

Deutsche Post Finance B.V.

Annual Report 2014



PricewaterhouseCoopers
Accountants N.V.
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Table of contents	Page
1. Management Report	4
1.1 Introduction	4
1.2 Business activities	4
1.3 Legal relationships	4
1.4 Main business developments	4
1.5 Diversity	5
1.6 Future business developments	5
2. Financial Statements	7
2.1 Balance sheet	7
2.2 Statement of comprehensive income	8
2.3 Statement of changes in shareholders' equity	9
2.4 Cash flow statement	10
2.5 Notes to the Financial Statements	11
(1) General overview	11
(2) Basis of accounting	11
(3) Foreign currencies	13
(4) Financial assets	13
(5) Cash pool receivables and payables	15
(6) Financial liabilities	15
(7) Offsetting financial instruments	16
(8) Derivative financial instruments and hedge accounting	16
(9) Interest income and expense	17
(10) Critical accounting estimates and judgments	17
(11) Financial risk management	18
(12) Long-term loans receivable	22
(13) Derivative financial instruments and hedging	25
(14) Short-term loans receivable	26
(15) Short-term receivables from affiliated companies	27
(16) Cash pool receivables	28
(17) Shareholders' equity	28
(18) Bonds – long-term and short-term	29
(19) Short-term loans payable	31
(20) Accrued interest	31
(21) Other current liabilities and accruals	31
(22) Interest income	32

(23)	Interest expenses	32
(24)	Other gains and losses	33
(25)	Other operating expenses	33
(26)	Income tax expense	33
(27)	Additional disclosure on the financial instruments	33
(28)	Cash flows	40
(29)	Related party transactions	40
(30)	Employees	40
(31)	Director's remuneration	40
(32)	Commitments and rights not included in the balance sheet	40
(33)	Independent auditor's fees	40
(34)	Responsibility Statement	41
3	Other information	42
3.1	Appropriation of net income	42
3.2	Proposal for the appropriation of net result 2014	42
3.3	Post balance sheet events	42
4	Independent auditor's report	43

1. Management Report

1.1 Introduction

This report includes the 2014 Financial Statements of Deutsche Post Finance B.V. ("The Company"). The Company is part of Deutsche Post DHL Group ("The Group").

1.2 Business activities

The principal activity of the Company consists of raising capital in order to lend funds to Deutsche Post DHL group companies.

1.3 Legal relationships

General information

The Company was incorporated in the Netherlands, Rotterdam on 13 April 1999 and is now listed in the Commercial Register of the Chamber of Commerce in Maastricht under number 24.29.26.43. The Company is owned 100 % by Deutsche Post International B.V. in Maastricht, the Netherlands. Ultimate shareholder is Deutsche Post AG in Bonn, Germany.

Management Board

The Management Board currently consists of two members:

- Mr. Roland W. Buss
- Mr. Timo L.F. van Druten.

Business address

Pierre de Coubertinweg 7N, 6225 XT Maastricht.

1.4 Main business developments

The euro zone bond markets in 2014 were heavily influenced by significant declines in the rate of inflation and expansive monetary policy.

In addition to that, the expectations at year's end, that the ECB might start buying up government bonds at the beginning of 2015, led to a massive decrease in capital markets interest rates. Yields on ten-year German government bonds for example declined to 0,54% by the end of 2014 (end of 2013: 1,93%).

On 30 January 2014 the Company paid back its 4,875% bonds of 2003/2014 amounting to a nominal value of EUR 925.800.000. All loans related to the 2014 bonds have been repaid by the borrowing group companies. The necessary liquidity to pay back these loans, was provided by Deutsche Post AG from the proceeds of the bond issuance in October 2013.

As a consequence of this bond repayment, the balance sheet total of the Company was reduced by nearly one billion EUR.

In the reporting year the Company did not perform any activities on the capital markets. In order to maintain the Group's unrestricted access to the capital markets, the Company together with Deutsche Post AG updated their EUR 5 billion Debt Issuance Programme in the reporting year.

The Company's result after taxation per 31 December 2014 amounts to a gain of EUR 111.036. Excluding the net loss from hedge ineffectiveness, totaling EUR 901.553, the 2014 minimum margin result amounts to a gain of EUR 1.012.589 and is in line with the management's expectations. The decrease in the minimum margin income from 2013 to 2014 results from the reduced lending activities linked to the repayment of the 2003/2014 bonds.

The ineffectiveness recognised in the statement of comprehensive income results from strict hedge accounting requirements.

The main risks affecting the Company are interest and currency risks. Interest risks as well as currency risks are hedged according to the guidelines of the Group by the Group's Central Treasury. The variety of instruments used for hedging purposes and the policies are described in the notes to the Financial Statements.

1.5 Diversity

Per 1 January 2013, Dutch corporate law has introduced standards with respect to gender diversity for executive and non-executive board positions at so called larger companies. The aim is that these companies pursue a policy of having at least 30% of board seats held by women and 30% of the board seats held by men. This specific clause in the law will cease to have effect on 1 January 2016.

The Company does not meet these standards per 31 December 2014 and there is no specific policy in place to actively strive for the gender diversity as mentioned in this provision in the law. When filling vacant board positions, the main consideration is and has been to select candidates on their suitability taking into account all aspects of the specific role, including relevant experience. No candidates have been excluded based on gender. There have been no changes in the composition of the management board in 2014.

1.6 Future business developments

As the Company is one of the most important financing vehicles of the Group, the financial position, especially the liquidity situation of the Group very much affects the business development of the Company.

The Group anticipates a deterioration in its liquidity in the first half of 2015 as a result of the annual pension prepayment due to Bundesanstalt für Post und Telekommunikation as well as the dividend payment for the financial year 2014 in May 2015. However, the Group's operating liquidity situation will improve again significantly towards the end of the year due to the upturn in business that is normal in the second half of a year. In summary, the Group's situation remains solid.

For further information on the Group's expected financial position in 2015 it is referred to the Deutsche Post DHL Group Annual Report 2014.

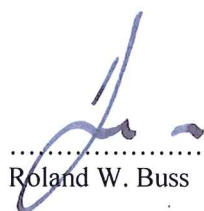
The management of the Company is not aware of any plans to raise funds from the capital markets in 2015.

The Company together with Deutsche Post AG plans to update their Debt Issuance Programme in 2015.

Deutsche Post Finance B.V. will persist as group finance company and any possible future proceeds of debt issues will be lent within the Group.

Maastricht, 28 April 2015

The Management Board:



.....
Roland W. Buss



.....
Timo L.F. van Druten

2. Financial Statements

2.1 Balance sheet

Amounts in EUR	Note	31 December 2014	31 December 2013
Non-current assets			
Long-term loans receivable	(12)	1.276.505.610	1.185.326.459
Non-current derivatives positive FV	(13)	48.898.354	68.244.190
		<u>1.325.403.964</u>	<u>1.253.570.649</u>
Current assets			
Short-term loans receivable	(14)	0	908.423.090
Short-term receivables from affiliated companies	(15)	9.935.049	14.749.835
Cash pool receivables	(16)	9.463.916	9.338.240
Other receivables		24.931	38.684
Current derivatives positive FV	(13)	0	55.355.050
		<u>19.423.896</u>	<u>987.904.899</u>
		<u>1.344.827.860</u>	<u>2.241.475.548</u>
Shareholders' equity	(17,13)		
Share capital		18.500	18.500
Capital reserve		2.000.000	2.000.000
Hedge reserve		13.054.812	3.452.183
Retained earnings		14.235.954	14.124.918
		<u>29.309.266</u>	<u>19.595.601</u>
Long-term liabilities			
Bonds long-term	(18)	1.285.479.782	1.232.645.372
Non-current derivatives negative FV	(13)	15.265.482	1.386.542
		<u>1.300.745.264</u>	<u>1.234.031.914</u>
Short-term liabilities			
Bonds short-term	(18)	0	928.331.872
Short-term loans payable	(19)	0	3.313.000
Accrued interest	(20)	14.761.473	56.187.127
Other current liabilities and accruals	(21)	11.857	16.034
		<u>14.773.330</u>	<u>987.848.033</u>
		<u>1.344.827.860</u>	<u>2.241.475.548</u>

The notes are an integral part of the Company's Financial Statements.

2.2 Statement of comprehensive income

Amounts in EUR	Note	2014	2013
Interest income	(22)	26.817.785	35.721.576
Interest expenses	(23)	(25.643.127)	(34.123.567)
Other gains and losses	(24)	(901.553)	569.810
Other operating expenses	(25)	(162.069)	(160.485)
Profit before taxes		111.036	2.007.334
Income tax expense	(26)	0	0
Profit for the year		111.036	2.007.334
Items that may be subsequently reclassified to profit or loss			
Changes in hedge reserve	(17,13)	9.602.629	(3.023.663)
Comprehensive income/(loss)		9.713.665	(1.016.329)

The profit for the year is attributable to the parent.

The notes are an integral part of the Company's Financial Statements.

2.3 Statement of changes in shareholders' equity

Movements in shareholders' equity during the financial year were as follows:

Amounts in EUR	Total	Share capital	Capital reserve	Hedge reserve	Retained earnings
At 1 January 2013	20.611.930	18.500	2.000.000	6.475.846	12.117.584
<i>Movements 2013</i>					
Value changes of derivatives	(3.023.663)	0	0	(3.023.663)	0
Net result 2013	2.007.334	0	0	0	2.007.334
Balance at 31 December 2013	19.595.601	18.500	2.000.000	3.452.183	14.124.918
<i>Movements 2014</i>					
Value changes of derivatives	9.602.629	0	0	9.602.629	0
Net result 2014	111.036	0	0	0	111.036
Balance at 31 December 2014	29.309.266	18.500	2.000.000	13.054.812	14.235.954

Notes to the Shareholders' Equity are included in note 17.

The notes are an integral part of the Company's Financial Statements.

2.4 Cash flow statement

Amounts in EUR	2014	2013
Cash inflow		
Repayment of loans	1.087.534.381	24.000.000
Interest inflow	113.022.442	120.049.415
Decrease of cash pool balance (asset)	0	1.005.503
Net Inflow from maturing foreign exchange derivatives	17.376.909	0
Total cash inflow	1.217.933.732	145.054.918
Cash outflow		
Redemption of maturing bonds	(925.800.000)	0
New allocation of loans	(178.411.290)	(24.000.000)
Repayment of loans	(3.313.000)	0
Interest outflow	(110.125.298)	(120.835.251)
Other outflows (SLA, rating fee, etc.)	(158.468)	(219.667)
Increase of cash pool balance	(125.676)	0
Total cash outflow	(1.217.933.732)	(145.054.918)
Net cash flow	0	0

Gross cash flows include cash movements from and towards the cash pool balance. The cash pool balance is related to the cash pool agreement between Deutsche Post Finance B.V. and Deutsche Post AG.

Cash pool balance	2014	2013
Opening balance at 1 January	9.338.240	10.343.743
Net cash flow	125.676	(1.005.503)
Closing balance at 31 December (note 16)	9.463.916	9.338.240

All cash flows are considered to be operating cash flows.

The notes are an integral part of the Company's Financial Statements.

2.5 Notes to the Financial Statements

(1) *General overview*

Deutsche Post Finance B.V. (hereafter “The Company”), having its statutory seat in Maastricht, was incorporated in the Netherlands, Rotterdam on 13 April 1999 and is now listed in the Commercial Register of the Chamber of Commerce in Maastricht under number 24.29.26.43. The Company is owned 100 % by Deutsche Post International B.V. in Maastricht, the Netherlands. The ultimate shareholder is Deutsche Post AG in Bonn, Germany.

The principal activity of the Company consists of raising capital in order to lend funds to Deutsche Post DHL group companies.

Items included in the Financial Statements are measured using the currency of the primary environment in which Deutsche Post Finance B.V. operates (“the functional currency”). The Financial Statements are presented in Euro, which is the Company’s presentation currency and functional currency.

The Company has no subsidiaries, joint ventures or associates. The Company itself is a part of the Group and the financial results of the Company are incorporated into the IFRS Consolidated Financial Statements of the Group.

The date of approval of these Financial Statements by the Management Board is 28 April 2015.

(2) *Basis of accounting*

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also comply with the financial reporting requirements included in section 9 of Book 2 of the Dutch Civil Code. The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss, and all derivative contracts.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in note 10.

New developments in international accounting under IFRS s

The following Standards, changes to Standards and Interpretations are required to be applied on or after 1 January 2014:

	Required to be applied for financial years beginning on or after	Significance
IFRS 10 Consolidated Financial Statements (including transitional provision)	1 January 2014	irrelevant
IFRS 11 Joint Arrangements (including transitional provision)	1 January 2014	irrelevant
IFRS 12 Disclosures of Interests in Other Entities (including transitional provision)	1 January 2014	irrelevant
IAS 27 Separate Financial Statements (revised 2011)	1 January 2014	relevant
IAS 28 Investments in Associates and Joint Ventures (revised 2011)	1 January 2014	irrelevant
Amendments to IAS 32 Financial Instruments Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014	relevant
Amendments to IAS 36 Impairment of Assets – Recoverable Amount – Disclosures for Non-Financial Assets	1 January 2014	irrelevant
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	relevant

New accounting pronouncements adopted by the EU but only required to be applied in future periods (the Company did not early adopt these).

The following Standards, changes to Standards and Interpretations have already been endorsed by the European Union. However, they will only be required to be applied in the future.

	Required to be applied for financial years beginning on or after	Significance
IFRIC 21 Levies (Issue date: 20 May 2013)	17 June 2014	irrelevant
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (Issue date: 21 November 2013)	1 February 2015	irrelevant
Annual Improvements to IFRS 2010 – 2012 Cycle (Issue date: 12 December 2013)	1 February 2015	relevant
Annual Improvements to IFRS 2011 – 2013 Cycle (Issue date: 12 December 2013)	1 January 2015	irrelevant

Management of the Company is in the process of evaluating the impact of the relevant Standards.

New accounting pronouncement not yet adopted by the EU.

The IASB and the IFRIC issued further Standards and Interpretations in financial year 2014 and in previous years whose application is not yet mandatory for financial year 2014. The application of these IFRS is dependent on their adoption by the EU.

	Required to be applied for financial years beginning on or after	Significance
IFRS 9 Financial Instruments (Issue date: 24 July 2014)	1 January 2018	relevant
IFRS 15 Revenue from Contracts with Customers (Issue date: 28 May 2014)	1 January 2017	relevant
Amendments to IFRS 11 Joint Arrangements – Acquisition of Interests in Joint Operations (Issue date: 6 May 2014)	1 January 2016	irrelevant
Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation (Issue date: 12 May 2014)	1 January 2016	relevant
Annual Improvements to IFRS 2012 – 2014 Cycle (Issue date: 25 September 2014)	1 January 2016	relevant
Amendments to IAS 1 Presentations of Financial Statements (Issue date: 18 December 2014)	1 January 2016	relevant

Management of the Company is in the process of evaluating the impact of the relevant Standards.

(3) Foreign currencies

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the income statement except when deferred in equity as qualifying cash flow hedges.

(4) Financial assets

Financial instruments are contractual obligations that give rise to a financial asset of one entity and a financial liability or equity instrument in another entity. These include both primary and derivative financial instruments. Primary financial instruments include in particular bank balances, all

receivables, financial liabilities, securities, loans and accrued interest. Derivatives held by the Company are swaps.

IAS 39 classifies all financial assets into four categories:

- Loans and receivables
- Held-to-maturity investments
- Financial assets at fair value through profit or loss
- Available-for-sale financial assets

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

In the financial statements 2014 and 2013 all receivables have been classified as “Loans and receivables” and all derivatives as “Financial assets at fair value through profit or loss”.

Financial instruments classified as loans and receivables, are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Impairment losses on financial instruments classified as loans and receivables are charged to income if the recoverable amount falls below the carrying amount. They are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

Derivatives have been classified as “Financial assets at fair value through profit or loss”. Initial recognition and subsequent measurement are disclosed under note (8) “Derivative financial instruments and hedge accounting”.

All financial assets are recognised on the balance sheet, when the Company becomes a party to the contract by using trade date accounting. They are included in the current assets except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

The fair values of the loans have been calculated by applying the discounted cash flow method. It is also referred to note 10 (a).

The carrying amounts of financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. The Group first assesses whether objective evidence of impairment exists. If any such indication exists, the recoverable amount is estimated as the higher of the net selling price and the value in use with an impairment loss being recognised whenever the carrying amount exceeds the recoverable amount.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows since initial recognition.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or when the assets have been settled.

(5) *Cash pool receivables and payables*

The Company participates in the cash pooling of the Group. The cash pool balances at the balance sheet date are shown as cash pool receivables or cash pool payables to related parties (and not shown as cash and cash equivalents).

Cash pool receivables and payables are part of the financial instruments and classified as "Loans and receivables" or as "Other liabilities" (note 6).

Fair values are considered to approximately match the carrying amounts of short-term receivables and payables.

Cash pool receivables or cash pool payables to related parties are carried at amortised cost.

(6) *Financial liabilities*

Financial liabilities are classified under IAS 39 in "Financial liabilities at fair value through profit or loss" and in "Other liabilities". Financial liabilities are recognised on the balance sheet, when the Company becomes a party to the contract at fair value on inception. They are included in the current liabilities except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities.

Derivative financial liabilities have been classified as "Financial liabilities at fair value through profit or loss". Initial recognition and subsequent measurement are disclosed under note (8) "Derivative financial instruments and hedge accounting".

The remaining liabilities are classified as "Other liabilities". They are subsequently carried at amortised cost by applying the effective interest method.

The fair values of the bonds are derived from published market prices. The fair values of the other non-current liabilities have been calculated by applying the discounted cash flow method.

Financial liabilities under fair value hedge accounting are including an adjustment for the fair value of the risk being hedged.

Financial liabilities are derecognised when the obligation to settle the liabilities has expired or has been settled.

(7) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Currently there are no assets or liabilities which are offset.

(8) *Derivative financial instruments and hedge accounting*

All derivative financial instruments are recognised at fair value on the date a derivative contract is entered into and subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the instrument is designated as a hedging instrument.

To avoid variations in the net profit resulting from changes in the fair value of derivative financial instruments, hedge accounting is applied where possible. This concerns the interest swaps and cross-currency interest rate swaps.

If hedge accounting is applied, the net profit or loss from both the derivative and the related hedged item are simultaneously recognised in income. Depending on the hedged item and the risk to be hedged, the Company uses fair value hedges and cash flow hedges. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealized gains or losses reported in the income statement.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedges

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. Gains or losses from re-measuring the derivative are also recognised in profit or loss. Accordingly, changes in the fair value of both the derivatives and the hedged item are simultaneously recognised in income or expense.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit and loss over the period to maturity.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. The amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction affects profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

(9) *Interest income and expense*

Interest income is recognised on a time-proportion basis using the effective interest method. When loans and receivables are impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues to amortise the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(10) *Critical accounting estimates and judgments*

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances

The Company reviews its loans to assess impairment at least on a yearly basis. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a loan.

(b) Fair value of derivatives

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques (level 2 of the IFRS 7 fair value hierarchy). These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Changes in assumptions about these factors could affect reported fair value of financial instruments.

(11) Financial risk management

The capital managed by the company is fixed until existing bonds need to be redeemed or new bonds are being issued. In view of the Group's long term capital requirements, the Group established a Debt Issuance Programme with a volume of up to EUR 5 billion. The Company is a possible issuer under the programme which offers the Company the possibility to issue bonds in customized tranches up to a stipulated total amount and enables it to react flexibly to changing market conditions.

The risk of default on loans granted to Deutsche Post DHL group companies is limited due to the financing support which, where circumstances require it, is expected to be expressed by Deutsche Post AG to these group companies to support them in their ability to repay their liabilities towards the Company.

The equity of Deutsche Post Finance B.V. is not part of the managed capital of the Company and only reflects the profits and losses resulting from the core activities of the Company.

The principal activity of the Company consists of raising capital in order to lend funds to Deutsche Post DHL group companies. These activities result in financial risks that may arise from changes in exchange rates and interest rates. Both risks are hedged according to the Group's guidelines by the Group's Central Treasury.

Internal guidelines govern the universe of actions, responsibilities and controls necessary for using derivatives. Suitable risk management software is used to record, assess and process hedging transactions. It is also used to regularly assess the effectiveness of the hedging relationships. The Group only enters into hedging transactions with prime-rated banks. Each bank is assigned a counterparty limit, the use of which is regularly monitored.

The Group's Board of Management receives regular internal information on the existing financial risks and the hedging instruments deployed to limit them.

The fair values of the derivatives used may be subject to substantial fluctuations depending on changes in exchange rates and interest rates. These fluctuations in fair value are not to be viewed in isolation from the underlying transactions that are hedged. Derivatives and hedged transactions form a unity with regard to their offsetting value development.

Interest rate risk and interest rate management

Interest rate risk arises from changes in market interest rates for financial assets and financial liabilities. To quantify the risk profile, according to the Group's guidelines, all interest-bearing receivables and liabilities are recorded, interest rate analyses are regularly prepared, and the potential effects on the net interest income are examined.

The Group uses interest rate derivatives, such as interest rate swaps, to reduce financing costs and optimally manage and limit interest rate risks by adjusting the ratio of fixed to variable interest agreements.

At 31 December 2014 fixed rate bonds with a total notional volume of EUR1.250 million were outstanding, maturing in 2017 and 2022. The bonds are used to finance a fixed rate USD 943 million loan to a Deutsche Post DHL group company in the US and to grant floating interest rate EUR loans to other Deutsche Post DHL group companies. The related interest rate and or foreign currency risks have been fully hedged using cross-currency and interest rate swaps:

The proceeds of the EUR 750 million bonds maturing in 2017 have been used to grant a fixed rate USD 943 million loan to a Deutsche Post DHL group company in the US. The respective foreign currency and interest rate risk was hedged using a fixed to fixed cross-currency interest rate swap. Cash flow hedge accounting is applied for this instrument.

The EUR 500 million bonds maturing in 2022 have been transformed into a floating rate liability with a fixed to float receiver interest rate swap. For this interest rate swap fair value hedge accounting is applied. The EUR 500 million have been used to finance floating rate EUR loans to Deutsche Post DHL group companies maturing in 2022.

In 2004 The Company granted a long term fixed interest USD loan with a notional volume of USD 200 million. In order to hedge the associated foreign currency risk, the entity entered into a combination of interest rate swaps and cross currency interest rate swaps transforming the fixed USD receivable into a fixed Euro receivable (EUR 162 million). Cash flow hedge accounting was applied to the synthetical cross currency interest rate swap.

The loans were fully repaid at due date in January 2014 and the related derivatives expired.

A total of EUR 763 million of the bonds which matured in 2014 had been transformed into a floating rate liability with a fixed to float receiver interest rate swap. For this interest rate swap fair value hedge accounting was applied. The EUR 763 million have been used to finance floating rate EUR loans to Deutsche Post DHL group companies which were repaid in 2014. The bond was repaid in January 2014 at due date and the receiver swap expired.

IFRS 7 requires a company to disclose a sensitivity analysis, showing how profit and loss and equity are affected by hypothetical changes in interest rates at the reporting date. For the sensitivity analysis concerning the impact on profit and loss all primary variable rate financial instruments and the floating rate leg of the interest rate swaps have been taken into consideration.

If the market interest rates as at 31 December 2014 would have been 100 basis points higher, the net financial income would have increased by EUR 1.000 (2013: 8.000). A 100 basis points decrease leads to the opposite effect (net financial income decreases by EUR 1.000).

For the sensitivity analysis concerning the impact on equity, all cash flow hedges have been considered. The change in market value of the EUR/USD fixed to fixed cross-currency interest rate swaps (cash flow hedge accounting) is insignificant assuming that the USD and EUR interest rates both move in parallel into the same direction. In such a scenario the change in market values of both legs would approximately offset each other. Therefore the equity impact is zero (2013: no impact).

Foreign exchange risk

Currency risks for the Company arise exclusively from its USD lending activity to a Deutsche Post DHL group company in the US. According to the Group's risk management guidelines the recorded currency risks arising from financial transactions are hedged in full.

These risks are hedged using financial derivatives, such as currency forwards, swaps and cross-currency interest rate swaps.

The Company does not use derivative instruments for speculative purposes.

IFRS 7 requires a company to disclose a sensitivity analysis, showing how profit and loss and equity are affected by hypothetical changes in exchange rates at the reporting date. In this process, the hypothetical changes in exchange rates are analysed in relation to the portfolio of financial

instruments not denominated in the functional currency and being of monetary nature. It is assumed that the portfolio as at the reporting date is representative for the whole year.

The following assumptions are taken as a basis for the sensitivity analysis:

The company hedges the currency risk from primary monetary financial instruments with Deutsche Post AG using derivatives. Hypothetical changes in exchange rates affect the fair value of the derivatives recorded in profit and loss; they also affect the currency result from the measurement at closing date of the loans denominated in foreign currency. In specific, there is an exact offset of the foreign currency effects of the USD loan and the related derivative.

Therefore an appreciation of the Euro against USD would have had no effects on profit or loss.

In addition, hypothetical changes in exchange rates affect equity and the fair value of the cross-currency interest rate swap (bond 2017).

A 10 % appreciation of the Euro against USD would have increased the hedging reserve accounted for in equity by EUR 4,0 million (previous year: EUR 5,0 million). A devaluation of the Euro would have had the equal but opposite effect on equity.

Liquidity risk

The Group ensures a sufficient supply of cash for group companies at all times via a largely centralized liquidity management system. The Company is one of the most important financing entities within the Group. Therefore the Company issued bonds which are fully guaranteed by Deutsche Post AG.

The following picture shows the maturity structure of primary financial liabilities:

Maturity structure – undiscounted cash flows non-derivative financial instruments

31-12-2014						
EUR (million)	less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	more than 5 years
Bonds *	(29)	(29)	(779)	(15)	(15)	(544)
Loans payable	0	0	0	0	0	0
	(29)	(29)	(779)	(15)	(15)	(544)

* interests are included

31-12-2013

EUR (million)	less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	more than 5 years
Bonds *	(1.000)	(29)	(29)	(779)	(15)	(559)
Loans payable	(3)	0	0	0	0	0
	(1.003)	(29)	(29)	(779)	(15)	(559)

* interests are included

Derivative financial instruments entail both rights and obligations. The contractual agreement defines whether these rights and obligations can be offset against each other, thus leading to a net settlement, or whether both parties to the contract will have to fully fulfill their obligations (gross settlement). The maturity structure of payments under derivative financial instruments is as follows:

Maturity structure – undiscounted cash flows derivative financial instruments

31-12-2014

EUR (million)	less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	more than 5 years
Derivative assets						
Cash inflows	15	15	15	15	15	44
Cash outflows	(8)	(6)	(8)	(9)	(9)	(28)
Derivative liabilities						
Cash inflows	17	17	767	0	0	0
Cash outflows	(21)	(21)	(797)	0	0	0

31-12-2013

EUR (million)	less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	more than 5 years
Derivative assets						
Cash inflows	225	17	17	767	0	0
Cash outflows	(171)	(18)	(18)	(703)	0	0
Derivative liabilities						
Cash inflows	15	15	15	15	15	59
Cash outflows	(9)	(9)	(12)	(15)	(17)	(74)

Credit risk

In general the Company only grants intra Group loans. The risk of default on loans granted to Deutsche Post DHL group companies is limited due to the financing support which, where circumstances require it, will be expressed by Deutsche Post AG to these group companies to support them in their ability to repay their liabilities towards the Company.

All derivative assets are concluded with Deutsche Post AG.

(12) Long-term loans receivable

Movements during the financial year were as follows:

	2014	2013
	EUR	EUR
Opening balance at 1 January	1.185.326.459	2.130.702.928
New loans	178.411.290	24.000.000
Redemptions	(179.111.290)	(24.000.000)
Reclassified to short-term	0	(914.888.416)
Foreign currency translation differences	91.879.151	(30.488.053)
Balance at 31 December	1.276.505.610	1.185.326.459

Long-term loans receivable at year end amounted to the following balances:

	31-12-2014	31-12-2013
	EUR	EUR
Deutsche Post DHL group related parties	1.276.505.610	1.185.326.459
	1.276.505.610	1.185.326.459

The maturity of the long-term loans receivable is as follows:

	31-12-2014	31-12-2013
	EUR	EUR
2017	776.394.320	684.515.169
2022	500.111.290	500.811.290
	1.276.505.610	1.185.326.459

In June 2012, a USD-loan was granted to DPWN Holdings (USA) Inc., for an amount of USD 943.125.000 and an interest rate of 2,647 %. The loan matures in 2017.

In October 2012, new loans for an amount totalling EUR 500.811.290 were granted to other Deutsche Post DHL group related parties. All loans mature in 2022.

None of the long-term loans receivables have matured or are past due.

None of the long-term loans receivables are impaired.

The nominal interest rates at the balance sheet date were as follows:

	31-12-2014	31-12-2013
EUR	1,67 %	1,90 %
USD	2,65 %	2,65 %

The carrying amounts and fair value of the long-term loan receivables at year end were:

Carrying amounts		Fair values	
31-12-2014	31-12-2013	31-12-2014	31-12-2013
EUR	EUR	EUR	EUR
1.276.505.610	1.185.326.459	1.356.117.401	1.257.948.924

The fair values are based on cash flows discounted using a rate based on the current market rate.

The carrying amounts of the company's long-term loans receivables at year end were denominated in the following currencies:

	31-12-2014	31-12-2013
	EUR	EUR
EUR	500.111.290	500.811.290
USD	776.394.320	684.515.169
	1.276.505.610	1.185.326.459

The company has the following fixed rate/floating rate long-term loans:

	31-12-2014	31-12-2013
	EUR	EUR
Floating rate loans	500.111.290	500.811.290
Fixed rate loans	776.394.320	684.515.169
	1.276.505.610	1.185.326.459

(13) Derivative financial instruments and hedging

Derivative financial instruments

The following table provides an overview of the derivatives applied by the Company:

Fair values	31-12-2014	31-12-2013
	EUR	EUR
Interest rate swaps (negative value)	0	(1.386.542)
Interest rate swaps (positive value)	48.898.354	41.167.970
Cross-currency interest rate swaps (negative value)	(15.265.482)	0
Cross-currency interest rate swaps (positive value)	0	82.431.270
Total FV of all derivative financial instruments	33.632.872	122.212.698

The positive market value of the interest rate swaps is included in the non-current assets.

The negative market value of the cross-currency interest rate swap is included in the long term liabilities.

The fair value of the interest rate and foreign currency hedging instruments was calculated on the basis of discounted expected future cash flows, using a discounted cash flow model using observable market input.

Notional amounts:

	31-12-2014	31-12-2013
	EUR	EUR
Interest rate swaps	500.000.000	1.425.800.000
Cross-currency interest rate swaps	750.000.000	912.535.859

Fair value hedges

Interest rate swaps with a notional amount of EUR 925.800.000 were entered into to hedge the fair value risk of the fixed interest Euro-denominated bond which matured in 2014. 82,4 % of the notional amount of these fixed to floating interest rate swaps was accounted for as a fair value hedge. The floating interest rate swaps expired in January 2014. The positive fair value of these fixed to floating interest rate swaps as of 31 December 2013 amounted to EUR 33.922.407.

An interest rate swap with a volume of EUR 500.000.000 was concluded in 2012 to hedge the fair value risk of the nominal amount of the fixed interest Euro-denominated bond maturing in 2022. The positive fair value of this fixed to floating interest rate swap amounts to 48.898.353 [2013: negative fair value of EUR -1.386.542].

Cash flow hedges

Cash flow hedges are entered into to hedge the interest and currency cash flow risk on bonds/loans resulting from foreign currency and interest changes.

Fixed interest foreign currency intra group loan receivables were transformed into fixed interest EUR loans using synthetical cross-currency interest rate swaps. For hedge accounting purposes the

cross-currency interest rate swaps with a notional amount of USD 200.000.000 had been aligned with 17,6% of the notional amount of the fixed to floating interest rate swaps. These cross-currency interest rate swaps hedged the currency risk, and expired in January 2014 together with the underlying loans [The fair value of these swaps as of 31 December 2013 amounted to EUR 21.432.644].

In 2012 the Company granted a long term USD denominated fixed interest loan (maturity 2017). In order to hedge the associated risks the Company entered into a fixed to fixed cross-currency interest rate swap changing the fixed USD 943.125.000 receivables of the loan into a fixed EUR 750.000.000 receivable and related interest receivable. The negative fair value of this cross-currency interest rate swap amounts to EUR -15.265.481 at balance sheet date [2013 : EUR 68.244.190].

(14) Short-term loans receivable

Movements during the financial year were as follows:

	2014	2013
	EUR	EUR
Opening balance at 1 January	908.423.090	0
New loans	0	0
Redemptions	(908.423.090)	0
Reclassified from long-term loans receivable	0	914.888.416
Foreign currency translation differences	0	(6.465.326)
Balance at 31 December	0	908.423.090

All of the short-term loans receivable have matured.
None of the short-term loans receivable are impaired.

Short-term loans receivable at year end amounted to the following balances:

	31-12-2014	31-12-2013
	EUR	EUR
Deutsche Post DHL group companies	0	908.423.090
	0	908.423.090

The nominal interest rates at the balance sheet date for the short-term loans were as follows:

	31-12-2014	31-12-2013
EUR	-	0,99 %
USD	-	5,29 % - 5,55 %

The carrying amounts and fair value of the short-term loan receivables at year end were:

Carrying amounts		Fair values	
31-12-2014	31-12-2013	31-12-2014	31-12-2013
EUR	EUR	EUR	EUR
0	908.423.090	0	908.423.090

Fair values of short-term loan receivables are considered to approximate their carrying amounts since they have a maturity less than one year and are floating interest receiving loans.

The carrying amounts of the Company's short-term loans receivables at year end were denominated in the following currencies:

	31-12-2014	31-12-2013
	EUR	EUR
EUR	0	763.264.1411
USD	0	45.158.949
	0	908.423.090

(15) Short-term receivables from affiliated companies

Short-term receivables represent interest receivables.

	31-12-2014	31-12-2013
	EUR	EUR
Interest receivable from Deutsche Post DHL group companies	9.935.049	14.749.835

(16) Cash pool receivables

Short-term receivables represent cash pool balances from Deutsche Post AG.

	31-12-2014	31-12-2013
	EUR	EUR
Cash pool receivables – Deutsche Post AG	9.463.916	9.338.240

(17) Shareholders' equity

Share capital

The authorized share capital of the Company as at 31 December 2014 amounts to EUR 90.000 and consists of 180 ordinary shares each of EUR 500. The issued share capital amounts to EUR 18.500 and consists of 37 ordinary shares with a nominal value of EUR 500 each, which is fully paid.

Capital reserve

On 23 May 2002 the shareholder paid a capital contribution amounting to EUR 2.925.697. On the same date the shareholder approved offsetting the negative retained earnings as at 31 December 2001, amounting to EUR 925.697, against the capital reserve.

Hedge reserve

Net gains or losses from changes in the fair value of the effective portion of the interest rate part of a cash flow hedge are taken directly to the hedge reserve. The hedge reserve is released to income when the hedged item is settled. The ineffective portion of the cash flow hedges is excluded from the hedge reserve and recognised in profit and loss for the year.

	31-12-2014	31-12-2013
	EUR	EUR
Opening balance at 1 January	3.452.183	6.475.846
Additions	6.718.342	0
Releases	0	(5.146.668)
Recognition in income statement	2.884.287	2.123.005
Balance at 31 December	13.054.812	3.452.183

The cash flow hedge reserve as per 31 December 2014 amounting to EUR 13.054.812 is considered a legal reserve and not freely distributable.

(18) Bonds – long-term and short-term

On 30 October 2003, the Company issued EUR 1.000.000.000, 4,875 % bonds of 2003/2014 with an issue price of 99,99 %. This bond was repaid in January 2014.

During August and September 2004 Deutsche Post AG, the ultimate shareholder of the Company, purchased bonds of the Company in the open market. With value date 29 September 2004 these bonds were sold by Deutsche Post AG to the Company, who in turn with the same value date surrendered them to Clearstream Banking AG, Frankfurt am Main for cancellation.

On 25 June, 2012 the Company issued EUR 750.000.000, 1,875% bonds of 2012/2017 with an issue price of 99,467% (Bond 2017) and EUR 500.000.000, 2,95% bonds of 2012/2022 with an issue price of 99,471% (Bond 2022).

The bonds issued by the Company are fully guaranteed by Deutsche Post AG.

Nominal amounts:

Bonds	31-12-2014	31-12-2013
	EUR	EUR
Bond 2014	0	925.800.000
Bond 2017	750.000.000	750.000.000
Bond 2022	500.000.000	500.000.000
	1.250.000.000	2.175.800.000

	31-12-2014	31-12-2013
	EUR	EUR
The maturity of the bonds as reported at year end is:		
< 1 year, nominal value	0	925.800.000
1 – 5 years, nominal value	750.000.000	750.000.000
> 5 years, nominal value	500.000.000	500.000.000
	1.250.000.000	2.175.800.000

The carrying amounts of the amortised costs of the bonds (before the fair value adjustments relating to hedging) are as follows:

Bonds	31-12-2014	31-12-2013
	EUR	EUR
Bond 2014	0	925.766.829
Bond 2017	746.752.184	745.497.784
Bond 2022	496.401.267	495.980.064
	<u>1.243.153.451</u>	<u>2.167.244.677</u>

The carrying amounts of the bonds (after fair value adjustment relating to hedging) are as follows:

Bonds	31-12-2014	31-12-2013
	EUR	EUR
Bond 2014	0	928.331.872
Bond 2017	746.752.184	745.497.784
Bond 2022	538.727.598	487.147.588
	<u>1.285.479.782</u>	<u>2.160.977.244</u>

The fair values of the bonds are as follows:

Bonds	31-12-2014	31-12-2013
	EUR	EUR
Bond 2014	0	928.521.852
Bond 2017	780.352.500	767.347.500
Bond 2022	574.665.000	516.000.000
	<u>1.355.017.500</u>	<u>2.211.869.352</u>

The effective interest rates, taking into account the effect of interest rate swaps were as follows:

Bond	31-12-2014	31-12-2013
Bond 2014	-	0,9074%
Bond 2017	2,0613%	2,0613%
Bond 2022	1,5107%	1,7304%

(19) Short-term loans payable

	31-12-2014	31-12-2013
	EUR	EUR
Deutsche Post AG	0	3.313.000

The fair value of short-term loans payable is considered to approximate their carrying amounts since they have a maturity of less than one year. The short-term loan payable was repaid in 2014.

(20) Accrued interest

	31-12-2014	31-12-2013
	EUR	EUR
Accrued interest payable to bondholders	14.761.473	56.187.127

(21) Other current liabilities and accruals

The breakdown of accruals and deferred income is as follows:

	31-12-2014	31-12-2013
	EUR	EUR
Other accruals	11.857	15.064
Received upfront fee bonds	0	970
	11.857	16.034

The Company received an upfront compensation payment for the discount on the bond issued in 2003 from Deutsche Post AG. This compensation has been recorded in deferred income and is recognised on the effective interest rate method of amortisation.

All balances stated above fall due within 1 year.

(22) Interest income

The interest income arises from settled and unsettled balances with related parties, which the Company shows as receivables. The interest income from affiliated companies can be specified as follows:

	2014	2013
	EUR	EUR
Interest income on loans to Deutsche Post DHL group companies	30.240.163	44.391.757
Interest expenses from cross-currency swaps (Deutsche Post AG)	(3.422.378)	(8.670.181)
	26.817.785	35.721.576

(23) Interest expenses

Interest expenses due on bonds can be specified as follows:

	2014	2013
	EUR	EUR
Interest expenses (fixed) Bond 2014	(3.709.541)	(45.122.615)
Interest expenses (fixed) Bond 2017	(14.060.657)	(14.062.500)
Interest expenses (fixed) Bond 2022	(14.749.399)	(14.750.000)
Interest income from interest rate swaps related to Bond 2014	3.064.954	36.872.850
Interest income from interest rate swaps related to Bond 2022	6.805.083	6.880.458
Amortisation of the bond discount and issue costs and release of upfront compensation payment (deferred income)	(1.691.905)	(2.063.351)
Guarantee provision	(1.288.047)	(1.712.796)
Interest expenses DPAG loan	(13.615)	(165.613)
	(25.643.127)	(34.123.567)

(24) Other gains and losses

	2014	2013
	EUR	EUR
Gain/(losses) from fair valuation of interest rate swaps	48.618.074	(49.155.476)
Gain/(losses) from foreign exchange differences	91.879.151	(37.009.742)
(Losses)/gain from hedge ineffectiveness	(901.553)	569.810
(Losses)/gain from fair valuation of cross-currency interest rate swaps	(91.879.151)	37.009.742
(Losses)/gain from valuation of bonds (interest related)	(48.618.074)	49.155.476
	(901.553)	569.810

The gains and losses from foreign exchange differences result from the translation of loans denominated in foreign currencies.

(25) Other operating expenses

	2014	2013
	EUR	EUR
Legal, consulting and audit fees	(54.673)	(65.280)
Other administrative expenses	(107.396)	(95.205)
	(162.069)	(160.485)

For the independent auditor's fees refer to note 33.

(26) Income tax expense

The Company is part of the fiscal unity formed with Deutsche Post International B.V. and its affiliated companies in the Netherlands. Current and deferred income tax assets and liabilities of the Company have been included and recognised in the accounts of Deutsche Post International B.V. as head of the fiscal unity.

(27) Additional disclosure on the financial instruments

Deutsche Post Finance B.V. classifies financial instruments in relation to the respective balance sheet accounts. The following table reconciles the balance sheet accounts to the categories used by the Company.

Reconciliation of carrying amounts in the balance sheet as at 31 December 2014

31-12-2014				
EUR				
	Carrying amount	Loans and receivables	Other liabilities	Derivatives designated as hedging instrument
Assets				
Non-current assets	1.325.403.964	1.276.505.610	0	48.898.354
Long-term loans receivable				
<i>At amortised cost</i>	1.276.505.610	1.276.505.610	0	0
Non-current derivatives positive FV				
<i>At fair value</i>	48.898.354	0	0	48.898.354
Current assets	19.423.896	19.423.896	0	0
Short-term loans receivables				
<i>At amortised cost</i>	0	0	0	0
Short-term receivables from affiliated companies				
<i>At amortised cost</i>	9.935.049	9.935.049	0	0
Cash Pool receivables				
<i>At amortised cost</i>	9.463.916	9.463.916	0	0
Other receivables				
<i>At amortised cost</i>	24.931	24.931	0	0
Current derivatives positive FV				
<i>At fair value</i>	0	0	0	0
Total assets	1.344.827.860	1.295.929.506	0	48.898.354

31-12-2014

EUR

	Carrying amount	Loans and receivables	Other liabilities	Derivatives designated as hedging instrument
Liabilities				
Long-term liabilities	(1.300.745.264)	0	(1.285.479.782)	(15.265.482)
Bonds long-term				
<i>At amortised cost</i>	(1.285.479.782)	0	(1.285.479.782)	0
Non-current derivatives negative FV				
<i>At fair value</i>	(15.265.482)	0	0	(15.265.482)
Short-term liabilities	(14.773.330)	0	(14.773.330)	0
Bonds short-term				
<i>At amortised cost</i>	0	0	0	0
Accrued interest				
<i>At amortised cost</i>	(14.761.473)	0	(14.761.473)	0
Other current liabilities and accruals				
<i>At amortised cost</i>	(11.857)	0	(11.857)	0
Short-term payables				
<i>At amortised cost</i>	0	0	0	0
Total liabilities	(1.315.518.594)	0	(1.300.253.112)	(15.265.482)

Reconciliation of carrying amounts in the balance sheet as at 31 December 2013

31-12-2013				
EUR				
	Carrying amount	Loans and receivables	Other liabilities	Derivatives designated as hedging instrument
Assets				
Non-current assets	1.253.570.649	1.185.326.459	0	68.244.190
Long-term loans receivable				
<i>At amortised cost</i>	1.185.326.459	1.185.326.459	0	0
Non-current derivatives positive FV				
<i>At fair value</i>	68.244.190	0	0	68.244.190
Current assets	987.904.898	932.549.848	0	55.355.050
Short-term loans receivables				
<i>At amortised cost</i>	908.423.090	908.423.090	0	0
Short-term receivables from affiliated companies				
<i>At amortised cost</i>	14.749.835	14.749.835	0	0
Cash Pool receivables				
<i>At amortised cost</i>	9.338.240	9.338.240	0	0
Other receivables				
<i>At amortised cost</i>	38.683	38.683	0	0
Current derivatives positive FV				
<i>At fair value</i>	55.355.050	0	0	55.355.050
Total assets	2.241.475.548	2.117.876.307	0	123.599.241

31-12-2013

EUR	Carrying amount	Loans and receivables	Other liabilities	Derivatives designated as hedging instrument
Liabilities				
Long-term liabilities	(1.234.031.914)	0	(1.232.645.372)	(1.386.542)
Bonds long-term				
<i>At amortised cost</i>	(1.232.645.372)	0	(1.232.645.372)	0
Non-current derivatives negative FV				
<i>At fair value</i>	(1.386.542)	0	0	(1.386.542)
Short-term liabilities	(987.848.033)	0	(987.848.033)	0
Bonds short-term				
<i>At amortised cost</i>	(928.331.872)	0	(928.331.872)	0
Accrued interest				
<i>At amortised cost</i>	(56.187.127)	0	(56.187.127)	0
Other current liabilities and accruals				
<i>At amortised cost</i>	(16.034)	0	(16.034)	0
Short-term payables				
<i>At amortised cost</i>	(3.313.000)	0	(3.313.000)	0
Total liabilities	(2.221.879.947)	0	(2.220.493.405)	(1.386.542)

If there is an active market for a financial instrument (e.g., stock exchange), the fair value is determined by reference to the market or quoted exchange price at the balance sheet date. If no fair value is available in an active market, the quoted prices in an active market for similar instruments or recognised valuation techniques are used to determine the fair value. The valuation techniques used incorporate the key factors determining the fair value of the financial instruments using validation parameters that are derived from the market conditions as at the balance sheet date. Counterparty risk is analysed on the basis of the current credit default swaps signed by the counterparties.

The following table presents the classes of financial instruments recognised at fair value and those financial instruments whose fair value is required to be disclosed; the financial instruments are presented by level in the fair value hierarchy to which they are assigned. The simplification option under IFRS 7.29a was exercised for short-term receivables from affiliated companies; cash pool receivables, other receivables, short-term loans payable, accrued interest and other current liabilities and accruals with predominantly short maturities. Their carrying amounts as at the reporting date approximately equivalent to their fair values.

Financial assets and liabilities: 2014

EUR				
	Level 1	Level 2	Level 3	Total
Non-current assets	0	1.405.015.755	0	1.405.015.755
Current assets	0	19.423.896	0	19.423.896
Total assets	0	1.424.439.651	0	1.424.439.651

EUR				
	Level 1	Level 2	Level 3	Total
Long-term liabilities	(1.355.017.500)	(15.265.482)	0	(1.370.282.982)
Short-term liabilities	0	(14.773.330)	0	(14.773.330)
Total liabilities	(1.355.017.500)	(30.038.812)	0	(1.385.056.312)

Level 1: quoted market prices

Level 2: measurement using key inputs based on observable market data

Level 3: measurement using key inputs not based on observable market data

Financial assets and liabilities: 2013

EUR				
	Level 1	Level 2	Level 3	Total
Non-current assets	0	1.326.193.114	0	1.326.193.114
Current assets	0	987.904.899	0	987.904.899
Total assets	0	2.314.098.013	0	2.314.098.013

EUR				
	Level 1	Level 2	Level 3	Total
Long-term liabilities	(1.283.347.500)	(1.386.542)	0	(1.284.734.042)
Short-term liabilities	(928.521.852)	(59.516.161)	0	(988.038.013)
Total liabilities	(2.211.869.352)	(60.902.703)	0	(2.272.772.055)

Level 1: quoted market prices

Level 2: measurement using key inputs based on observable market data

Level 3: measurement using key inputs not based on observable market data

Level 2 includes interest rate and currency derivatives. The fair values of these derivatives are measured on the basis of discounted expected future cash flows, taking into account forward rates for currencies and interest rates. For this purpose, price quotations observable on the market are imported from information platforms customary in the market into the treasury management system. The price quotations reflect actual transactions involving similar instruments on an active market.

No financial instruments were transferred between levels in financial year 2014 and the previous year.

Financial assets and liabilities are set off on the basis of netting agreements (master netting agreements) only if an enforceable right of set-off exists and settlement on a net basis is intended as at the reporting date. If the right of set-off is not enforceable in a normal course of business and the master netting arrangements creates a conditional right of set-off that can only be enforced by taking legal action, the financial assets and liabilities must be recognised in the balance sheet at their gross amounts as at the reporting date.

To hedge cash flow and fair value risks, the Company enters into financial derivative transactions with Deutsche Post AG. There are no netting agreements for these contracts. Therefore all derivatives are recognised at their gross amount in the financial statements.

(28) Cash flows

The principal activity of the Company consists of raising capital in order to lend funds to Deutsche Post DHL group companies. Therefore all activities, relating to interest received and paid are classified as operating activities. All transactions and balances of the Company within the in-house bank of the Group are classified as changes in working capital (changes in receivables and payables).

The Company has not received or paid any dividends during 2014.

(29) Related party transactions

Deutsche Post Finance B.V. is involved in various related party transactions. For more details, we refer to these Financial Statements.

(30) Employees

The Company has no employees. Employees of the Deutsche Post European Financial Shared Services in Maastricht and the Treasury Center in Bonn perform the administrative activities.

(31) Director's remuneration

The Management Board of the Company currently consists of two members:

- Mr. Roland W. Buss
- Mr. Timo L.F. van Druten.

The members of the Management Board do not receive any remuneration from the Company.

(32) Commitments and rights not included in the balance sheet

The Company is part of the fiscal unity headed by Deutsche Post International B.V. As a consequence the Company is liable for all corporate income tax liabilities of the fiscal unity.

The tax position of the Company is accounted for and included in the consolidated tax position of the head of the fiscal unity, Deutsche Post International B.V. In line with Group policy the income tax expenses are not being charged to the Company, but remain with head of the fiscal unity.

(33) Independent auditor's fees

The following fees for services rendered by the independent auditor of the Company's Financial Statements, PricewaterhouseCoopers Accountants N.V. are relating to the financial year 2014:

	2014	2013
	EUR	EUR
Audit of the financial statements	38.700	40.450
Other audit services	15.000	14.750
Tax services	0	0
Other non-audit services	0	0
	53.700	55.200


(34) Responsibility Statement

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


Signatures:

Maastricht, 28 April 2015

The Management Board:



 Roland W. Buss



 Timo L.F. van Druten

3 Other information

3.1 Appropriation of net income

In respect of the appropriation of the net income, the following is stipulated in § 14 of the articles of association:

In the general meeting the shareholder shall decide, whether the profit achieved during the fiscal year will be completely or partly distributed, or whether it shall be transferred to the reserves.

1. Distributions can only be made if the equity exceeds the paid-in and called-up part of the capital plus legal reserves.
2. Dividends are distributed within one month after adoption of the annual Financial Statements. The general meeting can decide that the dividend is completely or partly distributed in another form than cash.
3. Either the general meeting or the management can – by taking into consideration the stipulations of § 2 – effect distributions from the profit and/or the reserves.

3.2 Proposal for the appropriation of net result 2014

	2014
	<hr/> EUR
Profit for the year	<hr/> 111.036 <hr/>

The Management Board proposes to transfer the profit for the year 2014 to retained earnings.

3.3 Post balance sheet events

No post balance sheet events have occurred.



Independent auditor's report

To: the general meeting of Deutsche Post Finance B.V.

Report on the financial statements 2014

Our opinion

In our opinion the financial statements give a true and fair view of the financial position of Deutsche Post Finance B.V. as at 31 December 2014 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2014 of Deutsche Post Finance B.V., seated in Maastricht, The Netherlands ('the company'). The financial statements comprise:

- the balance sheet as at 31 December 2014;
- the following statements for 2014: the statements of comprehensive income and changes in shareholders' equity and the cash flow statement; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Deutsche Post Finance B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ref.: e0352473

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Our audit approach

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the management board that may represent a risk of material misstatement due to fraud.

The main purpose of the company is the financing of companies belonging to the Deutsche Post DHL group. The company is financing these loans through bond offerings on the international capital markets. The repayment of these bonds to the investors is guaranteed by Deutsche Post AG as disclosed in note 18 to the financial statements. Loans are issued to group companies with financial instruments in place to mitigate both the interest rate risk as well as the currency risk.

Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 6.700.000 (2013: EUR 11.200.000). The general benchmark is 1,0% of total assets, based on our professional judgement we have used 0.5% of total assets, to ensure that all relevant balance sheet and income statement items are in scope. We use total assets given the company's main activity is intra-group lending. The company facilitates the Deutsche Post DHL group companies in their financing activities for which it receives a margin. The materiality has decreased compared to 2013 due to the decrease of total assets as a result of the repayment of a bond in 2014.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the management board that we would report to them misstatements identified during our audit above EUR 100.000 (2013: EUR 100.000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

The company is financing companies belonging to the Deutsche Post DHL group. As part of our testing procedures we tested the existence of the loans by reconciling the intercompany loans with the values stated by the counterparties via the consolidation tool of the Deutsche Post DHL group. We make use of the work of the auditor of the Deutsche Post DHL group, which is PwC Germany, in testing the consolidation tool. In addition to this reconciliation process, we performed on a sample basis additional testing on these confirmations by contacting management of local group companies directly to confirm the outstanding intercompany loan.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the management board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the matter

Valuation of the loans issued

We consider the valuation of the loans issued, as disclosed in note 12 to the financial statements of EUR 1.276.505.610, as a key audit matter. This is due to the size of the loan portfolio and given that an impairment may have a material effect on the income statement. Loans are initially recognized at its fair value and subsequently measured at amortized cost using the effective interest method. Management did not identify any impairment triggers regarding the loans issued to Deutsche Post DHL group companies.

We have performed detailed audit work addressing the existence and valuation of the loans issued to Deutsche Post DHL group companies, through reconciliation with loan contracts, intercompany reconciliation procedures, confirmation procedures, analysis of the financial situation of the group companies to which loans have been provided, and assessed whether there were any impairments triggers. We have involved internal valuation specialists in our substantive audit procedures of the disclosed fair values of the loans issued. We concur with the position taken by the management as set out in the financial statements with respect to the valuation of the loans.

Derivative valuation

We consider the fair value of the derivatives portfolio as disclosed in note 13 to the financial statements of EUR 33.632.872 and used in its hedge effectiveness testing as a key audit matter. This is due to the nature of the portfolio that includes longer dated interest rate swaps and cross currency interest rate swaps. The markets for these swaps are not always fully liquid. In addition, the recent market developments including the volatility of the currency basis spread further increases the subjectivity of the valuation of these instruments as well as the number of input factors to be taken into account in their valuation.

We have tested the valuation of derivatives as well as the valuation of hedged items in hedge accounting relations by means of substantive audit procedures on all contracts. By comparing our own independent estimates of the values of the derivatives with those made by management, we have implicitly assessed the interest rate curves and other market data, assessed whether the settings used in the valuation system and the models used are in line with market practice and assessed whether the models used are mathematically accurate. We concur with the valuation of derivatives as well as the valuation of hedged items in hedge accounting relations as determined by management.

Key audit matter
Derivative accounting (incl. application of hedge accounting)

We consider the accounting for derivatives as a key audit matter. Refer to note 13. This is due to the detailed formal and technical requirements that are applicable to the application of hedge accounting and that inappropriate application of these requirements can lead to a material effect on the statement of comprehensive income.

How our audit addressed the matter

We have tested whether hedge documentation and hedge effectiveness testing meet the requirements of IAS 39 *Financial Instruments* and whether the hedge effectiveness test is mathematically correct. We have reconciled the outcome of the effectiveness testing for the derivative to the financial statements and verified that the outcome of hedge accounting is appropriately included and disclosed in the financial statements.

Responsibilities of the management board

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all errors and frauds.

A more detailed description of our responsibilities is set out in the appendix to our report.



Report on other legal and regulatory requirements

Our report on the management report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management report and other information):

- We have no deficiencies to report as a result of our examination whether the management report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the management report, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors of Deutsche Post Finance B.V. on 25 April 2014 by the management board following the passing of a resolution by the shareholders at the annual meeting held on 25 April 2014. Our appointment was renewed annually by shareholders representing a total period of uninterrupted engagement appointment of twelve years.

Maastricht, 28 April 2015
PricewaterhouseCoopers Accountants N.V.

Original has been signed by:
R.W.J.M. Dohmen RA
partner

Appendix to our auditor's report on the financial statements 2014 of Deutsche Post Finance B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concluding on the appropriateness of the management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the management board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.