

GERMAN PUBLIC SECTOR FINANCE B.V.

Amsterdam, the Netherlands

INTERIM REPORT AS AT 30 JUNE 2009

GERMAN PUBLIC SECTOR FINANCE B.V.

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GERMAN PUBLIC SECTOR FINANCE B.V.

Responsibility Statement

The Management of German Public Sector Finance B.V. (hereinafter “the Company”) wishes to state that to our knowledge:

1. The 2009 interim financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Company.
2. The 2009 interim financial statements give a true and fair view of the Company's position as per 30 June 2009 and the developments during the financial period ended 30 June 2009 of the Company, together with a description of principal risks it faces.

Amsterdam, 21 August 2009

Signed by:

Johan Smit
Managing Director

Equity Trust Co. N.V.
Managing Director

GERMAN PUBLIC SECTOR FINANCE B.V.

Management Report

The Management herewith submits its interim accounts of German Public Sector Finance B.V. (hereinafter “the Company”) for the financial period ended 30 June 2009.

General information

The Company is a limited liability company incorporated under the laws of the Netherlands and has its corporate seat in Rotterdam.

The principal activities of the Company consist of acquiring funds on behalf of institutions belonging to the public sector in Germany.

Financial risk management

The Company's activities expose it primarily to market risks. Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's Corporate Risk function provides services to manage the financial risk relating to the Company's operations. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company manages market risk by stratifying the portfolio and imposing limits.

Currency risk

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect the Company's financial position and cash flows. The Company does not run any currency risk, as the Company does not use any other currency than euros.

Interest risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rates will affect the Company's financial position and cash flows. Interest rate exposure on the debt is fully mitigated by the on lending of these amounts to Deutsche Telekom A.G. with matching terms.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's credit risk is predominantly with Deutsche Telekom AG, the largest telecommunication company in Germany. The Company has not entered into any other transactions that might generate credit risk.

GERMAN PUBLIC SECTOR FINANCE B.V.

Management Report

Future outlook

It is the intention of ABN AMRO Bank N.V. (Amsterdam, the Netherlands) to sell all of its shares in the Company in the near future.

Audit Committee

On May 25, 2009, the shareholders of the Company, Deutsche Bank A.G. and ABN-Amro Bank N.V. have approved the Board Resolution to establish an Audit Committee for the Company, following the Royal Decree of 26 July 2008 implementing article 41 of the EU Directive 2006/43/EG. The Audit Committee of the Company consists of the following members: Mr. Jan Rijkenberg (independent member), Mr. Corwin Sier (accounting expert) and Mr. Johan Smit (accounting expert).

Amsterdam, 21 August 2009

The Management

Johan Smit

Equity Trust Co. N.V.

GERMAN PUBLIC SECTOR FINANCE B.V.

Balance Sheet as at 30 June 2009
(before appropriation of results and expressed in euros)

	Notes	30 June 2009	31 Dec 2008
FIXED ASSETS			
Financial fixed assets			
Loan	(3)	102,258,376	102,258,376
		<u>102,258,376</u>	<u>102,258,376</u>
CURRENT ASSETS			
Accrued interest	(4)	493,782	3,522,311
Amounts due from group entity		250,577	133,727
Cash at banks		87,085	57,421
		<u>831,444</u>	<u>3,713,458</u>
CURRENT LIABILITIES			
Accrued interest	(4)	493,782	3,522,311
Interest payable		82,992	40,158
Creditors		141,633	47,028
		<u>718,407</u>	<u>3,609,497</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>113,036</u>	<u>103,960</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		102,371,412	102,362,337
Bond liability	(5)	102,258,376	102,258,376
		<u>113,036</u>	<u>103,961</u>
CAPITAL AND RESERVES			
Issued share capital	(6)	18,151	18,151
Retained earnings		85,809	67,658
Result for the period (year)		9,076	18,151
		<u>113,036</u>	<u>103,961</u>

The notes on page 7 to page 11 are an integral part of the financial statements.

GERMAN PUBLIC SECTOR FINANCE B.V.

Profit and Loss account for the period ended 30 June 2009

(expressed in euros)

	Notes	1-Jan-2009 30-Jun-2009	1-Jan-2008 31-Dec-2008
Interest on loan and bond			
Interest income	(7)	2,979,151	6,007,680
Interest expense	(7)	<u>(2,979,151)</u>	<u>(6,007,680)</u>
Net income from financial activities		0	0
Expenses			
General and administrative expenses		(105,522)	(42,157)
Interest tax payments		6	0
Interest income		<u>11</u>	<u>13</u>
		(105,505)	(42,144)
Allowance	(8)	<u>116,850</u>	<u>64,833</u>
PROFIT BEFORE TAXATION		11,345	22,689
Taxation	(9)	<u>(2,269)</u>	<u>(4,538)</u>
RESULT FOR THE PERIOD (YEAR)		<u><u>9,076</u></u>	<u><u>18,151</u></u>

The notes on page 7 to page 11 are an integral part of the financial statements.

GERMAN PUBLIC SECTOR FINANCE B.V.

Cash Flow Statement for the period ended 30 June 2009

(expressed in euros)

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Allowance received		0	50,000
Payments to creditors		<u>(8,754)</u>	<u>(41,924)</u>
Cash generated from operations		(8,754)	8,076
Income tax paid	(9)	<u>(4,417)</u>	<u>(4,538)</u>
Net cash generated from operating activities		<u>(13,170)</u>	<u>3,538</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received on loan		6,007,680	6,007,680
Interest paid on bonds		<u>(5,964,846)</u>	<u>(6,045,799)</u>
Net cash used in financing activities		<u>42,834</u>	<u>(38,119)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		29,664	(34,581)
Balance at 1 January 2009 (1 January 2008)		<u>57,421</u>	<u>92,002</u>
2008)		<u>87,085</u>	<u>57,421</u>

The notes on page 7 to page 11 are an integral part of the financial statements.

GERMAN PUBLIC SECTOR FINANCE B.V.

Notes to the accounts as at 30 June 2009

1. General

The Company, a corporation with limited liability, having its statutory seat in Rotterdam, the Netherlands and its business seat in Amsterdam, the Netherlands, was incorporated on 22 May 1986.

The principal activities of the Company consist of acquiring funds on behalf of institutions belonging to the public sector in Germany. The Company's ultimate parent companies are both ABN AMRO Bank N.V. (Amsterdam, the Netherlands) and Deutsche Bank A.G. (Frankfurt, Germany) each for 50%.

2. Summary of principal accounting policies

(a) General

The accompanying accounts have been prepared in accordance with the provisions of Part 9, Book 2 of the Netherlands Civil Code.

(b) Assets and liabilities

All assets and liabilities are stated at face value, unless otherwise stated in the notes thereon.

(c) Foreign currencies

Any assets and liabilities expressed in currencies other than euros are translated into euros at the rates of exchange prevailing at the balance sheet date. Any transactions in foreign currencies are translated into euros at rates of exchange approximating to those ruling at the date of the transactions. Resulting exchange differences, if any, are recognised in the profit and loss account.

(d) Determination of income

All income and expenses are calculated on the accrual basis.

(e) Cash Flow Statement

The cash flow statement has been prepared using the direct method. The cash and cash equivalents disclosed in the cash flow statement are comprised of cash and cash equivalents and bank overdrafts included in current liabilities. Cash flows denominated in foreign currencies have been translated at average exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in net cash from operating activities. Dividends paid are included in net cash used in financing activities.

(f) Corporation tax

Corporation tax is calculated on the basis of the profit before taxation shown in the profit and loss account, taking into account tax allowances as agreed with the Dutch tax authorities.

(g) Use of estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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Notes to the accounts as at 30 June 2009

(h) Financial instruments and changes in accounting policies

Financial instruments include loans payable and loans receivable. As of 1 January 2009 financial instruments are initially recognized at fair value, including directly attributable transactions costs. After initial recognition, financial instruments are carried at amortised cost using the effective interest method, less impairment losses. Changes in the fair value are recognized in the profit and loss account.

Until 1 January 2009 financial instruments were carried at nominal value. Accordingly receivables are valued at nominal value less a bad debt provision if necessary. Due to the fact that there are no impairment losses or transaction costs recorded in the financial instruments of the Company the amortised cost equals the nominal value. Therefore the change in the accounting principles has no impact on the stated equity or result of the company.

The reason for the change accounting principles is the legal obligation to apply the revised Dutch guideline for annual reporting 290 “financial instruments”, as of 1 January 2008.

3. Financial fixed assets

This item represents a loan granted to Deutsche Telekom (formerly named Deutsche Bundespost), Germany, originally amounting to DEM 500,000,000, due on 30 May 2016 and bearing interest at the rate of 5 7/8%.

The original amount due from Deutsche Telekom AG has been reduced. The reductions have been the result of assigning a part of the receivable balance to Deutsche Bank AG. As a result of the reductions, the amount receivable at 30 June 2009 and 31 December 2008 was DEM 200,000,000 (EUR 102,258,376).

<u>Loan to Deutsche Telekom AG (unchanged)</u>	<u>2009</u>	<u>2008</u>
<i>(expressed in euros)</i>	102,258,376	102,258,376

This loan receivable from Deutsche Telekom has been pledged as security to the holders of the bond liability (see note 5). As at 30 June 2009, the fair value of the loan amounted to EUR 111,461,629 (31 December 2008: EUR 117,597,132).

4. Accrued interest

This item represents accrued interest on the loan receivable and bond liability.

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Notes to the accounts as at 30 June 2009

5. Bond liability

This item relates to a bond issued on the Frankfurt stock exchange which originally amounted to DEM 500,000,000 (EUR 255,645,941), due on 30 May 2016 and bearing interest at the rate of 5 7/8%. The amount due on the bond was reduced as a result of the Company assigning part of its receivable to the bondholder. As at 30 June 2009 and 31 December 2008, the Bond liability amounted to DEM 200,000,000 (EUR 102,258,376). The bond liability is not guaranteed. See further note 3 above.

Bond liability (unchanged)	2009	2008
<i>(expressed in euros)</i>	102,258,376	102,258,376

As at 30 June 2009, the fair value of the Bond amounted to EUR 111,461,629 (31 December 2008: EUR 117,597,132).

6. Capital and reserves

The authorised share capital consists of 200 ordinary shares. According to the Company's articles of association the shares are denominated in Dutch guilders at NLG 1,000 (EUR 453.78) each. As per balance sheet date 40 shares (2008: 40) are issued and fully paid-up.

The movements in capital and reserves can be summarised as follows *(expressed in euros)*:

	As at 30-Jun-2009	As at 31-Dec-2008
Share capital (unchanged)	18,151	18,151
Retained earnings		
Beginning of year	67,659	49,508
Appropriation prior year result	18,151	18,151
End of period (year)	85,810	67,659
Result for the period (year)		
Beginning of year	18,151	18,151
Appropriation to retained earnings	(18,151)	(18,151)
Undistributed result	9,076	18,151
End of period (year)	9,076	18,151
Total capital and reserves	113,037	103,961

GERMAN PUBLIC SECTOR FINANCE B.V.

Notes to the accounts as at 30 June 2009

7. Interest income and expenses

This item relates to the interest income on the loan granted to Deutsche Telekom, Germany (see note 3), and the interest expenses on the issued bond (see note 5). At the moment of reducing the issued bonds, the interest receivable was waived for that part of the loan. Simultaneously, the interest to be paid for the bond liability was waived as well. There is no margin between the interest received and paid.

8. Allowance

The Company receives a service fee from Deutsche Bank AG, Germany, which has agreed to bear all expenses incurred by the Company.

9. Taxation

The Company abides by certain conditions agreed to with the Netherlands Tax Authorities by which corporation tax is charged on a minimum fixed profit per annum.

10. Employees

The Company has no employees and hence incurred no wages, salaries and related social security charges during the year under review or the previous year.

11. Directors

The Company has two directors (2008: two), whom did not receive any remuneration for their activities during the period under review or the previous year.

12. Related parties

The Company has relations with three parties.

Deutsche Bank A.G., Frankfurt, Germany, who owns 50% of the shares of the Company. During the period under review, Deutsche Bank A.G. was charged for a service fee for the amount of EUR 114,518 (2008: EUR 64,833).

ABN AMRO N.V., Amsterdam, the Netherlands, who owns 50% of the shares of the Company, had no transactions with the Company during the year under review.

Equity Trust Co. N.V., Amsterdam, the Netherlands, a trust office, who provides corporate services to the Company. During the period under review, Equity Trust Co. N.V. charged the Company EUR 53,958 (2008: EUR 17,957) for their services.

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Notes to the accounts as at 30 June 2009

13. Audit fees

The audit fees for the year 2005 to 2008 were under accrued by an amount of EUR 36,874. This has been included in the 2009 profit and loss accounts. (2008: EUR 12,000)

Amsterdam, 21 August 2009

The Management

Johan Smit

Equity Trust Co. N.V.

GERMAN PUBLIC SECTOR FINANCE B.V.

Other information

Retained earnings

Article 19 of the Articles of Association provides that the result established shall be at the disposal of the General Meeting of Shareholders. If and to the extent that a loss sustained in any fiscal year is not recovered from a reserve or made up in some other way, no distribution of profit shall be made in subsequent years as long as such loss has not been recovered. Article 19 of the Articles of Association provides that, insofar as there is a profit in the Company, The Board of Directors may declare an interim dividend.

Appropriation of result

The result for the period will remain undistributed.

Auditor's report

The auditor's report is not required for the interim report.