employees and other private individuals	39.6	33.8
Other enterprises and self-employed individuals	18.1	16.0
Public sector	14.0	16.3
Credit institutions	28.3	33.9
	<b>100.0</b>	<b>100.0</b>

The percentage classification by German and foreign residents is as follows:

	<b>2005</b>	<b>2004</b>
	%	%
German residents	70.2	70.9
Foreign residents	29.8	29.1
	<b>100.0</b>	<b>100.0</b>

## (49) Financial instruments in accordance with IAS 39 – Measurement categories

	Fair value hedges		Unhedged		Total	
	Dec. 31, 2005	Dec. 31, 2004 <sup>1</sup>	Dec. 31, 2005	Dec. 31, 2004 <sup>1</sup>	Dec. 31, 2005	Dec. 31, 2004 <sup>1</sup>
	€m	€m	€m	€m	€m	€m
<b>Assets</b>	<b>26,298</b>	<b>23,082</b>	<b>110,824</b>	<b>102,628</b>	<b>137,122</b>	<b>125,710</b>
Loans and receivables	8,978	8,360	73,722	67,018	82,700	75,378
Loans to other banks	2,720	2,723	15,081	21,097	17,801	23,820
Loans to customers	4,115	5,260	48,185	41,840	52,300	47,100
Investment securities	2,143	377	10,456	4,081	12,599	4,458
Available-for-sale assets	16,681	13,749	22,768	22,891	39,449	36,640
Loans to other banks	–	–	–	–	–	–
Loans to customers	–	–	–	–	–	–
Investment securities	16,681	13,749	22,768	22,891	39,449	36,640
Held-to-maturity investments	–	–	3,948	3,024	3,948	3,024
Loans to other banks	–	–	–	–	–	–
Loans to customers	–	–	573	639	573	639
Investment securities	–	–	3,375	2,385	3,375	2,385
Held for trading	–	–	10,386	9,695	10,386	9,695
Trading assets	–	–	10,386	9,695	10,386	9,695
Hedging derivatives	639	973	–	–	639	973
<b>Liabilities</b>	<b>22,489</b>	<b>21,536</b>	<b>110,179</b>	<b>99,443</b>	<b>132,668</b>	<b>120,979</b>
Liabilities	20,821	19,291	106,834	96,741	127,655	116,032
Deposits from other banks	2,306	2,978	28,472	13,237	30,778	16,215
Due to customers	2,849	3,445	75,632	77,074	78,481	80,519
Securitized liabilities	13,376	11,571	1,237	4,919	14,613	16,490
Subordinated debt	2,290	1,297	1,493	1,511	3,783	2,808
Held for trading	–	–	3,345	2,702	3,345	2,702
Trading liabilities	–	–	3,345	2,702	3,345	2,702
Hedging derivatives	1,668	2,245	–	–	1,668	2,245

<sup>1</sup>Prior-period figures restated (see note 6)

## (50) Derivatives

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

Derivatives on foreign currencies are mostly entered into in the form of currency forwards, currency swaps, cross-currency swaps and currency options. Interest rate derivatives relate primarily to interest rate swaps, forward rate agreements and interest rate futures and options; forward transactions in fixed-income securities are occasionally entered into. Equity derivatives are entered into in the form of equity options and equity/index futures in particular. Credit derivatives (credit default swaps) were also entered into to a limited extent.

The notional amounts represent the gross volume of all sales and purchases. The notional amount is a reference value for determining reciprocally agreed settlement payments; it does not represent recognizable receivables or liabilities.

The fair values of the individual contracts were calculated using recognized valuation models and do not reflect any netting agreements.

Holdings of derivatives are composed of the following items:

	Notional amounts		Positive fair values		Negative fair values	
	Dec. 31, 2005 €m	Dec. 31, 2004 €m	Dec. 31, 2005 €m	Dec. 31, 2004 €m	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Trading derivatives	361,833	224,044	3,092	2,754	3,341	2,651
Hedging derivatives	41,909	39,203	639	973	1,668	2,245
<b>Total holdings of interest rate derivatives</b>	<b>403,742</b>	<b>263,247</b>	<b>3,731</b>	<b>3,727</b>	<b>5,009</b>	<b>4,896</b>

The following table presents the open interest-rate and foreign currency, conditional and unconditional forward and option contracts of the Postbank Group at the balance sheet date.

	Notional amount		Fair value			
	Dec. 31, 2005	Dec. 31, 2004	Positive fair values		Negative fair values	
			€m	€m	€m	€m
Trading derivatives						
Foreign currency derivatives						
OTC products						
Currency forwards	2,238	1,340	19	35	25	66
Currency swaps	13,840	12,514	157	561	140	469
<b>Total holdings of foreign currency derivatives</b>	<b>16,078</b>	<b>13,854</b>	<b>176</b>	<b>596</b>	<b>165</b>	<b>535</b>
Interest rate derivatives						
OTC products						
Interest rate swaps	301,793	177,429	2,892	2,123	3,147	2,051
Cross-currency swaps	15	32	1	2	1	2
FRAs	10,433	2,310	1	–	–	–
OTC interest rate options	408	2,460	–	2	–	2
Other interest rate contracts	457	186	2	1	2	–
Exchange-traded products						
Interest rate futures	16,606	22,954	–	–	–	–
Interest rate options	14,665	2,915	1	1	1	–
<b>Total holdings of interest rate derivatives</b>	<b>344,377</b>	<b>208,286</b>	<b>2,897</b>	<b>2,129</b>	<b>3,151</b>	<b>2,055</b>

	Notional amount		Fair value			
			Positive fair values		Negative fair values	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
	€m	€m	€m	€m	€m	€m
Equity/index derivatives						
OTC products						
Equity options (long/short)	198	733	14	4	16	47
Exchange-traded products						
Equity/index futures	147	93	–	–	–	–
Equity/index options	112	246	2	9	–	1
<b>Total holdings of equity/index derivatives</b>	<b>457</b>	<b>1,072</b>	<b>16</b>	<b>13</b>	<b>16</b>	<b>48</b>
Credit derivatives						
Credit default swaps	921	832	3	16	9	13
<b>Total holdings of credit derivatives</b>	<b>921</b>	<b>832</b>	<b>3</b>	<b>16</b>	<b>9</b>	<b>13</b>
<b>Total holdings of trading derivatives</b>	<b>361,833</b>	<b>224,044</b>	<b>3,092</b>	<b>2,754</b>	<b>3,341</b>	<b>2,651</b>
of which banking book derivatives	36,757	22,957	475	458	571	540
Hedging derivatives						
Fair value hedges						
Interest rate swaps	39,776	36,535	602	949	1,539	2,035
Cross-currency swaps	2,132	2,284	37	23	129	207
Equity options	–	383	–	1	–	3
Other interest rate contracts	–	–	–	–	–	–
<b>Total holdings of hedging derivatives from fair value hedges</b>	<b>41,908</b>	<b>39,202</b>	<b>639</b>	<b>973</b>	<b>1,668</b>	<b>2,245</b>
Cash flow hedges						
Credit default swaps	1	1	–	–	–	–
<b>Total holdings of hedging derivatives from cash flow hedges</b>	<b>1</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total holdings of hedging derivatives</b>	<b>41,909</b>	<b>39,203</b>	<b>639</b>	<b>973</b>	<b>1,668</b>	<b>2,245</b>
<b>Total holdings of derivatives</b>	<b>403,742</b>	<b>263,247</b>	<b>3,731</b>	<b>3,727</b>	<b>5,009</b>	<b>4,896</b>

Total holdings of recognized derivative assets and liabilities:

	<b>Hedging derivatives</b>			
	<b>Positive fair values</b>	<b>Negative fair values</b>	<b>Positive fair values</b>	<b>Negative fair values</b>
	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>	<b>Dec. 31, 2004</b>
	€m	€m	€m	€m
<b>Remaining maturity</b>				
less than 3 months	304	316	291	322
3 months to 1 year	32	54	60	56
from 1 to 2 years	16	82	80	168
from 2 to 3 years	14	118	48	205
from 3 to 4 years	44	144	23	138
from 4 to 5 years	28	141	57	273
more than 5 years	201	813	414	1,083
	<b>639</b>	<b>1,668</b>	<b>973</b>	<b>2,245</b>
 <b>Trading and banking book derivatives</b>				
	<b>Positive fair values</b>	<b>Negative fair values</b>	<b>Positive fair values</b>	<b>Negative fair values</b>
	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>	<b>Dec. 31, 2004</b>
	€m	€m	€m	€m
<b>Remaining maturity</b>				
less than 3 months	1,203	1,348	1,000	921
3 months to 1 year	110	103	279	277
from 1 to 2 years	32	65	53	55
from 2 to 3 years	33	18	39	83
from 3 to 4 years	74	103	49	54
from 4 to 5 years	111	57	117	125
more than 5 years	1,529	1,647	1,217	1,136
	<b>3,092</b>	<b>3,341</b>	<b>2,754</b>	<b>2,651</b>

The remaining maturity is the period between the balance sheet date and the contractual maturity of the asset or liability.

The following table presents the positive and negative values of derivatives by counterparties.

Counterparties	Positive fair values		Negative fair values	
	Dec. 31, 2005 €m	Dec. 31, 2004 €m	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Banks in OECD countries	3,653	3,681	4,914	4,774
Public institutions in OECD countries	–	1	–	4
Other counterparties in OECD countries	78	45	95	118
	<b>3,731</b>	<b>3,727</b>	<b>5,009</b>	<b>4,896</b>

#### (51) Risk assets and capital ratio

The Postbank Group has undertaken to fulfill the capital adequacy requirements set out in the respective framework issued by the Basel Committee on Banking Supervision. This requires credit institutions to maintain capital of at least 8 % of their risk-weighted assets (capital ratio). At least 4 % of risk assets must consist of Tier 1 capital (Tier 1 ratio).

The Bank's regulatory own funds consist of Tier 1, Tier 2 and Tier 3 capital. Tier 1 capital primarily consists of issued capital, reserves and hybrid capital components. Tier 2 capital is primarily composed of profit participation certificates and subordinated long-term liabilities.

The regulatory own funds of the Postbank Group in accordance with the Basel Capital Accord were as follows at December 31, 2005:

	Dec. 31, 2005 <sup>1</sup> €m	Dec. 31, 2004 €m
Risk-weighted assets	62,354	50,043
Market risk positions	7,538	5,938
Positions for which capital charges are required	69,892	55,981
Tier 1 capital	5,164	4,231
thereof: hybrid capital instruments	1,151	635
Tier 2 capital	2,342	1,862
Profit participation certificates outstanding	558	359
Subordinated liabilities	1,780	1,247
Other components	4	256
Tier 3 capital	–	–
Eligible own funds	7,506	6,093
Tier 1 ratio (%)	8.3	8.5
Capital ratio (%)	10.7	10.9

<sup>1</sup>after planned appropriation to retained earnings

**(52) Maturity structure**

As of December 31, 2005:

	Payable on demand €m	Less than 3 months €m	3 months to 1 year €m	1 to 2 years €m	2 to 3 years €m	3 to 4 years €m	4 to 5 years €m	More than 5 years €m	Total €m
Loans and advances to other banks	1,153	2,966	2,566	622	1,067	1,566	1,316	6,545	17,801
Loans and advances to customers	2,053	5,689	5,696	5,707	5,468	4,849	3,233	20,178	52,873
Trading assets	3	1,387	571	5,349	966	223	207	1,680	10,386
Hedging derivatives	7	297	32	16	14	44	28	201	639
Investment securities	–	1,835	2,818	7,155	4,019	4,177	4,484	30,935	55,423
Other assets	1,202	226	28	22	20	74	438	131	2,141
<b>Total</b>	<b>4,418</b>	<b>12,400</b>	<b>11,711</b>	<b>18,871</b>	<b>11,554</b>	<b>10,933</b>	<b>9,706</b>	<b>59,670</b>	<b>139,263</b>
Deposits from other banks	585	21,790	1,674	918	1,233	1,913	352	2,313	30,778
Due to customers	21,940	44,539	2,684	799	615	803	2,246	4,855	78,481
Securitized liabilities	–	4,392	1,849	2,370	1,126	2,594	1,187	1,095	14,613
Trading liabilities	14	1,334	103	65	18	103	57	1,651	3,345
Hedging derivatives	31	285	54	82	118	144	141	813	1,668
Provisions	41	23	138	155	63	66	991	522	1,999
Provisions for pensions	–	14	40	52	50	49	47	333	585
Tax provisions	29	–	46	–	–	–	923	32	1,030
Other provisions	12	9	52	103	13	17	21	157	384
Other liabilities	86	284	27	19	1	9	–	1	427
Subordinated debt	4	–	14	–	250	112	39	3,364	3,783
<b>Total</b>	<b>22,701</b>	<b>72,647</b>	<b>6,543</b>	<b>4,408</b>	<b>3,424</b>	<b>5,744</b>	<b>5,013</b>	<b>14,614</b>	<b>135,094</b>

The remaining maturities of derivatives are presented separately in a table in note (50).

As of December 31, 2004:

	Payable on demand €m	Less than 3 months €m	3 months to 1 year €m	1 to 2 years €m	2 to 3 years €m	3 to 4 years €m	4 to 5 years €m	More than 5 years €m	Total <sup>1</sup> €m
Loans and advances to other banks	2,188	5,238	7,690	1,048	1,722	2,546	2,171	1,217	23,820
Loans and advances to customers	2,003	2,702	4,105	5,712	5,332	4,760	3,237	19,888	47,739
Trading assets	–	1,425	1,248	4,221	739	158	158	1,746	9,695
Hedging derivatives	–	291	60	80	48	23	57	414	973
Investment securities	3	1,776	1,394	3,970	2,206	2,316	2,536	29,282	43,483
Other assets	205	181	95	21	21	67	410	160	1,160
<b>Total</b>	<b>4,399</b>	<b>11,613</b>	<b>14,592</b>	<b>15,052</b>	<b>10,068</b>	<b>9,870</b>	<b>8,569</b>	<b>52,707</b>	<b>126,870</b>
Deposits from other banks	916	6,449	1,798	1,006	1,341	2,060	383	2,262	16,215
Due to customers	21,255	45,690	3,222	830	646	831	2,307	5,738	80,519
Securitized liabilities	216	3,658	1,595	3,009	1,368	3,283	1,459	1,902	16,490
Trading liabilities	–	921	277	55	83	54	125	1,187	2,702
Hedging derivatives	–	322	56	168	205	138	273	1,083	2,245
Provisions	13	17	112	136	56	60	1,021	577	1,992
Provisions for pensions	1	13	39	48	46	46	44	347	584
Tax provisions	8	–	14	–	–	–	959	14	995
Other provisions	4	4	59	88	10	14	18	216	413
Other liabilities	286	120	85	17	1	8	–	–	517
Subordinated debt	14	–	87	–	212	96	34	2,365	2,808
<b>Total</b>	<b>22,700</b>	<b>57,177</b>	<b>7,232</b>	<b>5,221</b>	<b>3,912</b>	<b>6,530</b>	<b>5,602</b>	<b>15,114</b>	<b>123,488</b>

<sup>1</sup> Prior-period figures restated (see notes 5 and 6)

### (53) Subordinated assets

Assets are subordinated if their recovery as receivables ranks behind other creditors in the event of liquidation or bankruptcy of the issuer.

Balance sheet assets contain the following subordinated assets:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Loans and advances to customers	–	–
Loans and advances to other banks	10	16
Investment securities	–	–
<b>Total</b>	<b>10</b>	<b>16</b>

### (54) Other financial obligations

Commencing in 2000, Postbank pays 33 % of the gross compensation of its active civil servants and the notional gross compensation of its civil servants on leave of absence to a pension fund (*Unterstützungskasse*) established for this purpose. Postbank has no further obligations for benefits paid by the pension fund, which are the responsibility of the German government.

Postbank has issued comfort letters for its subsidiaries Deutsche Postbank International S.A., Luxembourg, PB Capital Corp., Delaware, USA, Deutsche Postbank Funding LLC I and II, both in Delaware, USA, as well as to the holders of securities issued by these companies, in which it undertakes to ensure that, with the exception of political risk, the subsidiaries will be able to meet their obligations.

As of June 7, 2005, under the terms of issue of a subordinated bond, Postbank gave an unrestricted comfort letter to Deutsche Postbank Funding LLC III, Delaware, USA, and holders of securities issued by this company.

In accordance with the provisions of that company's articles of association, the investment in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, results in a pro rata additional funding obligation of up to €5.0 million. Deutsche Postbank AG is also liable pro rata for the fulfillment of the additional funding obligations of other shareholders belonging to the Bundesverband deutscher Banken e. V. (Association of German Banks).

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).

In addition, Deutsche Postbank International S.A., Luxembourg, is a member of the "Association pour la Garantie des Dépôts Luxembourg" (AGDL), the Luxembourg deposit guaranty and investor indemnity fund.

Financial obligations from operating leases relate to land and buildings and have the following maturity structures:

	€m
in the first year after the balance sheet date	20
in the second year after the balance sheet date	13
in the third year after the balance sheet date	10
in the fourth year after the balance sheet date	8
in the fifth year after the balance sheet date	8
more than five years after the balance sheet date	25
<b>Total</b>	<b>84</b>

#### (55) Trust activities

Trust activities are composed of the following items:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
<b>Trust assets</b>		
Loans and advances to other banks	42	35
Loans and advances to customers	1,372	1,449
	<b>1,414</b>	<b>1,484</b>
<b>Trust liabilities</b>		
Trust funds for transmitted loans	643	694
Special fund of the State of Mecklenburg-Western Pomerania	42	45
Retired farmers' pension fund	11	11
Special-purpose funds	718	734
	<b>1,414</b>	<b>1,484</b>

**(56) Employees**

The average number of employees in the Group in the period under review was as follows:

	Total 2005	Total 2004
<b>Full-time</b>		
Civil servants	2,372	2,519
Salaried employees	5,813	5,729
	<b>8,185</b>	<b>8,248</b>
<b>Part-time</b>		
Civil servants	707	715
Salaried employees	631	650
	<b>1,338</b>	<b>1,365</b>
	<b>9,523</b>	<b>9,613</b>

**(57) Related party disclosures**

In addition to the consolidated subsidiaries, the Postbank Group has direct or indirect relationships with a wide range of Deutsche Post World Net companies and a small number of unconsolidated subsidiaries in the course of its ordinary business activities. In the course of these activities, all transactions for the provision of goods and services entered into with the aforementioned companies were conducted on an arm's length basis at standard market terms and conditions.

The following section provides an overview of the companies included in the Postbank Group.

## Consolidated companies

Name and domicile	Equity interest (%) direct	Equity interest (%) indirect
<b>1) Fully consolidated companies:</b>		
Deutsche Postbank International S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Asset Management S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Capital Management S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Vermögens-Management S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, Bonn	90.0	
Postbank Systems AG, Bonn	100.0	
VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn	75.0	
DSL Holding AG i.A., Bonn	100.0	
Deutsche Postbank Financial Services GmbH, Frankfurt/Main	100.0	
Deutsche Postbank Finance Center Objekt GmbH, Munsbach, Luxembourg	90.0	
DPBI Immobilien KGaA, Munsbach, Luxembourg	10.0	0.1
Postbank Leasing GmbH, Bonn	100.0	
PB (USA) Holdings Inc., Wilmington, Delaware, USA	100.0	
PB Capital Corp., Wilmington, Delaware, USA	100.0	
PB Realty Corp., New York, USA	94.7	
PB Finance (Delaware), Inc., Wilmington, Delaware, USA	100.0	
PBC Carnegie LLC, Wilmington, Delaware, USA	100.0	
PB Factoring GmbH, Bonn	100.0	
Postbank Vermögensberatung AG, Bonn	100.0	
PB Firmenkunden AG, Bonn	100.0	
Betriebs-Center für Banken Deutschland GmbH & Co. KG, Frankfurt/Main	100.0	
Betriebs-Center für Banken Verwaltungs GmbH, Frankfurt/Main	100.0	
Betriebs-Center für Banken Frankfurt am Main GmbH, Frankfurt/Main	100.0	
Betriebs-Center für Banken Berlin GmbH, Frankfurt/Main	100.0	
Betriebs-Center für Banken Zahlungsverkehrsservice GmbH, Frankfurt/Main	100.0	
Betriebs-Center für Banken Payments AG, Frankfurt/Main	100.0	
Deutsche Postbank Funding LLC I, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding LLC II, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding LLC III, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding Trust I, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding Trust II, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding Trust III, Wilmington, Delaware, USA	100.0	
<b>2) Proportionately consolidated companies:</b>		
PB Lebensversicherung AG, Hilden	50.0	
PB Versicherung AG, Hilden	50.0	

### Intragroup and associate receivables

Receivables from unconsolidated subsidiaries and associates are presented below:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Loans and advances to customers		
Subsidiaries	90	84
Associates	–	–
	90	84
Other assets		
Subsidiaries	1,004	17
Associates	17	8
	1,021	25
<b>Total</b>	<b>1,111</b>	<b>109</b>

The items relate primarily to receivables from Deutsche Post AG. Other assets include the purchase price of €986 million paid on December 27, 2005 for the acquisition of Deutsche Post Retail GmbH (see note 7b).

### Intragroup and associate payables

Payables to unconsolidated subsidiaries and associates are presented below:

	Dec. 31, 2005 €m	Dec. 31, 2004 €m
Deposits from other banks		
Subsidiaries	–	15
Associates	–	–
	–	15
Amounts due to customers		
Subsidiaries	317	1,093
Associates	–	9
	317	1,102
Other liabilities		
Subsidiaries	72	119
Associates	43	23
	115	142
<b>Total</b>	<b>432</b>	<b>1,259</b>

The items relate primarily to payables to Deutsche Post AG.

**Income and expense from subsidiaries and associates**

	2005 €m	2004 €m
<b>Net interest income</b>		
Subsidiaries	-1	3
Associates	-	1
	<b>-1</b>	<b>4</b>
<b>Net fee and commission income</b>		
Subsidiaries	12	21
Associates	9	18
	<b>21</b>	<b>39</b>
<b>Administrative expenses</b>		
Subsidiaries	682	644
Associates	1	23
	<b>683</b>	<b>667</b>
<b>Other income</b>		
Subsidiaries	35	40
Associates	-	2
	<b>35</b>	<b>42</b>
<b>Other expenses</b>		
Subsidiaries	18	5
Associates	1	-
	<b>19</b>	<b>5</b>

### Remuneration of the Management Board

The annual remuneration of the members of the Management Board is composed of fixed and variable components. Variable components relate primarily to the annual bonuses determined by the Supervisory Board on the basis of the Company's business development.

	Fixed remuneration component* € thousand	Performance- related component € thousand	Total € thousand
Wulf von Schimmelmann, Chairman	860.0	853.1	1,713.1
Dirk Berensmann	400.0	483.4	883.4
Stefan Jütte	400.0	498.0	898.0
Wolfgang Klein	400.0	498.0	898.0
Loukas Rizos	500.0	597.6	1,097.6
Lothar Rogg (until December 31, 2005)	300.0	369.0	669.0
Hans-Peter Schmid (since December 1, 2005)	33.3	41.5	74.8
Ralf Stemmer	300.0	398.4	698.4
<b>Total</b>	<b>3,193.3</b>	<b>3,739.0</b>	<b>6,932.3</b>

\* In addition, the members of the Management Board received "Other compensation" in the amount of €159.6 thousand, consisting primarily of the use of company cars, the reimbursement of travel costs and telephone costs, and special allowances for expenses incurred abroad and other non-cash benefits. This compensation is taxable by the respective member of the Management Board. In principle, it is available to all members of the Management Board equally; the amount varies depending on different personal circumstances.

The total remuneration of the members of the Management Board in fiscal year 2005 amounted to €6,932.3 thousand, compared with €6,714.7 thousand in fiscal year 2004.

The remuneration paid to former members of the Management Board amounted to €1,900.7 thousand (previous year: €1,885.4 thousand). Provisions for pensions for these individuals were set up in the amount of €22,301.9 thousand (previous year: €20,963.4 thousand).

### **Remuneration of the Supervisory Board**

In accordance with Article 15 of the Articles of Association of Deutsche Postbank AG, the annual remuneration of the members of the Supervisory Board is composed of a fixed component, a performance-related component, and a performance-related variable component with a long-term incentive effect.

The fixed component amounts to €15,000, while the variable 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. Short-term performance-related remuneration accounted for 34.4 % (previous year: 25.2 %) of the total remuneration paid to the members of the Supervisory Board in fiscal year 2005.

Members of the Supervisory Board will be entitled to performance-related remuneration with a long-term incentive effect for fiscal year 2005 in the amount of €300 for each 1 % by which the consolidated net profit per share for fiscal year 2007 exceeds the consolidated net profit per share for fiscal year 2004. This remuneration is payable following the end of the 2008 Annual General Meeting.

Neither of the variable components may exceed €15,000.

The Chairman of the Supervisory Board receives double the remuneration specified above, while the Deputy Chairman receives one and a half times the remuneration specified above. The chairmanship of a Supervisory Board committee is remunerated by an additional amount the same as that specified above, while members of Supervisory Board committees additionally receive half this amount for each such position held. This does not apply for the committee formed in accordance with section 27 (3) of the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act). Persons who are members of the Supervisory Board for only part of a fiscal year receive the corresponding remuneration ratably.

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

The total remuneration paid to members of the Supervisory Board for fiscal year 2005 amounted to €790 thousand (previous year: €695.1 thousand). The increase in the variable remuneration for the Supervisory Board is mainly due to the Deutsche Postbank Group's improved net profit and developments over the last year requiring a higher number of meetings.

The total remuneration was paid to the individual members of the Supervisory Board as follows:

	Fixed remuneration	Variable remuneration*	Total	Entitlement to remuneration with long- term incentive effect
	€ thousand	€ thousand	€ thousand	€ thousand
Zumwinkel	52.5	34.7	87.2	13.7
Sommer	45.0	29.7	74.7	11.7
Asmussen	9.3	6.1	15.4	2.4
Auer	17.4	11.4	28.8	4.5
Bolte	15.0	9.9	24.9	3.9
Boysen	15.0	9.9	24.9	3.9
Ernst	30.0	19.8	49.8	7.8
Harms	15.0	9.9	24.9	3.9
Hoch	31.8	21.0	52.8	8.3
Höhmann	15.0	9.9	24.9	3.9
Kallfelz	45.0	29.7	74.7	11.7
Krüger	37.5	24.7	62.2	9.7
Kuhlow	22.5	14.8	37.3	5.9
Petram	15.0	9.9	24.9	3.9
Pfaffenbach	13.1	8.7	21.8	3.4
Schlede	22.5	14.9	37.4	5.9
Schüler	7.9	5.2	13.1	2.0
Schwarz	15.0	9.9	24.9	3.9
Tausendfreund	6.6	4.4	11.0	1.7
von Schorlemer	15.0	9.9	24.9	3.9
Weiler	15.0	9.9	24.9	3.9
Zobeley	15.1	10.0	25.1	3.9
<b>Total</b>	<b>476.2</b>	<b>314.3</b>	<b>790.5</b>	<b>123.8</b>

\* incl. attendance allowances

No payments or benefits were granted in return for services provided individually, especially consulting and arrangement services, with the exception of the remuneration of employee representatives as set out in their respective employment contracts.

In accordance with section 15a of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act), members of the Supervisory Board and the Board of Management are required to disclose the purchase or sale of shares of Deutsche Postbank AG or rights to these shares, to the extent that they exceed the stipulated lower limit and are not acquired as a component of remuneration. No disclosures in accordance with section 15a of the WpHG were submitted to Deutsche Postbank AG.

The aggregate shareholdings of all members of the Management Board and Supervisory Board amount to less than 1 % of the shares issued by the Company. There is no stock option program that allows members of the Management Board or the Supervisory Board to acquire Postbank shares.

At the balance sheet date, loans of €386.6 thousand (previous year: €397.4 thousand) had been granted to members of the Management and Supervisory Boards; no loans were granted to members of the Management Board who retired in 2005. No other contingent liabilities had been entered into.

#### **(58) Other disclosures**

Deutsche Postbank AG's consolidated financial statements are included in the consolidated financial statements of Deutsche Post AG.

In accordance with section 2 (4) of the *Postumwandlungsgesetz* (PostUmwG – Postal Service Transformation Act), the German 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 registration in the commercial register.

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

Deutsche Postbank AG has issued guarantee bonds for its subsidiary PB Capital Corp., Delaware, USA, in the amount of \$2,921.3 million. These include a guarantee bond for swaps (\$57.2 million), a rental guarantee for business premises in New York (\$18.9 million) and a guarantee bond for the Commercial Paper program (\$2,845.2 million).

#### **(59) Members of executive bodies**

##### **Management Board**

###### **The members of the Management Board are:**

Wulf von Schimmelmann, Bonn (Chairman)

Dirk Berensmann, Unkel

Stefan Jütte, Bonn

Wolfgang Klein, Bonn

Loukas Rizos, Bonn

Lothar Rogg, Bonn until December 31, 2005

Hans-Peter Schmid, Altdorf since December 1, 2005

Ralf Stemmer, Königswinter

Offices held by members of the Management Board of Deutsche Postbank AG as of December 31, 2005 on supervisory boards or other supervisory bodies:

<b>Wulf von Schimmelmann</b>	
<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board (since January 28, 2006)	BHW Holding AG, Berlin/Hameln
Member of the Supervisory Board (from June 12, 2005 to January 27, 2006)	
Chairman of the Supervisory Board (since February 10, 2006)	Deutsche Post Retail GmbH, Bonn
Member of the Supervisory Board (from May 3, 2005 to February 9, 2006)	
Chairman of the Supervisory Board	PB Lebensversicherung AG, Hilden
Chairman of the Supervisory Board	PB Versicherung AG, Hilden
Chairman of the Board of Directors	PB (USA) Holdings, Inc., Wilmington (Delaware, USA)
Chairman of the Board of Directors	PB Capital Corp., Wilmington (Delaware, USA)
Deputy Chairman of the Supervisory Board	Deutsche Postbank Financial Services GmbH, Frankfurt/Main
Member of the Supervisory Board	TCHIBO Holding AG, Hamburg
Member of the Board of Directors	accenture Corp., Irving (Texas, USA)
Member of the Board of Directors	Altadis S.A., Madrid (Spain)
Member of the Management Board	Bundesverband deutscher Banken e.V., Berlin
<b>Offices relinquished during the year</b>	
Chairman of the Supervisory Board (until October 31, 2005)	PB Firmenkunden AG, Bonn
<b>New office from 2006</b>	
Chairman of the Supervisory Board (since January 28, 2006)	BHW Bausparkasse AG, Hameln
Member of the Supervisory Board (from January 16 to January 27, 2006)	

### Dirk Berensmann

Function	Company
Chairman of the Supervisory Board	Postbank Systems AG, Bonn
Chairman of the Supervisory Board (until December 31, 2005)	Betriebs-Center für Banken Zahlungsverkehrsservice GmbH, Frankfurt/Main*
Chairman of the Supervisory Board (until December 31, 2005)	Betriebs-Center für Banken Payments AG, Frankfurt/Main
Chairman of the Advisory Board (since June 29, 2005)	einsnull IT-Support GmbH, Bonn
Deputy Chairman of the Advisory Board (until June 28, 2005)	
Member of the Board of Directors	Eurogiro Network A/S, Taastrup (Denmark)
Member of the Management Board	e-Finance Lab Frankfurt am Main, Frankfurt University
<b>New offices from 2006</b>	
Member of the Supervisory Board (since January 11, 2006)	Deutsche Post Retail GmbH, Bonn
Member of the Supervisory Board (since January 13, 2006)	BHW Holding AG, Berlin/Hameln

\* Operated under the name of Dresdner Zahlungsverkehrsservice GmbH, Frankfurt/Main until July 6, 2005

### Stefan Jütte

Function	Company
Chairman of the Supervisory Board	Postbank Leasing GmbH, Bonn
Chairman of the Supervisory Board	PB Factoring GmbH, Bonn
Chairman of the Supervisory Board (since November 1, 2005)	PB Firmenkunden AG, Bonn
Deputy Chairman of the Supervisory Board (until October 31, 2005)	
Member of the Board of Directors	Deutsche Postbank International S.A., Luxembourg
Member of the Board of Directors	PB (USA) Holdings, Inc., Wilmington (Delaware, USA)
Member of the Board of Directors	PB Capital Corp., Wilmington (Delaware, USA)
Member of the Supervisory Board	BVVG Bodenverwertungs- und Verwaltungsgesellschaft mbH, Berlin
Member of the Advisory Board	SIREO REAL Estate Asset Management GmbH, Heusenstamm

**Wolfgang Klein**

Function	Company
Chairman of the Supervisory Board	Postbank Vermögensberatung AG, Bonn
Chairman of the Supervisory Board	Comma Soft AG, Bonn
Chairman of the Advisory Board	VÖB-ZVD Bank für Zahlungsverkehrsdiensleistungen GmbH, Bonn
Deputy Chairman of the Board of Directors	Deutsche Postbank International S.A., Luxembourg
Deputy Chairman of the Board of Directors	Deutsche Postbank Capital Management S.A., Luxembourg
Deputy Chairman of the Board of Directors	Deutsche Postbank Asset Management S.A., Luxembourg
Deputy Chairman of the Board of Directors	Deutsche Postbank Vermögens-Management S.A., Luxembourg
Deputy Chairman of the Administrative Board	VISA Deutschland e.V., Frankfurt/Main
Member of the Supervisory Board	PB Lebensversicherung AG, Hilden
Member of the Supervisory Board	PB Versicherung AG, Hilden
<b>New offices from 2006</b>	
Member of the Supervisory Board (since January 12, 2006)	Deutsche Postbank Financial Services GmbH, Frankfurt/Main
Member of the Supervisory Board (since January 13, 2006)	BHW Holding AG, Berlin/Hameln
Member of the Supervisory Board (since January 16, 2006)	BHW Bausparkasse AG, Hameln

**Loukas Rizos**

Function	Company
Chairman of the Supervisory Board	Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn
Chairman of the Supervisory Board	Deutsche Postbank Financial Services GmbH, Frankfurt/Main
Chairman of the Board of Directors	Deutsche Postbank International S.A., Luxembourg
Chairman of the Board of Directors	Deutsche Postbank Capital Management S.A., Luxembourg
Chairman of the Board of Directors	Deutsche Postbank Asset Management S.A., Luxembourg
Chairman of the Board of Directors	Deutsche Postbank Vermögens-Management S.A., Luxembourg
Deputy Chairman of the Supervisory Board (since November 1, 2005)	PB Firmenkunden AG, Bonn
Member of the Supervisory Board (until October 31, 2005)	
Member of the Supervisory Board	Postbank Vermögensberatung AG, Bonn

<b>Lothar Rogg</b>	<b>Member of the Management Board until December 31, 2005</b>
--------------------	---

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board (until December 31, 2005)	McPaper AG, Berlin
Deputy Chairman of the Supervisory Board (until December 31, 2005)	Postbank Vermögensberatung AG, Bonn
Member of the Supervisory Board (until December 31, 2005)	Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn
Member of the Supervisory Board (until December 31, 2005)	PB Lebensversicherung AG, Hilden
Member of the Supervisory Board (until December 31, 2005)	PB Versicherung AG, Hilden

<b>Hans-Peter Schmid</b>	<b>Member of the Management Board since December 1, 2005</b>
--------------------------	--

<b>New offices from 2006</b>
------------------------------

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board (since January 23, 2006)	Postbank Vermögensberatung AG, Bonn
Member of the Supervisory Board (since January 23, 2006)	Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn
Member of the Supervisory Board (since February 1, 2006)	PB Lebensversicherung AG, Hilden
Member of the Supervisory Board (since February 1, 2006)	PB Versicherung AG, Hilden

<b>Ralf Stemmer</b>
---------------------

<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board	Postbank Immobilien und Baumanagement GmbH, Bonn
Chairman of the Advisory Board	CREDA Objektanlage- und verwaltungsgesellschaft mbH, Bonn
Deputy Chairman of the Supervisory Board	Postbank Systems AG, Bonn
Deputy Chairman of the Supervisory Board	Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn
Member of the Supervisory Board (since November 1, 2005)	PB Firmenkunden AG, Bonn
Member of the Supervisory Board	PB Pensionsfonds AG, Hilden
Member of the Supervisory Board (since May 3, 2005)	Deutsche Post Retail GmbH, Bonn
Member of the Supervisory Board	Danzas Deutschland Holding GmbH, Düsseldorf
Member of the Supervisory Board	DHL Freight GmbH, Düsseldorf
Member of the Administrative Board	Bundesanstalt für Post und Telekommunikation Deutsche Bundespost, Bonn
Member of the Advisory Board	einsnull IT-Support GmbH, Bonn

<b>New offices from 2006</b>
------------------------------

Member of the Supervisory Board (since January 13, 2006)	BHW Holding AG, Berlin/Hameln
Member of the Supervisory Board (since January 16, 2006)	BHW Bausparkasse AG, Hameln

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

#### 1. Shareholder representatives

Klaus Zumwinkel, Chairman of the Board of Management of Deutsche Post World Net, Bonn (Chairman)	
Jörg Asmussen, Head of Department, Federal Ministry of Finance, Berlin	since May 19, 2005
Wilfried Boysen, Hamburg	
Edgar Ernst, Member of the Board of Management of Deutsche Post World Net, Bonn	
Peter Hoch, Munich	
Ralf Krüger, management consultant, Professor at the Fachhochschule Wiesbaden, Kronberg	
Hans-Dieter Petram, Member of the Board of Management of Deutsche Post World Net, Bonn	
Bernd Pfaffenbach, State Secretary, Federal Ministry of Economics and Technology, Berlin	since February 16, 2005
Klaus Schlede, previously Deputy Chairman of the Management Board of Deutsche Lufthansa AG, Cologne	
Elmo von Schorlemer, lawyer, Aachen	
Manfred Schüler, State Secretary (retd.), Wachtberg	until May 19, 2005

#### 2. Employee representatives

Michael Sommer, Chairman of the German Trade Union Federation, Berlin (Deputy Chairman)	
Marietta Auer, Head of Department, Deutsche Postbank AG, Head Office, Bonn	
Rosemarie Bolte, Regional Head of Department, Financial Services, at ver.di Trade Union, Stuttgart	
Annette Harms, Deputy Chair of Deutsche Postbank AG's Works Council, Hamburg Branch, Hamburg	
Ralf Höhmann, Chairman of Deutsche Postbank AG's Works Council, Stuttgart Branch, Stuttgart	
Elmar Kallfelz, Member of Deutsche Post AG's Group Works Council, Bonn	
Harald Kuhlau, appointed expert to the General Works Council of Deutsche Postbank AG, Bonn	
Sabine Schwarz, Chair of Deutsche Postbank AG's Works Council, Berlin Branch, Berlin	
Gerd Tausendfreund, trade union secretary of the ver.di Trade Union, Nidderau	since August 15, 2005
Christine Weiler, Chair of Deutsche Postbank AG's Works Council, Munich Branch, Munich	
Christel Zobeley, trade union official of the ver.di Trade Union, Berlin	until August 15, 2005

Offices held by members of the Supervisory Board of Deutsche Postbank AG as of December 31, 2005 on supervisory boards or other supervisory bodies:

Shareholder representatives

**Klaus Zumwinkel**

<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board	Deutsche Telekom AG, Bonn
Member of the Supervisory Board	Deutsche Lufthansa AG, Cologne
Member of the Supervisory Board	KarstadtQuelle AG, Essen
Member of the Board of Directors	Morgan Stanley, Delaware, USA

**Jörg Asmussen**

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	IKB Deutsche Industriebank AG, Düsseldorf
Member of the Supervisory Board	Euler Hermes Kreditversicherungs-AG, Hamburg
Member of the SME Advisory Council	KfW Bankengruppe, Frankfurt/Main

**Edgar Ernst**

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Allianz Versicherungs-AG, Munich

**Peter Hoch**

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Giesecke & Devrient GmbH, Munich

**Ralf Krüger**

<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board	KMS AG, Kriens, Frankfurt/Main
Chairman of the Supervisory Board	MITECH AG, Düsseldorf
Member of the Supervisory Board	Deutsche Post AG, Bonn
Member of the Advisory Board	SIREO REAL Estate Asset Management GmbH, Heusenstamm

**Hans-Dieter Petram**

<b>Function</b>	<b>Company</b>
Chairman of the Advisory Board	Deutsche Post Bauen GmbH, Bonn
Chairman of the Advisory Board	Deutsche Post Global Mail GmbH, Bonn
Chairman of the Advisory Board	Deutsche Post Immobilienentwicklung GmbH, Bonn
Chairman of the Advisory Board	Global Mail Inc., Weston, USA
Member of the Supervisory Board	HDI Industrie Versicherung AG, Hanover
Member of the Supervisory Board	HDI Privat Versicherung AG, Hanover
Member of the Supervisory Board	HDI Service AG, Hanover

**Bernd Pfaffenbach**

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Deutsche Bahn AG, Berlin
Member of the Supervisory Board	Lufthansa Cargo AG, Frankfurt/Main

**Klaus Schlede**

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Deutsche Lufthansa AG, Cologne
Member of the Supervisory Board	Deutsche Telekom AG, Bonn
Member of the Board of Directors	SWISS International AIR LINES AG, Basel, Switzerland

**Elmo von Schorlemer**

<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board (until March 2005)	IFP AG, Stuttgart
Chairman of the Supervisory Board	Securess AG Die Versicherungsmakler, Essen
Chairman of the Supervisory Board	Caruno AG, Cologne
Chairman of the Supervisory Board	Consuno AG, Cologne
Member of the Supervisory Board	VHV Allgemeine Versicherung AG, Hanover

Employee representatives

<b>Michael Sommer</b>	
<b>Function</b>	<b>Company</b>
Deputy Chairman of the Supervisory Board	DGB Rechtschutz GmbH, Düsseldorf
Member of the Supervisory Board	Deutsche Telekom AG, Bonn
Member of the Supervisory Board	Salzgitter AG, Salzgitter
<b>Rosemarie Bolte</b>	
<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Karlsruher Lebensversicherung AG, Karlsruhe
<b>Annette Harms</b>	
<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Deutsche Post AG, Bonn
<b>Ralf Höhmann</b>	
<b>Function</b>	<b>Company</b>
Chairman of the Administrative Board	Deutsche BKK, Wolfsburg
Member of the Management Board	Head of Department 1, Financial Services, for Baden-Württemberg, ver.di Trade Union, Stuttgart
Member of the Management Board	UKPT, Tübingen
<b>Elmar Kallfelz</b>	
<b>Function</b>	<b>Company</b>
Member of the Administrative Board	Bundesanstalt für Post und Telekommunikation, Bonn

**(60) Auditors' fee in accordance with section 314 (1) no. 9 of the HGB**

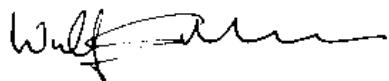
	<b>2005</b> m€
Audits of the financial statements	3.4
Other assurance of valuation services	1.6
Tax advisory services	0.1
Other services rendered to the parent company or subsidiaries	0.8
<b>Total</b>	<b>5.9</b>

**(61) Declaration of Compliance with the German Corporate Governance Code**

On March 18, 2005, the Management Board and the Supervisory Board of Deutsche Postbank AG together published the declaration of compliance with the German Corporate Governance Code for fiscal year 2005 required by section 161 of the *Aktiengesetz* (German Stock Corporation Act). The declaration of compliance can be accessed on the Internet on our homepage at [www.postbank.de](http://www.postbank.de).

Bonn, February 21, 2006  
Deutsche Postbank Aktiengesellschaft

Management Board



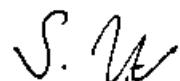
Wulf von Schimmelmann



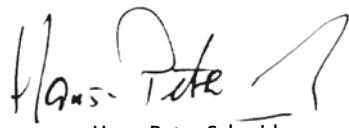
Dirk Berensmann



Loukas Rizos



Stefan Jütte



Hans-Peter Schmid



Wolfgang Klein



Ralf Steiner

## Auditors' Report

### **Auditors' Report**

We have audited the consolidated financial statements prepared by Deutsche Postbank AG, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2005. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group 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 consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements.

The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, Februar 21, 2006

PricewaterhouseCoopers  
Aktiengesellschaft/Wirtschaftsprüfungsgesellschaft

(Eckes)	(Güldenberg)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Certified Public Accountant)	(German Certified Public Accountant)

**Consolidated Financial Statements in accordance  
with International Financial Reporting Standards  
for the period ended December 31, 2004**

**Consolidated income statement  
for the period January 1 to December 31, 2004**

	Note	2004 €m	2003 €m
Interest income	(8)	5,271	5,610
Interest expense	(8)	-3,704	-3,957
Net interest income	(8)	1,567	1,653
Allowance for losses on loans and advances	(9)	-185	-154
Net interest income after allowance for losses on loans and advances		1,382	1,499
Fee and commission income	(10)	706	539
Fee and commission expense	(10)	-94	-72
Net fee and commission income	(10)	612	467
Net trading income	(11)	198	183
Net income from investment securities	(12)	297	75
Administrative expenses	(13)	-1,893	-1,809
Other income	(14)	161	218
Other expenses	(15)	-133	-136
Profit before tax		624	497
Income tax expense	(16)	-203	-144
Profit from ordinary activities after tax		421	353
Minority interest		-1	-1
<b>Net profit for the period</b>		<b>420</b>	<b>352</b>

**Earnings per share**

The average number of shares outstanding in fiscal year 2004 was 164,000,000 (previous year: 16,000,000).

	2004	2003
Basic earnings per share (€)	2.56	2.15
Diluted earnings per share (€)	2.56	2.15

The Annual General Meeting on March 25, 2004, resolved a share split in the ratio of 1:10.25. As a result, the number of shares increased from 16,000,000 to 164,000,000. In accordance with IAS 33.43, earnings per share for 2003 were restated using the number of shares currently outstanding.

The diluted earnings per share are the same as the basic earnings per share because, as in the previous year, no conversion or option rights are outstanding, and hence there is no dilutive effect.

The Management Board will propose to the Annual General Meeting that a dividend of €1.25 per share be paid.

Consolidated balance sheet as of December 31, 2004

Assets	Note	2004 €m	2003 €m
Cash reserve	(17)	1,125	1,623
Loans and advances to other banks	(18)	23,842	34,071
Loans and advances to customers	(19)	47,715	43,310
Allowance for losses on loans and advances	(21)	–667	–597
Trading assets	(22)	9,695	12,588
Hedging derivatives	(23)	973	832
Investment securities	(24)	43,581	38,859
Property and equipment	(25)	926	960
Other assets	(26)	1,025	973
thereof deferred tax assets	(27)	520	564
<b>Total assets</b>		<b>128,215</b>	<b>132,619</b>
<hr/>			
Shareholders' Equity and Liabilities	Note	2004 €m	2003 €m
Deposits from other banks	(29)	16,215	20,271
Due to customers	(30)	80,519	73,941
Securitized liabilities	(31)	16,490	26,267
Trading liabilities	(32)	2,702	1,647
Hedging derivatives	(33)	2,245	1,814
Provisions	(34)	1,991	1,704
a) Provisions for pensions and other employee benefits	(35)	584	572
b) Provisions for taxes	(36)	994	873
thereof deferred tax liabilities		957	836
c) Other provisions	(37)	413	259
Other liabilities	(38)	517	371
Subordinated debt	(39)	2,808	1,724
Minority interest		1	14
Shareholders' Equity	(40)	4,727	4,866
a) Issued capital		410	410
b) Share premium		1,159	1,159
c) Retained earnings		2,738	2,708
d) Consolidated net profit		420	589
<b>Total liabilities and shareholders' equity</b>		<b>128,215</b>	<b>132,619</b>

## Statement of changes in equity

	<b>Issued capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Currency translation reserve</b>	<b>Revaluation reserve</b>	<b>Consoli- dated net profit</b>	<b>Total</b>
	€m	€m	€m	€m	€m	€m	€m
<b>Balance at January 1, 2003</b>	<b>410</b>	<b>1,159</b>	<b>3,239</b>	<b>-38</b>	<b>-473</b>	<b>99</b>	<b>4,396</b>
Dividend payment						-99	-99
Currency translation differences				-56			-56
Changes in unrealized gains and losses, net of deferred taxes					273		273
Net profit for the period			-237			589	352
<b>Balance at December 31, 2003</b>	<b>410</b>	<b>1,159</b>	<b>3,002</b>	<b>-94</b>	<b>-200</b>	<b>589</b>	<b>4,866</b>
Dividend payment						-589	-589
Currency translation differences				-26			-26
Changes in unrealized gains and losses, net of deferred taxes					56		56
Net profit for the period						420	420
<b>Balance at December 31, 2004</b>	<b>410</b>	<b>1,159</b>	<b>3,002</b>	<b>-120</b>	<b>-144</b>	<b>420</b>	<b>4,727</b>

Changes in unrecognized gains and losses, net of deferred taxes, include measurement and disposal gains and losses on available-for-sale financial instruments.

A more detailed disclosure of changes in the revaluation reserve can be found in note 40.

Postbank did not hold any treasury shares as of December 31, 2004.

## Consolidated cash flow statement

	2004 €m	2003 €m
<b>Net profit for the period</b>	<b>420</b>	<b>352</b>
Non-cash items in net profit for the period and reconciliation of net profit to net cash used in operating activities		
Depreciation and write-downs of property and equipment, write-downs of investment securities, loans and advances, and reversals of impairment losses on these items	262	246
Changes in provisions	287	49
Changes in other non-cash items	-177	101
Gains on disposal of property and equipment and investment securities	-214	-22
Other adjustments (net)	-1,429	-1,705
<b>Subtotal</b>	<b>-851</b>	<b>-979</b>
Changes in working capital after adjustment for non-cash components		
Loans and advances to other banks	10,291	3,769
Loans and advances to customers	-4,594	380
Trading assets	3,337	-1,650
Hedging derivatives with positive fair values	-459	-78
Other operating assets	-52	42
Deposits from other banks	-4,107	-7,996
Due to customers	5,788	7,280
Securitized liabilities	-9,395	-8,071
Trading liabilities	1,068	642
Hedging derivatives with negative fair values	401	-856
Other liabilities	146	-42
Interest received	5,247	5,918
Interest paid	-3,386	-3,974
Other income	55	12
Dividends received	23	31
Other operating expenses	-	-19
Income taxes paid	-34	-24
<b>Net cash used in operating activities</b>	<b>3,478</b>	<b>-5,615</b>

	2004 €m	2003 €m
<b>Proceeds from the disposal of</b>		
Investment securities	18,583	8,601
Investments in subsidiaries	2	40
Property and equipment	2	2
Intangible assets	–	–
<b>Payments to acquire</b>		
Investment securities	–22,902	–2,893
Investments in subsidiaries	–11	–1
Property and equipment	–49	–67
Intangible assets	–40	–63
<b>Net cash from investing activities</b>	<b>–4,415</b>	<b>5,619</b>
Dividends paid	–590	–99
Net change in cash and cash equivalents from other financing activities	1,024	399
<b>Net cash used in/from financing activities</b>	<b>434</b>	<b>300</b>
<b>Cash and cash equivalents at start of period</b>	<b>1,623</b>	<b>1,307</b>
Net cash used in operating activities	3,478	–5,615
Net cash from investing activities	–4,415	5,619
Net cash used in/from financing activities	434	300
Effect of exchange differences	5	12
<b>Cash and cash equivalents at end of period</b>	<b>1,125</b>	<b>1,623</b>

Cash and cash equivalents include cash, balances with central banks, public-sector debt instruments and bills eligible for rediscounting with the central bank.

The allocation of cash flows to operating activities is based on the definition of profit from ordinary activities. The change in other non-cash items relates in particular to changes in the positive and negative fair values of derivatives.

## Table of Contents

### Notes

<b>Basis of preparation</b>	<b>104</b>
(1) Basis of accounting	104
(2) Significant differences between the accounting standards applied and the accounting principles of the HGB	105
(a) Creation of hidden reserves for general banking risks in accordance with section 340f of the HGB, disclosed reserves and presentation of allowances and provisions for losses on loans and advances	105
(b) Loans and advances	105
(c) Leases	106
(d) Securities	106
(e) Securities lending transactions	107
(f) Derivatives and hedges	107
(g) Pension obligations	109
(h) Other provisions	110
(i) Recognition of amounts due to tax rules	110
(j) Deferred taxes	110
(k) Trust activities	111
(l) Minority interest	111
(m) Goodwill	111
(3) Basis of consolidation	112
(4) Consolidation methods	113
(5) Accounting policies	114
(a) Cash reserve	114
(b) Loans and advances	114
(c) Leases	114
(d) Allowances and provisions for losses on loans and advances, write-downs and impairment	115
(e) Trading assets	115
(f) Securities lending and repurchase agreements	116
(g) Hedging derivatives	116
(h) Investment securities	117
(i) Property and equipment	117
(j) Other assets	118
(k) Liabilities	118
(l) Trading liabilities	119
(m) Provisions	119
(n) Currency translation	120
(o) Income tax expense	120
(p) Reclassifications	121
(6) Effects of the IFRSs to be applied from January 1, 2005	121
(7) Significant events after the balance sheet date	121
<b>Income statement disclosures</b>	<b>122</b>
(8) Net interest income	122
(9) Allowance for losses on loans and advances	123
(10) Net fee and commission income	123
(11) Net trading income	124
(12) Net income from investment securities	125
(13) Administrative expenses	126
(14) Other income	127
(15) Other expenses	128
(16) Income tax expense	129

<b>Balance sheet disclosures</b>	<b>130</b>
(17) Cash reserve	130
(18) Loans and advances to other banks	130
(19) Loans and advances to customers	131
(20) Total credit extended	132
(21) Allowance for losses on loans and advances	133
(22) Trading assets	134
(23) Hedging derivatives	135
(24) Investment securities	136
(25) Property and equipment	139
(26) Other assets	142
(27) Deferred tax assets	142
(28) Intangible assets	143
(29) Deposits from other banks	145
(30) Due to customers	146
(31) Securitized liabilities	146
(32) Trading liabilities	147
(33) Hedging derivatives	147
(34) Provisions	148
(35) Provisions for pensions and other employee benefits	148
(36) Provisions for taxes	149
(37) Other provisions	150
(38) Other liabilities	151
(39) Subordinated debt	151
(40) Shareholders' equity	153
<b>Other disclosures</b>	<b>155</b>
(41) Segment reporting	155
(42) Contingencies and other obligations	156
(43) Bonds outstanding	156
(44) Cover for bonds outstanding	157
(45) Foreclosures and compulsory administration	157
(46) Fair value of financial instruments carried at amortized cost or hedge fair value	158
(47) Foreign currency volumes	159
(48) Disclosures on significant concentration of business	159
(49) Financial instruments in accordance with IAS 39 – Measurement categories	160
(50) Derivatives	161
(51) Risk assets and capital ratio	165
(52) Maturity structure	166
(53) Subordinated assets	168
(54) Other financial obligations	168
(55) Trust activities	169
(56) Employees	170
(57) Related party disclosures	170
(58) Other disclosures	178
(59) Members of executive bodies	178
(60) Declaration of Compliance with the German Corporate Governance Code	185

# Notes to the Consolidated Financial Statements

## **Basis of preparation**

### **(1) Basis of accounting**

Postbank prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) and thus in accordance with internationally accepted accounting principles. The accompanying consolidated financial statements satisfy the criteria set out in section 292a (2) of the HGB (German Commercial Code) for exemption from the obligation to prepare consolidated financial statements in accordance with the provisions of the HGB. The IFRS consolidated financial statements also comply with EC Directives 83/349/EEC (Consolidated Accounts Directive) and 86/635/EEC (Bank Accounts Directive) and GAS 1 (German Accounting Standard No. 1: Exempting Consolidated Financial Statements in accordance with section 292a of the HGB), and thus satisfy the disclosure requirements of the European Union (section 292a (2) 2b) of the HGB).

The consolidated financial statements for fiscal year 2004 were prepared in compliance with the International Financial Reporting Standards (IFRSs) adopted and published by the International Accounting Standards Board (IASB) and with the Interpretations of these standards by the International Financial Reporting Committee (IFRIC) insofar as they were applicable in 2004. Annex A.1 to these consolidated financial statements provides an overview of the IFRSs applied (as of December 31, 2004); Annex A.2 lists the IFRIC Interpretations applied (as of December 31, 2004).

Accounting and measurement are based on the going concern principle. Income and expenses are accrued. They are recognized and recorded in the period to which they relate.

The consolidated financial statements comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the notes.

Unless otherwise indicated, all amounts are shown in millions of euros (€m).

The IFRSs do not require a specific format for the presentation of the income statement and the balance sheet. In accordance with customary international practice, the income statement and the balance sheet are presented in a summary format complying with IAS 1 and 30, and supplemented by additional disclosures in the notes. All disclosures required by the EC 4th and 7th Directives and by Directive 86/635/EEC (Bank Accounts Directive) that are not already presented on the balance sheet or the income statement are contained in the notes.

**(2) Significant differences between the accounting standards applied and the accounting principles of the HGB**

In accordance with section 292a (2) 4 b) of the HGB, among others, exemption from the obligation to prepare consolidated financial statements in accordance with the HGB requires an explanation of accounting, measurement and consolidation policies that differ from those under German law.

(a) Creation of hidden reserves for general banking risks in accordance with section 340f of the HGB, disclosed reserves and presentation of allowances and provisions for losses on loans and advances

IAS 30.44 prohibits the creation of hidden reserves for general banking risks; this is permitted by section 340f of the HGB.

IAS 30.44 and IAS 30.50 permit the creation of reserves for general banking risks (as outlined in section 340g of the HGB) only as appropriations of retained earnings.

The allowance for losses on loans and advances is recognized under assets on the face of the balance sheet.

(b) Loans and advances

Under the IFRSs, loans held for trading are generally carried under trading assets; these also include trading derivatives with positive fair values.

In addition, IAS 39 classifies financial assets into originated loans and purchased loans, irrespective of whether or not they are securitized.

Under the HGB, all loans and advances are carried at their principal amounts. Deferred interest is allocated directly to loans and advances and carried under the relevant balance sheet item. Discounts and premiums are carried under prepaid expenses and deferred income.

Under the IFRSs, both deferred interest and discounts/premiums are recognized directly under the corresponding balance sheet items in which the loans are carried.

In accordance with IAS 39, originated loans are carried at amortized cost unless they are held for trading purposes. By contrast, originated loans held for trading are measured at their fair values.

Money market lendings are carried at amortized cost.

In accordance with IAS 39, purchased loans are measured at amortized cost if there is a positive ability and intent to hold them to maturity and they are thus classified as held-to-maturity financial assets. By contrast, if they are held for trading or available for sale, IAS 39.69 requires them to be measured at their fair values.

Gains or losses on the remeasurement of loans held for trading are recognized directly in net profit or loss for the period. For the recognition of measurement gains or losses on purchased available-for-sale loans, IAS 39 allows a one-time option to choose between recognition in the income statement and recognition directly in the revaluation reserve in equity. Postbank has opted to recognize such gains and losses directly in equity. Gains or losses on the remeasurement of purchased available-for-sale loans are therefore reported in the revaluation reserve in equity and are not recognized in the income statement until they are sold, collected, or otherwise disposed of, or until they are determined to be impaired (change in fair value due to change in credit risk).

(c) Leases

The HGB generally requires leased assets held under both finance and operating leases to be carried under tangible assets (property and equipment) at the lessor. Depreciation charges are recognized as administrative expenses.

Under the IFRSs, the asset is allocated to and recognized at the lessor or the lessee on the basis of the risks and rewards incident to ownership.

In contrast to the HGB, this means that the lessee must recognize assets held under finance leases including an obligation for future lease payments, while the lessor must recognize a corresponding receivable.

As with the HGB, the IFRSs stipulate that lessors must carry assets leased under operating leases as property and equipment, while the lessee does not recognize an asset or an obligation.

(d) Securities

Under the HGB, securities are assigned to the liquidity reserve or the trading portfolio, or are classified as long-term investments.

Under the HGB, securities assigned to the liquidity reserve or the trading portfolio are measured using the strict principle of lower of cost or market. They must therefore be carried at the quoted or market price or the fair value if this is lower than historical cost at the balance sheet date (section 253 (3) sent. 1 and 2 of the HGB). By contrast, long-term investments must be carried using the less strict principle of lower of cost or market as set out in section 253 (2) sent. 3 of the HGB. This means that these investments are only written down to the lower of cost or their quoted/market price or fair value in the event of expected lasting impairment. In the case of temporary impairment, the investments can be carried at either the lower value at the balance sheet date or at the existing higher value. In accordance with section 280 (1) of the HGB, the requirement to reverse write-downs applies up to the original historical cost, even if the quoted/market price is higher.

In accordance with IAS 39.10, securities are classified into four categories: held-to-maturity financial instruments, financial instruments purchased directly from the issuer, available-for-sale financial instruments and financial instruments held for trading.

In accordance with IAS 39.69 in conjunction with IAS 39.73, held-to-maturity financial instruments and financial instruments purchased directly from the issuer are carried at amortized cost. Financial instruments held for trading and available-for-sale financial instruments are generally measured at their fair values.

Remeasurement gains or losses on financial instruments held for trading are recognized in income. For the recognition of measurement gains or losses on available-for-sale financial instruments, IAS 39 allows a one-time option to choose between recognition in the income statement and recognition directly in the revaluation reserve in equity. Postbank has opted to recognize such gains and losses directly in equity. Gains or losses on the remeasurement of purchased available-for-sale financial instruments are therefore reported in the revaluation reserve in equity and are not recognized in the income statement until they are sold, collected, or otherwise disposed of, or until they are determined to be impaired.

If the reasons for a write-down no longer apply, any gain from reversal should be recognized in income (IAS 39.114). In the case of financial instruments held to maturity and financial instruments purchased directly from the issuer, the amount of any reversal may not result in the carrying amount exceeding what amortized cost would have been if no impairment had been recognized.

(e) Securities lending transactions

Under the HGB, the lender derecognizes lending transactions (securities loans) at their carrying amount and instead recognizes a (loan) receivable (asset swap). The borrower capitalizes the securities and expenses a corresponding obligation to return the securities.

In contrast to the HGB, the IFRSs state that an obligation to return the securities must only be recognized by the borrower if the securities are passed on to another party. The lender continues to recognize the securities.

(f) Derivatives and hedges

There are no specific rules in the HGB at present governing the measurement of derivatives, and the general valuation principles of sections 252ff. of the HGB are used. If a derivative has been purchased for trading purposes, measurement losses are recognized in income by setting up a provision (provision for anticipated losses) or by charging a write-down, while unrealized gains are not recognized. Unrealized measurement gains and losses on trading portfolios are offset. Remaining measurement losses on such portfolios are recognized in income by setting up a provision (provision for anticipated losses), while unrealized gains are not recognized.

By contrast, the HGB does not generally allow gains or losses to be recognized on the measurement of hedging derivatives. Under German accounting principles, the hedged item and the hedging instrument are accounted for as a micro- or portfolio hedge. The hedged item is carried at amortized cost on the balance sheet. The hedging instrument is generally not recognized on the balance sheet.

Under the HGB, banking book interest rate derivatives are also generally not recognized.

Under IAS 39, all derivatives must be recognized at their fair values, with gains and losses on remeasurement to fair value recognized in income. Derivatives held for trading are carried under trading assets (positive fair values) or trading liabilities (negative fair values).

As a rule, a derivative held for hedging purposes can be allocated to a single hedged item or to several similar hedged items. Such hedges are generally termed micro-hedges.

IAS 39 restricts the use of hedge accounting. Under the IFRSs, only hedges that meet the conditions set out in IAS 39.142ff. qualify for hedge accounting.

If the following conditions for hedge accounting in accordance with IAS 39.142 are met, the accounting treatment makes a distinction between fair value hedges and cash flow hedges:

- At the inception of the hedge, there is formal documentation of the hedging relationship that identifies the hedged item and the hedging instrument, the nature of the risk being hedged, the way in which the company measures the effectiveness of the hedge, and that specifies the risk management objective.
- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flow attributable to the risk, consistent with the originally documented risk management strategy for the hedging relationship concerned. A hedge is regarded as highly effective if, throughout the life of the hedge, it can be assumed that changes in the fair value or cash flow of the hedged item will be almost fully offset by changes in the fair value or cash flow of the hedging instrument. This is verified by effectiveness testing.
- For hedges of future cash flows, it must be highly probable that the planned underlying transaction which is to be hedged will occur, and the transaction must be exposed to risks relating to cash flow fluctuations which could affect the reported net profit or loss.
- The effectiveness of the hedge can be reliably measured.
- The effectiveness of the hedge is assessed on an ongoing basis and determined to be effective.

Derivatives entered into for the purposes of balance sheet structure management and derivatives from ineffective hedging relationships do not meet the conditions set out in IAS 39.142ff., and thus are always recognized in income and disclosed at their fair value as "Banking book derivatives" under trading assets/liabilities.

The criteria set out in IAS 39.142ff. must be satisfied at each balance sheet date and for each hedging relationship.

A fair value hedge is a hedge of the exposure to changes in the fair value of assets and liabilities where these changes are based on price risks. In accordance with IAS 39.153, the gain or loss on the hedged item attributable to the hedged risk should adjust the carrying amount of the hedged item and be recognized immediately in net profit or loss. This applies both to financial instruments carried at amortized cost (originated loans and securities purchased directly from the issuer) and to hedged items measured at fair value where gains and losses on remeasurement are generally recognized directly in the revaluation reserve (available-for-sale financial instruments). Changes in the fair value of the hedged item not attributable to the hedged risk are accounted for using the rules applicable to the relevant financial asset category.

The gains and losses from the remeasurement of the hedging instrument offset the gains and losses from the hedged items attributable to the hedged risk. They are recognized directly in net profit or loss for the period.

For cash flow hedges, the designation of a hedging instrument – in contrast to fair value hedges – serves to hedge risks arising from future cash flows. If the latter arise from a recognized transaction, however, the carrying amount of this transaction is not measured at fair value; this is because the subject of the hedge is not the fair value, but future cash flows. The hedging instrument is recognized in the balance sheet at its fair value. The resulting changes in the fair value of the effective portion are taken directly to the revaluation reserve in equity. The ineffective portion of the hedge is reported in the income statement.

A hedging relationship ends when the hedged item or the hedging instrument expires, is sold or exercised, or if the hedge no longer meets the criteria for qualification for hedge accounting.

As foreign currency derivatives are recognized at fair value, the establishment of a foreign currency translation adjustment item as prescribed by the HGB is not necessary.

#### (g) Pension obligations

Pension obligations arise from a direct commitment by a company to grant its employees future pension benefits. These obligations are liabilities of uncertain timing and amount. Section 249 of the HGB thus generally requires provisions to be set up for obligations from direct pension commitments.

The IFRSs require provisions to be recognized for both direct and indirect pension obligations. IAS 19 requires future economic and demographic trends (e.g. salary increases and career trends, selection of a comparable market rate of interest for discounting provisions) to be factored into the measurement of pension obligations. The IFRSs require the discount rate to be based on the capital market rates of high quality corporate bonds with matching maturities. This reflects the economic and demographic trends impacting the amount of obligations entered into by the company more accurately than is the case with HGB financial statements. IFRS pension obligations are calculated using the projected unit credit method. By contrast, calculation of pension obligations for German accounting and reporting purposes uses the net present value method in accordance with section 6a of the EStG (German Income Tax Act).

IAS 19 makes a distinction between defined contribution and defined benefit pension plans. A provision is recognized only for defined benefit plans (IAS 19.49), as defined contribution plans are recognized as a liability and an expense in the period (IAS 19.44) or carried as other liabilities (accrued expenses).

(h) Other provisions

IAS 37 prohibits the recognition of certain provisions for future internal expenses required to be recognized by section 249 (1) sent. 2 of the HGB. In addition, the recognition options set out in section 249 (1) sent. 3 and section 249 (2) of the HGB do not apply under the IFRSs.

(i) Recognition of amounts due to tax rules

Write-downs, appropriations to the special tax-allowable reserve and accelerated depreciation charges taken for tax reasons in accordance with the HGB are prohibited in IFRS financial statements.

(j) Deferred taxes

In accordance with sections 274 and 306 of the HGB, deferred taxes are recognized only for timing differences between accounting profit and taxable profit that will reverse in future years (timing concept).

Section 306 of the HGB requires deferred tax assets to be recognized, while section 274 (2) of the HGB sets out a recognition option. Deferred tax assets may not be recognized for tax loss carryforwards. The HGB allows deferred tax assets and liabilities to be offset.

By contrast, IAS 12 (revised 2000) uses the balance sheet liability method, under which all temporary differences between the carrying amounts in the tax base and the carrying amounts in the IFRS financial statements resulting in future benefits or expenses are recognized in the computation of deferred tax assets and liabilities.

Under the IFRSs, deferred tax assets and liabilities must be recognized, irrespective of whether the differing carrying amounts in the IFRS financial statements and the tax base have affected net profit or loss. The calculation of deferred tax assets and liabilities using the balance sheet liability method uses the future enacted local tax rates.

The IFRSs only permit deferred tax assets and deferred tax liabilities to be offset where the company has a legally enforceable right to set off tax assets against tax liabilities and the criteria set out in IAS 12.74 have been satisfied.

In addition, IAS 12 requires deferred tax assets to be recognized for tax loss carryforwards where their utilization is probable in future periods. Under the IFRSs, exceptions to the recognition of deferred taxes relate to permanent differences, undistributed profits of individual group companies, goodwill from capital consolidation and differences from the initial recognition of assets and liabilities.

(k) Trust activities

In accordance with IAS 30.55, trust transactions are not recognized on the balance sheet (as is the case with the HGB), but are disclosed in the notes.

(l) Minority interest

Under the HGB, minority interests in equity are reported under equity; under the IFRSs, they are reported in a separate line item between liabilities and shareholders' equity.

(m) Goodwill

Under the HGB, goodwill acquired in the course of a company acquisition must be capitalized and reported under goodwill. In accordance with section 309 (1) of the HGB, this goodwill may then be amortized by at least one-quarter in each subsequent fiscal year, amortized over the expected useful life, or offset against reserves on the face of the balance sheet.

In accordance with the IFRSs, goodwill must also be recognized as an intangible asset. With regard to the amortization and subsequent measurement of goodwill, a distinction must be made for fiscal year 2004 between companies that were acquired prior to or after March 31, 2004, with IAS 22 or IFRS 3 being applied accordingly. Goodwill arising from acquisitions effected prior to March 31, 2004 is amortized over the expected economic life in accordance with IAS 22 for the last time in fiscal year 2004. By contrast, amortization is no longer charged on goodwill arising from acquisitions effected after March 31, 2004, which is instead subject to IFRS 3. Goodwill must be tested annually for impairment to determine whether its carrying amount is recoverable. The recoverable amount of goodwill is compared with its carrying amount, and an impairment loss is charged if the carrying amount exceeds the recoverable amount.

Under the HGB, negative goodwill is recognized as a liability and may only be reversed to income if a negative development in the results of operations expected at the acquisition date has occurred or it is clear at the balance sheet date that the negative goodwill represents a realized gain.

Under the IFRSs, a further distinction must be made between negative goodwill arising from acquisitions before and after March 31, 2004, with IAS 22 or IFRS 3 being applied accordingly.

For acquisitions prior to March 31, 2004, IAS 22 requires a distinction to be made depending on whether the negative goodwill can be attributed to expected future losses and expenses or not. In the first case, the income from the reversal of the negative goodwill must be recognized when the expected future losses and expenses are recognized. If the expected future losses cannot be specified, IAS 22.62 states that the corresponding income should be partly reversed over the remaining useful life of the asset and partly recognized as income immediately.

In accordance with IFRS 3.56 (b), any excess of the acquirer's interest in the net fair value of net identifiable assets over the cost of the business combinations after March 31, 2004 must be recognized as income immediately.

### **(3) Basis of consolidation**

In addition to the parent company Deutsche Postbank AG, Bonn, 33 (previous year: 22) subsidiaries and two (previous year: two) joint ventures, all of which are presented in the list of shareholdings (note 57), are included in the consolidated financial statements as of December 31, 2004.

The Annual General Meeting on September 26, 2003 resolved to change the name of PB Erste Beteiligungen AG to PB Firmenkunden AG. The change in name took effect upon registration in the commercial register on February 3, 2004. The sales activities of Postbank's Corporate Banking business segment were outsourced to this company.

By way of a shareholder resolution on October 16, 2003, easytrade services Köln GmbH was renamed Betriebs-Center für Banken Frankfurt am Main GmbH. By way of a shareholder resolution on the same date, PB Zweite Beteiligungen GmbH was renamed Betriebs-Center für Banken Berlin GmbH. Both name changes took effect upon registration in the commercial register on November 24 and November 12, 2003 respectively.

Betriebs-Center für Banken Verwaltungs GmbH and Betriebs-Center für Banken Deutschland GmbH & Co. KG were established on December 19, 2003. On conclusion of the sale and transfer agreement dated December 19, 2003, Betriebs-Center für Banken Berlin GmbH and Betriebs-Center für Banken Frankfurt am Main GmbH were transferred by the sole shareholder Deutsche Postbank AG to Betriebs-Center für Banken Deutschland GmbH & Co. KG effective January 1, 2004.

Effective May 1, 2004, Betriebs-Center für Banken Deutschland GmbH & Co. KG acquired all shares of Dresdner Zahlungsverkehrsservice GmbH from Dresdner Bank.

Effective July 1, 2004, Betriebs-Center für Banken Deutschland GmbH & Co. KG acquired all shares of DB Payments Projektgesellschaft AG from DB New Ventures AG (Deutsche Bank Group). DB Payments Projektgesellschaft AG was renamed Betriebs-Center für Banken Payments AG in August 2004.

The respective parties have agreed not to disclose the purchase prices for Dresdner Zahlungsverkehrsservice GmbH and Betriebs-Center für Banken Payments AG.

The resolution adopted by the General Meeting of DSL Holding AG i.A. to transfer the shares held by the minority shareholders to the main shareholder, Deutsche Postbank AG, was entered in the commercial register on October 4, 2004. The entry of this resolution means that all the shares held by the minority shareholders have been transferred to Deutsche Postbank AG, which therefore holds 100 % of the shares of DSL Holding AG i.A.

In conjunction with two issues of securities, four companies domiciled in Wilmington (State of Delaware, USA) were formed on October 18, 2004 and December 8, 2004 as wholly-owned subsidiaries of Postbank: Deutsche Postbank Funding LLC I, Deutsche Postbank Funding LLC II, Deutsche Postbank Funding Trust I and Deutsche Postbank Funding Trust II.

Accordingly, the following companies were newly included in the basis of consolidation by December 31, 2004:

- PB Firmenkunden AG, Bonn,
- Betriebs-Center für Banken Deutschland GmbH & Co. KG, Frankfurt/Main,
- Betriebs-Center für Banken Verwaltungs GmbH, Frankfurt/Main,
- Betriebs-Center für Banken Frankfurt am Main GmbH, Frankfurt/Main,
- Betriebs-Center für Banken Berlin GmbH, Frankfurt/Main,
- Dresdner Zahlungsverkehrsservice GmbH, Frankfurt/Main,
- Betriebs-Center für Banken Payments AG, Frankfurt/Main,
- Deutsche Postbank Funding LLC I, Wilmington, Delaware, USA,
- Deutsche Postbank Funding LLC II, Wilmington, Delaware, USA,
- Deutsche Postbank Funding Trust I, Wilmington, Delaware, USA,
- Deutsche Postbank Funding Trust II, Wilmington, Delaware, USA.

We have described the material effects of the initial consolidation of Dresdner Zahlungsverkehrsservice GmbH and Betriebs-Center für Banken Payments AG on Deutsche Postbank AG's consolidated financial statements in note 37. Details of additions to goodwill can be found in note 28. In conjunction with the formation of Deutsche Postbank Funding LLC I, Deutsche Postbank Funding LLC II, Deutsche Postbank Funding Trust I and Deutsche Postbank Funding Trust II, trust preferred securities with a volume of €300 million were issued on December 2, 2004, followed by a second tranche of €500 million on December 23, 2004. The initial consolidation of the other companies did not have any material effects.

In accordance with Interpretation SIC-12 issued by the International Financial Reporting Interpretations Committee (IFRIC), which requires the consolidation of special purpose entities under certain conditions, a total of 25 (previous year: 25) special funds were included as special purpose entities in the consolidated financial statements.

#### **(4) Consolidation methods**

In accordance with IAS 27.21, the consolidated financial statements of Postbank have been prepared in accordance with uniform Group accounting and measurement policies.

Consolidation of subsidiaries uses the purchase method in accordance with IAS 22.32 or, for subsidiaries acquired subsequent to March 31, 2004, the revaluation model under IFRS 3.36. The date of formation or acquisition was used as the date of initial consolidation of newly consolidated companies.

Joint ventures are proportionately consolidated in accordance with IAS 31.25.

Intercompany receivables and liabilities, as well as income and expenses from intercompany transactions, were eliminated in accordance with IAS 27.17f. Intercompany profits within the Group were eliminated in accordance with IAS 27.17f.

In accordance with Interpretation SIC-12 issued by the International Financial Reporting Interpretations Committee (IFRIC), special purpose entities must be consolidated under certain circumstances. At Postbank, this applies in particular to special funds.

## **(5) Accounting policies**

### **(a) Cash reserve**

With the exception of bills, which are carried at their fair values, all cash reserves are carried at their face value.

### **(b) Loans and advances**

Originated loans and advances to other banks and customers are carried at amortized cost. Purchased loans in the available-for-sale portfolio are measured at their fair values, with gains and losses from remeasurement credited/charged directly to the revaluation reserve in equity. Loans and advances are recognized at the settlement date.

Impairments of loans and advances due to changes in credit risk are recognized separately in the allowance for losses on loans and advances, and deducted from assets.

The carrying amount of collateralized loans that qualify for hedge accounting is adjusted for the gains and losses from changes in fair value attributable to the hedged risk.

Premiums, discounts and transaction costs are recognized in net interest income. Deferred interest on loans and advances, as well as premiums and discounts, are carried together under the relevant items of loans and advances.

If loans have market values as defined by IAS 32.5, these are generally used as the fair value; if this is not the case, the fair value is determined using recognized valuation models.

### **(c) Leases**

Where Postbank is the lessor of a finance lease, it discloses the receivable at its net investment value under loans and advances to other banks or loans and advances to customers. The lease installments due are recognized as interest income (interest component; recognized in income) and deducted from the receivables reported (principal redemption component; recognized in equity).

Where Postbank is the lessor of an operating lease, it carries the leased asset at amortized cost under property and equipment. The lease installments received during the respective period are reported in other operating income; write-downs on the leased asset are carried under administrative expenses.

Where Postbank is the lessee of an operating lease, it reports the lease installments paid in full as rental expense under other expenses.

**(d) Allowances and provisions for losses on loans and advances, write-downs and impairment**  
Identifiable credit risks are covered by recognizing specific valuation allowances. General valuation allowances, whose amount is calculated on the basis of historical default rates, are also recognized for potential risks.

The allowance for losses on loans and advances is deducted from assets as a separate balance sheet item. It relates to allowances for losses on loans and advances to other banks and customers.

A financial asset is impaired if its estimated recoverable amount is lower than its carrying amount, i.e. if a loan is presumed to be (partly) uncollectable. If this is the case, the loss on both assets carried at amortized cost (IAS 39.111) and assets carried at fair value (IAS 39.117) must either be recognized through an indirect write-down (loan loss allowance) or by writing down the asset directly and recognizing the loss in net profit or loss (IAS 39.111).

In accordance with IAS 39.111ff., the recoverable amount is determined using the following methods:

- The discounted present value of estimated future cash flows (interest and principal payments) from the financial asset;
- The market price, where there is an observable market price for the financial instrument, because marking-to-market reflects the greater counterparty risk (IAS 39.113).

Uncollectable loans and advances are written off directly against income in the appropriate amount; recoveries on loans previously written off are recognized in income.

Credit risk provisions are recognized for liabilities under sureties/and other guarantees involving a default risk.

(e) Trading assets

Securities and derivatives with positive fair values acquired for the purpose of generating a profit from short-term fluctuations in market prices or dealing margins are carried under this balance sheet item. It also contains the positive fair values of banking book derivatives. These transactions are recognized at the trade date.

Trading assets are measured at their fair values. Remeasurement gains and losses as well as gains or losses on the sale or disposal of trading assets are recognized in net trading income.

(f) Securities lending and repurchase agreements

Postbank enters into both securities lending and bona fide securities repurchase agreements. Securities sold under repo and sell-and-buy-back transactions (cash sales) are carried as securities in the consolidated balance sheet. Cash inflows from such transactions are carried in the balance sheet as deposits from other banks or amounts due to customers, depending on the respective counterparty. As is the case under the HGB, these cash inflows are disclosed in the amount of the purchase price received (net); prepaid expenses are recognized ratably for the repo rate to be paid. Interest payments are carried under interest expense.

Reverse repo and buy-and-sell-back transactions (cash purchases of securities) are carried as loans and advances to other banks or loans and advances to customers. The securities purchased are not carried in the balance sheet; interest arising from such transactions is carried under interest income.

(g) Hedging derivatives

The aim of asset/liability management at the Postbank Group is to manage the Bank's overall exposure in a way which minimizes risk while maximizing earnings, with a particular focus on present value risk and balance sheet-related revenues under the IFRSs (the total of net interest income, net trading income and net investment securities).

The hedging strategies employed in asset/liability management aim to manage these factors in a constantly changing market and portfolio environment; fair value hedges are employed in particular.

For interest-bearing securities and noncurrent receivables, the instruments used in fair value hedges are primarily interest rate swaps. For issues, cross-currency swaps and structured swaps are also employed to convert fixed-income or structured items into variable-rate exposures. Fair value hedges are used to hedge both individual items and homogeneous subportfolios. Shares are managed using derivatives with option features.

Hedging derivatives relate to those hedging instruments that meet the requirements for hedge accounting set out in IAS 39.142ff. (note 2f). Effectiveness testing for all fair value hedges is performed prospectively by way of a sensitivity analysis of the hedged item and the hedging instrument, supplemented by homogeneity testing of the subportfolios. Actual changes in the fair values of the hedged item and the hedging instrument are regularly compared retrospectively for each hedging relationship, supplemented by simulations in some cases.

Hedging derivatives are measured and carried at their fair values. Hedging derivatives are recognized at the trade date. A hedging relationship ends when the hedged item or the hedging instrument expires, is sold or exercised, or if the hedge no longer meets the criteria for qualification for hedge accounting.

The banking book derivatives entered into for the purposes of balance sheet structure management as part of asset/liability management do not satisfy the strict requirements for hedge accounting set out in IAS 39.142 ff., and are therefore disclosed as "banking book derivatives" under trading assets/liabilities. These derivatives generally relate to interest rate swaps entered into to hedge net positions of receivables and liabilities. Under the IFRSs, measurement gains and interest income from these items are recognized in net trading income.

(h) Investment securities

Investment securities are composed of bonds and other fixed-income securities, equities and other non-fixed-income securities, investments in unconsolidated subsidiaries and other equity investments.

Investment securities are measured at cost at the time of initial recognition. Available-for-sale investment securities are subsequently measured at their fair values. Changes in the fair values of available-for-sale investment securities are recognized directly in the revaluation reserve in equity and are not recognized in income until the gain or loss is realized. If hedge accounting is used for these investment securities, gains and losses from changes in fair value attributable to the hedged risk are recognized directly in income.

Investments in unconsolidated subsidiaries and certain investments in associates are generally carried at amortized cost.

Held-to-maturity bonds and securities purchased directly from the issuer are carried at amortized cost. Premiums and discounts are allocated directly to the financial instruments and spread over the remaining maturity. Write-downs are charged in the event of permanent impairment. If hedge accounting is used for these investment securities, their carrying amount is adjusted for the gains and losses from changes in fair value attributable to the hedged risk.

Write-downs are charged in the event of permanent impairment. Investment securities are recognized at the settlement date.

(i) Property and equipment

Property and equipment is carried at cost and reduced by depreciation over the standard useful life of the asset. Determination of the useful life of an asset reflects physical wear and tear, technical obsolescence and legal and contractual restraints. Write-downs are charged in the event of additional impairment.

The carrying amount of property and equipment is reduced by straight-line depreciation over the following periods:

	Useful life (years)
Buildings	60
IT systems	4–7
Other operating and office equipment	3–20

For reasons of materiality, acquisitions of low-value assets are expensed immediately. Maintenance and repair costs for property and equipment are also expensed as incurred.

IAS 40 (Investment Property) defines investment property as property held to earn rentals and/or for capital appreciation, rather than for supply of services or for administrative purposes or for sale in the ordinary course of business.

In the case of mixed-use property, a distinction is made between investment property and owner-occupied property by way of an assessment to determine whether the leased portion could be sold separately from the portion used for operating purposes. If this is the case, the two portions are accounted for separately: one portion as an item of property and equipment (owner-occupied property) and the other portion as investment property. A leased portion of less than 20% of the total area and less than 20% of total rental income is treated as insignificant.

IAS 40 allows an option to measure investment property at fair value or at cost. Postbank has opted to measure it at cost, and the necessary disclosures are contained in note (25).

(j) Other assets

In addition to intangible assets, prepaid expenses and all assets not allocated to other items of assets are carried under other assets.

Intangible assets are carried at amortized cost, and relate primarily to software and purchased goodwill.

The carrying amounts of intangible assets are reduced by straight-line amortization over a useful life of three to five years. Purchased goodwill is amortized over a standard useful life of 20 years. This does not apply to goodwill arising from acquisitions effected subsequent to March 31, 2004. Such goodwill is already subject to IFRS 3, which prohibits the amortization of goodwill. Impairment losses are recognized in the event of impairment or where no further economic benefits are expected to flow to the enterprise in the future.

Existing goodwill was translated in accordance with IAS 21.45 at the exchange rates applicable at the transaction date.

(k) Liabilities

Liabilities are carried at amortized cost (IAS 39.93).

The carrying amount of securitized liabilities that meet the requirements for hedge accounting is adjusted for the gains and losses from changes in fair value attributable to the hedged risk.

Premiums, discounts and issue costs are recognized ratably in net interest income.

(l) Trading liabilities

Derivatives with negative fair values that were acquired for the purpose of generating a profit from short-term fluctuations in market prices or dealing margins are carried under this balance sheet item. It also contains the negative fair values of banking book derivatives. Remeasurement gains and losses as well as gains or losses realized on the settlement of trading liabilities are recognized in net trading income. Derivatives carried under trading liabilities are recognized at the trade date. In addition, short sales of securities are recognized at their negative fair value.

(m) Provisions

Adequate provisions have been recognized for uncertain liabilities and anticipated losses from onerous contracts at the balance sheet date.

Occupational pensions are governed by defined benefit plans and defined contribution plans. The defined benefit plans are fully funded by provisions for pensions and other employee benefits. Provisions for pension obligations for defined benefit plans correspond to the present value of pension entitlements earned at the valuation date. They reflect expected compensation increases and forecasted pension growth and are calculated on the basis of actuarial reports in accordance with IAS 19 (revised 2002). Pension obligations and pension expenses are calculated using the projected unit credit method.

The agreements that underlie the pension obligations provide for a range of benefits, depending on the beneficiaries concerned, such as:

- Old-age pensions starting at age 62 or 63, or 60 for the severely disabled;
- Invalidity pensions for total or occupational disability;
- Surviving dependents' pensions.

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 Post (VAP - Postal Service Institution for Supplementary Retirement Pensions).

Pension provisions are calculated using the following actuarial assumptions:

Discount rate	5.00 % p.a.
Salary growth	2.5 %
Pension growth	2.0 %
Fluctuation	4.0 % p.a.
Pensionable age	60–63 years
Disability	1998 Heubeck tables

In fiscal year 2004, the discount rate was reduced from 5.75 % to 5.00 % to reflect the development of capital market rates. The other actuarial assumptions remained unchanged.

In accordance with IAS 19.92, actuarial gains and losses are not recognized as income or expense until the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed 10 % of the present value of the defined benefit obligation at this time.

(n) Currency translation

In accordance with IAS 21.11, all foreign currency monetary items and equities denominated in foreign currencies that are classified as non-monetary items in accordance with IAS 21.7 are translated into euros at the middle spot rate at the balance sheet date. There were no material non-monetary items at the balance sheet date measured at (amortized) cost (in particular property and equipment, prepaid expenses and deferred income) and translated at the historical rate in accordance with IAS 21.7. Foreign currency income and expenses are generally translated at the exchange rate at the end of the month.

Exchange differences were recognized in income in accordance with the benchmark method (IAS 21.15-18).

The subgroup consolidated financial statements of the PB (USA) Holdings group prepared in US dollars were translated using the modified closing rate method (IAS 21.30). The resulting exchange difference was taken directly to equity.

(o) Income tax expense

Income taxes are recognized and measured in accordance with IAS 12 (revised 2000). Deferred taxes are generally recognized for all temporary differences between the carrying amounts in the IFRS financial statements and the carrying amounts in the tax accounts (tax base). Deferred tax assets are recognized for tax loss carryforwards in the amount of probable future utilization.

Deferred tax assets are carried under other assets; deferred tax liabilities are carried under provisions for taxes.

Deferred taxes are calculated using the expected tax rates. A tax rate of 39.9 % was applied for fiscal year 2004.

Income and expenses from deferred taxes are recognized under income tax expense in net profit or loss for the period separately from current tax income and expenses. Recognition depends on the accounting treatment of the underlying item. For example, deferred taxes are recognized in net profit or loss if the balance sheet item is itself recognized in net profit or loss. Deferred taxes are credited or charged to the revaluation reserve in equity if the balance sheet item is itself credited or charged directly to equity (IAS 12.61), e.g. in the case of remeasurement of available-for-sale financial instruments.

(p) Reclassifications

To achieve a more transparent presentation and enable a comparison with the figures from the period under review, we have reclassified the previous year's figures in the item "Net fee and commission income".

**(6) Effects of the IFRSs to be applied from January 1, 2005**

With the "IAS 32/39" project and the "IAS Improvements Project", the IASB amended a number of IFRSs. The amended Standards must be applied from fiscal year 2005, as must the new Standards IFRS 1 to 5 (with the exception of IFRS 3, which must be applied to new acquisitions effected subsequent to March 31, 2004).

The main changes resulting from the application of the new Standards at Postbank from fiscal year 2005 relate to the following:

a) Impairment of equities

Under IAS 39.61 sent. 2 (rev. 2003), a significant or prolonged decline in the fair value of an equity instrument held by an enterprise below its cost now represents objective evidence of impairment.

The retrospective application of this revised standard entails the recognition of cumulative impairment losses on equities of approximately €408 million. This amount will be reclassified in equity from the revaluation reserve to retained earnings.

b) New definition of the asset category "Loans and Receivables"

IAS 39.9 (rev. 2003) redefines the category "Loans and Receivables" (LaR), among other things. Instead of the criterion "originated by the enterprise", the determining factor is now that the financial assets are not quoted in an active market (within the meaning of IAS 39, AG 71).

The previous classifications must be adjusted to reflect the new definition as of January 1, 2005.

c) Amortization of goodwill

Under IFRS 3, existing goodwill will no longer be amortized from fiscal year 2005 onwards, but is instead tested annually for impairment.

**(7) Significant events after the balance sheet date**

On December 23, 2004, Deutsche Postbank AG entered into a purchase agreement for the acquisition of the operations of ING-BHF Bank's London branch with effect from January 1, 2005. The London office employs 58 people and its activities are centered on commercial real estate finance in the United Kingdom.

## Income statement disclosures

### (8) Net interest income

	2004 €m	2003 €m
Interest and current income		
Interest income from:		
Lending and money market transactions	2,993	3,194
Fixed-income and book-entry securities	1,971	2,115
Trading operations	222	261
Net gains on hedges	5	4
	<b>5,191</b>	<b>5,574</b>
Current income from:		
Equities and other non-fixed-income securities	77	35
Investments in associates	3	1
	<b>80</b>	<b>36</b>
	<b>5,271</b>	<b>5,610</b>
Interest expense on:		
Deposits	2,212	2,057
Securitized liabilities	934	1,348
Subordinated debt	103	85
Swaps (hedge accounting in accordance with IAS 39)	375	285
Trading operations	80	182
	<b>3,704</b>	<b>3,957</b>
<b>Total</b>	<b>1,567</b>	<b>1,653</b>

Interest income and expenses on swaps are reported as a net expense. The underlying transactions are hedging transactions that meet the criteria for qualification for hedge accounting in accordance with IAS 39. The interest expense on the trading portfolio includes imputed interest expenses of €80 million (previous year: €181 million).

Gains or losses from the remeasurement of fair value hedges are carried under net gains on hedges.

Net gains on hedges are composed of the following items:

	2004 €m	2003 €m
Gains on the fair value remeasurement of hedged items	339	62
Losses on the fair value remeasurement of hedging transactions	-334	-58
<b>Total</b>	<b>5</b>	<b>4</b>

**(9) Allowance for losses on loans and advances**

	2004 €m	2003 €m
<b>Cost of additions:</b>		
Specific valuation allowances	220	221
Global valuation allowances	4	–
	<b>224</b>	<b>221</b>
<b>Cost of additions to provisions for credit risks</b>	<b>5</b>	<b>3</b>
Direct loan write-offs	13	33
	<b>242</b>	<b>257</b>
<b>Income from reversals:</b>		
Specific valuation allowances	55	86
Global valuation allowances	–	7
	<b>55</b>	<b>93</b>
<b>Income from the reversal of provisions for credit risks</b>	<b>1</b>	<b>3</b>
Recoveries on loans previously written off	1	7
	<b>57</b>	<b>103</b>
<b>Total</b>	<b>185</b>	<b>154</b>

**(10) Net fee and commission income**

	2004 €m	2003 €m
Money transmission and clearing business	341	321
Securities business	84	60
Lending and guarantee business	38	35
Other fee and commission income	149	51
<b>Total</b>	<b>612</b>	<b>467</b>

Other fee and commission income includes income from payment transaction services for third parties.

### (11) Net trading income

Quoted prices are generally used to establish the fair values of trading assets and trading liabilities. The fair values of unlisted products are established using the discounted present value method or suitable option pricing models. In addition to trading income and expenses, net trading income also includes net remeasurement gains on trading assets.

	2004 €m	2003 €m
Net income from sale of securities	67	275
Net gain on remeasurement of trading assets and liabilities		
Bonds and other fixed-income securities	5	142
Equities	–	2
	5	144
Net gain on derivatives carried in the trading portfolio and the banking book		
Gain on derivatives	2,192	1,079
Loss on derivatives	–2,077	–1,291
	115	–212
Foreign exchange gain/loss	11	–24
<b>Total</b>	<b>198</b>	<b>183</b>

The net gain on derivatives carried in the trading portfolio and the banking book includes an interest expense on swaps of €102 million (previous year: €436 million). The underlying swap holdings are not part of a hedging relationship as defined by IAS 39.

	2004 €m	2003 €m
Net income from interest rate products	67	410
Net gain on derivatives carried in the trading portfolio and the banking book	115	–212
Net income from equities	5	9
Foreign exchange gain/loss	11	–24
<b>Total</b>	<b>198</b>	<b>183</b>

**(12) Net income from investment securities**

Net income from investment securities contains net gains from the sale and remeasurement of investment securities, investments in unconsolidated subsidiaries and investments in associates.

	2004 €m	2003 €m
Net income from securities purchased directly from issuers	49	-16
thereof net income from sale	49	-11
Gains on sale	70	60
Losses on sale	21	71
thereof net impairment loss	-	-5
Net income from available-for-sale investment securities	160	33
thereof net income from sale	165	35
Gains on sale	256	160
Losses on sale	91	125
thereof net impairment loss	-5	-2
Net income from loans to other banks	15	19
thereof net income from sale of originated loans	15	19
thereof net income from sale of available-for-sale loans	-	-
Net income from loans to customers	73	39
thereof net income from sale of originated loans	64	31
thereof net income from sale of available-for-sale loans	9	8
<b>Total</b>	<b>297</b>	<b>75</b>
	2004 €m	2003 €m
Net income from bonds	173	37
Net income from promissory note loans	88	58
Net income from equities and other non-fixed-income securities	36	-19
Net income from investments in associates	-	-1
<b>Total</b>	<b>297</b>	<b>75</b>

### (13) Administrative expenses

Administrative expenses are composed of staff costs, non-staff operating expenses and depreciation and write-downs of property and operating and office equipment. These expenses are composed of the following items:

	2004 €m	2003 €m
<b>Staff costs</b>		
Wages and salaries	473	434
Social security contributions	45	35
Expenses for pensions and other benefits	104	139
	<b>622</b>	<b>608</b>
Other administrative expenses	1,196	1,121
Depreciation and write-downs of property and equipment	75	80
<b>Total</b>	<b>1,893</b>	<b>1,809</b>

€1 million of the depreciation of property and equipment relates to investment property (previous year: €1 million).

Write-downs of property and equipment in the amount of €3 million (previous year: €2 million) were charged in the year under review.

Other administrative expenses relate primarily to expenses for intragroup services received from Deutsche Post AG in the amount of €496 million (previous year: €454 million); IT costs of €259 million (previous year: €270 million); market communication costs of €65 million (previous year: €77 million); operating building and premises expenses of €45 million (previous year: €44 million); and legal, consulting and audit costs of €46 million (previous year: €28 million). €2 million of the other administrative expenses relates to investment property (previous year: €1 million).

Other administrative expenses include minimum lease expenses of €70 million (previous year: €68 million), composed of expenses for leased intangible assets, land and buildings, and operating and office equipment under operating leases.

**(14) Other income**

	2004 €m	2003 €m
Income from refund by the civil servants' special pension fund	34	6
Income from property and equipment	24	20
Income from uncollectable transactions	10	4
Income from the reversal of provisions	9	92
Income from the reversal of accruals	7	6
Net income from insurance business	7	11
Net income from profit transfer agreements	1	–
Income from retail outlet final settlement	–	11
Other operating income	69	68
<b>Total</b>	<b>161</b>	<b>218</b>

Income from property and equipment largely relates to rental income, €8 million of which relates to investment property (previous year: €9 million).

€7 million of the total other income in the amount of €161 million is attributable to proportionately consolidated joint ventures (previous year: €11 million) and corresponds to the net income from insurance business.

Other operating income contains lease income in the amount of €3 million (previous year: €2 million).

**(15) Other expenses**

	<b>2004</b> €m	<b>2003</b> €m
Amortization and write-downs of intangible assets	47	34
Expenses for special projects	25	30
Expenses for other taxes	9	8
Expenses from property and equipment	7	7
Expenses for the Deutsche Bundespost Federal Posts and Telecommunications Agency (BAnstPT and StiftPT)	5	7
Expenses for risk compensation amounts of the Postbeamten-krankenkasse (Postal Civil Service Health Insurance Fund)	4	9
Expenses from retail outlet final settlement	4	–
Expenses from loss absorption agreements	–	1
Miscellaneous	32	40
<b>Total</b>	<b>133</b>	<b>136</b>

Expenses for other taxes relate primarily to land taxes amounting to €3 million (previous year: €3 million).

The miscellaneous item includes interest expense on payables to tax authorities in the amount of €1 million (previous year: €3 million).

**(16) Income tax expense**

Income taxes in the Group were composed of the following items:

	2004 €m	2003 €m
<b>Current income tax expense</b>		
Corporate income tax and solidarity surcharge	20	18
Trade income tax	14	4
	34	22
Income/expense from prior-period income tax	-1	13
<b>Effective income tax expense</b>	<b>33</b>	<b>35</b>
 <b>Expense from deferred taxes</b>		
from temporary differences	121	80
from loss carryforwards	49	29
	<b>170</b>	<b>109</b>
<b>Total</b>	<b>203</b>	<b>144</b>

The tax expense changed as follows:

	2004 €m	2003 €m
<b>Profit from ordinary activites after tax</b>	421	353
<b>Income tax expense</b>	<b>203</b>	<b>144</b>
<b>Profit before tax</b>	<b>624</b>	<b>497</b>
 <b>Applicable tax rate</b>	<b>39.90 %</b>	<b>41.20 %</b>
<b>Expected income taxes</b>	<b>249</b>	<b>205</b>
 <b>Tax effects</b>		
Effect of tax rate change (German Flood Victims Act)	-	6
Effect of difference between applicable tax rates in Germany and abroad	-1	-3
Effect of tax-free foreign income	-5	-12
Effect of tax-free domestic income and non-deductible expenses	12	-14
Effect of previously unrecognized tax losses	-	-59
Effect of prior-period taxes	19	13
Effect of equities and investments resulting from section 8b KStG	-76	7
Other	5	2
	<b>-46</b>	<b>-61</b>
<b>Income tax expense</b>	<b>203</b>	<b>144</b>

## Balance sheet disclosures

### (17) Cash reserve

The cash reserve is composed of the following items:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Cash	623	791
Balances with central banks	502	831
Public-sector debt instruments and bills eligible for rediscounting with central banks	–	1
<b>Total</b>	<b>1,125</b>	<b>1,623</b>

€485 million (previous year: €745 million) of the balances with central banks relates to balances with the Deutsche Bundesbank.

The minimum reserve requirement at end-December 2004 was €1,213 million (previous year: €1,214 million).

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

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Domestic banks		
Payable on demand	322	4,076
Other loans and advances	8,386	12,109
	<b>8,708</b>	<b>16,185</b>
Foreign banks		
Payable on demand	1,866	3,631
Other loans and advances	13,268	14,255
	<b>15,134</b>	<b>17,886</b>
<b>Total</b>	<b>23,842</b>	<b>34,071</b>

As of December 31, 2004, there were bona fide transactions under repurchase agreements amounting to €2.2 billion (previous year: €1.3 billion). Postbank is the lender in such transactions. Securities purchased under agreements to resell relate to listed bonds of public-sector issuers or German banks.

Loans and advances to other banks include fixed-interest loans in the amount of €21.3 billion and variable-interest loans in the amount of €2.5 billion.

In total, €67 million of loans and advances to other banks (previous year: €39 million) relates to proportionately consolidated joint ventures.

Loans and advances to other banks are classified as follows in accordance with the categories of financial instruments as defined in IAS 39:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Originated loans to other banks	18,570	27,390
thereof fair value hedges	1,928	2,246
Purchased loans to other banks (available-for-sale)	1,980	1,190
thereof fair value hedges	794	389
Money market lendings	3,292	5,491
<b>Total</b>	<b>23,842</b>	<b>34,071</b>

€8 million was taken to (previous year: €2 million withdrawn from) the revaluation reserve for losses on the measurement of unhedged purchased available-for-sale loans to other banks.

€0.2 million was taken to (previous year: €0.3 million withdrawn from) the revaluation reserve and recognized in income in the period under review from the disposal of available-for-sale loans to other banks.

#### (19) Loans and advances to customers

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Mortgage lending	22,306	17,209
Public sector	11,027	14,951
Installment credits	1,193	1,011
Other loans and advances	13,189	10,139
<b>Total</b>	<b>47,715</b>	<b>43,310</b>
thereof:		
Secured by mortgage charges	17,259	11,200
Public-sector loans	11,027	14,951
	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Domestic customers	41,348	37,276
Foreign customers	6,367	6,034
<b>Total</b>	<b>47,715</b>	<b>43,310</b>

Loans and advances to customers without a fixed maturity amounted to 1.1 % of total assets (previous year: 1.1 %).

Loans and advances to customers include fixed-interest loans in the amount of €43.3 billion and variable-interest loans in the amount of €4.4 billion.

Loans and advances to customers relate to amounts due under finance leases in the amount of €7 million (previous year: €8 million). The respective gross investment value of these leases amounts to €33 million (previous year: €27 million). The total amount of future lease payments is €29 million (previous year: €24 million) and has the following maturity structure:

	Dec. 31, 2004 €m
less than 1 year	7
1–5 years	14
more than 5 years	8
<b>Total</b>	<b>29</b>

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

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Originated loans to customers	38,129	38,311
thereof fair value hedges	3,758	4,450
Purchased loans to customers (held to maturity)	638	710
Purchased loans to customers (available-for-sale)	8,948	4,289
thereof fair value hedges	1,506	1,627
<b>Total</b>	<b>47,715</b>	<b>43,310</b>

€2 million was taken to (previous year: €8 million withdrawn from) the revaluation reserve for losses on the measurement of unhedged purchased available-for-sale loans to customers. €6 million (previous year: €8 million) carried in the revaluation reserve was reversed to income in the period under review from the disposal of available-for-sale loans to customers.

Valuation allowances of €224 million were recognized in the year under review for originated loans to customers (previous year: €221 million).

#### **(20) Total credit extended**

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Loans and advances to other banks	23,842	34,071
Loans and advances to customers	47,715	43,310
Guarantees	1,110	1,254
<b>Total</b>	<b>72,667</b>	<b>78,635</b>

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

The allowance for losses on loans and advances covers all identifiable credit and country risks. Global valuation allowances were recognized for the potential credit risk on the basis of historical amounts.

Risks have been provided for by an allowance for losses on loans and advances carried under assets, and by the recognition of provisions for credit risks.

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

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Allowances for losses on loans and advances to other banks	2	3
Allowances for losses on loans and advances to customers	665	594
<b>Total allowances for losses on loans and advances</b>	<b>667</b>	<b>597</b>
Provisions for credit risks	9	5
<b>Total</b>	<b>676</b>	<b>602</b>

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

	Specific risks		Potential risks		Total	
	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m
<b>Balance at Jan. 1</b>	<b>561</b>	<b>545</b>	<b>36</b>	<b>43</b>	<b>597</b>	<b>588</b>
Additions						
Allowance charged to the income statement	220	221	4	–	224	221
Disposals						
Utilization	94	97	–	–	94	97
Allowance reversed to the income statement	55	86	–	7	55	93
Currency translation differences	5	22	–	–	5	22
<b>Balance at Dec. 31</b>	<b>627</b>	<b>561</b>	<b>40</b>	<b>36</b>	<b>667</b>	<b>597</b>

The total amount of loans at the balance sheet date for which no interest payments are received was €475 million (previous year: €424 million). Write-downs were charged on loans with a total volume of €988 million (previous year: €939 million). The outstanding interest receivables accounted for by these loans amounted to €84 million at December 31, 2004 (previous year: €66 million).

€13 million of loans and advances was written off directly in the year under review (previous year: €33 million). Recoveries on loans written off amounted to €1 million (previous year: €7 million).

#### (22) Trading assets

Group trading activities consist of trading in bonds and other fixed-income securities, equities and other non-fixed-income securities, promissory note loans and foreign currencies, as well as derivatives. All trading assets are carried at their fair values.

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Bonds and other fixed-income securities issued by		
Public-sector issuers	312	1,143
Other issuers	6,547	10,523
thereof money market instruments	101	483
	<b>6,859</b>	<b>11,666</b>
Equities and other non-fixed-income securities	82	21
Positive fair values of derivatives carried as trading assets	2,296	508
Positive fair values of banking book derivatives	458	393
<b>Total</b>	<b>9,695</b>	<b>12,588</b>

€1.1 billion of the bonds and other fixed-income securities has a fixed rate of interest over the entire term, while €5.8 billion has a variable rate of interest (floaters).

The following amounts of bonds and other fixed-income securities, and equities and other non-fixed-income securities carried as trading assets, are negotiable and listed:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Bonds and other fixed-income securities	6,719	11,345
Equities and other non-fixed-income securities	82	21

**(23) Hedging derivatives**

Hedges with positive fair values that qualify for hedge accounting in accordance with IAS 39 are composed of the following items:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Assets</b>		
Hedging derivatives on loans to other banks		
Originated loans	4	5
	<b>4</b>	<b>5</b>
Hedging derivatives on loans to customers		
Originated loans	3	9
	<b>3</b>	<b>9</b>
Hedging derivatives on investment securities		
Bonds and other fixed-income securities	3	7
Equities and other non-fixed-income securities	1	1
	<b>4</b>	<b>8</b>
<b>Liabilities</b>		
Deposits from other banks	103	63
Due to customers	144	63
Securitized liabilities	438	672
Subordinated debt	277	12
	<b>962</b>	<b>810</b>
<b>Total</b>	<b>973</b>	<b>832</b>

**(24) Investment securities**

Investment securities include bonds and other fixed-income securities, equities and other non-fixed-income securities, investments in associates and investments in unconsolidated subsidiaries.

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Bonds and other fixed-income securities</b>		
Public-sector issuers	13,378	14,530
thereof equalization claims against the government	12	25
Other issuers	27,084	22,853
	<b>40,462</b>	<b>37,383</b>
<b>Equities and other non-fixed-income securities</b>		
Equities	1,411	1,286
Investment fund shares	1,675	160
	<b>3,086</b>	<b>1,446</b>
Investments in associates	18	17
Investments in unconsolidated subsidiaries	15	13
<b>Total</b>	<b>43,581</b>	<b>38,859</b>

Bonds and other fixed-income securities contain collection documents amounting to €47 million (previous year: €44 million).

€33.6 billion of the bonds and other fixed-income securities has a fixed rate of interest over the entire term, while €6.9 billion has a variable rate of interest (floaters).

€6 million of investment securities relates to proportionately consolidated joint ventures (previous year: €17 million).

Investment securities are classified as follows in accordance with the categories of financial instruments as defined in IAS 39:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Bonds and other fixed-income securities</b>		
Purchased directly from the issuer	12,677	12,284
thereof fair value hedges	3,892	1,445
Held to maturity	2,444	2,633
Available for sale	25,329	22,441
thereof fair value hedges	10,274	12,441
(Originated) equalization claims against the government	12	25
	<b>40,462</b>	<b>37,383</b>
<b>Equities and other non-fixed-income securities</b>		
Available for sale	3,086	1,446
thereof fair value hedges	37	70
	<b>3,086</b>	<b>1,446</b>
Investments in associates (available-for-sale)	18	17
Investments in unconsolidated subsidiaries (available-for-sale)	15	13
<b>Total</b>	<b>43,581</b>	<b>38,859</b>

The following amounts of investment securities are negotiable and listed:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Bonds and other fixed-income securities</b>	<b>39,442</b>	<b>36,111</b>
<b>Equities and other non-fixed-income securities</b>	<b>2,314</b>	<b>1,284</b>

Losses on the measurement of unhedged available-for-sale securities were charged directly to the revaluation reserve in the amount of €176 million (previous year: €328 million). €151 million (previous year: €33 million) carried in the revaluation reserve was reversed to income in the period under review from the disposal of investment securities and the recognition of impairment losses.

To enable it to enter into open market transactions, Postbank has pledged securities with an eligible value of €7 billion (previous year: €2 billion) as collateral to the European Central Bank. There were open market transactions amounting to €1 billion at the balance sheet date (previous year: €2 billion). The securities lodged as collateral are reported as investment securities.

Impairment losses totaling €5 million (previous year: €7 million) were recognized in fiscal year 2004 to reflect the economic performance of the financial instruments.

Changes in investment securities in fiscal year 2004 are presented in the following table:

	Investments in unconsolidated subsidiaries	Investments in associates	Bonds and other fixed-income securities	Held to maturity €m	Other long-term investment securities €m
	€m	€m	€m		
<b>Historical cost</b>					
<b>Balance at Jan. 1, 2004</b>	<b>13</b>	<b>17</b>	<b>2,633</b>	<b>9,718</b>	
Exchange differences	–	–	–5	–	
Additions	2	1	–	8,030	
Disposals	–	–	184	10,028	
<b>Balance at Dec. 31, 2004</b>	<b>15</b>	<b>18</b>	<b>2,444</b>	<b>7,720</b>	
 Write-downs/reversals of write-downs					
<b>Balance at Jan. 1, 2004</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–73</b>	
Current write-downs/changes	–	–	–	7	
Reversals of write-downs	–	–	–	14	
<b>Balance at Dec. 31, 2004</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–80</b>	
 Carrying amounts					
<b>Balance at Jan. 1, 2004</b>	<b>13</b>	<b>17</b>	<b>2,633</b>	<b>9,791</b>	
<b>Balance at Dec. 31, 2004</b>	<b>15</b>	<b>18</b>	<b>2,444</b>	<b>7,800</b>	

With regard to bonds and other fixed-income securities, the statement includes only those securities which can be allocated to the IAS category "held to maturity" or, for other IAS categories, to the HGB category "fixed assets" (other long-term investment securities).

Disposals of bonds and other fixed-income securities in the IAS category "held to maturity" only occur as a result of the maturity of the relevant transactions. No securities were sold prior to maturity.

**(25) Property and equipment**

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Land and buildings	817	807
Operating and office equipment	100	131
Advance payments and assets under development	9	22
<b>Total</b>	<b>926</b>	<b>960</b>

A comparison of historical cost and cumulative depreciation with the prior-period amounts is presented below:

	Land and buildings €m	Operating and office equipment €m	Advance payments and assets under development €m	Total €m
<b>Historical cost</b>				
<b>Opening balance</b> <b>at Jan. 1, 2003</b>	<b>1,043</b>	<b>466</b>	<b>5</b>	<b>1,514</b>
Changes in basis of consolidation	–	–1	–	–1
Additions	1	43	23	67
Reclassifications	–	4	–4	–
Disposals	2	59	2	63
Exchange differences	–1	–	–	–1
<b>Closing balance</b> <b>at Dec. 31, 2003</b>	<b>1,041</b>	<b>453</b>	<b>22</b>	<b>1,516</b>
Changes in basis of consolidation	–	4	–	4
Additions	6	24	16	46
Reclassifications	22	6	–28	–
Disposals	3	61	1	65
Exchange differences	–	–	–	–
<b>Closing balance</b> <b>at Dec. 31, 2004</b>	<b>1,066</b>	<b>426</b>	<b>9</b>	<b>1,501</b>

	Land and buildings €m	Operating and office equipment €m	Advance payments and assets under development €m	Total €m
<b>Depreciation</b>				
<b>Opening balance at Jan. 1, 2003</b>	<b>221</b>	<b>316</b>	<b>–</b>	<b>537</b>
Changes in basis of consolidation and other adjustments	–	–1	–	–1
Current depreciation	15	65	–	80
Reclassifications	–	–	–	–
Disposals	2	57	–	59
Exchange differences	–	–1	–	–1
<b>Closing balance at Dec. 31, 2003</b>	<b>234</b>	<b>322</b>	<b>–</b>	<b>556</b>
Changes in basis of consolidation and other adjustments	–	–	–	–
Current depreciation	18	57	–	75
Reclassifications	–	–	–	–
Disposals	3	53	–	56
Exchange differences	–	–	–	–
<b>Closing balance at Dec. 31, 2004</b>	<b>249</b>	<b>326</b>	<b>–</b>	<b>575</b>
<b>Carrying amount at Dec. 31, 2003</b>	<b>807</b>	<b>131</b>	<b>22</b>	<b>960</b>
<b>Carrying amount at Dec. 31, 2004</b>	<b>817</b>	<b>100</b>	<b>9</b>	<b>926</b>

The carrying amounts of property and equipment changed as follows in the year under review:

	Carrying amount at Jan. 1, 2004 €m	Exchange differences €m	Additions €m	Disposals €m	Reclassifications €m	Depreciation €m	Carrying amount at Dec. 31, 2004 €m
Land and buildings	807	–	6	–	22	18	817
Operating and office equipment	131	–	28	8	6	57	100
Advance payments and assets under development	22	–	16	1	–28	–	9
<b>Total</b>	<b>960</b>	<b>–</b>	<b>50</b>	<b>9</b>	<b>–</b>	<b>75</b>	<b>926</b>

At the balance sheet date, assets under development include €8 million for costs that have already been incurred although the assets are still under development at the balance sheet date.

In 2004, items of property and equipment for which Postbank acts as the lessor under an operating lease consist of land and buildings; their maturity structure is as follows:

	Land and buildings €m
Historical cost	71
Cumulative depreciation	32
Carrying amount at Dec. 31, 2004	<b>39</b>
Minimum lease payments due	
less than 1 year	11
1–5 years	33
more than 5 years	38
<b>Total</b>	<b>82</b>

The disclosures relating to investment property for fiscal year 2004 are as follows:

	Third-party use %	Rental income €m	Direct operating expenses €m	Restraints on disposal €m	Disposal proceeds received €m	Contractual obligations €m
Investment property	86	8	2	–	–	–

The corresponding figures for fiscal year 2003 are as follows:

	Third-party use %	Rental income €m	Direct operating expenses €m	Restraints on disposal €m	Disposal proceeds received €m	Contractual obligations €m
Investment property	86	9	1	–	–	–

A comparison of historical cost and cumulative depreciation with the prior-period amounts is presented below:

	Historical cost Dec. 31, 2004 €m	Dec. 31, 2003 €m	Cumulative depreciation Dec. 31, 2004 €m	Dec. 31, 2003 €m
Investment property	198	198	59	58

The carrying amounts of investment property changed as follows in the year under review:

	Carrying amount at Jan. 1, 2004 €m	Additions €m	Disposals €m	Reclassifications €m	Depreciation €m	Carrying amount at Dec. 31, 2004 €m
Investment property	140	–	–	–	1	139

The fair value of investment property amounts to €139 million (previous year: €140 million).

## (26) Other assets

	Note	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Deferred tax assets	(27)	520	564
Intangible assets	(28)	168	168
Prepaid expenses		119	140
Receivables from tax authorities		81	24
Collection documents		1	–
Miscellaneous		136	77
<b>Total</b>		<b>1,025</b>	<b>973</b>

€78 million (previous year: €91 million) of the prepaid expenses relates to prepaid rent or lease expenses.

Miscellaneous other assets relate in particular to receivables from the insurance business amounting to €31 million (previous year: €19 million), trade receivables amounting to €51 million (previous year: €15 million) and advances amounting to €1 million (previous year: €4 million). Receivables from the insurance business are fully attributable to proportionately consolidated joint ventures.

## (27) Deferred tax assets

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Deferred tax assets		
from temporary differences	294	289
from tax loss carryforwards	226	275
thereof domestic	220	261
foreign	6	14
<b>Total</b>	<b>520</b>	<b>564</b>

Deferred tax assets were recognized in connection with temporary differences relating to the following balance sheet items, and in connection with unused tax losses:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Assets</b>		
Loans and advances	–	1
Allowance for losses on loans and advances	9	11
Trading assets	–	–
Hedging derivatives	–	–
Investment securities	1	2
Property and equipment	1	–
Other assets	128	35
<b>Liabilities</b>		
Amounts due to other banks and customers	409	77
Trading liabilities	404	397
Hedging derivatives	723	545
Provisions for pensions and other employee benefits	–	27
Other provisions	21	18
Other liabilities	13	5
	<b>1,709</b>	<b>1,118</b>
Tax loss carryforwards	226	275
Netted against deferred tax liabilities	1,415	830
<b>Total</b>	<b>520</b>	<b>564</b>

At December 31, 2004, there were no deductible temporary differences and tax loss carryforwards for which no deferred tax assets were recognized in the balance sheet.

#### (28) Intangible assets

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Software	122	120
Purchased goodwill	28	21
Advance payments on intangible assets	18	27
<b>Total</b>	<b>168</b>	<b>168</b>

A comparison of historical cost and cumulative amortization with the prior period amounts is presented below.

	Software €m	Purchased goodwill €m	Advance payments on intangible assets €m	Total €m
Historical cost				
<b>Opening balance at Jan. 1, 2003</b>	<b>215</b>	<b>22</b>	<b>80</b>	<b>317</b>
Changes in basis of consolidation	–	–	–	–
Additions	27	3	33	63
Reclassifications	86	–	–86	–
Disposals	42	–	–	42
<b>Closing balance at Dec. 31, 2003</b>	<b>286</b>	<b>25</b>	<b>27</b>	<b>338</b>
Changes in basis of consolidation	5	–	–	5
Additions	16	8	18	42
Reclassifications	27	–	–27	–
Disposals	5	–	–	5
<b>Closing balance at Dec. 31, 2004</b>	<b>329</b>	<b>33</b>	<b>18</b>	<b>380</b>

	Software €m	Purchased goodwill €m	Advance payments on intangible assets €m	Total €m
Amortization				
<b>Opening balance at Jan. 1, 2003</b>	<b>175</b>	<b>3</b>	<b>–</b>	<b>178</b>
Changes in basis of consolidation and other adjustments	–	–	–	–
Current amortization	33	1	–	34
Reclassifications	–	–	–	–
Disposals	42	–	–	42
Exchange differences	–	–	–	–
<b>Closing balance at Dec. 31, 2003</b>	<b>166</b>	<b>4</b>	<b>–</b>	<b>170</b>
Current amortization	46	1	–	47
Additions	–	–	–	–
Reclassifications	–	–	–	–
Disposals	5	–	–	5
<b>Closing balance at Dec. 31, 2004</b>	<b>207</b>	<b>5</b>	<b>–</b>	<b>212</b>
<b>Carrying amount at Dec. 31, 2003</b>	<b>120</b>	<b>21</b>	<b>27</b>	<b>168</b>
<b>Carrying amount at Dec. 31, 2004</b>	<b>122</b>	<b>28</b>	<b>18</b>	<b>168</b>

The carrying amounts of intangible assets changed as follows in the year under review:

	Carrying amount at Jan. 1, 2004 €m	Additions €m	Disposals €m	Reclassifications €m	Amortization €m	Carrying amount at Dec. 31, 2004 €m
Software	120	21	–	27	46	122
Purchased goodwill	21	8	–	–	1	28
Advance payments on intangible assets	27	18	–	–27	–	18
<b>Total</b>	<b>168</b>	<b>47</b>	<b>–</b>	<b>–</b>	<b>47</b>	<b>168</b>

Changes in the basis of consolidation are included in additions.

#### (29) Deposits from other banks

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Domestic banks		
Foreign banks	339	1,112
With an agreed maturity or withdrawal notice	11,884	11,317
	<b>12,223</b>	<b>12,429</b>
Foreign banks		
Payable on demand	577	115
With an agreed maturity or withdrawal notice	3,415	7,727
	<b>3,992</b>	<b>7,842</b>
<b>Total</b>	<b>16,215</b>	<b>20,271</b>

€2,978 million of the deposits from other banks is covered by fair value hedges (previous year: €894 million).

Deposits from other banks include fixed-interest deposits in the amount of €15.3 billion and variable-interest deposits in the amount of €0.9 billion.

As of December 31, 2004, there were bona fide securities repurchase agreements amounting to €2.3 billion (previous year: €7.1 billion). Postbank is the borrower in such transactions.

**(30) Due to customers**

Amounts due to customers are primarily composed of savings deposits, amounts payable on demand and term deposits.

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Savings deposits</b>		
With an agreed withdrawal notice of three months	35,838	33,363
With an agreed withdrawal notice of more than three months	320	376
	<b>36,158</b>	<b>33,739</b>
<b>Other amounts due</b>		
Payable on demand	21,255	20,227
With an agreed maturity or withdrawal notice	23,106	19,975
	<b>44,361</b>	<b>40,202</b>
<b>Total</b>	<b>80,519</b>	<b>73,941</b>
Domestic customers	79,516	72,768
Foreign customers	1,003	1,173
<b>Total</b>	<b>80,519</b>	<b>73,941</b>

€3,445 million of the amounts due to customers is covered by fair value hedges (previous year: €1,233 million).

Amounts due to customers contain fixed-interest deposits in the amount of €23.1 billion and variable-interest deposits in the amount of €57.4 billion.

**(31) Securitized liabilities**

Amounts reported as securitized liabilities relate to bonds, including mortgage bonds and public-sector mortgage bonds (*Pfandbriefe*), and money market instruments (e.g. Certificates of Deposit, Euro Notes, Commercial Paper).

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Mortgage bonds	181	878
Public-sector mortgage bonds ( <i>Pfandbriefe</i> )	1,073	3,570
Other debt instruments	15,236	21,819
<b>Total</b>	<b>16,490</b>	<b>26,267</b>

€11,571 million of the securitized liabilities is covered by fair value hedges (previous year: €10,556 million).

Securitized liabilities include fixed-interest liabilities in the amount of €13.9 billion and variable-interest liabilities in the amount of €2.6 billion.

Repurchased own bonds amounting to €135 million (previous year: €337 million) were deducted directly from securitized liabilities.

### (32) Trading liabilities

Trading liabilities consist of the negative fair values of derivatives carried in the trading portfolio and in the banking book as well as delivery obligations under securities sold short.

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Negative fair values of trading derivatives	2,111	506
Negative fair values of banking book hedging derivatives	540	1,139
Other trading assets	51	2
<b>Total</b>	<b>2,702</b>	<b>1,647</b>

### (33) Hedging derivatives

Hedges with negative fair values that qualify for hedge accounting in accordance with IAS 39 are composed of the following items:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Assets</b>		
Hedging derivatives on loans to other banks		
Originated loans	142	142
Purchased available-for-sale loans	37	34
	<b>179</b>	<b>176</b>
Hedging derivatives on loans to customers		
Originated loans	291	346
Purchased available-for-sale loans	89	109
	<b>380</b>	<b>455</b>
Hedging derivatives on investment securities		
Bonds and other fixed-income securities	1,253	1,062
Equities and other non-fixed-income securities	3	9
	<b>1,256</b>	<b>1,071</b>
<b>Liabilities</b>		
Deposits from other banks	–	2
Due to customers	–	2
Securitized liabilities	136	107
Subordinated debt	294	1
	<b>430</b>	<b>112</b>
<b>Total</b>	<b>2,245</b>	<b>1,814</b>

**(34) Provisions**

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Provisions for pensions and other employee benefits	584	572
Provisions for taxes		
for current tax liabilities	37	37
for deferred tax liabilities	957	836
	<b>994</b>	<b>873</b>
Other provisions	413	259
<b>Total</b>	<b>1,991</b>	<b>1,704</b>

€106 million of provisions is attributable to proportionately consolidated joint ventures (previous year: €72 million), of which €101 million (previous year: €68 million) relates to technical reserves (insurance) included in Other provisions and €2 million (previous year: €4 million) to provisions for deferred tax liabilities.

**(35) Provisions for pensions and other employee benefits**

The provisions for pensions and other employee benefits relate primarily to provisions for the obligations to pay occupational pensions on the basis of 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 date of commencement of employment.

The provisions for pension obligations changed as follows:

	2004 €m	2003 €m
<b>Balance at January 1</b>	<b>572</b>	<b>563</b>
Additions		
Current service cost	11	10
Interest cost	38	35
Asset transfer	2	4
Effects of plan curtailments and settlements	–32	2
Changes in basis of consolidation	33	–
	<b>52</b>	<b>51</b>
Utilization		
Pension benefits paid	40	42
<b>Balance at December 31</b>	<b>584</b>	<b>572</b>

Additions from asset transfers arose from the conversion of management bonus benefits to provisions for pension benefits. The expense was included in net income for the period in fiscal year 2003. In fiscal year 2004, €50 million was transferred from staff costs to provisions for pensions and recognized in the income statement (previous year: €47 million).

The provisions for pensions and other employee benefits are derived from the present value of the pension obligations:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Present value of pension obligations	714	614
Unrecognized actuarial losses	-130	-42
<b>Provisions for pensions and other employee benefits</b>	<b>584</b>	<b>572</b>

Due to adjustments to reflect the development of capital market rates, the amount of unrecognized actuarial losses is greater than 10 % of the present value of the defined benefit obligation of €714 million (previous year: €614 million). This excess amounts to €58.6 million and is amortized over an average period of 14 years in accordance with IAS 19. An amount of €2.6 million will be recognized in the income statement for the first time in 2005.

### (36) Provisions for taxes

	Balance at Jan. 1, 2004 €m	Utilization €m	Reversal €m	Additions €m	Balance at Dec. 31, 2004 €m
Current taxes	37	7	5	12	37
Deferred taxes	836	-	-	121	957
<b>Total</b>	<b>873</b>	<b>7</b>	<b>5</b>	<b>133</b>	<b>994</b>

Provisions for current taxes relate to current payment obligations to the tax authorities.

Deferred tax liabilities relate to the following balance sheet items:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Assets</b>		
Loans and advances	201	262
Trading assets	911	234
Hedging derivatives	171	178
Investment securities	919	858
Property and equipment	29	27
Other assets	9	9
<b>Liabilities</b>		
Amounts due to other banks and customers	3	–
Trading liabilities	–	–
Hedging derivatives	–	–
Provisions for pensions and other employee benefits	16	–
Other provisions	–	–
Other liabilities	113	98
	<b>2,372</b>	<b>1,666</b>
Netted against deferred tax assets	1,415	830
<b>Total</b>	<b>957</b>	<b>836</b>

### (37) Other provisions

The other provisions changed as follows in the year under review:

	Balance at Jan. 1, 2004 €m	Changes in basis of consolidation €m	Utilization €m	Reversal €m	Additions €m	Balance at Dec. 31, 2004 Mio €
Restructuring	78	97	22	–	–	153
Technical reserves (insurance)	68	–	–	–	33	101
Risk compensation amounts of the <i>Postbeamtenkranke- kasse</i> (Postal Civil Service)						
Health Insurance Fund	88	–	1	–	5	92
Miscellaneous	25	30	21	10	43	67
<b>Total</b>	<b>259</b>	<b>127</b>	<b>44</b>	<b>10</b>	<b>81</b>	<b>413</b>

The provisions for restructuring were set up as part of the principles resolved by the Management Board for a far-reaching reform of the operating and organizational structure. The aim is to create an organizational structure that is competitive in the long term and that meets the industry-standard development criteria.

As a result of the consolidation of Dresdner Zahlungsverkehrsservice GmbH and Betriebs-Center für Banken Payments AG, additions taken directly to equity of €59 million and €68 million respectively were recognized in the Other provisions. These consist of provisions for restructuring (€97 million), provisions for jubilee benefits (€9 million) and other provisions (€21 million).

Miscellaneous other provisions include provisions for litigation costs amounting to €3 million (previous year: €2 million), provisions for year-end closing costs amounting to €3 million (previous year: €3 million) and provisions for jubilee benefits amounting to €9 million (previous year: €1 million).

### (38) Other liabilities

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Trade payables	56	55
Liabilities from other taxes	147	75
Liabilities from income taxes	1	1
Miscellaneous liabilities	310	234
Deferred income	3	6
<b>Total</b>	<b>517</b>	<b>371</b>

Miscellaneous liabilities include liabilities from early termination fees amounting to €17 million (previous year: €12 million), expenses for outstanding invoices amounting to €44 million (previous year: €38 million), expenses for services performed by Deutsche Post AG amounting to €107 million (previous year: €63 million), expenses for management bonuses amounting to €21 million (previous year: €11 million) and expenses for outstanding vacation entitlements and other compensated absences amounting to €23 million (previous year: €20 million).

In total, €21 million of other liabilities relates to proportionately consolidated joint ventures (previous year: €13 million).

### (39) Subordinated debt

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Subordinated liabilities	1,512	1,315
Hybrid capital instruments	783	–
Profit participation certificates outstanding	458	354
Contributions by typical silent partners	55	55
<b>Total</b>	<b>2,808</b>	<b>1,724</b>

Due to the current maturity structure, only €2,457 million of the items reported as subordinated debt represents liable capital in accordance with the Basel Capital Accord.

The interest expense on subordinated liabilities amounts to €74 million (previous year: €61 million). Deferred interest not yet due amounting to €25 million (previous year: €23 million) is carried as subordinated debt and allocated to subordinated liabilities.

Hybrid capital instruments represent two issues with a total nominal value of around €800 million in the form of trust preferred securities that were issued by subsidiaries established for this purpose. Trust preferred securities are issued for an unlimited term and represent Tier 1 capital for banking regulatory purposes.

Deferred interest on hybrid capital instruments not yet due amounted to €2.1 million.

Holders of profit participation certificates receive an annual profit-related distribution ranking prior to shareholders' profit rights; the distribution right is reduced if and to the extent that no distributable profit is available.

The interest expense for 2004 on profit participation certificates outstanding totals €23 million (previous year: €20 million). Deferred interest not yet due amounting to €19 million (previous year: €20 million) is allocated directly to profit participation certificates.

Due to their contractual arrangements and economic substance, contributions by typical silent partners represent debt and are reported under subordinated debt in accordance with IAS 32.

The interest expense on contributions of assets by silent partners amounts to €4 million (previous year: €4 million).

A total of €1,297 million of the subordinated debt (previous year: €620 million) is hedged against changes in fair value, of which €514 million is attributable to subordinated liabilities and €783 million to hybrid capital instruments.

€2.7 billion of subordinated debt is fixed-interest, while €0.1 billion is variable-interest.

**(40) Shareholders' equity**

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Issued capital</b>	<b>410</b>	<b>410</b>
Share premium	1,159	1,159
Retained earnings	3,002	3,002
Foreign currency translation reserve	-120	-94
Revaluation reserve	-144	-200
Unappropriated surplus	420	589
<b>Total</b>	<b>4,727</b>	<b>4,866</b>

Postbank's issued capital is composed of 164,000,000 no-par value registered shares.

The Management Board is authorized, with the consent of the Supervisory Board, to increase the Bank's share capital on one or more occasions by up to a total of €41 million up to March 24, 2009 by issuing new, non-voting registered shares (preference shares) against non-cash contributions (authorized capital). This authorization can be exercised in full or in part. Shareholders' pre-emptive subscription rights are disallowed. The Management Board is authorized, with the consent of the Supervisory Board, to determine all additional rights attached to the shares and the conditions governing their issuance.

The gains or losses on the measurement of available-for-sale financial instruments reported in the revaluation reserve in equity changed as follows:

	<b>Available-for-sale financial instruments</b>	
	<b>2004</b> €m	<b>2003</b> €m
Balance at January 1	-200	-473
Addition (+)/disposal (-)	224	350
Available for sale, hedged (due to changes in credit risk)	38	32
Available for sale, unhedged	186	318
<b>Reclassified to the income statement</b>		
<b>[addition (+)/disposal (-)]</b>	<b>-169</b>	<b>-43</b>
Available for sale due to impairment	5	1
thereof hedged financial instruments	-	-
thereof unhedged financial instruments	5	1
Available for sale due to disposal/hedge termination	-174	-44
thereof hedged financial instruments	-12	-3
thereof unhedged financial instruments	-162	-41
Deferred taxes recognized directly in equity	1	-34
<b>Balance at December 31</b>	<b>-144</b>	<b>-200</b>

An amount of €169 million (previous year: €43 million) carried in the revaluation reserve was reversed to income from disposals of and valuation allowances on available-for-sale financial instruments in the year under review. In addition, the revaluation reserve rose by €224 million (previous year: €350 million) due to the remeasurement of available-for-sale financial instruments. Deferred taxes recognized directly in equity decreased by €1 million (previous year: increase of €34 million) in the fiscal year under review to a closing balance of €91 million (previous year: €92 million); the revaluation reserve fell accordingly.

## Other disclosures

### (41) Segment reporting

#### Segment reporting by business division

Postbank Group manages its activities on the basis of a management information system whose core component is management accounting by business division. The business divisions correspond to the Group's organizational structure.

	Retail Banking		Corporate Banking		Transaction Banking		Financial Markets		Others		Group	
	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m
Net interest income	1,623	1,539	224	206	3	–	64	72	–347	–164	1,567	1,653
Net trading income	–	–	5	4	–	–	62	50	131	129	198	183
Net income from investment securities	–	–	5	5	–	–	1	2	291	68	297	75
<b>Balance sheet-related revenues</b>	<b>1,623</b>	<b>1,539</b>	<b>234</b>	<b>215</b>	<b>3</b>	<b>–</b>	<b>127</b>	<b>124</b>	<b>75</b>	<b>33</b>	<b>2,062</b>	<b>1,911</b>
Net fee and commission income	324	262	92	90	201	–	57	46	–62	69	612	467
<b>Total income</b>	<b>1,947</b>	<b>1,801</b>	<b>326</b>	<b>305</b>	<b>204</b>	<b>–</b>	<b>184</b>	<b>170</b>	<b>13</b>	<b>102</b>	<b>2,674</b>	<b>2,378</b>
Administrative expenses	–1,347	–1,326	–148	–145	–196	–	–81	–79	–121	–259	–1,893	–1,809
Allowance for losses on loans and advances	–118	–92	–40	–40	–	–	–	4	–27	–26	–185	–154
Other income/ expenses	–2	–2	–1	–2	1	–	2	–	28	86	28	82
<b>Profit before tax</b>	<b>480</b>	<b>381</b>	<b>137</b>	<b>118</b>	<b>9</b>	<b>–</b>	<b>105</b>	<b>95</b>	<b>–107</b>	<b>–97</b>	<b>624</b>	<b>497</b>
<b>Cost/income ratio (CIR)</b>	<b>69.2 %</b>	<b>73.6 %</b>	<b>45.4 %</b>	<b>47.5 %</b>	<b>96.1 %</b>	<b>–</b>	<b>44.0 %</b>	<b>46.5 %</b>	<b>–</b>	<b>–</b>	<b>70.8 %</b>	<b>76.1 %</b>
<b>Return on equity before taxes (RoE)</b>	<b>23.6 %</b>	<b>20.7 %</b>	<b>31.3 %</b>	<b>28.8 %</b>	<b>–</b>	<b>–</b>	<b>15.9 %</b>	<b>10.5 %</b>	<b>–7.7 %</b>	<b>–6.6 %</b>	<b>13.7 %</b>	<b>10.7 %</b>
<b>Segment assets</b>	<b>24,740</b>	<b>19,704</b>	<b>14,410</b>	<b>12,531</b>	<b>240</b>	<b>–</b>	<b>18,252</b>	<b>16,711</b>	<b>67,191</b>	<b>79,882</b>	<b>124,833</b>	<b>128,828</b>
<b>Segment liabilities</b>	<b>56,970</b>	<b>54,693</b>	<b>17,674</b>	<b>14,346</b>	<b>73</b>	<b>–</b>	<b>8,562</b>	<b>7,011</b>	<b>32,647</b>	<b>46,076</b>	<b>115,926</b>	<b>122,126</b>

Calculation of profit in the management accounting system is based on state-of-the-art standards for modern performance reporting. Income comprises net interest income, net fee and commission income, net trading income, and net income from investment securities. The "Others" item contains consolidation adjustments, items not attributable to the business divisions, unallocated overhead costs and Postbank's proprietary trading result.

Since the settlement of payment transactions is not banking business in the traditional sense, we do not report return on equity in our Transaction Banking business segment.

The prior-period amounts were adjusted to reflect the organizational structures prevailing in 2004 as well as modified allocation criteria.

#### Segment reporting by geographical region

The allocation of segments by the domicile of the branch or Group company produces the following distribution:

	Assets		Liabilities		Income		Profit before tax	
	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m
Germany	91,551	103,110	83,707	97,299	2,508	2,235	509	417
Others	33,282	25,718	32,219	24,827	166	143	115	80
Europe	30,720	22,941	29,965	22,370	93	68	81	54
USA	2,562	2,777	2,254	2,457	73	75	34	26
<b>Total</b>	<b>124,833</b>	<b>128,828</b>	<b>115,926</b>	<b>122,126</b>	<b>2,674</b>	<b>2,378</b>	<b>624</b>	<b>497</b>

#### (42) Contingencies and other obligations

Contingent liabilities arise from past events that will lead to possible future obligations. These obligations arise from the occurrence of uncertain future events whose settlement amount cannot be estimated with sufficient reliability.

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Contingent liabilities		
on guarantees and warranties	1,110	1,254
Other obligations		
Irrevocable loan commitments	13,518	12,890
<b>Total</b>	<b>14,628</b>	<b>14,144</b>

#### (43) Bonds outstanding

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Bonds outstanding		
Bonds issued	14,257	16,636
Registered mortgage bonds issued as collateral	82	85
Public-sector mortgage bonds ( <i>Pfandbriefe</i> )/municipal bonds	36	69
<b>Cover requirement for bonds outstanding</b>	<b>14,375</b>	<b>16,790</b>

**(44) Cover for bonds outstanding**

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Cover for registered securities</b>		
Loans to other banks and customers	8,593	6,670
Total registered securities requiring cover	3,722	2,124
<b>Excess cover</b>	<b>4,871</b>	<b>4,546</b>
 <b>Mortgage bond cover</b>		
Loans to other banks and customers (mortgage loans)	4,294	4,914
Total mortgage bonds requiring cover	3,159	4,008
<b>Excess cover</b>	<b>1,135</b>	<b>906</b>
 <b>Municipal bond cover</b>		
Loans to other banks and customers and substitute cover in securities	9,763	12,788
Total municipal bonds requiring cover	7,375	10,504
<b>Excess cover</b>	<b>2,388</b>	<b>2,284</b>
 <b>Cover for interest expenses on registered securities</b>		
Interest expenses on registered securities	170	97
Interest income from cover assets	455	344
<b>Excess cover</b>	<b>285</b>	<b>247</b>
 <b>Cover for interest expenses on mortgage bonds</b>		
Interest expenses on mortgage bonds	177	223
Interest income from cover assets	246	292
<b>Excess cover</b>	<b>69</b>	<b>69</b>
 <b>Cover for interest expenses on municipal bonds</b>		
Interest expenses on municipal bonds	377	497
Interest income from cover assets	466	669
<b>Excess cover</b>	<b>89</b>	<b>172</b>

**(45) Foreclosures and compulsory administration**

	Dec. 31, 2004 Number	Dec. 31, 2003 Number
Foreclosures pending	1,107	961
Compulsory administration proceedings	617	536
Foreclosures completed	211	212

**(46) Fair value of financial instruments carried at amortized cost**

**or hedge fair value**

The fair values of financial instruments carried at amortized cost or hedge fair value on the balance sheet are compared with their carrying amounts in the following table:

	Dec. 31, 2004		Dec. 31, 2003	
	Carrying amount €m	Full fair value €m	Carrying amount €m	Full fair value €m
<b>Assets</b>				
Cash reserve	1,125	1,125	1,623	1,623
Loans and advances to other banks	21,862	21,994	32,881	33,068
Loans and advances to customers	38,767	39,562	39,021	39,237
Allowance for losses on loans and advances	-667	-667	-597	-597
Investment securities	15,133	15,155	14,942	14,704
	<b>76,220</b>	<b>77,169</b>	<b>87,870</b>	<b>88,035</b>
<b>Liabilities</b>				
Deposits from other banks	16,215	16,463	20,271	20,791
Due to customers	80,519	80,602	73,941	73,448
Securitized liabilities and subordinated debt	19,298	19,564	27,991	28,152
	<b>116,032</b>	<b>116,629</b>	<b>122,203</b>	<b>122,391</b>

In general, fair value is calculated for all financial instruments. The only exceptions are items payable on demand and savings deposits with an agreed withdrawal notice of one year or less.

If there is an active market for a financial instrument (e.g. a stock exchange), the fair value is expressed by the market or quoted exchange price at the balance sheet date. If there is no active market, the fair value is determined using recognized valuation models (present value method or option pricing models). The valuation models used must reflect the key factors affecting the value of the financial instruments, and their parameters are based on market conditions at the balance sheet date. The cash flows used in the present value method are based on the contractual terms of the financial instruments.

**(47) Foreign currency volumes**

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Foreign currency assets	7,838	9,730
Foreign currency liabilities	7,348	9,916

**(48) Disclosures on significant concentration of business**

The percentage classification of Deutsche Postbank AG's loans by sector is as follows:

	2004 %	2003 %
Dependent employees and other private individuals	33.8	22.5
Other enterprises and self-employed individuals	16.0	15.1
Public sector	16.3	18.4
Credit institutions	33.9	44.0
	<b>100.0</b>	<b>100.0</b>

The percentage classification by German and foreign residents is as follows:

	2004 %	2003 %
German residents	70.9	68.3
Foreign residents	29.1	31.7
	<b>100.0</b>	<b>100.0</b>

**(49) Financial instruments in accordance with IAS 39 – Measurement categories**

	Fair value hedges		Unhedged		Total	
	Dec. 31, 2004		Dec. 31, 2003		Dec. 31, 2004	
	€m	€m	€m	€m	€m	€m
<b>Assets</b>	<b>23,162</b>	<b>23,500</b>	<b>102,644</b>	<b>106,160</b>	<b>125,806</b>	<b>129,660</b>
Originated loans	5,686	6,696	54,317	64,521	60,003	71,217
Loans to other banks	1,928	2,246	19,934	30,635	21,862	32,881
Loans to customers	3,758	4,450	34,371	33,861	38,129	38,311
Investment securities	–	–	12	25	12	25
Securities purchased directly from the issuer	3,892	1,445	8,785	10,839	12,677	12,284
Investment securities	3,892	1,445	8,785	10,839	12,677	12,284
Available-for-sale assets	12,611	14,527	26,765	14,869	39,376	29,396
Loans to other banks	794	389	1,186	801	1,980	1,190
Loans to customers	1,506	1,627	7,442	2,662	8,948	4,289
Investment securities	10,311	12,511	18,137	11,406	28,448	23,917
Held-to-maturity investments	–	–	3,082	3,343	3,082	3,343
Loans to customers	–	–	638	710	638	710
Investment securities	–	–	2,444	2,633	2,444	2,633
Held for trading	–	–	9,695	12,588	9,695	12,588
Trading assets	–	–	9,695	12,588	9,695	12,588
Hedging derivatives	973	832	–	–	973	832
<b>Liabilities</b>	<b>21,536</b>	<b>15,117</b>	<b>99,443</b>	<b>110,547</b>	<b>120,979</b>	<b>125,664</b>
Liabilities	19,291	13,303	96,741	108,900	116,032	122,203
Deposits from other banks	2,978	894	13,237	19,377	16,215	20,271
Due to customers	3,445	1,233	77,074	72,708	80,519	73,941
Securitized liabilities	11,571	10,556	4,919	15,711	16,490	26,267
Subordinated debt	1,297	620	1,511	1,104	2,808	1,724
Held for trading	–	–	2,702	1,647	2,702	1,647
Trading liabilities	–	–	2,702	1,647	2,702	1,647
Hedging derivatives	2,245	1,814	–	–	2,245	1,814

## (50) Derivatives

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

Derivatives on foreign currencies are mostly entered into in the form of currency forwards, currency swaps, cross-currency swaps and currency options. Interest rate derivatives relate primarily to interest rate swaps, forward rate agreements and interest rate futures and options; forward transactions in fixed-income securities are occasionally entered into. Equity derivatives are entered into in the form of equity options and equity/index futures in particular. Credit derivatives (credit default swaps) were also entered into to a limited extent.

The notional amounts represent the gross volume of all sales and purchases. The notional amount is a reference value for determining reciprocally agreed settlement payments; it does not represent recognizable receivables or liabilities.

The fair values of the individual contracts were calculated using recognized valuation models and do not reflect any netting agreements.

Holdings of derivatives are composed of the following items:

	Notional amounts		Positive fair values		Negative fair values	
	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
	€m	€m	€m	€m	€m	€m
Trading derivatives	224,044	169,185	2,754	901	2,651	1,645
Hedging derivatives	39,203	34,059	973	832	2,245	1,814
<b>Total</b>	<b>263,247</b>	<b>203,244</b>	<b>3,727</b>	<b>1,733</b>	<b>4,896</b>	<b>3,459</b>

The following table presents the open interest-rate and foreign currency, conditional and unconditional forward and option contracts of the Postbank Group at the balance sheet date.

	Notional amount		Fair value			
			Positive fair values		Negative fair values	
	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
	€m	€m	€m	€m	€m	€m
Trading derivatives						
Foreign currency derivatives						
OTC products						
Currency forwards	1,340	548	35	34	66	23
Currency swaps	12,514	7,633	561	297	469	267
Total holdings of foreign currency derivatives	<b>13,854</b>	<b>8,181</b>	<b>596</b>	<b>331</b>	<b>535</b>	<b>290</b>
Interest rate derivatives						
OTC products						
Interest rate swaps	177,429	137,917	2,123	559	2,051	1,317
Cross-currency swaps	32	191	2	–	2	11
FRAs	2,310	920	–	1	–	1
OTC interest rate options	2,460	5,452	2	–	2	13
Other interest rate contracts	186	25	1	–	–	8
Exchange-traded products						
Interest rate futures	22,954	10,602	–	–	–	–
Interest rate options	2,915	5,240	1	5	–	1
Total holdings of trading derivatives	<b>208,286</b>	<b>160,347</b>	<b>2,129</b>	<b>565</b>	<b>2,055</b>	<b>1,351</b>

	Notional amount		Fair value			
			Positive fair values		Negative fair values	
	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
	€m	€m	€m	€m	€m	€m
Equity/index derivatives						
OTC products						
Equity options (long/short)	733	11	4	1	47	–
Exchange-traded products						
Equity/index futures	93	12	–	–	–	–
Equity/index options	246	570	9	3	1	1
<b>Total holdings of equity/index derivatives</b>	<b>1,072</b>	<b>593</b>	<b>13</b>	<b>4</b>	<b>48</b>	<b>1</b>
Credit derivatives						
Credit default swaps	832	64	16	1	13	3
<b>Total holdings of credit derivatives</b>	<b>832</b>	<b>64</b>	<b>16</b>	<b>1</b>	<b>13</b>	<b>3</b>
<b>Total holdings of trading derivatives</b>	<b>224,044</b>	<b>169,185</b>	<b>2,754</b>	<b>901</b>	<b>2,651</b>	<b>1,645</b>
of which banking book derivatives	22,957	62,375	458	393	540	1,139
Hedging derivatives						
Fair value hedges						
Interest rate swaps	36,535	30,361	949	740	2,035	1,605
Cross-currency swaps	2,284	3,311	23	87	207	184
Equity options	383	386	1	1	3	9
Other interest rate contracts	–	–	–	4	–	16
<b>Total holdings of hedging derivatives from fair value hedges</b>	<b>39,202</b>	<b>34,058</b>	<b>973</b>	<b>832</b>	<b>2,245</b>	<b>1,814</b>
Cash flow hedges						
Credit default swaps	1	1	–	–	–	–
<b>Total holdings of hedging derivatives from cash flow hedges</b>	<b>1</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total holdings of hedging derivatives</b>	<b>39,203</b>	<b>34,059</b>	<b>973</b>	<b>832</b>	<b>2,245</b>	<b>1,814</b>
<b>Total holdings of derivatives</b>	<b>263,247</b>	<b>203,244</b>	<b>3,727</b>	<b>1,733</b>	<b>4,896</b>	<b>3,459</b>

Total holdings of recognized derivative assets and liabilities:

	Hedging derivatives			
	Positive fair values Dec. 31, 2004 €m	Negative fair values Dec. 31, 2004 €m	Positive fair values Dec. 31, 2003 €m	Negative fair values Dec. 31, 2003 €m
Remaining maturity				
less than 3 months	291	322	383	376
3 months to 1 year	60	56	19	76
1 to 5 years	208	784	304	788
more than 5 years	414	1,083	126	574
	<b>973</b>	<b>2,245</b>	<b>832</b>	<b>1,814</b>
Trading and banking book derivatives				
	Positive fair values Dec. 31, 2004 €m	Negative fair values Dec. 31, 2004 €m	Positive fair values Dec. 31, 2003 €m	Negative fair values Dec. 31, 2003 €m
Remaining maturity				
less than 3 months	1,000	921	386	607
3 months to 1 year	279	277	259	302
1 to 5 years	258	317	130	420
more than 5 years	1,217	1,136	126	316
	<b>2,754</b>	<b>2,651</b>	<b>901</b>	<b>1,645</b>

The remaining maturity is the period between the balance sheet date and the contractual maturity of the asset or liability.

The following table presents the positive and negative fair values of derivatives by counter-party.

	Positive fair values		Negative fair values	
	Dec. 31, 2004 €m	Dec. 31, 2003 €m	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Counterparties				
Banks in OECD countries	3,681	1,710	4,774	3,429
Public institutions in OECD countries	1	–	4	–
Other counterparties in OECD countries	45	23	118	30
	<b>3,727</b>	<b>1,733</b>	<b>4,896</b>	<b>3,459</b>

### (51) Risk assets and capital ratio

The Postbank Group has undertaken to fulfill the capital adequacy requirements set out in the respective framework issued by the Basel Committee on Banking Supervision. This requires credit institutions to maintain capital of at least 8 % of their risk-weighted assets (capital ratio). At least 4 % of risk assets must consist of Tier 1 capital (Tier 1 ratio).

The Bank's regulatory own funds consist of Tier 1, Tier 2 and Tier 3 capital. Tier 1 capital primarily consists of issued capital, reserves and hybrid capital components. Tier 2 capital is primarily composed of profit participation certificates and subordinated long-term liabilities.

The regulatory own funds of the Postbank Group in accordance with the Basel Capital Accord were as follows at December 31, 2004:

	Dec. 31, 2004 €m	Dec. 31, 2003* €m
Risk-weighted assets	50,043	45,820
Market risk positions	5,938	3,600
Positions for which capital charges are required	55,981	49,420
Tier 1 capital	4,231	3,819
thereof: hybrid capital instruments	635	51
Tier 2 capital	1,862	1,366
Profit participation certificates outstanding	359	166
Subordinated liabilities	1,247	1,164
Other components	256	36
Tier 3 capital	–	–
Eligible own funds	6,093	5,185
Tier 1 ratio (%)	8.5	8.3
Capital ratio (%)	10.9	10.5

\* according to internal calculations

**(52) Maturity structure**

As of December 31, 2004:

	<b>Payable on demand</b> €m	<b>Less than 3 months</b> €m	<b>3 months to 1 year</b> €m	<b>1 to 5 years</b> €m	<b>More than 5 years</b> €m	<b>Total</b> €m
Loans and advances to other banks	2,188	5,238	7,690	7,487	1,239	23,842
Loans and advances to customers	2,003	2,702	4,105	19,041	19,864	47,715
Trading assets	–	1,425	1,248	5,276	1,746	9,695
Hedging derivatives	–	291	60	208	414	973
Investment securities	3	1,776	1,394	11,028	29,380	43,581
Other assets	205	181	95	519	25	1,025
<b>Total</b>	<b>4,399</b>	<b>11,613</b>	<b>14,592</b>	<b>43,559</b>	<b>52,668</b>	<b>126,831</b>
Deposits from other banks	916	6,449	1,798	4,790	2,262	16,215
Due to customers	21,255	45,690	3,222	4,614	5,738	80,519
Securitized liabilities	216	3,658	1,595	9,119	1,902	16,490
Trading liabilities	–	921	277	544	960	2,702
Hedging derivatives	–	322	56	784	1,083	2,245
Provisions	13	17	112	1,273	576	1,991
Provisions for pensions	1	13	39	184	347	584
Tax provisions	8	–	14	959	13	994
Other provisions	4	4	59	130	216	413
Other liabilities	286	120	85	26	–	517
Subordinated debt	14	–	87	342	2,365	2,808
<b>Total</b>	<b>22,700</b>	<b>57,177</b>	<b>7,232</b>	<b>21,492</b>	<b>14,886</b>	<b>123,487</b>

The remaining maturities of derivatives are presented separately in a table in note (50).

As of December 31, 2003:

	Payable on demand €m	Less than 3 months €m	3 months to 1 year €m	1 to 5 years €m	More than 5 years €m	Total €m
Loans and advances to other banks	7,707	10,947	3,658	5,985	5,774	34,071
Loans and advances to customers	1,578	1,542	3,471	18,232	18,487	43,310
Trading assets	–	1,204	2,288	6,726	2,370	12,588
Hedging derivatives	–	383	19	304	126	832
Investment securities	1,115	1,244	1,941	19,642	14,917	38,859
Other assets	194	27	56	636	60	973
<b>Total</b>	<b>10,594</b>	<b>15,347</b>	<b>11,433</b>	<b>51,525</b>	<b>41,734</b>	<b>130,633</b>
Deposits from other banks	1,227	11,007	887	3,482	3,668	20,271
Due to customers	20,227	41,430	3,318	5,105	3,861	73,941
Securitized liabilities	239	7,191	4,412	9,626	4,799	26,267
Trading liabilities	–	607	302	420	318	1,647
Hedging derivatives	–	376	76	788	574	1,814
Provisions	28	20	74	1,066	516	1,704
Provisions for pensions	1	15	43	159	354	572
Tax provisions	19	–	14	840	–	873
Other provisions	8	5	17	67	162	259
Other liabilities	166	131	51	15	8	371
Subordinated debt	–	–	214	261	1,249	1,724
<b>Total</b>	<b>21,887</b>	<b>60,762</b>	<b>9,334</b>	<b>20,763</b>	<b>14,993</b>	<b>127,739</b>

### (53) Subordinated assets

Assets are subordinated if their recovery as receivables ranks behind other creditors in the event of liquidation or bankruptcy of the issuer.

Balance sheet assets contain the following subordinated assets:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
Loans and advances to customers	–	81
Loans and advances to other banks	16	16
Investment securities	–	5
<b>Total</b>	<b>16</b>	<b>102</b>

### (54) Other financial obligations

Commencing in 2000, Postbank pays 33 % of the gross compensation of its active civil servants and the notional gross compensation of its civil servants on leave of absence to a pension fund (*Unterstützungskasse*) established for this purpose. Postbank has no further obligations for benefits paid by the pension fund, which are the responsibility of the German government.

Postbank has issued a comfort letter for its subsidiary Deutsche Postbank International S.A., Luxembourg, in which it undertakes to ensure that, with the exception of political risk, Deutsche Postbank International S.A., Luxembourg will be able to meet its obligations.

Postbank has issued a comfort letter for its subsidiary PB Capital Corp., Delaware, USA, in which it undertakes to ensure that, with the exception of political risk, PB Capital Corp. will be able to meet its obligations.

Postbank has also issued comfort letters for the companies newly formed in the course of the Tier I issues, Deutsche Postbank Funding LLC I and II.

Up to December 31, 2004, Postbank had additional funding obligations from the deposit protection fund of the *Bundesverband Öffentlicher Banken Deutschlands e. V.* (Association of German Public Sector Banks) in the amount laid down in the bylaws. Since January 1, 2005, Postbank has had additional funding obligations from the deposit protection fund of the *Bundesverband deutscher Banken e.V.* (Association of German Banks) in the amount laid down in article 5 (3) of the statutes of the deposit protection fund. Postbank also has additional funding obligations under the *Einlagensicherungs- und Anlegerentschädigungsgesetz* (German Deposit Protection and Investor Compensation Act) and the corresponding regulations issued by the Federal Ministry of Finance in the amount laid down therein.

In addition, Deutsche Postbank International S.A., Luxembourg, is a member of the "Association pour la Garantie des Dépôts Luxembourg" (AGDL), the Luxembourg deposit guaranty and investor indemnity fund.

Financial obligations from operating leases are broken down into the categories of assets shown below and have the following maturity structures:

	Intangible assets €m	Land and buildings €m	Operating and office equipment €m	Total €m
less than 1 year	32	16	10	58
1–5 years	99	37	32	168
more than 5 years	–	20	–	20
<b>Total</b>	<b>131</b>	<b>73</b>	<b>42</b>	<b>246</b>

#### (55) Trust activities

Trust activities are composed of the following items:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Trust assets</b>		
Loans and advances to other banks	35	41
Loans and advances to customers	1,449	1,602
	<b>1,484</b>	<b>1,643</b>
<b>Trust liabilities</b>		
Trust funds for transmitted loans	694	749
Special fund of the State of Mecklenburg-Western Pomerania	45	45
Retired farmers' pension fund	11	11
Special-purpose funds	734	838
	<b>1,484</b>	<b>1,643</b>

**(56) Employees**

The average number of employees in the Group in the period under review was as follows:

	Total 2004	Total 2003
<b>Full-time</b>		
Civil servants	2,519	3,001
Salaried employees	5,729	5,222
Wage earners	–	88
	<b>8,248</b>	<b>8,311</b>
<b>Part-time</b>		
Civil servants	715	790
Salaried employees	650	640
Wage earners	–	6
	<b>1,365</b>	<b>1,436</b>
	<b>9,613</b>	<b>9,747</b>

**(57) Related party disclosures**

In addition to the consolidated subsidiaries, the Postbank Group has direct or indirect relationships with a wide range of Deutsche Post World Net companies and a small number of unconsolidated subsidiaries in the course of its ordinary business activities. In the course of these activities, all transactions for the provision of goods and services entered into with the aforementioned companies were conducted on an arm's length basis at standard market terms and conditions.

The following section provides an overview of the companies included in the Postbank Group.

## Subsidiaries

Name and domicile	Equity interest (%) direct	Equity interest (%) indirect
<b>1) Fully consolidated companies:</b>		
Deutsche Postbank International S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Asset Management S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Capital Management S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Vermögens-Management S.A., Munsbach, Luxembourg	100.0	
Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH, Bonn	100.0	
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG, Bonn	90.0	
Postbank Systems AG, Bonn	100.0	
Ralos Verwaltung GmbH & Co. Vermietungs KG, Munich	94.0	
DSL Finance N.V., Amsterdam, Netherlands	100.0	
DSL Holding AG i.A., Bonn	100.0	
Deutsche Postbank Financial Services GmbH, Frankfurt/Main	100.0	
Deutsche Postbank Finance Center Objekt GmbH, Munsbach, Luxembourg	90.0	
DPBI Immobilien KGaA, Munsbach, Luxembourg	10.0	0.1
Postbank Leasing GmbH, Bonn	100.0	
PB (USA) Holdings Inc., Wilmington, Delaware, USA	100.0	
PB Capital Corp., Wilmington, Delaware, USA	100.0	
PB Realty Corp., New York, USA	94.7	
PB Finance (Delaware) Inc., Wilmington, Delaware, USA	100.0	
PB Factoring GmbH, Bonn	100.0	
Postbank Vermögensberatung AG, Bonn	100.0	
Postbank Vermögensberatung Service GmbH, Cologne	100.0	
PB Firmenkunden AG, Bonn	100.0	
Betriebs-Center für Banken Deutschland GmbH & Co. KG, Frankfurt/Main	100.0	
Betriebs-Center für Banken Verwaltungs GmbH, Frankfurt/Main	100.0	
Betriebs-Center für Banken Frankfurt am Main GmbH, Frankfurt/Main	100.0	
Betriebs-Center für Banken Berlin GmbH, Frankfurt/Main	100.0	
Dresdner Zahlungsverkehrsservice GmbH, Frankfurt/Main	100.0	
Betriebs-Center für Banken Payments AG, Frankfurt/Main	100.0	
Deutsche Postbank Funding LLC I, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding LLC II, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding Trust I, Wilmington, Delaware, USA	100.0	
Deutsche Postbank Funding Trust II, Wilmington, Delaware, USA	100.0	
<b>2) Proportionately consolidated companies:</b>		
PB Lebensversicherung AG, Hilden	50.0	
PB Versicherung AG, Hilden	50.0	

### Intragroup and associate receivables

Receivables from unconsolidated subsidiaries and associates are presented below:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Loans and advances to customers</b>		
Subsidiaries	84	79
Associates	–	45
	<b>84</b>	<b>124</b>
<b>Other assets</b>		
Subsidiaries	17	7
Associates	8	3
	<b>25</b>	<b>10</b>
<b>Total</b>	<b>109</b>	<b>134</b>

The items relate primarily to receivables from Deutsche Post AG.

### Intragroup and associate payables

Payables to unconsolidated subsidiaries and associates are presented below:

	Dec. 31, 2004 €m	Dec. 31, 2003 €m
<b>Deposits from other banks</b>		
Subsidiaries	15	–
Associates	–	–
	<b>15</b>	<b>–</b>
<b>Amounts due to customers</b>		
Subsidiaries	1,093	607
Associates	9	–
	<b>1,102</b>	<b>607</b>
<b>Other liabilities</b>		
Subsidiaries	119	76
Associates	23	–
	<b>142</b>	<b>76</b>
<b>Total</b>	<b>1,259</b>	<b>683</b>

The items relate primarily to payables to Deutsche Post AG.

**Income and expense from subsidiaries and associates**

	2004 €m	2003 €m
<b>Net interest income</b>		
Subsidiaries	3	1
Associates	1	–
	<b>4</b>	<b>1</b>
<b>Net fee and commission income</b>		
Subsidiaries	21	16
Associates	18	2
	<b>39</b>	<b>18</b>
<b>Administrative expenses</b>		
Subsidiaries	644	627
Associates	23	3
	<b>667</b>	<b>630</b>
<b>Other income</b>		
Subsidiaries	40	42
Associates	2	–
	<b>42</b>	<b>42</b>
<b>Other expenses</b>		
Subsidiaries	5	24
Associates	–	–
	<b>5</b>	<b>24</b>

### Remuneration of the Management Board

The annual remuneration of the members of the Management Board is composed of fixed and variable components. Variable components relate primarily to the annual bonuses determined by the Supervisory Board on the basis of the Company's business development.

	Fixed remuneration component* € thousand	Performance- related component € thousand	Total € thousand
Wulf von Schimmelmann, Chairman	787.5	964.8	1,752.3
Dirk Berensmann	400.0	472.8	872.8
Andreas Bezold (from April 1, 2004 until July 31, 2004)	133.3	66.7	200.0
Stefan Jütte	400.0	425.5	825.5
Wolfgang Klein	400.0	422.4	822.4
Loukas Rizos	500.0	715.1	1,215.1
Lothar Rogg	300.0	328.3	628.3
Ralf Stemmer (from July 1, 2004)	150.0	248.3	398.3
<b>Total</b>	<b>3,070.8</b>	<b>3,643.9</b>	<b>6,714.7</b>

\* In addition, the members of the Management Board received "Other compensation" in the amount of €97.8 thousand, consisting primarily of the use of company cars, the reimbursement of travel costs and telephone costs, and special allowances for expenses incurred abroad. This compensation is taxable by the respective member of the Management Board. In principle, it is available to all members of the Management Board equally; the amount varies depending on different personal circumstances.

The total remuneration of the members of the Management Board in fiscal year 2004 amounted to €6,714.7 thousand, compared with €4,281.4 thousand in fiscal year 2003.

The remuneration paid to former members of the Management Board amounted to €1,885.4 thousand (previous year: €1,283.0 thousand). Provisions for pensions for these individuals were set up in the amount of €20,963.4 thousand (previous year: €20,409.6 thousand).

### **Remuneration of the Supervisory Board**

In accordance with Article 15 of the Articles of Association of Deutsche Postbank AG, the annual remuneration of the members of the Supervisory Board is composed of a fixed component, a performance related component, and a performance-related variable component with a long-term incentive effect.

The fixed component amounts to €15,000, while the variable component amounts to €300 for each €0.03 by which the consolidated net profit per share (earnings per share) for the respective fiscal year exceeds the amount of €2.00. Short-term performance-related remuneration accounted for 25.2 % of the total remuneration paid to the members of the Supervisory Board in fiscal year 2004.

Members of the Supervisory Board will be entitled to performance-related remuneration with a long-term incentive effect for fiscal year 2004 in the amount of €300 for each 1 % by which the consolidated net profit per share for fiscal year 2006 exceeds the consolidated net profit per share (earnings per share) for fiscal year 2003. This remuneration is payable following the end of the 2007 Annual General Meeting.

Neither of the variable components may exceed €15,000.

The Chairman of the Supervisory Board receives double the remuneration specified above, while the Deputy Chairman receives one and a half times the remuneration specified above. The chairmanship of a Supervisory Board committee is remunerated by an additional amount the same as that specified above, while members of Supervisory Board committees additionally receive half this amount for each such position held. This does not apply for the committee formed in accordance with section 27 (3) of the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act). Persons who are members of the Supervisory Board for only part of a fiscal year receive the corresponding remuneration ratably.

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

The total remuneration paid to members of the Supervisory Board for fiscal year 2004 amounted to €695.1 thousand (previous year: €488.0 thousand). The increase relates primarily to the amendment of the performance-related remuneration components that are recommended in the German Corporate Code. This was resolved by Deutsche Postbank AG in 2004.

The total remuneration was paid to the individual members of the Supervisory Board as follows:

	Fixed remuneration	Variable remuneration*	Total	Entitlement to remuneration with long- term incentive effect
	€ thousand	€ thousand	€ thousand	€ thousand
Zumwinkel	52.5	21.6	74.1	19.9
Sommer	45.0	19.0	64.0	17.1
Auer	15.0	6.4	21.4	5.7
Bolte	15.0	6.4	21.4	5.7
Boysen	10.0	4.3	14.3	3.8
Büschen	5.0	2.1	7.1	1.9
Ernst	30.0	12.8	42.8	11.4
Harms	15.0	6.4	21.4	5.7
Hoch	11.3	5.1	16.4	4.3
Höhmann	15.0	6.4	21.4	5.7
Jahn	7.5	3.5	11.0	2.8
Kallfelz	45.0	20.4	65.4	17.1
Krüger	37.5	16.0	53.5	14.2
Kuhlow	22.5	9.9	32.4	8.5
Petram	15.0	6.1	21.1	5.7
Schlede	22.5	9.4	31.9	8.5
Schüler	30.0	12.8	42.8	11.4
Schwarz	15.0	6.4	21.4	5.7
Soltmann	7.5	3.2	10.7	2.8
Tacke	15.0	6.4	21.4	5.7
von Schorlemer	10.0	4.3	14.3	3.8
Weiler	15.0	6.4	21.4	5.7
Zobeley	30.0	13.5	43.5	11.4
<b>Total</b>	<b>486.3</b>	<b>208.8</b>	<b>695.1</b>	<b>184.5</b>

\* incl. attendance allowances

No payments or benefits were granted in return for services provided individually, especially consulting and arrangement services, with the exception of the remuneration of employee representatives as set out in their respective employment contracts.

In accordance with section 15a of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act), members of the Supervisory Board and the Board of Management are required to disclose the purchase or sale of shares of Deutsche Postbank AG or rights to these shares, to the extent that they exceed the stipulated lower limit and are not acquired as a component of remuneration. No disclosures in accordance with section 15a of the WpHG were submitted to Deutsche Postbank AG.

The aggregate shareholdings of all members of the Management Board and Supervisory Board amount to less than 1% of the shares issued by the Company.

At the balance sheet date, loans of €397.4 thousand (previous year: €530.0 thousand) had been granted to members of the Management and Supervisory Boards; no loans were granted to members of the Management Board who retired in 2004. No other contingent liabilities had been entered into.

#### **(58) Other disclosures**

Postbank's consolidated financial statements are included in the consolidated financial statements of Deutsche Post AG.

In accordance with section 2 (4) of the *Postumwandlungsgesetz* (PostUmwG – Postal Service Transformation Act), the German 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 registration in the commercial register.

Until December 31, 2004, Deutsche Postbank AG was a member of the deposit protection fund of the *Bundesverband Öffentlicher Banken Deutschlands e.V.* and the investor compensation scheme of the *Bundesverband Öffentlicher Banken Deutschlands GmbH*. Since January 1, 2005, Deutsche Postbank AG has been a member of the deposit protection fund of the *Bundesverband deutscher Banken e.V.* and the *Entschädigungseinrichtung deutscher Banken GmbH* investor compensation scheme.

Postbank has issued guarantee bonds for its subsidiary PB Capital Corp., Delaware, USA, in the amount of \$2,779.4 million. These include a guarantee bond for swaps (\$37.9 million), a rental guarantee for business premises in New York (\$19.6 million) and a guarantee bond for the Commercial Paper program (\$2,721.9 million).

Postbank underwrites all issues by DSL Finance N.V.

#### **(59) Members of executive bodies**

##### **Management Board**

###### **The members of the Management Board are:**

Wulf von Schimmelmann, Bonn (Chairman)

Dirk Berensmann, Unkel

Andreas Bezold, Bonn from April 1, 2004 until July 31, 2004

Stefan Jütte, Bonn

Wolfgang Klein, Bonn

Loukas Rizos, Bonn

Lothar Rogg, Bonn

Ralf Stemmer, Königswinter since July 1, 2004

Offices held by members of the Management Board of Deutsche Postbank AG as of December 31, 2004 on supervisory boards or other supervisory bodies:

<b>Wulf von Schimmelmann</b>	
<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board	PB Lebensversicherung AG, Hilden
Chairman of the Supervisory Board	PB Versicherung AG, Hilden
Chairman of the Supervisory Board	PB Firmenkunden AG*, Bonn
Chairman of the Board of Directors	PB (USA) Holdings, Inc., Wilmington (Delaware, USA)
Chairman of the Board of Directors	PB Capital Corp., Wilmington (Delaware, USA)
Deputy Chairman of the Supervisory Board	Deutsche Postbank Financial Services GmbH, Frankfurt/Main
Member of the Supervisory Board	TCHIBO Holding AG, Hamburg
Member of the Board of Directors	accenture Corp., Irving (Texas, USA)
Member of the Board of Directors (since May 24, 2004)	Altadis S.A., Madrid (Spain)
<b>Offices relinquished during the year</b>	
Member of the Management Board (until Nov. 2, 2004)	Bundesverband Öffentlicher Banken Deutschlands e.V. (VÖB), Berlin
<b>New office from 2005</b>	
Member of the Management Board (since January 1, 2005)	Bundesverband deutscher Banken Deutschlands e.V., Berlin

<b>Dirk Berensmann</b>	
<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board	Postbank Systems AG, Bonn
Chairman of the Supervisory Board (since May 3, 2004)	Dresdner Zahlungsverkehrsservice GmbH, Frankfurt/Main
Member of the Supervisory Board (since May 1, 2004)	
Chairman of the Supervisory Board (since July 1, 2004)	Betriebs-Center für Banken Payments AG, Frankfurt/Main
Deputy Chairman of the Advisory Board	einsnull IT-Support GmbH, Bonn
Member of the Board of Directors	Eurogiro Network A/S, Taastrup (Denmark)
Member of the Management Board	e-Finance Lab Frankfurt am Main, Frankfurt University

\* Operated under the name of PB Erste Beteiligungen AG until February 2, 2004

---

**Stefan Jütte**

---

<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board	Postbank Leasing GmbH, Bonn
Chairman of the Supervisory Board	PB Factoring GmbH, Bonn
Deputy Chairman of the Supervisory Board	PB Firmenkunden AG <sup>*)</sup> , Bonn
Member of the Board of Directors	Deutsche Postbank International S.A., Luxembourg
Member of the Board of Directors	PB (USA) Holdings, Inc., Wilmington (Delaware, USA)
Member of the Board of Directors	PB Capital Corp., Wilmington (Delaware, USA)
Member of the Supervisory Board	BVVG Bodenverwertungs- und Verwaltungsgesellschaft mbH, Berlin
Member of the Advisory Board (since October 5, 2004)	Sireo Real Estate Asset Management GmbH, Heusenstamm

\* Operated under the name of PB Erste Beteiligungen AG until February 2, 2004

---

**Wolfgang Klein**

---

<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board	Postbank Vermögensberatung AG, Bonn
Chairman of the Supervisory Board (since May 28, 2004)	Comma Soft AG, Bonn
Member of the Supervisory Board	
Chairman of the Advisory Board	VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn
Deputy Chairman of the Board of Directors	Deutsche Postbank International S.A., Luxembourg
Deputy Chairman of the Board of Directors	Deutsche Postbank Capital Management S.A., Luxembourg
Deputy Chairman of the Board of Directors	Deutsche Postbank Asset Management S.A., Luxembourg
Deputy Chairman of the Board of Directors	Deutsche Postbank Vermögens-Management S.A., Luxembourg
Member of the Supervisory Board	PB Lebensversicherung AG, Hilden
Member of the Supervisory Board	PB Versicherung AG, Hilden
Member of the Administrative Board	VISA Deutschland e.V., Frankfurt/Main

---

**Offices relinquished during the year**

---

Chairman of the Management Committee (until April 27, 2004)	Postbank P.O.S. Transact GmbH, Schwalbach am Taunus
--	---

**Loukas Rizos**

Function	Company
Chairman of the Supervisory Board	Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn
Chairman of the Supervisory Board	Deutsche Postbank Financial Services GmbH, Frankfurt/Main
Chairman of the Board of Directors	Deutsche Postbank International S.A., Luxembourg
Chairman of the Board of Directors	Deutsche Postbank Capital Management S.A., Luxembourg
Chairman of the Board of Directors	Deutsche Postbank Asset Management S.A., Luxembourg
Chairman of the Board of Directors	Deutsche Postbank Vermögens-Management S.A., Luxembourg
Member of the Supervisory Board	PB Firmenkunden AG*, Bonn
Member of the Supervisory Board	Postbank Vermögensberatung AG, Bonn

\* Operated under the name of PB Erste Beteiligungen AG until February 2, 2004

**Lothar Rogg**

Function	Company
Chairman of the Supervisory Board	McPaper AG, Berlin
Deputy Chairman of the Supervisory Board	Postbank Vermögensberatung AG, Bonn
Member of the Supervisory Board	Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn
Member of the Supervisory Board	PB Lebensversicherung AG, Hilden
Member of the Supervisory Board	PB Versicherung AG, Hilden

**Ralf Stemmer**

Function	Company
Chairman of the Supervisory Board	Postbank Immobilien und Baumanagement GmbH, Bonn
Chairman of the Advisory Board	CREDA Objektanlage- und Verwaltungsgesellschaft mbH, Bonn
Deputy Chairman of the Supervisory Board	Postbank Systems AG, Bonn
Deputy Chairman of the Supervisory Board	Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn
Member of the Supervisory Board	PB Pensionsfonds AG, Hilden
Member of the Supervisory Board	Danzas Deutschland Holding GmbH, Düsseldorf
Member of the Supervisory Board	Danzas GmbH, Düsseldorf
Member of the Administrative Board	Bundesanstalt für Post und Telekommunikation Deutsche Bundespost, Bonn
Member of the Advisory Board	einsnull IT-Support GmbH, Bonn

**Offices relinquished during the year**

Chairman of the Advisory Board (until July 1, 2004) Einlagensicherungsfonds des Bundesverbands  
Öffentlicher Banken Deutschlands e. V., Berlin

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

**1. Shareholder representatives**

Dr. Klaus Zumwinkel, Chairman of the Board of Management of Deutsche Post AG, Bonn (Chairman)	
Wilfried Boysen, Hamburg	since May 12, 2004
Prof. Dr. Hans-E. Büschgen, Professor emeritus, Director of Forschungsinstitut für Leasing, Cologne	until April 30, 2004
Dr. Edgar Ernst, Member of the Board of Management of Deutsche Post AG, Bonn	
Dr. Peter Hoch, Munich	since July 1, 2004
Dietrich Jahn, Deputy Head of Department, Federal Ministry of Finance, Berlin	until April 30, 2004
Prof. Dr. Ralf Krüger, management consultant, Professor at the Fachhochschule Wiesbaden, Kronberg	
Dr. Hans-Dieter Petram, Member of the Board of Management of Deutsche Post AG, Bonn	
Dr. Klaus Schlede, previously Deputy Chairman of the Management Board of Deutsche Lufthansa AG, Cologne	
Elmo von Schorlemer, lawyer, Aachen	since May 12, 2004
Dr. Manfred Schüler, State Secretary (retd.), Wachtberg	
Dr.-Ing. Dieter Soltmann, previously General Partner of Spaten-Franziskaner-Bräu KGaA, Munich	until April 30, 2004
Dr. Alfred Tacke, State Secretary, Federal Ministry of Economics and Labor, Berlin	until December 31, 2004

**2. Employee representatives**

Michael Sommer, Chairman of the German Trade Union Federation, Berlin (Deputy Chairman)
Marietta Auer, Head of Department, Deutsche Postbank AG, Head Office, Bonn
Rosemarie Bolte, <i>Fachbereichsleiterin</i> of the ver.di trade union, Stuttgart
Annette Harms, Member of Deutsche Postbank AG's Works Council, Hamburg Branch, Hamburg
Ralf Höhmann, Member of Deutsche Postbank AG's Works Council, Stuttgart Branch, Stuttgart
Elmar Kallfelz, Member of Deutsche Post AG's Group Works Council, Bonn
Harald Kuhlow, expert advisor to the Works Council of Deutsche Postbank AG, Bonn
Sabine Schwarz, Chair of Deutsche Postbank AG's Works Council, Berlin Branch, Berlin
Christine Weiler, Chair of Deutsche Postbank AG's Works Council, Munich Branch, Munich
Christel Zobeley, trade union official, Vereinte Dienstleistungsgewerkschaft (ver.di), Berlin

Offices held by members of the Supervisory Board of Deutsche Postbank AG as of December 31, 2004 on supervisory boards or other supervisory bodies:

Shareholder representatives

**Dr. Klaus Zumwinkel**

<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board	Deutsche Telekom AG, Bonn
Member of the Supervisory Board	Deutsche Lufthansa AG, Cologne
Member of the Supervisory Board	KarstadtQuelle AG, Essen
Member of the Board of Directors (since January 7, 2004)	Morgan Stanley, Delaware, USA

**Dr. Edgar Ernst**

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Allianz Versicherungs-AG, Munich
Member of the Investment Committee	Deutsche Post Ventures GmbH, Bonn

**Dr. Peter Hoch**

<b>Function</b>	<b>Company</b>
President (until June 30, 2004)	Mastercard Europe
Member of the Supervisory Board	Giesecke & Devrient GmbH, Munich

**Dr. Ralf Krüger**

<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board (since February 20, 2004)	KMS AG
Chairman of the Supervisory Board	MITECH AG
Member of the Supervisory Board	Deutsche Post AG, Bonn
Member of the Advisory Board (since October 5, 2004)	Sireo Real Estate Asset Management GmbH

**Dr. Hans-Dieter Petram**

<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board (until December 31, 2004)	Gästehaus Petersberg GmbH
Chairman of the Advisory Board	Deutsche Post Bauen GmbH
Chairman of the Advisory Board	Deutsche Post Global Mail GmbH
Chairman of the Advisory Board	Deutsche Post Immobilienentwicklung GmbH
Member of the Supervisory Board	HDI Industrie Versicherung AG, Hanover
Member of the Supervisory Board	HDI Privat Versicherung AG, Hanover
Member of the Supervisory Board	HDI Service AG, Hanover

**Dr. Klaus Schlede**

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Deutsche Lufthansa AG, Cologne
Member of the Supervisory Board	Deutsche Telekom AG, Bonn

**Elmo von Schorlemer**

<b>Function</b>	<b>Company</b>
Chairman of the Supervisory Board	IFP AG, Stuttgart
Chairman of the Supervisory Board	Securess AG Die Versicherungsmakler, Essen
Member of the Supervisory Board	VHV Autoversicherungs AG, Hanover
Member of the Supervisory Board	VHV Beteiligungs AG, Hanover

**Dr. Alfred Tacke**

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Deutsche Bahn AG, Berlin
Member of the Advisory Group	IKB Deutsche Industriebank AG, Düsseldorf

## Employee representatives

**Michael Sommer**

<b>Function</b>	<b>Company</b>
Deputy Chairman of the Supervisory Board	DGB Rechtsschutz GmbH, Düsseldorf
Member of the Supervisory Board	Deutsche Telekom AG, Bonn

**Rosemarie Bolte**

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Karlsruher Lebensversicherung AG

**Annette Harms**

<b>Function</b>	<b>Company</b>
Member of the Supervisory Board	Deutsche Post AG, Bonn

**Elmar Kallfelz**

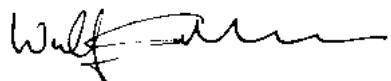
<b>Function</b>	<b>Company</b>
Member of the Administrative Board	Bundesanstalt für Post und Telekommunikation, Bonn

**(60) Declaration of Compliance with the German Corporate Governance Code**

On May 27, 2004, the Management Board and the Supervisory Board of Deutsche Postbank AG together published the declaration of compliance with the German Corporate Governance Code for fiscal year 2004 required by section 161 of the *Aktiengesetz* (German Stock Corporation Act). The declaration of conformity can be accessed on the Internet on our homepage at [www.postbank.de](http://www.postbank.de).

Bonn, February 28, 2005  
Deutsche Postbank Aktiengesellschaft

Management Board



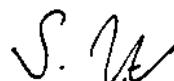
Wulf von Schimmelmann



Dirk Berensmann



Loukas Rizos



Stefan Jütte



Lothar Rogg



Wolfgang Klein



Ralf Sternmer

## Auditors' Report

### **Auditors' Report**

We have audited the consolidated financial statements of Deutsche Postbank AG, consisting of the balance sheet, the income statement and the statements of changes in equity and cash flows as well as the notes to the financial statements for the business year from January 1 to December 31, 2004. The preparation and the content of the consolidated financial statements according to the International Financial Reporting Standards of the IASB (IFRS) are the responsibility of the Company's Management Board. Our responsibility is to express an opinion, based on our audit, whether the consolidated financial statements are in accordance with IFRS.

We conducted our audit of the consolidated financial statements in accordance with German auditing requirements and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW), as well as in accordance with the International Standards on Auditing (ISAs). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the business year in accordance with IFRS.

Our audit, which according with German auditing requirements, also extends to the Group Management Report prepared by the Company's Management Board for the business year January 1 to December 31, 2004, has not led to any reservations. In our opinion, on the whole the Group Management Report, together with the other information of the consolidated financial statements, provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the Group Management Report for the business year January 1 to December 31, 2004 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and a group management report in accordance with German accounting law.

Düsseldorf, February 28, 2005

PwC Deutsche Revision  
Aktiengesellschaft/  
Wirtschaftsprüfungsgesellschaft

(Eckes)	(Güldenberg)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Certified Public Accountant)	(German Certified Public Accountant)

**Balance sheet as of 31 December 2005 - Deutsche Postbank AG, Bonn**

**Assets**

			EUR	EUR	EUR	Previous year EUR m
<b>1. Cash reserve</b>						
a) Cash in hand				784.733.807,19		623
b) Credit balances with central banks				180.684.007,21		490
of which: with Deutsche Bundesbank	EUR	174.579.025,19	PY in million	485		
c) Credit balances with postal giro offices				-,--	<u>965.417.814,40</u>	
<b>2. Claims on banks</b>						
a) due on demand				1.098.683.488,39		2.076
b) other claims				22.559.209.663,49	<u>23.657.893.151,88</u>	24.333
<b>3. Claims on customers</b>						
of which: secured through charges on property	EUR	19.088.464.850,21	PY in million	17.252		
Public sector loans	EUR	8.536.496.847,61	PY in million	10.474		
<b>4. Debt securities and other fixed-income securities</b>						
a) Money market instruments from public sector issuers				-,--		-,--
of which: eligible as collateral at Deutsche Bundesbank	EUR	-,--	PY in million	-,--		
ab) from other issuers of which: eligible as collateral at Deutsche Bundesbank	EUR	-,--	PY in million	25		101
b) Bonds and debentures ba) from public issuers of which: eligible as collateral at Deutsche Bundesbank	EUR	14.318.522.209,35	PY in million	11.291	15.336.233.819,72	11.849
bb) from other issuers of which: eligible as collateral at Deutsche Bundesbank	EUR	18.560.962.679,61	PY in million	14.539	24.818.598.753,96	20.346
c) Own debentures Nominal amount	EUR	96.288.275,11	PY in million	125	99.061.795,63	<u>40.253.894.369,31</u>
<b>5. Equities and other variable-yield securities</b>					<u>12.611.137.333,09</u>	10.373
<b>6. Holdings</b>					<u>26.963.929,87</u>	31
of which: in banks	EUR	1.098.617,98	PY in million	99 )		
in financial services institutions	EUR	-,--	PY in million	-,-- )		
<b>7. Shares in affiliated companies</b>					<u>772.566.460,71</u>	775
of which: in banks	EUR	196.568.446,82	PY in million	197 )		
in financial services institutions	EUR	5.000.000,00	PY in million	6 )		
<b>8. Trust assets</b>					<u>1.414.145.117,31</u>	1.484
of which: trust loans	EUR	1.313.558.113,41	PY in million	1.424 )		
<b>9. Public sector recovery claims including those exchanged for debentures</b>					-,--	12
<b>10. Intangible assets</b>					<u>20.122.150,01</u>	-,--
<b>11. Tangible assets</b>					<u>608.515.127,81</u>	699
<b>12. Other assets</b>					<u>1.243.846.076,48</u>	372
<b>13. Prepaid expenses</b>					<u>570.443.268,98</u>	622
			<b>Total assets</b>	<b>133.113.302.258,38</b>	<b>119.678</b>	

Balance sheet as of 31 December 2005 - Deutsche Postbank AG, Bonn

	EUR	EUR	EUR	Previous year EUR m
<b>1. Liabilities to banks</b>				
a) due on demand		537.959.632,61		922
b) with agreed term or notice period	35.642.758.220,84		<u>36.180.717.853,45</u>	17.215
<b>2. Liabilities to customers</b>				
a) Savings deposits	37.701.557.250,62			35.838
aa) with agreed notice period of three months				
ab) with agreed notice period of more than three months	286.224.411,44	37.987.781.662,06		320
b) Other liabilities	21.558.541.812,72			20.953
ba) due on demand				
bb) with agreed term or notice period	14.639.579.786,72	36.198.121.599,44	<u>74.185.903.261,50</u>	24.401
<b>3. Liabilities in certificate form</b>				
a) Debentures issues		11.619.419.688,99		10.607
b) Other liabilities in certificate form of which:		819.547.739,67	<u>12.438.967.428,66</u>	118
money market instruments	EUR 819.547.739,67 PY in million	118		
<b>4. Trust liabilities</b>			<u>1.414.145.117,31</u>	1.484
of which: trust loans	EUR 1.313.558.113,41 PY in million	1.424		
<b>5. Other liabilities</b>			<u>386.635.933,06</u>	356
<b>6. Prepaid income</b>			<u>368.702.559,40</u>	384
<b>7. Provisions</b>				
a) Provisions for pensions and similar commitments		551.975.960,27		551
b) Tax provisions	52.782.180,62			25
c) Other provisions	304.695.367,83		<u>909.453.508,72</u>	275
<b>8. Subordinated liabilities</b>			<u>3.048.948.384,65</u>	2.249
<b>9. Profit sharing certificates</b>			<u>562.640.480,01</u>	440
of which: due within two years	EUR 2.556.459,00 PY in million	79.848		
<b>10. Fund for general banking risks</b>			<u>1.165.000.000,00</u>	1.165
due within two years				
<b>11. Equity capital</b>				
a) Subscribed capital	410.000.000,00			410
b) Capital contributions by atypical silent partners	35.790.431,68			36
c) Capital contribution by typical silent partners	51.225.837,62			51
d) Capital reserve	1.158.937.687,86			1.159
e) Other revenue reserves	514.456.849,85			264
f) Distributable profit	281.776.924,61			455
			<u>2.452.187.731,62</u>	
<b>Total liabilities</b>		133.113.302.258,38		119.678

<b>1. Contingent liabilities</b>			
a) Contingent liabilities from discounted bills passed on	,-,-		
b) Liabilities arising from guarantee and surety agreements*	4.805.841.560,71		3.520
c) Liabilities arising from the provision of collateral for third parties	,-,-	4.805.841.560,71	
<b>2. Other commitments</b>			
a) Repurchase obligations from repo transactions	,-,-		-
b) Placement and assumption obligations	,-,-		-
c) Irrevocable loan commitments	15.186.463.595,29	15.186.463.595,29	12.612
* Obligations arising under letters of comfort are detailed in the Notes under C.I.			

Profit and loss account - Deutsche Postbank AG, Bonn, for the period 1 January 2005 to 31 December 2005

Comparative figures from 1 January 2004 to 31 December 2004

Expenses

	EUR	EUR	EUR	Previous year EUR m
<b>1. Interest expenses</b>			<u>3.529.962.098,69</u>	3.818
<b>2. Commission expenses</b>			<u>160.084.596,77</u>	153
<b>3. General administrative expenses</b>				
a) Personnel costs				
aa) Wages and salaries	306.605.274,36			302
ab) Social security contributions and payments for pensions and benefits of which: pensions	138.303.459,98	444.908.734,34		143
EUR 104.695.772,12 PY in million 108				
b) Other administrative expenses	1.305.605.176,46	<u>1.750.513.910,80</u>		1.302
<b>4. Depreciation and write-offs on intangible and tangible assets</b>			<u>26.538.256,68</u>	31
<b>5. Other operating expenses</b>			<u>160.455.410,65</u>	113
<b>6. Depreciation and write-offs on receivables and certain securities and transfers to loan loss provisions</b>			<u>122.067.424,48</u>	-,-
<b>7. Depreciation and write-offs on holdings, shares in affiliated companies and securities treated as fixed assets</b>			<u>7.582.402,60</u>	-,-
<b>8. Expenses from the assumption of losses</b>			<u>57.647.662,20</u>	13
<b>9. Taxes on income and earnings</b>			<u>98.521.129,94</u>	31
<b>10. Other taxes not reported under item 6</b>			<u>6.099.256,44</u>	1
<b>11. Profits transferred on the basis of a profit pooling, profit transfer, or part profit transfer agreement</b>			<u>7.226.849,81</u>	7
<b>12. Net income for the year</b>			<u>281.776.924,61</u>	455
<b>Total expenses</b>			<u>6.208.475.923,67</u>	6.369

Profit and loss account - Deutsche Postbank AG, Bonn, for the period 1 January 2005 to 31 December 2005

Comparative figures from 1 January 2004 to 31 December 2004

Income

	EUR	EUR	Previous year EUR m
<b>1. Interest income from</b>			
a) Lending and money market transactions	3.487.733.795,37		3.413
b) Fixed-income securities and registered securities	1.240.520.079,01	4.728.253.874,38	1.468
<b>2. Current income from</b>			
a) Equities and other variable-yield securities	506.225.765,63		406
b) Holdings	73.815,69		1
c) Shares in affiliated companies	44.971.209,47	551.270.790,79	33
<b>3. Income from profit pooling, profit transfer or part profit transfer agreements</b>	48.728.190,43		54
<b>4. Commission income</b>	631.592.878,55		562
<b>5. Net earnings from financial transactions</b>	34.995.248,15		68
<b>6. Income from write-ups to receivables and certain securities and the release of loan loss provisions</b>			61
<b>7. Income from write-ups to holdings, shares in affiliated companies and securities treated as fixed assets</b>			32
<b>8. Other operating income</b>	213.634.941,37		148
<b>9. Income from winding up DSL-Holding AG i.A.</b>			123
 <b>Total income</b>	 6.208.475.923,67	 6.369	

	EUR	Previous year EUR m
<b>1. Net income for the year</b>	281.776.924,61	455
<b>2. Withdrawals from capital reserve</b>		
	281.776.924,61	455
<b>3. Withdrawals from revenue reserves</b>		
a) from the legal reserve		
b) from the reserve for own shares		
c) from the statutory reserve		
d) from other revenue reserves		
	281.776.924,61	455
<b>4. Transfers to the revenue reserves</b>		
a) to the legal reserve		
b) to the reserve for own shares		
c) to statutory reserve		
d) to other revenue reserves		
	281.776.924,61	455
<b>5. Distributable profit</b>	281.776.924,61	455

## Notes

### Deutsche Postbank AG for financial year 2005

- A. General information on the structure of the annual financial statements as well as the accounting policies and valuation methods

#### I. General information

The annual financial statements of Deutsche Postbank AG are drawn up in accordance with the provisions of the German Commercial Code (HGB) and the German Joint Stock Corporation Act (AktG) as well as the German Accounting Directive for Banks and Financial Services Institutions (RechKredV) aufgestellt and cover the period from 1 January to 31 December 2005.

##### Inclusion of London branch

The London branch became part of Postbank AG on 1 January 2005. The following items were taken over:

Claims on banks	€ 417 m
Claims on customers	€ 1,026 m
Tangible fixed assets	€ 2 m
Other assets	€ 6 m
Prepaid expenses	€ 81 m
Liabilities to banks	€ 696 m
Liabilities to customers	€ 781 m
Other liabilities	€ 21 m
Prepaid income	€ 34 m

The purchase price of € 21 million was capitalised in full as goodwill and written down on a straight line basis over fifteen years in line with tax regulations.

#### II. Accounting policies and valuation methods

##### Assets reported under current assets

The cash reserve, claims on banks and customers, other receivables and other assets were reported at nominal value. Premiums/discounts were apportioned pro rata temporis. Receivables were reported at cost. Registered securities and promissory notes included in claims on banks and customers are valued at their nominal amount plus deferred interest in accordance with Section 340e para. 2 clause 1 HGB. Differences between the nominal values and cost were included in prepaid expenses and written back on a scheduled basis.

Sufficient account was taken of all discernible individual risks in lending activities and country

risks through the recognition of allowances and provisions. General allowances in the amount permitted under tax regulations are in place for potential risks in the receivables portfolio. In addition, there is the fund for general banking risks in accordance with Section 340g HGB.

Debt securities and other fixed-income securities and equities and other variable yield securities (shares) in current assets are reported at historical cost in strict compliance with the principle of the lower of cost or market and the strict requirement to reverse write-downs if the asset recovers in value (Section 340e para. 1 clause 2 HGB in conjunction with Section 253 para. 3 clause 1 HGB and Section 280 HGB). Where securities were hedged by matching amount, currency or term forward or option transactions, valuation units were formed; the results from valuations were not taken into account.

Where derivative products were concluded for trading purposes, these were valued at current market prices. Provisions were recognised for losses arising from valuations. Valuation gains were not recognised.

The bank conducts a portfolio valuation for the trading book in the department Money and Currency Trading and Treasury Asset Swaps. Interest futures, options on interest futures and money market products within the portfolios money market/spot market and money market/derivatives as well as the money market portfolio and ASW derivatives are valued at market prices. Resultant valuation losses are offset against valuation gains on the portfolio. Any fraction appearing is treated in line with the principle of unequal treatment.

In 2005 the portfolio valuation resulted in an impending loss provision of € 52.6 million. In the previous year, the portfolio valuation produced an impending loss provision of € 7.6 million.

#### Assets treated as fixed assets

Securities treated as fixed assets were valued in line with the less strict lower of cost or market principle in accordance with Section 340e para. 1 in conjunction with Section 253 para. 2 clause 3 HGB. Differences between the cost and repayment amount (premiums/discounts) were apportioned pro rata temporis. In accounting terms, the portfolios were kept separate from securities held as current assets. Fixed assets include six securities with a book value of € 1,896 million (previous year: € 492 million), for which write-downs of € 4.4 million (previous year: € 0.8 million) were required following the valuation at market prices as of the reporting date. Four securities (book value: € 241 million; market value: € 240 million) relate to German banks. One security (book value: € 26 million; market value: € 26 million) relate to a foreign bank. Another security in the form of a government bond (book value: € 1,629 million; market value: € 1,626 million) also relates to a foreign bank. The changes in value are due to interest rates and are not likely to be permanent.

Holdings including shares in affiliated companies and fixtures and fittings were valued in line with the regulations governing fixed assets in accordance with Section 340e para. 1 clause 1 HGB.

Holdings, including shares in affiliated companies, denominated in foreign currencies were translated into euros at cost.

Tangible assets are reported at cost less scheduled depreciation in line with the usual service life based on the official AfA tax tables.

Extraordinary depreciation is charged in the event of a likely permanent impairment in value. Low value economic assets are written off in full in the year of acquisition in accordance with Section 6 para 2 of the German Income Tax Act (EStG).

#### Equities and other variable yield securities

The shares in BHW Holding AG are reported as securities in the liquidity reserve.

#### Tangible assets

Based on a surveyor's report, there was a requirement for extraordinary depreciation of € 12.5 million on land and buildings.

#### Other assets

On 1 January 2006, Postbank took over 850 branches from Deutsche Post through the acquisition of DP Retail GmbH. The purchase price of € 986 million, which was paid on 28 December, is reported under other assets.

#### Liabilities

Liabilities were reported at their repayment amount. Premiums/discounts were apportioned pro rata temporis. Zero bonds issued are reported on the liabilities side at issue value plus pro rata interest as of the reporting date. The pro rata interest on zero bonds was written up in accordance with the effective interest rate method.

#### Provisions

Pension provisions were calculated in accordance with actuarial principles taking into account the 2005G guideline tables and valued at the net present value of the commitments for ongoing pension payments and pension expectancies permitted under tax regulations.

The tax provisions and other provisions were assessed as adequate and take account of all discernible risks and contingent liabilities. In conjunction with the early repayment penalties received, provisions were recognised for the reduction in interest income in future years.

The provisions include € 10.5 million for deferred tax liabilities recognised as a result of the general allowance only carried in the tax balance sheet of the Luxembourg branch.

#### Repos

Reverse repos amounting to € 294.3 million were reported as claims on banks.

The securities used in repo transactions are not reported in the balance sheet. Interest of € 59.5 million from these activities was recorded as interest income.

Repos amounting to € 6,903.2 million were reported as liabilities to banks. These activities generated interest of € 100.2 million, which was recorded as interest expenses.

## Subordinated liabilities

By the end of 2005, two subordinated bonds with a nominal value totalling € 800 million had been issued. These debt securities fall due on 7 June 2035 (€ 300 million) and 4 November 2015 (€ 500 million); the bonds can be repaid early after 4 November 2010 and 7 June 2011 respectively. The € 300 million bond bears interest of 7.005% until 7 June 2008, after which the interest becomes variable. The € 500 million bond bears variable interest.

The creditor of the € 300 million bond is Deutsche Postbank Funding Trust LLC III, a newly established US-based subsidiary of Postbank. The sole purpose of this company is to issue securities to the newly founded Deutsche Postbank Funding Trust III (Trust III). The newly-founded subsidiary is a wholly owned subsidiary of Postbank. The € 500 million bond was issued by Postbank directly and is in free float.

Trust III issues trust-preferred securities to external investors. The trust-preferred securities are admitted for trading on the regulated market in Frankfurt/Main as well as in Amsterdam.

## Contingent liabilities

Liabilities under guarantees and surety agreements are reported under contingent liabilities at their value as of the reporting date. The bank reports a guarantee to PB Capital amounting to € 2,476 million under contingent liabilities. These comprise essential rent guarantees for office premises, guarantees for CP programmes as well as guarantees for swaps and derivatives.

## Currency translation

Receivables and liabilities in foreign currency are translated into euros at the mean spot rate applicable on the reporting date in accordance with Section 340h para. 1 clause 2 HGB. Forward transactions, which were not settled on the reporting date, were valued at the forward rate on the reporting date.

Results from the translation of price hedged balance sheet line items and corresponding pending transactions are neutralised through the recognition of adjustment items.

Balance sheet portfolios and pending transactions in foreign currency are classified and valued as having special cover in each currency in accordance with Section 340h para. 2 clause 2 HGB. Accordingly all income and expense resulting from currency translation in accordance with Section 340h para. 2 clauses 1 and 2 HGB is recorded in the profit and loss account. There was no income which had to be eliminated as the items existing on the reporting date were established promptly due to the high turnover rate.

## III. Shareholder structure

Deutsche Postbank AG was included in the consolidated financial statements of Deutsche Post AG, Bonn as of 31 December 2005. The consolidated financial statements of Deutsche Post AG are lodged with the commercial register in Bonn.

## IV. German Banking Act (KWG) principles

During the reporting year, the bank's own resources and liquid funds were always within the

parameters of the principles established by the German Federal Financial Supervisory Authority (Sections 10, 10a and 11 KWG).

B. Notes to the balance sheet and profit and loss account

I. Assets side of the balance sheet	2005 € m	2004 € m
<b>Affiliated companies</b>		
The following line items include claims on affiliated companies:		
Claims on banks	5,026	3,097
Claims on customers	2,080	1,115
Debt securities and other fixed-income securities	0	0
Other assets	1,093	161
 Companies with which a shareholding relationship exists		
The following line items include claims on companies with which a shareholding relationship exists:		
Claims on banks	0	0
Claims on customers	79	81
Debt securities and other fixed-income securities	0	0
Other assets	18	15
 Subordinated receivables		
Subordinated receivables are reported in the following line items:		
Claims on banks	10	16
Claims on customers	0	0
Debt securities and other fixed-income securities	0	0
Equities and other variable yield securities	0	0
 Claims on banks		
Used as cover with agreed term or notice period	306	353
- at least three months, but less than four years	0	0
- four years or more	306	353
 Claims on customers		
Used as cover with agreed term or notice period	19,327	18,185
- less than four years	77	62
- four years or more	19,250	18,123
 Collateralised through charges on property		
- of which used as cover	19,088	17,252
	11,973	10,240
 Public sector loans		
- of which used as cover	8,536	10,474
	7,518	10,293

	2005 € m	2004 € m
Notes to securities line items		
Debt securities and other fixed-income securities		
This line item includes marketable securities amounting to:	39,237	32,426
Money market instruments		
From public sector issuers		
listed money market instruments	0	0
unlisted money market instruments	0	0
From other issuers		
listed money market instruments	0	0
unlisted money market instruments	0	101
Bonds and debentures		
From public sector issuers		
listed bonds and debentures	15,013	11,514
unlisted bonds and debentures	323	335
From other issuers		
listed bonds and debentures	24,126	19,630
unlisted bonds and debentures	693	716
Securities not valued according to the lower of cost or market	1,896	493
Own debentures		
listed own debentures	98	107
unlisted own debentures	1	23
Equities and other variable yield securities		
This line item includes marketable securities amounting to:	2,621	1,091
of which listed securities	2,344	914
of which unlisted securities	277	177
Securities not valued according to the lower of cost or market	0	0

	2005 € m	2004 € m
Other assets		

This essentially comprises the following:

- Non-bank receivables	1,111	176
- Tax refund claims	44	81
- Collection items	14	48
- Claim to reimbursement from government	9	9

## Statement of fixed assets

in € m

Cost of acquisition or manufacture

	As at 01.01.05	Additions 2005	Disposals 2005	As at 31.12.05
Debentures and other fixed-income securities	7,938	1,691	5,216	4,413
Equities	0	0	0	0
Holdings	31	1	5	27
Shares in affiliated companies	774	16	18	772
Tangible assets	<u>1,007</u>	<u>6</u>	<u>112</u>	<u>901</u>
	<u>9,750</u>	<u>1,714</u>	<u>5,351</u>	<u>6,113</u>

in € m

Depreciation

Residual  
book-value

	Reported values 01.01.05	Additions 2005	Deprecia- tion 2005	As at 31.12.05	31.12.05
Debentures and other fixed-income securities	0	0	0	0	4,413
Equities	0	0	0	0	0
Holdings	0	-	-	-	27
Shares in affiliated companies	0	-	-	-	772
Tangible assets*)	<u>-308</u>	<u>53</u>	<u>-37</u>	<u>-292</u>	<u>609</u>
	<u>-308</u>	<u>53</u>	<u>-37</u>	<u>-292</u>	<u>5,821</u>

\*) including

land and buildings used for own activities  
office fixtures and fittings

	2005 € m	2004 € m
Prepaid expenses		
This item includes:		
- deferred premiums on receivables	315	254
- investment subsidies	64	77
- deferred issue costs/discount	58	69
Residual terms		
other claims on banks	22,560	24,334
less than 3 months	8,045	5,539
between 3 months and 1 year	3,023	9,367
between 1 year and 5 years	5,750	8,159
more than 5 years	5,742	1,269
with unspecified term	0	0

	2005 € m	2004 € m
Claims on customers	48,922	45,363
less than 3 months	5,250	3,230
between 3 months and 1 year	4,517	3,041
between 1 year and 5 years	18,071	17,983
more than 5 years	21,084	19,660
with unspecified term	1,456	1,449
Debentures and other fixed-income securities falling due in the following year	3,343	3,327

### Assets in foreign currency

Total amount of assets held in foreign currency	10,562	6,769
	2005	2004
	€ m	€ m
Trust assets		
This line item includes:	1,414	1,484
claims on customers	1,372	1,449
claims on banks	42	35

Traditionally these primarily include financing for structural improvements in the rural area, especially the promotion of agricultural operations as either full-time or part-time farms. In eastern Germany, the bank finances state development programmes to reinstate and restructure agricultural companies through the granting of loans and subsidies as well as through subsidised interest rates and guarantees.

### II. Liabilities side of the balance sheet

2005                    2004  
€ m                    € m

#### Affiliated companies

##### Liabilities to affiliated companies

The line items below include the following liabilities in uncertificated form:

liabilities to banks	5,813	2,477
liabilities to customers	346	5,640
other liabilities	72	24

#### Companies with which a shareholding relationship exists

liabilities to banks	0	0
liabilities to customers	0	0
other liabilities	2	3

#### Other liabilities

##### This item essentially comprises:

- adjustment items from currency translation	118	182
- tax liabilities	89	76
- non-bank liabilities	74	27

	2005 € m	2004 € m
Prepaid income		
The amount reported here includes:		
par structured bonds acquired via a par shareholding	113	92
- deferred discount on receivables	70	72
- issue costs/deferred premium on bonds issued	14	36
- interest and charges instalment credit	0	0

#### Provisions

Other provisions include:

- personnel related provisions	54	126
- provisions for restructuring measures	132	68
- provisions for impending losses from derivatives	60	18

#### Subordinated liabilities

Details of funds raised in excess of 10% of the total amount of subordinated liabilities

Securities Code No.	DE0001397081	XF0002431707
	(BSP number)	(BSP number)
Currency	€	€
Amount	500,000,000	500,027,000
Interest rate	variable	6.005%
Due date	04.11.2015	23.12.2034

Due to the fact that they fall due in the short-term, the terms for subordinated liabilities do not fully comply with the criteria in Section 10 para. 5a of the German Banking Act (KWG); there is no extraordinary right of cancellation.

	2005 € m	2004 € m
Expenses (including pro rata interest and premiums) are incurred on subordinated liabilities in the amount of:	143	75

#### Residual terms

Liabilities to banks with an agreed term or notice period	35,643	17,215
up to 3 months	27,069	8,512
between 3 months and 1 year	1,666	1,675
between 1 year and 5 years	4,549	4,766
over 5 years	2,358	2,262

	2005 € m	2004 € m
Savings deposits with an agreed term or notice period of over 3 months with	286	320
up to 3 months	2	14
between 3 months and 1 year	74	80
between 1 year and 5 years	210	226
over 5 years	0	0
Other liabilities to customers with an agreed term or notice period	14,639	24,401
up to 3 months	3,143	7,523
between 3 months and 1 year	2,505	3,036
between 1 year and 5 years	4,137	7,574
over 5 years	4,854	6,268
Liabilities in certificate form		
debt securities issued		
falling due in the following year	2,549	1,245
No assets have been transferred as collateral for the liabilities.		
Liabilities held in foreign currency		
total amount of debts held in foreign currency	10,527	6,858
Open market transactions		
Securities with repurchase agreements were assigned to the ECB pledge pool as part of open market transactions	7,034	1,019
Trust liabilities	1,414	1,484
This line item includes:		
capital trust assets (transmitted loans)	643	694
special assets of the federal state of Mecklenburg-Western Pomerania	42	45
retired owner pension fund	11	11
special purpose capital fund	443	459
liabilities to banks	275	275

	2005 € m	2004 € m
Profit sharing certificates		440
This line item includes:		
- bearer profit sharing certificates	60	137
- registered profit sharing certificates	503	303

## Equity capital

The fully paid up share capital of the bank (€ 410,000,00.00) is divided into 164,000,000 registered no par value shares.

In accordance with the amendment to the Articles of Association dated 12 May 2004, the Management Board is authorised with the consent of the Supervisory Board to increase the share capital in whole or in part on one or more occasions through the issue of new non-voting registered no par value shares (preference shares) against capital contributions by a total of € 41 million (authorised capital) by 24 March 2009. The shareholders subscription right is excluded. The Management Board is authorised with the consent of the Supervisory Board to determine the further details of the share rights and the terms and conditions of the issue.

### Capital reserve:

31.12.2004	1,158,937,687.86
31.12.2005	1,158,937,687.86

### Other revenue reserves

31.12.2004	264,740,481.86
31.12.2005	514,456,849.85

The distributable profit of Deutsche Postbank AG amounts to € 282 million.

After adoption of the annual financial statements, unrealised reserves from securities and holdings amounting to € 350 million were allocated to own funds in accordance with Section 10 para. 4a clause 1 KWG.

	2005 € m	2004 € m
Atypical silent partners	36	36
Typical silent partners	51	51

For each financial year, typical silent partners receive a profit share on the nominal value of the investment in line with the percentage on which Postbank bases the distribution of its share capital including general reserves.

The percentage is limited by minimum and maximum rates.

### III. Profit and loss account

The line item "Other operating income" includes € 76 million in income from the release of provisions, € 36 million in income from rents and leases, € 10 million in book profit from the sale of land and buildings and € 29 million in income from cost reimbursements for personnel and other administrative expenses.

"Other operating expenses" include € 93 million for the net transfer to restructuring provisions, € 15 million in expenses for special projects, € 13 million for extraordinary depreciation on land and buildings, € 12 million in expenses for the final account payment to Deutsche Post AG for network services in 2004 and € 3 million for the transfer to reserves for the post office civil servants health insurance fund (Postbeamtenkrankenkasse). Taxes on income and earnings amount to € 98.5 million.

### C. Additional information

#### I. Other financial obligations

In accordance with Article 4 Section 16 of the German Post and Telecommunications Reorganisation Act (PTNeuOG), from 2003 Postbank pays 33 per cent of the gross remuneration of its active civil servants and the notional gross remuneration of civil servants on sabbatical into a benefit fund established for this purpose. Postbank has no other commitments for payments into the benefit fund, since these are borne by the German government.

The net present value of lease liabilities amounts to € 31 million.

#### Letters of comfort

Postbank has provided letters of comfort for PBI S.A., PB Capital, Deutsche Postbank Funding LLC I and Deutsche Postbank Funding LLC II, both in Delaware (USA) as well as for the creditors of the securities issued by these companies, in which the bank undertakes to ensure, apart from in the event of political risk, that its subsidiaries can meet their payment obligations.

As part of the issue of a subordinated bond, on 7 June 2005 Postbank issued a hard letter of comfort for Deutsche Postbank Funding LLC III, Delaware (USA) as well as the creditors of securities issued by the company.

#### Obligation to make additional contributions

Under its holding in Liquiditäts-Konsortialbank GmbH, Frankfurt/Main, there is a pro rata obligation to make additional contributions of up to € 5.0 million in accordance with the partnership agreement. In addition, Deutsche Postbank AG is liable pro rata for the fulfilment of the obligation to make additional contributions of the other partners which belong to the Bundesverband deutscher Banken e.V.

There are also obligations to make additional contributions to Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V. (Deposit Guarantee Fund of the Association of German Banks) in the amount set by statute as well as to the compensation organisation of the German banks based on the binding Einlagensicherungs- und Anlegerentschädigungsgesetz (Deposit Guarantee and Investor Compensation Act).

		2005	2004
II.	Employees (average number)		
Commercial employees	Full-time	0	0
	Part-time	0	0
Employees	Full-time	2,895	2,932
	Part-time	288	296
Civil servants	Full-time	2,372	2,519
	Part-time	707	715
Sub-total		6,262	6,462
Junior staff			
Apprentices		338	407
Trainees		0	4
AIS-students		16	17
Total employees		6,616	6,890

### III. Remuneration of the Management Board

The annual remuneration of the members of the Management Board comprises a fixed amount and variable components. The variable components are essentially the annual bonus, which is set by the Supervisory Board on the basis of the company's performance.

	Fixum*	Erfolgsabhängige Vergütung		Summe
		T €	T €	
Prof. Dr. Wulf von Schimmelmann, Vorsitzender	860,0	853,1		1.713,1
Dirk Berensmann	400,0	483,4		883,4
Stefan Jütte	400,0	498,0		898,0
Dr. Wolfgang Klein	400,0	498,0		898,0
Loukas Rizos	500,0	597,6		1.097,6
Lothar Rogg (bis 31. Dezember 2005)	300,0	369,0		669,0
Hans-Peter Schmid (seit 1. Dezember 2005)	33,3	41,5		74,8
Ralf Stemmer	300,0	398,4		698,4
Gesamt	3.193,3	3.739,0		6.932,3

\* In addition the members of the Management Board were granted "other remuneration" amounting to € 159.6 thousand. These relate primarily to the costs of using company cars, reimbursement of travel expenses, reimbursement of telephone costs and special flat rates for foreign emoluments. The member of the Management Board is responsible for tax on these. The amount varies depending on the individual personal situation.

In financial year 2005, the members of the Management Board received remuneration totalling € 6,932.3 thousand and a total amount of € 6,714.7 thousand for 2004.

Remuneration for former members amounts to € 1,900.7 thousand (previous year: € 1,885.4 thousand). Pension provisions stood at € 22,301.9 thousand (previous year: € 20,963.4 thousand).

#### IV. Remuneration of the Supervisory Board

In accordance with Article 15 of the Articles of Association of Deutsche Postbank AG, the annual remuneration of the members of the Supervisory Board comprises a fixed amount and a performance-related component as well as a long-term incentive performance-related element. The fixed remuneration amounts to € 15,000, the performance-related remuneration to € 300 for each € 0.03 by which the consolidated earnings per share in the respective financial year exceed € 2.00. For financial year 2004, the short-term performance-related remuneration accounted for 25.2% of the total remuneration of the members of the Supervisory Board.

There is a claim to long-term incentive annual performance-related remuneration for financial year 2004 amounting to € 300 for each 1% increase in the consolidated earnings per share in financial year 2006 compared to the consolidated earnings per share in financial year 2003. The remuneration is due at the end of the annual general meeting in 2007.

In each case, the two variable remuneration components may not exceed the amount of € 15,000.

The Chairman of the Supervisory Board receives twice the remuneration and his deputy 1.5 times the remuneration. For the Chairman of a Supervisory Board committee, the remuneration increases one-fold, and 0.5-fold for membership of a Supervisory Board committee. This does not apply to committees formed under Section 27 para. 3 of the Codetermination Act (MitbestG). Members of the Supervisory Board receive the remuneration on a pro rata basis if they are only members for part of the financial year.

Members of the Supervisory Board are entitled to reimbursement of the disbursements incurred during the performance of their job. Any sales tax incurred on the Supervisory Board remuneration and expenses is refunded. In addition, each participating member of the Supervisory Board is entitled to a meeting fee of € 250 per meeting of the full Supervisory Board or a committee.

In financial year 2005, the total remuneration of the Supervisory Board amounted to € 790 thousand (previous year: € 695.1 thousand). The increase in the variable remuneration is essentially due to the improved results of the Deutsche Postbank Group and to the fact that developments in the past financial year necessitated a greater number of meetings.

The total remuneration for the individual members of the Supervisory Board is as follows:

Fixe Vergütung	Variable Vergütung *	Summe	Vergütungsanspruch mit langfristiger Anreizwirkung
			T €
Zumwinkel	52,5	34,7	87,2
Sommer	45,0	29,7	74,7
Asmussen	9,3	6,1	15,4
Auer	17,4	11,4	28,8
Bolte	15,0	9,9	24,9
Boysen	15,0	9,9	24,9
Ernst	30,0	19,8	49,8
Harms	15,0	9,9	24,9
Hoch	31,8	21,0	52,8
Höhmann	15,0	9,9	24,9
Kallfelz	45,0	29,7	74,7
Krüger	37,5	24,7	62,2
Kuhlow	22,5	14,8	37,3
Petram	15,0	9,9	24,9
Pfaffenbach	13,1	8,7	21,8
Schlede	22,5	14,9	37,4
Schüler	7,9	5,2	13,1
Schwarz	15,0	9,9	24,9
Tausendfreund	6,6	4,4	11,0
von Schorlemer	15,0	9,9	24,9
Weiler	15,0	9,9	24,9
Zobeley	15,1	10,0	25,1
Summe	476,2	314,3	790,5
			123,8

\* incl. meeting fee

No remuneration or payments were granted for services provided personally beyond the Supervisory Board remit, particularly advisory or intermediary services. The exception here is the remuneration under employment contracts of the members elected by the employees.

Under Section 15a of the Securities Trading Act (WpHG), the members of the Supervisory Board and the Management Board are obliged to disclose the acquisition or sale of shares in Deutsche Postbank AG or of subscription rights to these shares, where these exceed a negligible quantity of shares or have not been acquired as a remuneration component. No reports were notified to Deutsche Postbank AG under Section 15 a WpHG.

The shareholding of all the members of the Management Board and Supervisory Board amounts to less than 1% of the shares issued by the company. There is no stock option programme for Postbank shares for members of the Management Board or Supervisory Board.

As of the reporting date, loans to members of the Management Board and Supervisory Board amounted to € 386.6 thousand (previous year: € 397.4 thousand); there were no loans to members of the Management Board who left the company in 2005. There are no other liabilities.

## V. Forward transactions

The volume of as yet unsettled derivatives subject to a performance risk as well as currency, interest rate and/or other market price risks from open or, in the event of counterparty default, closed positions, amounted to € 388 billion (previous year: € 253 billion).

The following page (table 1) shows existing derivative contracts by risk structure. In line with international practice, these are shown at nominal volume. The value is a reference value for determining the mutually agreed adjustment payments, not receivables or liabilities to be included in the balance sheet.

Tables 2.3 and 4 on the following pages explain the details according to various criteria. In addition to the breakdown of the maturity class by risk category, there is a breakdown by counterparty. Trading transactions were shown separately.

The nominal value is equal to the gross volume of all sales and purchases. The fair value of each individual contract was determined on the basis of recognised valuation models without taking netting agreements into account.

Table 1

Derivative transactions – overview of volumes						
Nominal values - in € m -	Nominal values		Fair values			
			Positive fair values		Negative fair values	
	31.12.05	31.12.04	31.12.05	31.12.04	31.12.05	31.12.04
Interest rate risks						
OTC products						
Interest rate swaps	328,537	205,262	3,397	3,004	4,415	3,854
FRAs	10,345	2,236	1	0	0	0
Interest rate options						
Purchases (long)	451	1,036	1	2	0	0
Sales (short)	63	1,499	0	0	0	1
Caps, floors	447	186	2	1	2	
Other interest rate futures	0	0	0	0	0	0
Stock exchange traded products						
Interest rate futures (Bund, Bobl, Schatz)	16,502	22,760	0	0	0	0
Interest rate options (Bund, Bobl, Schatz)	14,215	2,915	1	1	1	0
Total	370,560	235,894	3,402	3,008	4,418	3,855
Currency risks						
OTC products						
Currency futures/swaps	14,397	12,852	164	556	163	534
Interest rate-currency swaps	2,133	2,254	37	24	128	198
Currency options						
Purchases (long)	47	82	0	1	0	0
Sales (short)	0	52	0	0	0	1
Other currency futures	0	0	0	0	0	0
Stock exchange traded products						
Currency futures	0	0	0	0	0	0
Currency options	0	0	0	0	0	0
Total	16,577	15,240	202	581	291	733
Equity and other price risks						
OTC products						
Equity futures	0	0	0	0	0	0
Equity/index options						
Purchases (long)	38	381	14	6	0	0
Sales (short)	33	290	0	8	4	0
Other equity/index contracts		0	0	0	0	0
Stock exchange traded products						
Equity/index futures	147	93	0	0	0	0

Equity/index options	103	246	2	9	0	0
Total	321	1,010	16	15	8	4
Credit derivatives						
Purchases	52	444	0	2	1	0
Sales	569	31	2	0	1	3
Total	621	475	2	2	2	3
Overall total	388,079	252,619	3,621	3,606	4,719	4,595

Table 2

Nominal values - in € m -	Derivative transactions – residual terms							
	Interest rate risks		Currency risks		Equity and other price risks		Credit derivatives	
31.12.05	31.12.04	31.12.05	31.12.04	31.12.05	31.12.04	31.12.05	31.12.04	
Residual terms								
Less than 3 months	97,957	58,608	9,498	7,136	240	931	0	50
Between 3 months and 1 year		43,527		5,795		33		0
Between 1 year and 5 years	66,136		4,407		48		0	
Over 5 years	99,468	72,321		55		46		324
	109,132	63,692	539	0	33	0	324	
Total	372,693	238,148	14,444	12,986	321	1,010	621	475

Table 3

Nominal values - in € m -	Derivative transactions – counterparty breakdown						
	Nominal values		Fair values				
			Positive fair values			Negative fair values	
	31.12.05	31.12.04	31.12.05	31.12.04	31.12.05	31.12.04	
Banks in the OECD	371,810	252,423	3,595	3,602	4,703	4,590	
Banks outside the OECD	0	129	0	1	0	4	
Other counterparties	16,269	67	26	1	16	2	
Total	388,079	252,619	3,621	3,604	4,719	4,596	

Table 4

Nominal values - in € m -	Derivative transactions – trades						
	Nominal values		Fair values				
			Positive fair values			Negative fair values	
	31.12.05	31.12.04	31.12.05	31.12.04	31.12.05	31.12.04	
- Interest rate contracts	297,526	182,747	2,378	1,614	2,520	1,449	
- Currency contracts	11,694	12,388	150	528	156	532	
- Equity contracts	267	374	2	3	2	2	
- Credit derivatives contracts	0	0	0	0	0	0	
Total trades	309,486	195,509	2,530	2,145	2,677	1,983	

## V. Holdings and shares in affiliated companies

	Shareholding	31.12.2005 % EUR'000	31.12.2005 Annual profit EUR'000
Shares in affiliated companies			
Betriebs-Center für Banken Deutschland GmbH & Co. KG, Frankfurt/Main	100.00	13,713	7,637
Betriebs-Center für Banken Verwaltungs GmbH, Frankfurt/Main	100.00	25	3
CREDA Objektanlage- und -verwaltungsgesellschaft mbH, Bonn	100.00	250	0 <sup>1</sup>
Deutsche Postbank Asset Management S.A., Luxembourg	100.00	2,561	9,807
Deutsche Postbank Capital Management S.A., Luxembourg	100.00	831	3,620
Deutsche Postbank Financial Services GmbH, Frankfurt/Main	100.00	5,000	0 <sup>1</sup>
Deutsche Postbank Funding LLC I, Wilmington, Delaware, USA	100.00	34	7 <sup>4</sup>
Deutsche Postbank Funding LLC II, Wilmington, Delaware, USA	100.00	28	2 <sup>4</sup>
Deutsche Postbank Funding LLC III, Wilmington, Delaware, USA	100.00	33	8 <sup>4</sup>
Deutsche Postbank Funding Trust I, Wilmington, Delaware, USA	100.00	1	0 <sup>4</sup>
Deutsche Postbank Funding Trust II, Wilmington, Delaware, USA	100.00	1	0 <sup>4</sup>
Deutsche Postbank Funding Trust III, Wilmington, Delaware, USA	100.00	12	-13 <sup>4</sup>
Deutsche Postbank International S.A., Luxembourg	100.00	316,533	22,644
Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH, Bonn	100.00	14,878	0 <sup>1</sup>
Deutsche Postbank Vermögens-Management S.A., Luxembourg	100.00	542	1,367
DPBI Immobilien KGaA, Luxembourg	10.00	329	119
DSL Holding AG i.A., Bonn	100.00	112,115	6,682 <sup>3</sup>
DVB Processing GmbH, Eschborn	100.00	-5,457	2,382 <sup>2</sup>
DVD Gesellschaft für DV-gestützte Dienstleistungen mbH & Co. KG, Cologne	51.00	2,648	2,251 <sup>2</sup>
easytrade services GmbH, Leipzig	100.00	25	0 <sup>1</sup>
PB (USA) Holdings Inc., Wilmington, Delaware	100.00	318,325	24,399 <sup>4</sup>
PB Dritte Beteiligungen GmbH, Bonn	100.00	25	0
PB Factoring GmbH, Bonn	100.00	5,000	0 <sup>1</sup>
PB Firmenkunden AG, Bonn	100.00	1,100	0 <sup>1</sup>
PB Vierte Beteiligungen GmbH, Bonn	100.00	25	0
Postbank Immobilien und Baumanagement GmbH, Bonn	100.00	18,874	0 <sup>1</sup>
Postbank Leasing GmbH, Bonn	100.00	500	0 <sup>1</sup>
Postbank P.O.S. Transact GmbH, Schwalbach am Taunus	100.00	1,915	1,050 <sup>2</sup>
Postbank Systems AG, Bonn	100.00	51,573	0 <sup>1</sup>
Postbank Vermögensberatung AG, Bonn	100.00	1,050	0 <sup>1</sup>
RALOS Verwaltungs GmbH & Co. Vermietungs KG, Munich	94.00	-2,347	163 <sup>3</sup>
VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn	75.00	6,596	1,512 <sup>2</sup>
Holdings			
PB Lebensversicherung AG, Hilden	50.00	17,519	0 <sup>1</sup>
PB Versicherung AG, Hilden	50.00	28,129	0 <sup>1</sup>
Società di Commercializzazione e Distribuzione Ricambi S.p.A., Turin, It.	29.10	1,518	466 <sup>3</sup>

<sup>1</sup> Profit and loss takeover agreement

<sup>2</sup> Provisional annual financial statements 2005

<sup>3</sup> Annual financial statements as of 31.12.2004

<sup>4</sup> Provisional IAS-annual financial statements 2005

The line items shares in affiliated companies and holdings include marketable shares amounting to € 603 million and € 16 million (previous year: € 677 million and € 16 million respectively); none are listed companies.

VII. Cover account	2005 € m	2004 € m
Cover for Pfandbriefe		
- Pfandbriefe requiring cover	2,684	3,159
- Cover assets	3,805	4,294
Surplus cover	1,121	1,135
Cover for public sector debentures		
- Public sector debentures requiring cover	5,953	7,375
- Cover assets	6,499	9,763
Surplus cover	546	2,388
Cover for registered instruments - type C		
- Registered instruments requiring cover	4,849	3,722
- Cover assets	10,588	8,593
Surplus cover	5,739	4,871
Cover for interest expenses for Pfandbriefe		
- Interest expenses for Pfandbriefe	145	177
- Interest income from cover assets	211	246
Surplus cover	66	69
Cover for interest expenses for public sector debentures		
- Interest expenses for public sector debentures	303	377
- Interest income from cover assets	326	466
Surplus cover	22	89
Cover for interest expenses for registered instruments type C		
- Interest expenses for registered debentures type C	213	170
- Interest income from cover assets	531	455
Surplus cover	317	285

## VIII. Other information

In accordance with Section 2 para. 4 German Postal Service Transformation Act (PostUmwG), the government is responsible for guaranteeing fulfilment of the liabilities existing at the time of entry of Deutsche Postbank AG in the commercial register. For savings deposits, the guarantee ends with expiry of five years from the date of entry in the commercial register. Since 1 January 2005, Postbank has been a member of Bundesverband deutscher Banken e.V. (Association of German Banks - BdB) as well as the compensation organisation of the BdB via the regional associations.

Fee for auditors in accordance with Section 285 para. 1 No. 17 of the German Commercial Code (HGB):

Audits € 2.4 million, other confirmation or valuation services € 1.5 million, other services € 0.8 million.

## IX. Declaration of conformity

The Management Board and Supervisory Board have jointly submitted the declaration of conformity with the German Corporate Governance Code for financial year 2005 as prescribed by Section 161 of the Joint Stock Corporation Act (AktG). The wording of our declaration of conformity can be downloaded on our website at [www.postbank.de](http://www.postbank.de).

D. Names of members of executive bodies

Management Board

Members of the Management Board are:

Professor Dr. Wulf von Schimmelmann, Bonn (Chairman)

Dirk Berensmann, Unkel

Stefan Jütte, Bonn

Dr. Wolfgang Klein, Bonn

Loukas Rizos, Bonn

Lothar Rogg, Bonn

until 31 December 2005

Hans-Peter Schmid, Altdorf

since 1 December 2005

Ralf Stemmer, Königswinter

Seats held by members of the Management Board of Deutsche Postbank AG as of 31 December 2005 on Supervisory Boards or other controlling bodies:

Professor Dr. Wulf von Schimmelmann

Position	Company
----------	---------

Chairman of the Supervisory Board  
(since 28 January 2006)

BHW Holding AG, Berlin/Hamelin

Member of the Supervisory Board (from 12 June 2005 to 27 January 2006)

Chairman of the Supervisory Board  
(since 10 February 2006)

Deutsche Post Retail GmbH, Bonn

Member of the Supervisory Board (from 3 May to 9 February 2006)

Chairman of the Supervisory Board

PB Lebensversicherung AG, Hilden

Chairman of the Supervisory Board

PB Versicherung AG, Hilden

Chairman of the Board of Directors

PB (USA) Holdings, Inc., Wilmington  
(Delaware, USA)

Chairman of the Board of Directors

PB Capital Corp., Wilmington (Delaware,  
USA)

Deputy Chairman of the Supervisory Board

Deutsche Postbank Financial Services  
GmbH, Frankfurt/Main

Member of the Supervisory Board

TCHIBO Holding AG, Hamburg

Member of the Board of Directors	accenture Corp., Irving (Texas, USA)
Member of the Board of Directors	Altadis S.A., Madrid (Spain)
Member of the Management Board	Bundesverband deutscher Banken e.V., Berlin

Seats resigned during the year  
Chairman of the Supervisory Board  
(until 31 October 2005)

PB Firmenkunden AG, Bonn

New seats as of 2006

Chairman of the Supervisory Board (since 28 January 2006)	BHW Bausparkasse AG, Hameln
Member of the Supervisory Board (from 16 January to 27 January 2006)	

Dirk Berensmann

Position	Company
Chairman of the Supervisory Board	Postbank Systems AG, Bonn
Chairman of the Supervisory Board (until 31 December 2005)	Betriebs-Center für Banken Zahlungsverkehrsservice GmbH, Frankfurt/Main*.
Chairman of the Supervisory Board (until 31 December 2005)	Betriebs-Center für Banken Payments AG, Frankfurt/Main
Chairman of the Advisory Board (since 29 June 2005)	einsnull IT-Support GmbH, Bonn
Deputy Chairman of the Advisory Board (until 28 June 2005)	
Member of the Board of Directors (Denmark)	Eurogiro Network A/S, Taastrup
Member of the Management Board	e-Finance Lab Universität Frankfurt/Main

New seats as of 2006

Member of the Supervisory Board (since 11 January 2006)	Deutsche Post Retail GmbH, Bonn
Member of the Supervisory Board (since 13 January 2006)	BHW Holding AG, Berlin/Hamelin

\*Until 6 July 2005 traded as Dresdner Zahlungsverkehrsservice GmbH, Frankfurt/Main

Stefan Jütte

Position	Company
Chairman of the Supervisory Board	Postbank Leasing GmbH, Bonn
Chairman of the Supervisory Board	PB Factoring GmbH, Bonn
Chairman of the Supervisory Board (since 1 November 2005)	PB Firmenkunden AG, Bonn
Deputy Chairman of the Supervisory Board (until 31 October 2005)	
Member of the Executive Board	Deutsche Postbank International S.A., Luxembourg
Member of the Board of Directors	PB (USA) Holdings, Inc., Wilmington (Delaware, USA)

Member of the Board of Directors

PB Capital Corp., Wilmington (Delaware,  
USA)

Member of the Supervisory Board

BVVG Bodenverwertungs- und  
Verwaltungsgesellschaft mbH, Berlin

Member of the Advisory Board

SIREO REAL Estate Asset Management  
GmbH, Heusenstamm

Dr. Wolfgang Klein

Position	Company
Chairman of the Supervisory Board	Postbank Vermögensberatung AG, Bonn
Chairman of the Supervisory Board	Comma Soft AG, Bonn
Chairman of the Advisory Board	VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH, Bonn
Deputy Chairman of the Executive Board	Deutsche Postbank International S.A., Luxembourg
Deputy Chairman of the Executive Board	Deutsche Postbank Capital Management S.A., Luxembourg
Deputy Chairman of the Executive Board	Deutsche Postbank Asset Management S.A., Luxembourg
Deputy Chairman of the Executive Board	Deutsche Postbank Vermögens-Management S.A., Luxembourg
Deputy Chairman of the Executive Board	VISA Deutschland e.V., Frankfurt/Main
Member of the Supervisory Board	PB Lebensversicherung AG, Hilden
Member of the Supervisory Board	PB Versicherung AG, Hilden

New seats as of 2006

Member of the Supervisory Board (since 12 January 2006)	Deutsche Postbank Financial Services GmbH, Frankfurt/Main
Member of the Supervisory Board (since 13 January 2006)	BHW Holding AG, Berlin/Hamelin
Member of the Supervisory Board (since 16 January 2006)	BHW Bausparkasse, Hamelin

**Loukas Rizos**

**Position**

Chairman of the Supervisory Board

Chairman of the Supervisory Board

Chairman of the Executive Board

Deputy Chairman of the Supervisory Board

(since 1 November 2005)

Member of the Supervisory Board (until 31 October 2005)

Member of the Supervisory Board

**Company**

Deutsche Postbank Privat Investment  
Kapitalanlagegesellschaft mbH, Bonn

Deutsche Postbank Financial Services  
GmbH, Frankfurt/Main

Deutsche Postbank International S.A.,  
Luxembourg

Deutsche Postbank Capital  
Management S.A., Luxembourg

Deutsche Postbank Asset Management  
S.A., Luxembourg

Deutsche Postbank Vermögens-  
Management S.A., Luxembourg

PB Firmenkunden AG, Bonn

Postbank Vermögensberatung AG,  
Bonn

**Lothar Rogg**

**Position**

Chairman of the Supervisory Board

Deputy Chairman of the Supervisory Board  
(until 31 December 2005)

Member of the Supervisory Board  
(until 31 December 2005)

Member of the Supervisory Board  
(until 31 December 2005)

Member of the Supervisory Board  
(until 31 December 2005)

Member of the Management Board  
until 31 December 2005

**Company**

McPaper AG, Berlin

Postbank Vermögensberatung AG,  
Bonn

Deutsche Postbank Privat Investment  
Kapitalanlagegesellschaft mbH, Bonn

PB Lebensversicherung AG, Hilden

PB Versicherung AG, Hilden

Hans-Peter Schmid  
since 1 December 2005

Member of the Management Boards

Position

Company

New seats as of 2006

Member of the Supervisory Board  
(since 23 January 2006)

Postbank Vermögensberatung AG,  
Bonn

Member of the Supervisory Board  
(since 23 January 2006)

Deutsche Postbank Privat Investment  
Kapitalanlagegesellschaft mbH, Bonn

Member of the Supervisory Board  
(since 1 February 2006)

PB Lebensversicherung AG, Hilden

Member of the Supervisory Board  
(since 1 February 2006)

PB Versicherung AG, Hilden

Ralf Stemmer

Position

Company

Chairman of the Supervisory Board

Postbank Immobilien und  
Baumanagement GmbH, Bonn

Chairman of the Advisory Board

CREDA Objektanlage- und  
verwaltungsgesellschaft mbH, Bonn

Deputy Chairman of the Supervisory Board

Postbank Systems AG, Bonn

Deputy Chairman of the Supervisory Board

Deutsche Postbank Privat Investment  
Kapitalanlagegesellschaft mbH, Bonn

Member of the Supervisory Board  
(since 1 November 2005)

PB Firmenkunden AG, Bonn

Member of the Supervisory Board

PB Pensionsfonds AG, Hilden

Member of the Supervisory Board  
(since 3 May 2005)

Deutsche Post Retail GmbH, Bonn

Member of the Supervisory Board

Danzas Deutschland Holding GmbH,  
Düsseldorf

Member of the Supervisory Board

DHL Freight GmbH, Düsseldorf

Member of the Executive Board

Bundesanstalt für Post und  
Telekommunikation Deutsche  
Bundespost, Bonn

Member of the Advisory Board

einsnull IT-Support GmbH, Bonn

New seats as of 2006

Member of the Supervisory Board  
(since 13 January 2006)

BHW Holding AG, Berlin/Hamelin

Member of the Supervisory Board  
(since 16 January 2006)

BHW Bausparkasse AG, Hamelin

The Supervisory Board of Deutsche Postbank AG is composed as follows:

1. Supervisory Board members appointed by the shareholders

Dr. Klaus Zumwinkel, Chairman of the Management Board of Deutsche Post AG,  
Bonn  
(Chairman)

Jörg Asmussen, Head of Department in the Federal Ministry of Finance, Berlin  
since 19 May 2005

Wilfried Boysen, Hamburg

Professor Dr. Edgar Ernst, Member of the Management Board of Deutsche Post AG,  
Bonn

Dr. Peter Hoch, Munich

Professor Dr. Ralf Krüger, Management Consultant, Professor FH, Kronberg

Dr. Hans-Dieter Petram, Member of the Management Board of Deutsche Post AG,  
Bonn

Dr. Bernd Pfaffenbach, State Secretary in the Federal Ministry of Economics, Berlin  
since 16 February 2005

Dr. Klaus Schlede, former Deputy Chairman of the Management Board of Deutsche  
Lufthansa AG, Cologne

Elmo von Schorlemer, lawyer, Aachen

Dr. Manfred Schüler, State Secretary ret'd., Wachtberg  
until 19 May 2005

2. Supervisory Board members appointed by the employees

Michael Sommer, Chairman of the German Confederation of Trade Unions, Berlin  
(Deputy Chairman)

Marietta Auer, Head of Department at Deutsche Postbank AG, head office, Bonn

Rosemarie Bolte, Regional Head of Department Financial Services at Vereinte  
Dienstleistungsgewerkschaft (ver.di), Stuttgart

Annette Harms, Deputy Chairman of Works Council of Postbank Hamburg, Hamburg

Ralf Höhmann, Chairman of the Works Council of Postbank Stuttgart, Stuttgart

Elmar Kallfelz, Member of the Group Works Council of Deutsche Post AG, Bonn

Harald Kuhlow, Advisor to Works Council of Deutsche Postbank AG, Bonn

Sabine Schwarz, Chairman of the Works Council of Postbank Berlin, Berlin

Gerd Tausendfreund, trade union secretary at Vereinte Dienstleistungsgewerkschaft (ver.di), Nidderau  
since 15. August 2005

Christine Weiler, Chairman of the Works Council of Postbank München, Munich

Christel Zobeley, trade union official Vereinte Dienstleistungsgewerkschaft (ver.di),  
Berlin  
until 15 August 2005

Seats held by the members of the Supervisory Board of Deutsche Postbank AG on other Supervisory Boards or controlling bodies as of 31 December 2005:

Supervisory Board members appointed by the shareholders

Dr. Klaus Zumwinkel

Position	Company
Chairman of the Supervisory Board	Deutsche Telekom AG, Bonn
Member of the Supervisory Board	Deutsche Lufthansa AG, Cologne
Member of the Supervisory Board	KarstadtQuelle AG, Essen
Member of the Board of Directors (from 7 January 2004)	Morgan Stanley, Delaware, USA

Jörg Asmussen

Position	Company
Member of the Supervisory Board	IKB Deutsche Industriebank AG, Düsseldorf
Member of the Supervisory Board	Euler Hermes Kreditversicherungs AG
Member of the SME Advisory Council	KfW Bankengruppe, Frankfurt/Main

Dr. Edgar Ernst

Position	Company
Member of the Supervisory Board	Allianz Versicherungs-AG

Dr. Peter Hoch

Position	Company
Member of the Supervisory Board	Giesecke & Devrient GmbH, Munich

Professor Dr. Ralf Krüger

Position	Company
Chairman of the Supervisory Board	KMS AG, Frankfurt
Chairman of the Supervisory Board	MITECH AG, Düsseldorf
Member of the Supervisory Board	Deutsche Post AG, Bonn
Member of the Advisory Board	SIREO REAL Estate Asset Management GmbH, Heusenstamm

Dr. Hans-Dieter Petram

Position

Chairman of the Advisory Board

Member of the Supervisory Board

Member of the Supervisory Board

Member of the Supervisory Board

Company

Deutsche Post Bauen GmbH, Bonn

Deutsche Post Global Mail GmbH, Bonn

Deutsche Post Immobilienentwicklung  
GmbH, Bonn

Global Mail Inc., Weston, USA

HDI Industrie Versicherung AG, Hanover

HDI Privat Versicherung AG, Hanover

HDI Service AG, Hanover

Dr. Bernd Pfaffenbach

Position

Member of the Supervisory Board

Member of the Supervisory Board

Company

Deutsche Bahn AG, Berlin

Lufthansa Cargo AG, Frankfurt/Main

Dr. Klaus Schlede

Position

Member of the Supervisory Board

Member of the Supervisory Board

Member of the Executive Board

Company

Deutsche Lufthansa AG, Cologne

Deutsche Telekom AG, Bonn

SWISS international AIR LINES AG, Basel,  
Switzerland

Elmo von Schorlemer

Position

Chairman of the Supervisory Board  
(until March 2005)

Chairman of the Supervisory Board

Chairman of the Supervisory Board

Chairman of the Supervisory Board

Member of the Supervisory Board

Company

IFP AG, Stuttgart

Securess AG Die Versicherungsmakler, Essen

Caruno AG, Cologne

Consuno AG, Cologne

VHV Beteiligungs AG, Hanover

Supervisory Board members appointed by the employees

Michael Sommer

Position	Company
Deputy Chairman of the Supervisory Board	DGB Rechtschutz GmbH, Düsseldorf
Member of the Supervisory Board	Deutsche Telekom AG, Bonn
Member of the Supervisory Board	Salzgitter AG, Salzgitter

Rosemarie Bolte

Position	Company
Member of the Supervisory Board	Karlsruher Lebensversicherung AG, Karlsruhe

Annette Harms

Position	Company
Member of the Supervisory Board	Deutsche Post AG, Bonn

Ralf Höhmann

Position	Company
Chairman of the Executive Board	Deutsche BKK, Wolfsburg
Member of the Management Board	Regional division 1 financial services, Vereinte Dienstleistungsgewerkschaft (ver.di), Stuttgart
Member of the Management Board	UKPT, Tübingen

Elmar Kallfelz

Position	Company
Member of the Executive Board	Bundesanstalt für Post und Telekommunikation, Bonn

Bonn, 21 February 2006

Deutsche Postbank Aktiengesellschaft

The Management Board

Professor Dr. Wulf von Schimmelmann

Dirk Berensmann

Stefan Jütte

Dr. Wolfgang Klein

Loukas Rizos

Hans-Peter Schmid

Ralf Stemmer

## **Auditor's 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 for the business year from January 1 to December 31, 2005. 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 21, 2006

**PricewaterhouseCoopers**  
**Aktiengesellschaft**  
**Wirtschaftsprüfungsgesellschaft**

(Güldenberg)

(Beurschgens)

Wirtschaftsprüfer  
(German Public Auditor)

Wirtschaftsprüferin  
(German Public Auditor)

[This page intentionally left blank]

## INDEX OF DEFINED TERMS

<i>Accrued Interest</i> .....	102	<i>Due Date</i> .....	5, 15, 51, 54
<i>Additional Amounts</i> .....	52, 59, 66, 71	<i>Einbehalt</i> .....	75
<i>Additional Repayment Amounts</i> .....	53, 66	<i>Einzahlungsvertrag</i> .....	51, 55, 65, 75
<i>Additional Repayment Dates</i> .....	53, 66	<i>Emissionsbedingungen</i> .....	51
<i>Additional Repayment Date</i> .....	6	<i>Emissionsgläubiger</i> .....	51, 74, 75
<i>Advance</i> .....	6, 50, 55, 75, 76	<i>Emittentengesellschafter</i> .....	51
<i>Advance Payment Date</i> .....	75	<i>Emittenten-Kommanditistin</i> .....	51
<i>Advance Payment Dates</i> .....	76	<i>Emittenten-Komplementärin</i> .....	51
<i>AHBR</i> .....	86	<i>Emittentin</i> .....	50, 51, 53
<i>Arrears of Profit Distribution</i> .....	50, 64	<i>Erste Gewinnperiode</i> .....	51, 54, 65
<i>Arrears of Profit Distributions</i> .....	5, 16	<i>Euroclear</i> .....	1, 51
<i>Assigned Claims</i> .....	82	<i>Event of Default</i> .....	76, 78
<i>Ausgabetag</i> .....	50, 64	<i>Exchangeable Notes</i> .....	91
<i>Ausgefallene Gewinnausschüttung</i> .....	50, 64	<i>External Data</i> .....	95
<i>Auszahlungszahltag</i> .....	75	<i>Fälligkeitstag</i> .....	51, 54
<i>Auszahlungszahltage</i> .....	76	<i>Fiduciary Assignment Agreement</i> .....	1
<i>BaFin</i> .....	50, 64, 96	<i>First Profit Period</i> .....	15, 51, 54, 65
<i>Balance Sheet Deficit</i> .....	16, 50, 64	<i>Fitch</i> .....	1
<i>Balance Sheet Profit</i> .....	5, 16, 50, 64	<i>Freistellungsvereinbarung</i> .....	51, 56, 65
<i>Bank</i> .....	1, 8, 10, 15, 50, 64, 67, 74, 75	<i>Gemeinsame Verwahrstelle</i> .....	51
<i>Basel Committee</i> .....	96	<i>General Partner</i> .....	74, 75
<i>Basel I</i> .....	99	<i>Genusscheinbedingungen</i> .....	65
<i>Basel II</i> .....	100	<i>Genusscheininhaber</i> .....	65
<i>Belgacom</i> .....	39	<i>German GAAP</i> .....	5, 45
<i>Besserungsperiode</i> .....	64, 70	<i>German Tax Event</i> .....	64
<i>BHW</i> .....	8, 88	<i>German Withholding Tax</i> .....	6, 52
<i>Bilanzgewinn</i> .....	50, 64	<i>Geschäftstag</i> .....	51, 65, 75
<i>Bilanzverlust</i> .....	50, 64	<i>Gewinnausschüttung</i> .....	51, 65
<i>BIS</i> .....	96	<i>Gewinnausschüttungen</i> .....	54
<i>Book Value</i> .....	50, 64	<i>Gewinnausschüttungszahlung</i> .....	51, 54, 75
<i>Borrower</i> .....	19, 74, 75	<i>Gewinnausschüttungszahlungen</i> .....	74
<i>Buchwert</i> .....	50, 64	<i>Gewinnperiode</i> .....	51, 54, 65
<i>Business Day</i> .....	51, 65, 75, 77	<i>Global Securities</i> .....	51, 53
<i>Capital Contribution</i> .....	84	<i>Global Security</i> .....	51, 53, 65, 67
<i>Clearing System</i> .....	50	<i>Globalurkunde</i> .....	51, 53, 65, 67
<i>Clearstream Luxembourg</i> .....	1, 50	<i>Globalurkunden</i> .....	51, 53
<i>Common Depository</i> .....	51	<i>Gross-up Event</i> .....	51, 58
<i>Commission</i> .....	3	<i>Gross-up-Ereignis</i> .....	51, 65
<i>Contribution Agreement</i> .....	6, 10, 51, 55, 65, 75	<i>Hauptzahlstelle</i> .....	52, 61
<i>Contribution Payment</i> .....	6, 52, 55, 75	<i>Herabsetzung</i> .....	65
<i>core capital</i> .....	97	<i>HGB</i> .....	45, 51
<i>Coupon Payment</i> .....	52, 56	<i>Holders</i> .....	65
<i>Coupon Payments</i> .....	74, 76	<i>IFRS</i> .....	36, 45
<i>Coupon Periods</i> .....	1	<i>IFSRA</i> .....	1
<i>Cumulative Profit Participation</i>		<i>Indemnity Agreement</i> .....	51, 56, 65
<i>Securities</i> .....	1, 52, 54, 65, 67, 74, 75	<i>Interest Calculation Method</i> .....	52, 66
<i>Custodian</i> .....	51	<i>IRB</i> .....	85
<i>Darlehen</i> .....	75, 76	<i>Issue Date</i> .....	1, 12, 15, 50, 64
<i>Darlehensauszahlung</i> .....	50, 55, 75, 76	<i>Issuer</i> .....	1, 51, 53
<i>Darlehensgeberin</i> .....	51, 74, 75	<i>Issuer General Partner</i> .....	10, 51
<i>Darlehensnehmerin</i> .....	74, 75	<i>Issuer Limited Partner</i> .....	10, 51
<i>Darlehensvertrag</i> .....	51, 55	<i>Issuer Partners</i> .....	51
<i>Dauer-Globalurkunde</i> .....	51, 53	<i>Jersey Tax Event</i> .....	65
<i>Depotbank</i> .....	51	<i>Jersey-Steuerereignis</i> .....	79
<i>Deutsches Steuerereignis</i> .....	64	<i>Kapitaleinzahlung</i> .....	52, 55, 75
<i>Disbursing Agent</i> .....	102	<i>Kapitalertragsteuer</i> .....	52
<i>DSL Bank</i> .....	85	<i>Komplementärin</i> .....	74, 75

<i>Kumulative Genussscheine</i>	52, 65, 75	<i>Tax Event</i>	52
<i>Kumulativen Genussscheine</i>	54, 67, 74	<i>Tax Refund Claim</i>	66, 75, 76
<i>Kündigungsgrund</i>	76, 78	<i>Tax Refund Claims</i>	6, 52, 55
<i>KWG</i>	6, 52, 65	<i>Tax Refund Event</i>	66
<i>Lender</i>	6, 10, 19, 51, 74, 75	<i>Temporary Global Security</i>	12, 52, 53
<i>Liquidation Event</i>	42	<i>Terms and Conditions</i>	51, 65
<i>Loan</i>	75, 76	<i>Tilgungszahlung</i>	52, 57
<i>Loan Agreement</i>	1, 6, 51, 55	<i>Transaction</i>	5
<i>Manager</i>	2	<i>U.S. Person</i>	52
<i>Managers</i>	2	<i>Vorläufige Globalurkunde</i>	52, 53
<i>Moody's</i>	1	<i>Wertpapiere</i>	52, 53, 66, 74, 76
<i>Nachfolgerin</i>	52, 61	<i>Wiederauffüllung</i>	74
<i>Paying Agent</i>	52, 61	<i>Withholding</i>	75
<i>Paying Agents</i>	52, 61	<i>Zahlstelle</i>	52, 61
<i>PBVK</i>	38	<i>Zahlstellen</i>	52, 61
<i>Permanent Global Security</i>	12, 51, 53	<i>Zinsberechnungsmethode</i>	52, 66
<i>Postbank</i>	1, 8	<i>Zinsperiode</i>	52
<i>Postbank Group</i>	8	<i>Zinszahlung</i>	52, 56
<i>Principal Paying Agent</i>	52, 61	<i>Zinszahlungen</i>	74, 76
<i>Profit Distribution</i>	51, 65	<i>Zusätzliche Beträge</i>	52, 66
<i>Profit Distribution Due Date</i>	68	<i>Zusätzliche Rückzahlungsbeträge</i>	53, 66
<i>Profit Distribution Payment</i>	51, 54	<i>Zusätzliche Rückzahlungstage</i>	53, 66
<i>Profit Distribution Payments</i>	3, 5, 74, 75	<i>Zusätzlichen Beträge</i>	59, 71
<i>Profit Distributions</i>	5, 51		
<i>Profit Period</i>	51, 65		
<i>Profit Periods</i>	15, 54		
<i>Prospectus</i>	2		
<i>Prospectus Directive</i>	1, 91		
<i>Recovery Period</i>	64, 70		
<i>Redemption Payment</i>	52, 57		
<i>Redemption Payments</i>	7		
<i>Reduction</i>	6, 17		
<i>regulatory capital</i>	97		
<i>Relevant Implementation Date</i>	105		
<i>Relevant Member State</i>	105		
<i>Repayment</i>	19, 76		
<i>Repayment Amount</i>	7, 17, 52, 65		
<i>Repayment Date</i>	5, 17, 52, 57, 66, 76		
<i>Replenishment</i>	74, 76		
<i>Restricted Period</i>	52, 53		
<i>Rückzahlung</i>	76		
<i>Rückzahlungsbetrag</i>	52, 65		
<i>Rückzahlungstag</i>	52, 57, 66, 76		
<i>S5P</i>	1		
<i>Savings Directive</i>	103		
<i>Securities</i>	1, 52, 53, 66, 74, 76		
<i>Securities Act</i>	2		
<i>Security Trustee</i>	1		
<i>Securityholder</i>	51		
<i>Securityholders</i>	1, 74, 75		
<i>solvency ratio</i>	97		
<i>Sperrfrist</i>	52, 53		
<i>Steuerereignis</i>	52		
<i>Steuererstattungsanspruch</i>	66, 75, 76		
<i>Steuererstattungsansprüche</i>	52, 55		
<i>Steuer-Rückerstattungereignis</i>	66		
<i>Successor</i>	52, 61		
<i>Summary</i>	5		
<i>supplementary capital</i>	97		

**Head Office of Postbank**

Friedrich-Ebert-Allee 114–126  
53113 Bonn  
Germany

**Issuer**

ProSecure Funding Limited Partnership  
22 Grenville Street  
St Helier, Jersey JE4 8PX  
Channel Islands

**Security Trustee**

Deutsche Bank Luxembourg S.A.  
2 Boulevard Konrad Adenauer  
2085 Luxembourg  
Luxembourg

**Lender**

Deutsche Postbank AG  
Friedrich-Ebert-Allee 114–126  
53113 Bonn  
Germany

**Lead Managers**

Credit Suisse Securities  
(Europe) Limited  
One Cabot Square  
London E14 4QJ  
United Kingdom

Deutsche Bank AG,  
London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Morgan Stanley & Co.  
International Limited  
25 Cabot Square  
Canary Wharf  
London, E14 4QW  
United Kingdom

**Co-Managers**

Dresdner Bank AG  
London Branch  
Riverbank House  
2 Swan Lane  
London EC4R 3UX  
United Kingdom

JP Morgan Securities Ltd.  
125 London Wall  
London E14 5LE  
United Kingdom

Lehman Brothers  
International (Europe)  
25 Bank Street  
London E14 5LE  
United Kingdom

Société Générale  
29, Boulevard Haussmann  
75009 Paris  
France

**Principal Paying Agent**

Deutsche Bank Aktiengesellschaft  
Grosse Gallusstrasse 10–14  
60272 Frankfurt am Main  
Germany

**Irish Paying Agent  
and**

**Irish Listing Agent**  
NCB Stockbrokers Ltd.  
3 George's Dock  
Dublin 1  
Ireland

**Legal Advisors to the Managers**

*as to German law*  
Freshfields Bruckhaus Deringer  
Taunusanlage 11  
60329 Frankfurt am Main  
Germany

*as to Jersey law*  
Mourant du Feu & Jeune  
22 Grenville Street  
St Helier  
Jersey JE4 8PX  
Channel Islands

**Legal Advisor to Postbank**

Cleary Gottlieb Steen & Hamilton LLP  
Main Tower  
Neue Mainzer Strasse 52  
60311 Frankfurt am Main  
Germany

**Auditors to Postbank**

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft  
Moskauer Strasse 19  
40227 Düsseldorf  
Germany