

We invest in winners. That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

Deutsche Postbank Funding Trust IV

With a balance sheet sum of approximately EUR 200 billion and 14 million customers, Postbank is one of Germany's largest financial services providers for the private customer business. With 9,000 ATMs from the so-called Cash Group, 4,500 partner branches from Deutsche Post and 1,100 of its own branches, it also boasts a densely-knit sales network. In addition, 4 million customers use the services for on-line or telephone banking.

Postbank was able to weather the financial crisis without government aid, despite incurring losses as a result of the Lehman Brothers bankruptcy. The stability of its core business was noticed by Deutsche Bank, which acquired control of the bank in 2010 as part of a take-over offer, and increased its share to 94% in 2012. On 30 March 2012, both institutions announced a control and profit transfer agreement between Deutsche Postbank AG as a dependent company and DB Finanz-Holding GmbH as the controlling company. As a result, Postbank is now required to transfer its profits for the duration of the agreement according to sec. 301 of the German Stock Corporation Act (Aktiengesetz). In turn, Deutsche Bank also agrees to compensate all of Postbank's losses pursuant to sec. 302 of the German Stock Corporation Act. Following the completion of the capital measure, we purchased a subordinate Postbank bond at an average price of 77%. It was issued in 2007 at

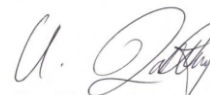
a volume of EUR 500 million, with an interest rate of 5.983% p.a. until 2017 (First Call). After that date, the quarterly interest rate will be at the level of the 3M Euribor, plus a margin of 207 basis points. The terms for the bond exclude a reduction in the nominal value in the event the bank incurs a loss. Interest payments on the other hand will depend on the net profit that is generated under commercial law. Interest payments are assured since Postbank cannot generate any profits or losses, but only an annual result of zero during the term of the agreement: Assuming the non-controlled continuation of the bank's operations, the budget calculations of the agreement report and audit report foresee consistent annual surpluses until the end of the projection phase in 2018.

We expect that the bond will be redeemed in 2017, since it loses its deductibility with respect to core capital with the First Call due to its specific interest rate structure. An earlier offer for repurchase is also likely since Deutsche Bank wants to utilize the waiver pursuant to sec. 2a of the German Banking Act (Kreditwesengesetz), and in this case, Postbank's core capital ratio is not authoritative. Moreover, an issue that has not yet been clarified legally is whether hybrid capital can even be offset as core capital following the completion of a company agreement. If this is not the case, there would likely be even more interest in a repurchase. With a current share price of 81%, the current interest rate of the bond is 7% p.a. (17% p.a. with a First Call).

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky