

Deutsche Post Finance B.V.

Annual Report 2015



PricewaterhouseCoopers
Accountants N.V.
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1. Management Report

1.1 Introduction

This report includes the 2015 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

Growth in the global economy saw a slowdown in 2015. Whereas the economic recovery picked up slightly in the industrial countries, growth in the emerging markets declined. One of the main contributors to the downturn, was the severe recessions in a number of major threshold economies resulting from falling commodities prices and international conflicts.

The euro zone economy strengthened during the reporting year. Although the individual countries reported great variations in GDP growth, all except Greece reported positive growth rates.

The European Central Bank massively expanded its bond buying programme for covered bonds and asset backed bonds during the reporting period.

This policy resulted in a sharp drop in European capital markets interest rates. Yields on ten-year German government bonds reached a historic low in April and were at 0,63% at the end of the year (previous year: 0,54%).

Although the risk premiums for corporate bonds with good ratings increased notably, they remained at a moderate level on a long-term comparison.

The Company did not perform any activities on the capital markets in 2015. There also were no bond redemptions in the reporting period.

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 for 2015 amounts to a gain of EUR 1.021.810. Excluding the net gain from hedge ineffectiveness, totalling EUR 40.971, the 2015 minimum margin result amounts to a gain of EUR 980.839 (EUR 1.012.589 in 2014) and is in line with the management's expectations. The increase in balance sheet total is affected by the change in the USD exchange rate and the related use of derivatives.

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.

The Company's attitude towards risk is an averse one. Hence hedges are put in place in order to avoid interest and currency risks.

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 ceased to have effect on 1 January 2016.

The Company does not meet these standards per 31 December 2015 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 2015.

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 2016 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 2015 in May 2016. 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 liquidity situation remains sound in the short and medium term.

For further information on the Group's expected financial position in 2016 it is referred to the Deutsche Post DHL Group Annual Report 2015. The Company together with Deutsche Post AG updated their Debt Issuance Programme in March 2016.

Deutsche Post AG as well as the Company enjoy open access to the capital markets on account of their good ratings within the transport and logistics sector. Hence the Group is well positioned to secure its long-term capital requirements.

The management of the Company is not aware of any plans to raise funds from the capital markets in 2016.

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.

1.7 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.

Maastricht, 25 April 2016

The Management Board:

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Roland W. Buss

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Timo L.F. van Druten

2. Financial Statements

2.1 Balance sheet

Amounts in EUR	Note	31 December 2015	31 December 2014
Non-current assets			
Long-term loans receivable from affiliates	(12)	1.366.516.140	1.276.505.610
Non-current derivatives positive FV	(13)	44.498.749	48.898.354
		1.411.014.889	1.325.403.964
Current assets			
Short-term receivables from affiliated companies	(14)	11.778.315	9.935.049
Cash pool receivables	(15)	12.171.547	9.463.916
Other receivables		11.122	24.931
		23.960.984	19.423.896
		1.434.975.873	1.344.827.860
Shareholders' equity	(16)		
Share capital		18.500	18.500
Capital reserve		2.000.000	2.000.000
Hedge reserve		11.078.885	13.054.812
Retained earnings		15.257.764	14.235.954
		28.355.149	29.309.266
Long-term liabilities			
Bonds long-term	(17)	1.282.784.612	1.285.479.782
Non-current derivatives negative FV	(13)	108.463.859	15.265.482
		1.391.248.471	1.300.745.264
Short-term liabilities			
Accrued interest	(18)	15.359.802	14.761.473
Other current liabilities and accruals	(19)	12.451	11.857
		15.372.253	14.773.330
		1.434.975.873	1.344.827.860

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

2.2 Statement of comprehensive income

Amounts in EUR	Note	2015	2014
Interest income	(20)	24.827.277	26.817.785
Interest expenses	(21)	(23.747.298)	(25.643.127)
Other gains and losses	(22)	40.971	(901.553)
Other operating expenses	(23)	(99.140)	(162.069)
Profit before taxes		1.021.810	111.036
Income tax expense	(24)	0	0
Profit for the year		1.021.810	111.036
Items that may be subsequently reclassified to profit or loss			
Changes in hedge reserve	(16)	(1.975.927)	9.602.629
Total Comprehensive (loss)/income		(954.117)	9.713.665

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 2014	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
<i>Movements 2015</i>					
Value changes of derivatives	(1.975.927)	0	0	(1.975.927)	0
Net result 2015	1.021.810	0	0	0	1.021.810
Balance at 31 December 2015	28.355.149	18.500	2.000.000	11.078.885	15.257.764

Notes to the Shareholders' Equity are included in note 16.

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

2.4 Cash flow statement

Amounts in EUR	2015	2014
Cash inflow		
Repayment of loans	0	1.087.534.381
Interest inflow	62.350.686	113.022.442
Net Inflow from maturing foreign exchange derivatives	0	17.376.909
Total cash inflow	62.350.686	1.217.933.732
Cash outflow		
Redemption of maturing bonds	0	(925.800.000)
New allocation of loans	0	(178.411.290)
Repayment of loans	0	(3.313.000)
Interest outflow	(59.558.317)	(110.125.298)
Other outflows (SLA, rating fee, etc.)	(84.738)	(158.468)
Increase of cash pool balance	(2.707.631)	(125.676)
Total cash outflow	(62.350.686)	(1.217.933.732)
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	2015	2014
Opening balance at 1 January	9.463.916	9.338.240
Increase of cash pool balance	2.707.631	125.676
Closing balance at 31 December (note 15)	12.171.547	9.463.916

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. The Company together with Deutsche Post AG has a EUR 5 billion Debt Issuance programme in place. In 2016 the Debt Issuance Programme has been increased from EUR 5 billion to EUR 8 billion.

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 25 April 2016.

(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 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

The following Standards, changes to Standards and Interpretations are required to be applied on or after 1 January 2015:

	Required to be applied for financial years beginning on or after	Significance
IFRIC 21 Levies (Issue date 20 May 2013)	17 June 2014	Irrelevant
Annual Improvements to IFRS 2011 – 2013 Cycle (Issue date: 12 December 2013)	1 January 2015	Irrelevant

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
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	Relates to IFRSs 2, 3, 8, 13, 16, 24, 37, 38 and 39. Will not have a significant impact on the financial statements
Amendments to IAS 16 and IAS 38 Property, Plant and Equipment/Intangible Assets Clarification of acceptable Methods of Depreciation and Amortisation (Issue date: 12 May 2014)	1 January 2016	Irrelevant
Amendments to IFRS 11 Joint Arrangements – Acquisition of Interests in Joint Operations (Issue date: 6 May 2014)	1 January 2016	Irrelevant
Annual Improvements to IFRS 2012 – 2014 Cycle (Issue date: 25 September 2014)	1 January 2016	Relates to IFRSs 5, 7, 19 and 34. Will not have a significant impact on the financial statements
Amendments to IAS 1 Presentation of Financial Statements Disclosure Initiative (Issue date: 18 December 2014)	1 January 2016	No significant impact
Amendment to IAS 27 Equity Method in Separate Financial Statements (Issue date: 12 August 2014)	1 January 2016	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 2015 and in previous years whose application is not yet mandatory for financial year 2015. 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 2018	Irrelevant
IFRS 16 Leases (Issue date: 13 January 2016)	1 January 2019	Irrelevant
Amendments to IAS 12 Income Taxes Recognition of Deferred Tax Assets for Unrealised Losses (Issue date: 16 January 2016)	1 January 2017	Currently irrelevant
Amendments to IAS 7 Statement of Cash Flows (Issue date: 29 January 2016)	1 January 2017	Irrelevant
IFRS 14 Regulatory Deferral Accounts	1 January 2016	Irrelevant
Amendments to IFRS 10 and IAS 28 Sale or Contributions of Assets between an Investor and its Associate/Joint Venture (Issue date: 30 January 2014)	1 January 2016	Irrelevant
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying Consolidation Exception (Issue date: 18 December 2014)	1 January 2016	Irrelevant

Amendment to IFRS 9 “Financial Instruments”: IFRS 9 was issued in 2009 as part of the project to replace IAS 39 and contains rules on the recognition and measurement of financial instruments, impairment of financial instruments and hedge accounting. IFRS 9 has a very similar scope to IAS 39. The standard introduces a new approach based on the financial assets contractual cash flow characteristics and the business model in which it is held that will see financial assets classified and measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

The existing IAS 39 categories of held-to maturity, loans and receivables and available for sale are removed. Financial assets are reclassified if and only if the objective of the business model in which they are held changes significantly.

Such changes are expected to be infrequent. No reclassifications of financial liabilities are allowed. Contrary to the change in the recognition of impairment losses, these reclassifications of financial instruments will not have an effect on the financial statements of the Company.

Under IFRS 9, it is no longer necessary for a loss event to have occurred before credit losses are recognized. Instead, the standard requires an entity to recognize a loss allowance for a financial asset measured at amortized cost based on expected credit losses. This means that there is generally a day one loss recognized in profit or loss when the financial asset is first recognized. This change will lead to an insignificant one-time effect.

IFRS 9 will also more closely align hedge accounting with an entities risk management activities. The three types of hedging relationship – cash flow hedges, fair value hedges and hedges of net investment in foreign operations – remain unchanged. The requirements in relation to documentation and designation are very similar to the requirements of IAS 39. It is still necessary to ensure that the hedging relationship is formally designated and documented, along with the entities risk management objective and strategy for undertaking the hedge and how the entity will assess the hedge effectiveness requirements.

IFRS 9 increases the number of eligible hedged items and hedging instruments. For example, risk components of non-financial items, net positions and aggregated exposures may now qualify as hedged items and non-derivative financial instruments.

A hedging relationship is discontinued when it ceases to meet the qualifying criteria. If the risk management objective for a particular hedge is unchanged, hedge accounting cannot be voluntarily discontinued.

Overall, these new hedge accounting requirements will not have an influence on the hedging strategy of the Company. Some further important changes can be relevant to future hedging strategies, e.g. the permission of the time value of options, the forward element of forward contracts and foreign currency basis spreads in financial instruments to be excluded from the hedging relationship as a cost of hedging.

Excluded costs are deferred in equity and recognized in profit or loss on a rational basis.

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 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 2015 and 2014 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 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 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 hedge accounting or cash flow hedge accounting. 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 and expense are 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 13 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 2015 fixed rate bonds with a total notional volume of EUR 1.250 million were outstanding, maturing in 2017 and 2022.

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.

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 2015 would have been 100 basis points higher, the net financial income would have increased by EUR 1.000 (2014: 1.000). 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 (2014: 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 3,1 million (previous year: EUR 4,0 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

31-12-2015						
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)	(779)	(15)	(15)	(15)	(530)
Loans payable	0	0	0	0	0	0
	(29)	(779)	(15)	(15)	(15)	(530)
* interests are included						
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						

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

31-12-2015						
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	30
Cash outflows	(6)	(6)	(7)	(9)	(11)	(19)
Derivative liabilities						
Cash inflows	17	767	0	0	0	0
Cash outflows	(23)	(889)	0	0	0	0
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

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, 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.

All derivative assets are concluded with Deutsche Post AG.

Cash pool balance receivables are subject to the credit risk of the head of the cash pool, which is Deutsche Post AG.

(12) Long-term loans receivable from affiliates

Movements during the financial year were as follows:

	2015	2014
	EUR	EUR
Opening balance at 1 January	1.276.505.610	1.185.326.459
New loans	0	178.411.290
Redemptions	0	(179.111.290)
Reclassified to short-term	0	0
Foreign currency translation differences	90.010.530	91.879.151
Balance at 31 December	1.366.516.140	1.276.505.610

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

	31-12-2015	31-12-2014
	EUR	EUR
Deutsche Post DHL group related parties	1.366.516.140	1.276.505.610
	1.366.516.140	1.276.505.610

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

	31-12-2015	31-12-2014
	EUR	EUR
2017	866.404.850	776.394.320
2022	500.111.290	500.111.290
	1.366.516.140	1.276.505.610

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.

Between October 2012 and December 2014 new loans for an amount totalling EUR 500.111.290 were granted to other Deutsche Post DHL group related parties. All these 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:

	31-12-2015	31-12-2014
EUR	1,46 %	1,67 %
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	
31-12-2015	31-12-2014	31-12-2015	31-12-2014
EUR	EUR	EUR	EUR
1.366.516.140	1.276.505.610	1.418.433.203	1.356.117.401

The fair values are based on contractual cash flows discounted using a rate based on the current market rate. These market rates are reflecting the credit risk of Deutsche Post AG.

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

	31-12-2015	31-12-2014
	EUR	EUR
EUR	500.111.290	500.111.290
USD	866.404.850	776.394.320
	1.366.516.140	1.276.505.610

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

	31-12-2015	31-12-2014
	EUR	EUR
Floating rate loans	500.111.290	500.111.290
Fixed rate loans	866.404.850	776.394.320
	1.366.516.140	1.276.505.610

(13) *Derivative financial instruments and hedging*

Derivative financial instruments

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

Fair values	31-12-2015	31-12-2014
	EUR	EUR
Interest rate swaps (negative value)	0	0
Interest rate swaps (positive value)	44.498.749	48.898.354
Cross-currency interest rate swaps (negative value)	(108.463.859)	(15.265.482)
Cross-currency interest rate swaps (positive value)	0	0
Total FV of all derivative financial instruments	(63.965.110)	33.632.872

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 swaps 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:

	31-12-2015	31-12-2014
	EUR	EUR
Interest rate swaps	500.000.000	500.000.000
Cross-currency interest rate swaps	750.000.000	750.000.000

Fair value hedges

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 44.498.749 [2014: EUR 48.898.354].

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 rate changes.

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 -108.463.859 at balance sheet date [2014 : EUR -15.265.482].

(14) Short-term receivables from affiliated companies

Short-term receivables represent interest receivables.

	31-12-2015	31-12-2014
	EUR	EUR
Interest receivable from Deutsche Post DHL group companies	11.778.315	9.935.049

(15) Cash pool receivables

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

	31-12-2015	31-12-2014
	EUR	EUR
Cash pool receivables – Deutsche Post AG	12.171.547	9.463.916

(16) Shareholders' equity

Share capital

The authorized share capital of the Company as at 31 December 2015 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. The recognition in the income statement is related to the net interest expense from the cross currency swap.

	31-12-2015	31-12-2014
	EUR	EUR
Opening balance at 1 January	13.054.812	3.452.183
Additions	0	6.718.342
Releases	(9.264.692)	0
Recognition in income statement	7.288.765	2.884.287
Balance at 31 December	11.078.885	13.054.812

The cash flow hedge reserve as per 31 December 2015 amounting to EUR 11.078.885 is considered a legal reserve and not freely distributable.

(17) Bonds – long-term and short-term

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). These bonds are listed at the Luxembourg Stock Exchange.

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

Nominal amounts:

Bonds	31-12-2015	31-12-2014
	EUR	EUR
Bond 2017	750.000.000	750.000.000
Bond 2022	500.000.000	500.000.000
	<u>1.250.000.000</u>	<u>1.250.000.000</u>
	31-12-2015	31-12-2014
	EUR	EUR
The maturity of the bonds as reported at year end is:		
1 – 5 years, nominal value	750.000.000	750.000.000
> 5 years, nominal value	500.000.000	500.000.000
	<u>1.250.000.000</u>	<u>1.250.000.000</u>

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

Bonds	31-12-2015	31-12-2014
	EUR	EUR
Bond 2017	748.032.441	746.752.184
Bond 2022	496.835.367	496.401.267
	<u>1.244.867.808</u>	<u>1.243.153.451</u>

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

Bonds	31-12-2015	31-12-2014
	EUR	EUR
Bond 2017	748.032.441	746.752.184
Bond 2022	534.752.171	538.727.598
	<u>1.282.784.612</u>	<u>1.285.479.782</u>

The fair values of the bonds are as follows:

Bonds	31-12-2015	31-12-2014
	EUR	EUR
Bond 2017	768.817.500	780.352.500
Bond 2022	561.830.000	574.665.000
	<u>1.330.647.500</u>	<u>1.355.017.500</u>

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

Bond	31-12-2015	31-12-2014
Bond 2017	2,0613%	2,0613%
Bond 2022	1,2943%	1,5107%

(18) Accrued interest

	31-12-2015	31-12-2014
	EUR	EUR
Accrued interest payable to bondholders	14.721.141	14.761.473
Accrued charges for guarantee provision	638.661	0
	<u>15.359.802</u>	<u>14.761.473</u>

The Company changed the disclosure as of 31 December 2015 in the way that the accrued charges for guarantee provision are explicitly shown. Comparable accrued charges for guarantee provision as of 31 December 2014 would have been EUR 640.411.

The guarantee provision relates to the guarantees issued by Deutsche Post AG (guarantor) in favour of the investors in the 2012/2017 and 2012/2022 bonds issued by the Company (warrantee).

(19) Other current liabilities and accruals

The breakdown of accruals and deferred income is as follows:

	31-12-2015	31-12-2014
	EUR	EUR
Other accruals	12.451	11.857
	12.451	11.857

All balances stated above fall due within 1 year.

(20) 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:

	2015	2014
	EUR	EUR
Interest income on loans to Deutsche Post DHL group companies	32.116.042	30.240.163
Interest expenses from cross-currency swaps (Deutsche Post AG)	(7.288.765)	(3.422.378)
	24.827.277	26.817.785

(21) Interest expenses

Interest expenses due on bonds can be specified as follows:

	2015	2014
	EUR	EUR
Interest expenses (fixed) Bond 2014	0	(3.709.541)
Interest expenses (fixed) Bond 2017	(14.042.815)	(14.060.657)
Interest expenses (fixed) Bond 2022	(14.729.353)	(14.749.399)
Interest income from interest rate swaps related to Bond 2014	0	3.064.954
Interest income from interest rate swaps related to Bond 2022	7.987.478	6.805.083
Amortisation of the bond discount and issue costs and release of upfront compensation payment (deferred income)	(1.714.358)	(1.691.905)
Guarantee provision	(1.248.250)	(1.288.047)
Interest expenses DPAG loan	0	(13.615)
	(23.747.298)	(25.643.127)

(22) Other gains and losses

	2015	2014
	EUR	EUR
Gain/(losses) from fair valuation of interest rate swaps	4.409.526	48.618.074
Gain/(losses) from foreign exchange differences	90.010.531	91.879.151
Gain/(losses) from hedge ineffectiveness	40.971	(901.553)
(Losses)/gain from fair valuation of cross-currency interest rate swaps	(90.010.531)	(91.879.151)
(Losses)/gain from valuation of bonds (interest related)	(4.409.526)	(48.618.074)
	40.971	(901.553)

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

(23) Other operating expenses

	2015	2014
	EUR	EUR
Legal, consulting and audit fees	(55.450)	(54.673)
Other administrative expenses	(43.690)	(107.396)
	(99.140)	(162.069)

For the independent auditor's fees refer to note 31.

(24) 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.

(25) 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 2015

31-12-2015

EUR

	Carrying amount	Loans and receivables	Other liabilities	Derivatives designated as hedging instrument
Assets				
Non-current assets	1.411.014.889	1.366.516.140	0	44.498.749
Long-term loans receivable				
<i>At amortised cost</i>	1.366.516.140	1.366.516.140	0	0
Non-current derivatives positive FV				
<i>At fair value</i>	44.498.749	0	0	44.498.749
Current assets	23.960.984	23.960.984	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>	11.778.315	11.778.315	0	0
Cash Pool receivables				
<i>At amortised cost</i>	12.171.547	12.171.547	0	0
Other receivables				
<i>At amortised cost</i>	11.122	11.122	0	0
Current derivatives positive FV				
<i>At fair value</i>	0	0	0	0
Total assets	1.434.975.874	1.390.477.124	0	44.498.749

31-12-2015

EUR

	Carrying amount	Loans and receivables	Other liabilities	Derivatives designated as hedging instrument
Liabilities				
Long-term liabilities	(1.391.248.471)	0	(1.282.784.612)	(108.463.859)
Bonds long-term				
<i>At amortised cost</i>	(1.282.784.612)	0	(1.282.784.612)	0
Non-current derivatives				
negative FV				
<i>At fair value</i>	(108.463.859)	0	0	(108.463.859)
Short-term liabilities	(15.372.252)	0	(15.372.252)	0
Bonds short-term				
<i>At amortised cost</i>	0	0	0	0
Accrued interest				
<i>At amortised cost</i>	(15.359.802)	0	(15.359.802)	0
Other current liabilities and accruals				
<i>At amortised cost</i>	(12.450)	0	(12.450)	0
Short-term payables				
<i>At amortised cost</i>	0	0	0	0
Total liabilities	(1.406.620.723)	0	(1.298.156.864)	(108.463.859)

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)

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 are approximately equivalent to their fair values.

Financial assets and liabilities: 31 December 2015

EUR				
	Level 1	Level 2	Level 3	Total
Non-current assets	0	1.462.931.952	0	1.462.931.952
Current assets	0	23.960.984	0	23.960.984
Total assets	0	1.486.892.936	0	1.486.892.936

EUR				
	Level 1	Level 2	Level 3	Total
Long-term liabilities	(1.330.647.500)	(108.463.859)	0	(1.439.111.359)
Short-term liabilities	0	(15.359.802)	0	(15.359.802)
Total liabilities	(1.330.647.500)	(123.823.661)	0	(1.454.471.161)

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: 31 December 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

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 2015 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.

(26) 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 2015.

(27) Related party transactions

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

(28) 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.

(29) 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.

(30) 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 the head of the fiscal unity.

(31) 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 2015:

	2015	2014
	EUR	EUR
Audit of the financial statements	40.450	38.700
Other audit services	15.000	15.000
Tax services	0	0
Other non-audit services	0	0
	55.450	53.700

(32) Post balance sheet events

The Debt Issuance Programme was updated and increased to an amount of EUR 8 billion as per 21 March 2016.

Signatures:

Maastricht, 25 April 2016

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 2015

	2015
	<hr/> EUR
Profit for the year	1.021.810
	<hr/>

The Management Board proposes to transfer the profit for the year 2015 to retained earnings.



Independent auditor's report

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

Report on the financial statements 2015

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Deutsche Post Finance B.V. as at 31 December 2015, and of its result and its 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 accompanying financial statements 2015 of Deutsche Post Finance B.V., Maastricht ('the company').

The financial statements comprise:

- the balance sheet as at 31 December 2015;
- the following statements for 2015: the statement of comprehensive income, changes in shareholders' equity and cash flows; and
- the notes, comprising a summary of the 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 section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of Deutsche Post Finance B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (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.: e0378103

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Our audit approach

Overview and context

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the management board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. 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.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a financing company. We therefore included specialists in the area of financial instruments in our team.

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 11 to the financial statements. Loans are issued to group companies with financial instruments in place to mitigate both the interest rate risk and the currency risk. The company facilitates the Deutsche Post DHL group in its financing activities for which it receives a margin.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit 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 on the individual financial statement line items and disclosures 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 €7,100,000 (2014: €6,700,000). The general benchmark is 1.0 per cent of total assets, based on our professional judgement we have used 0.5 per cent of total assets, to ensure that all relevant balance sheet and statement of comprehensive income 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.

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

We agreed with the management board that we would report to them misstatements identified during our audit above €100,000 (2014: €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, 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 judgement, 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.

Due to the nature of the company's business we recognise that key audit matters may be long-standing and therefore may not change significantly from one year to the next. As compared to prior year there have been no changes in key audit 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 or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<i>Valuation and existence of the loans issued</i> <p>We consider the valuation and existence of the loans issued, as disclosed in note 12 to the financial statements for a total amount of €1,366,516,140, 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 statement of comprehensive income.</p> <p>Loans are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method.</p> <p>The management board did not identify any impairment triggers regarding the loans issued.</p>	<p>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.</p> <p>We concur with the position taken by the management as set out in the financial statements with respect to the valuation of the loans.</p>
<i>Derivative valuation</i> <p>We consider the fair value of the derivatives portfolio as disclosed in note 13 to the financial statements of - €63,965,110 and used in the company's hedge effectiveness testing as a key audit matter.</p>	<p>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.</p>

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 market for these swaps is not always fully liquid. In addition, the recent market developments including the volatility of the currency basis spread further increase the subjectivity of the valuation of these instruments as well as the number of input factors to take into account in the valuation.

How our audit addressed the matter

By comparing our own 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.

Hedge accounting

We consider the hedge 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 because inappropriate application of these requirements can lead to a material effect on the statement of comprehensive income.

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 portfolio as a whole to 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 the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board 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 opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. 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.

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 the 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 reappointed as auditors of Deutsche Post Finance B.V. following the passing of a resolution by the shareholders at the annual meeting held on 29 April 2015 and our appointment has been renewed annually by the shareholders representing a total period of uninterrupted engagement appointment of 13 years.

Maastricht-Airport, 25 April 2016
PricewaterhouseCoopers Accountants N.V.

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

Appendix to our auditor's report on the financial statements 2015 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 judgement 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 the following:

- 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 board.
- Concluding on the appropriateness of the management board'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 board 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.