

OFFERING CIRCULAR

€250,000,000 Capital Securities

issued by

Main Capital Funding Limited Partnership

(a limited partnership established under the laws of Jersey on 18 May 2005)

for purposes of acquiring a silent capital interest in the commercial enterprise (*Handelsgewerbe*) of

Helaba

Landesbank Hessen-Thüringen Girozentrale

incorporated as a banking institution under public law (*Anstalt des öffentlichen Rechts*) in the German Federal States Hesse (Hessen) and Thuringia (Thüringen)

Issue price of the Capital Securities: 100 per cent.

The issue price of the €250,000,000 Capital Securities in the denomination of €1,000 each (the "Capital Securities"), issued by Main Capital Funding Limited Partnership (the "Issuer"), a limited partnership established under the laws of Jersey on 18 May 2005, is 100 per cent. of their principal amount.

The Capital Securities will bear interest from (and including) 2 June 2005 (the "Issue Date") at a rate of 5.5 per cent. *per annum*, payable annually in arrear on 30 June of each year, commencing on 30 June 2006. Payments of interest (each such payment a "Coupon Payment") may be delayed and are contingent on the Issuer's actual receipt of funds under the Participation Agreement and under the Loan Agreement (each as defined below) as described in "Terms and Conditions of the Capital Securities". The Capital Securities are redeemable in whole, but not in part, at the sole option of the Issuer on 30 June 2011 or on 30 June of any year thereafter as described in "Terms and Conditions of the Capital Securities".

With the proceeds of the issue, the Issuer will acquire a silent capital interest (the "Participation") in the commercial enterprise (*Handelsgewerbe*) of Landesbank Hessen-Thüringen Girozentrale ("Helaba" or the "Bank") in the form of a *Stille Gesellschaft* under German law pursuant to an agreement providing for a capital contribution by the Issuer to Helaba in the amount of €250,000,000 (the "Silent Contribution") and dated 31 May 2005 (the "Participation Agreement"). The Issuer expects to fund Coupon Payments on the Capital Securities with distributions received under the Participation Agreement and funds received from Helaba, acting through its Irish branch, under a loan agreement.

Investing in the Capital Securities involves certain risks. Please review carefully the section entitled "Risk Factors" beginning on page 18 of this Offering Circular.

The Bank expects that, upon issuance, the Capital Securities will be assigned a rating of A2 by Moody's Investors Service, Inc. A rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency.

The Capital Securities will initially be represented by a temporary global security in bearer form without coupons which will be deposited on or about the Issue Date with Clearstream Banking AG, Frankfurt am Main ("Clearstream Frankfurt"), where the Capital Securities have been accepted for clearance. The Capital Securities will also be eligible for clearing and settlement in Euroclear Bank S.A./N.V., as operator of the Euroclear system ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream Luxembourg"). It is expected that delivery of the Capital Securities will be made through Clearstream Frankfurt against payment therefor in immediately available funds, on or about the Issue Date. The temporary global security will be exchangeable for a permanent global security in bearer form upon certification as to non-US beneficial ownership. In certain limited circumstances the global securities can be exchanged for definitive Capital Securities.

The Capital Securities have not been, and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act"), or under any state securities laws and may not be offered, sold or delivered in the United States unless registered under the 1933 Act or if an exemption from the registration requirements of the 1933 Act is available. The Capital Securities are being offered and sold only to certain persons in transactions outside the United States in compliance with Regulation S under the 1933 Act.

Application has been made to list the Capital Securities on Eurolist by Euronext Amsterdam N.V. ("Euronext"). This Offering Circular constitutes a prospectus for purposes of the listing and issuing rules of Euronext.

Joint Bookrunner

ABN AMRO

Joint Bookrunner

MORGAN STANLEY

Joint Bookrunner and
Sole Structuring Advisor

LEHMAN BROTHERS

Joint Bookrunner

UBS INVESTMENT BANK

Co-Lead Manager

HELABA

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The date of this Offering Circular is 31 May 2005.

Helaba accepts responsibility for the information contained in this Offering Circular. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer and its partners accept responsibility for the information in this Offering Circular about themselves and the description of the Transaction (as defined in “Summary”) but do not accept responsibility for any other information contained in this Offering Circular.

In connection with the issue and sale of the Capital Securities, no person is authorised to give any information or to make any representation not contained in this document and in the documents referred to herein, which are made available for inspection by the public, and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the partners of the Issuer, Helaba or the Managers (as defined in “Subscription and Sale”).

The Jersey Financial Services Commission (the “Commission”) has given and has not withdrawn its consent under Article 8 of the Control of Borrowing (Jersey) Order 1958 to the creation by the Issuer of the limited partnership interests in the Issuer. The Commission is protected by the Borrowing (Control) (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that Law.

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

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

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

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

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

The distribution of this document and the offering or sale of the Capital Securities in certain jurisdictions may be restricted by law. None of the Issuer, the partners of the Issuer, Helaba or the Managers represent that this document may be lawfully distributed, or that the Capital Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder or assume any responsibility for facilitating any such distribution or offering. In particular, none of the Issuer, the partners of the Issuer, Helaba or the Managers has taken any action which would permit a public offering of the Capital Securities or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Capital Securities may be offered or sold, directly or indirectly, and neither

this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or the Capital Securities may come must inform themselves about and observe any such restrictions (see “Subscription and Sale” for a description, *inter alia*, of certain restrictions on offers, sales and deliveries of the Capital Securities). Neither the delivery of this Offering Circular nor any sale hereunder shall create, under any circumstances, any implication that there has been no change in the affairs of the Issuer, the partners of the Issuer, Helaba or the Helaba Group (as defined in “Presentation of Financial Information”) since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

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

IN CONNECTION WITH THE OFFERING, LEHMAN BROTHERS INTERNATIONAL (EUROPE) OR ANY PERSON ACTING FOR IT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICES OF THE CAPITAL SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED TIME. HOWEVER, THERE IS NO OBLIGATION ON LEHMAN BROTHERS INTERNATIONAL (EUROPE) OR ANY OF ITS AGENTS TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH TRANSACTIONS MAY BE EFFECTED ON EURONEXT OR OTHERWISE.

The Capital Securities have not been, and will not be, registered under the 1933 Act and are securities in bearer form that are subject to United States tax law requirements. Subject to certain exceptions, the Capital Securities may not be sold or delivered, directly or indirectly, within the United States or to U.S. persons.

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FORWARD-LOOKING STATEMENTS

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

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

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

PRESENTATION OF FINANCIAL INFORMATION

Helaba's unconsolidated and consolidated financial statements have been prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) and generally accepted accounting rules thereunder ("**German GAAP**") and have been audited by PWC Deutsche Revision Aktiengesellschaft. All of the financial information presented or incorporated by reference in this Offering Circular and relating to Helaba (other than the financial information relating to regulatory capital) is based on Helaba's audited consolidated and unconsolidated financial statements as of and for the years ended 31 December 2002, 2003 and 2004, including the notes thereto. Helaba's consolidated financial statements reflect financial information of Helaba and its affiliates consolidated under German GAAP (together, the "**Helaba Group**"). The financial information in this Offering Circular relating to the regulatory capital of Helaba and the Helaba Group is based on unaudited accountancy records of Helaba.

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SUMMARY

Introductory Summary of the Transaction

*The following paragraphs contain a brief overview of the most significant features of the transaction consisting of the issuance of the Capital Securities by the Issuer and payment of the proceeds therefrom to Helaba under the Participation Agreement (the “**Transaction**”). This overview is necessarily incomplete and investors are urged to read carefully the entire summary and the full text of the Offering Circular for a more precise description of the offered Capital Securities and the information concerning (i) the Transaction, (ii) Helaba and the Issuer and (iii) the agreements among them. If not indicated otherwise, the following description is based on the situation on the Issue Date of the Capital Securities.*

The Issuer proposes to issue € 250,000,000 Capital Securities. With the proceeds of issue of the Capital Securities, the Issuer will acquire a silent capital interest in the aggregate amount of € 250,000,000 in the commercial enterprise (*Handelsgewerbe*) of Helaba in the form of a *Stille Gesellschaft* under German law. As silent partner under the Participation Agreement (“**Silent Partner**”), the Issuer will make the Silent Contribution in the form of a cash contribution of € 250,000,000 to Helaba as principal. In return, the Issuer, as Silent Partner, will earn profit participations (“**Profit Participations**”) calculated annually on the basis of the nominal amount of its Silent Contribution for each fiscal year of Helaba and payable annually in arrear (“**Profit Participation Payments**”). Profit Participations will not accrue if (but only to such extent that) such accrual would create or increase a net loss (*Jahresfehlbetrag*) as calculated under the Participation Agreement in accordance with German GAAP (“**Net Loss**”). A Net Loss is present if Helaba’s annual unconsolidated income statement records no net profit (*Jahresüberschuss*) as calculated under the Participation Agreement in accordance with German GAAP. If the profits of Helaba do not suffice for the accrual of full Profit Participations, Profit Participations may accrue in part or no Profit Participations may accrue at all. In addition, the Silent Partner shares in a Net Loss in the proportion which the book value of its Silent Contribution bears in relation to the aggregate book value of all loss-sharing components of Helaba’s regulatory liable capital (*Haftkapitalanteile*). In such case, the book value of the Silent Contribution will be reduced by the amount of its pro-rata share in the relevant Net Loss (“**Reduction**”). After a Reduction, future annual net profits will be used to write up the book value of the Silent Contribution to its initial amount of € 250,000,000. Future Profit Participations may only be paid after a full write up of the Silent Contribution’s book value to € 250,000,000. **Profit Participation Payments in following years will not increase to compensate for any shortfall in Profit Participation Payments during a previous year.**

Profit Participation Payments and replenishments of the Silent Contribution after a Reduction are subject to German Withholding Tax (*Kapitalertragssteuer*) (“**German Withholding Tax**”) plus solidarity surcharge (*Solidaritätszuschlag*) to be withheld and transferred by Helaba to the German tax authorities. To the extent such Profit Participation Payments and to the extent such replenishments are attributable to the Issuer’s limited partner as taxable profit under German tax laws, such withholdings will be counted as a prepayment towards the German income tax owed by the Issuer’s limited partner. The Issuer’s limited partner will be entitled to refund claims against the German tax authorities (“**Tax Refund Claims**”) in amounts by which the prepayments in the form of withholdings made by Helaba exceed its actual German income tax liability. The Issuer’s limited partner has undertaken in a separate contribution agreement with the Issuer’s general partner dated 31 May 2005 (the “**Contribution Agreement**”) to contribute to the Issuer amounts that it receives from the German tax authorities on account of its Tax Refund Claims as and when it receives such amounts (each such payment a “**Contribution Payment**”). As Tax Refund Claims only become due after the tax assessment for each tax year, the Issuer, on 31 May 2005, has entered into a loan agreement (the “**Loan Agreement**”) with Helaba, acting through its Irish branch (in that capacity, the “**Lender**”). Under the Loan Agreement, the Issuer is paid loan advances (each an “**Advance**”) in order to fund its obligation to pay interest on the Capital Securities and to replenish the Silent Contribution after a Reduction. The Issuer expects to repay the Advances with the monies that it receives as Contribution Payments.

Payment of principal and interest under the Capital Securities is conditional upon receipt by the Issuer of (i) Profit Participations and the Repayment Amount from Helaba under the Participation Agreement and (ii) Advances from the Lender under the Loan Agreement. Hence, payments under the Capital Securities are linked to Profit Participation Payments and payment of the Repayment Amount which, in turn, are dependent

on Helaba's financial performance. The Issuer's obligation to make Coupon Payments and capital payments ("**Capital Payments**") under the Capital Securities is, therefore, dependent on the financial condition and results of operations of Helaba. **Moreover, if Helaba incurs a Net Loss in any fiscal year, holders of the Capital Securities (the "Securityholders") will not receive Coupon Payments under the Capital Securities until the Silent Contribution has been fully written up using subsequent Net Profits.**

The Capital Securities have an indefinite term and will only be redeemed if the Participation Agreement is terminated and the Silent Contribution is repaid to the Issuer or in case the Issuer chooses to exercise its right of early termination. The Participation Agreement runs for an indefinite period. Under its terms, the Participation Agreement may only be terminated by Helaba and may not be terminated by the Issuer. Subject to certain exceptions described in this Offering Circular, an ordinary termination of the Participation Agreement by Helaba will only become effective on or after 31 December 2015 and if the book value of the Silent Participation at the time of the termination notice is not less than its full initial nominal amount. In addition, the Participation Agreement provides for a termination notice of two years and stipulates that no termination shall become effective without prior regulatory approval. **Therefore, Securityholders should be aware that they may be required to bear the financial risks of an investment in the Capital Securities for an indefinite period of time.**

Pursuant to a fiduciary assignment agreement dated 31 May 2005 (the "**Fiduciary Assignment Agreement**") between the Issuer, the Issuer's partners, Helaba, the Lender and Citicorp Trustee Company Limited acting as a security trustee for the benefit of Securityholders ("**Security Trustee**"), the Issuer has assigned to the Security Trustee, for the benefit of the Securityholders, all present and future payment claims under the Participation Agreement and the Loan Agreement.

Helaba intends to treat the proceeds that it receives as the Silent Contribution under the Participation Agreement as solo tier one capital for the purposes of determining its compliance with regulatory capital requirements. For more information on the regulatory capital requirements applicable to Helaba and the Helaba Group, see "Regulation".

Summary of the Offering

The following overview describes the most important elements of the offering and the Transaction. It is necessarily incomplete and investors are urged to read carefully the entire summary and the full text of the Offering Circular for a more precise description of the offered Capital Securities and the information concerning (i) the Transaction, (ii) Helaba, the Issuer and the partners in the Issuer and (iii) the agreements among them. The following description is based on the situation on the Issue Date of the Capital Securities.

Securities Offered	€ 250,000,000 Capital Securities; see (“—Summary of the Terms of the Capital Securities”).
Issuer	Main Capital Funding Limited Partnership, a limited partnership established under the laws of Jersey on 18 May 2005.
Partners in the Issuer	The Issuer’s general partner (with a 0.1 per cent. interest in the Issuer’s equity) is Main Capital Funding Limited, a limited liability company incorporated under the laws of Jersey (the “ Issuer General Partner ”). The sole shareholder of the Issuer General Partner is Mourant & Co. Trustees Limited as trustee of the Main Capital Funding Charitable Trust. The Issuer’s limited partner (with 99.9 per cent. interest in the Issuer’s equity) is Main Funding GmbH, Frankfurt am Main, Germany, a limited liability company (<i>Gesellschaft mit beschränkter Haftung</i>) incorporated under the laws of Germany (the “ Issuer Limited Partner ”). The sole beneficial shareholder of the Issuer Limited Partner is Mourant & Co. Trustees Limited as trustee of the Main Funding GmbH Charitable Trust.
Limited Purpose of Issuer	Apart from entering into the Participation Agreement (see “— Summary of the Terms of the Participation”), entering into other agreements ancillary to the Transaction and the issuance of the Capital Securities, the Issuer General Partner has undertaken to the Issuer Limited Partner that the Issuer will not create additional liabilities, except for those liabilities which are absolutely necessary to keep its business in operation. See “General Information on the Issuer”.
Ordinary Issuer Relocation	Under the partnership agreement of the Issuer and the articles of association of the Issuer General Partner, the Issuer and the Issuer General Partner can relocate their principal place of business and tax jurisdiction for German trade tax purposes to Germany, subject to certain conditions. Such relocation (an “ Ordinary Issuer Relocation ”) will not affect the Issuer’s obligations under the Capital Securities. See “General Information on the Issuer—Ordinary Issuer Relocation”.
Helaba	Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt, Germany, incorporated as a banking institution under public law (<i>Anstalt des öffentlichen Rechts</i>) in the German Federal States Hesse (<i>Hessen</i>) and Thuringia (<i>Thüringen</i>).
Participation	With the proceeds of the issue of the Capital Securities, the Issuer will acquire the Participation pursuant to the Participation Agreement; see “—Summary of the Terms of the Participation Agreement”.
Contribution Agreement	In the Contribution Agreement, entered into between the Issuer Limited Partner and the Issuer General Partner, the Issuer Limited Partner has undertaken for the benefit of the Issuer to contribute to the Issuer amounts that it receives from the German tax authorities on account of its Tax Refund Claims. See “Description of the Contribution Agreement”.

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Loan Agreement	Under the Loan Agreement the Lender will pay to the Issuer Advances corresponding to the relevant withholdings on account of German Withholding Tax on the Profit Participation Payments and on replenishments of the Silent Contribution after a Reduction. The Issuer will use the Advances to fund its obligations to make the Coupon Payments under the Capital Securities and to complete the replenishment of the Silent Contribution after a Reduction. See “—Summary of the Terms of the Loan Agreement”.
Fiduciary Assignment Agreement	Pursuant to the Fiduciary Assignment Agreement, the Issuer has assigned to the Security Trustee, for the benefit of the Securityholders, all present and future payment claims under the Participation Agreement and the Loan Agreement. See “Description of the Fiduciary Assignment Agreement”.
Principal Paying Agent	Citibank, N.A.
Netherlands Paying Agent	ABN AMRO Bank N.V.
Security Trustee	Citicorp Trustee Company Limited
Listing	Application has been made to list the Capital Securities on Eurolist by Euronext.
Securities Codes	ISIN: DE000A0E4657 WKN: A0E465 Common Code: 022050699 Fondscode: 11713

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Summary of the Terms of the Capital Securities

The following summary refers to certain terms and conditions of the Capital Securities. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms and conditions of the Capital Securities which may be found under “Terms and Conditions of the Capital Securities”. The following description is based on the situation on the Issue Date of the Capital Securities.

Issuer	Main Capital Funding Limited Partnership, a limited partnership established under the laws of Jersey on 18 May 2005.
Nominal Amount	€1,000 per Capital Security.
Aggregate Nominal Amount	€ 250,000,000.
Issue Price	100 per cent. of nominal amount.
Form	The Capital Securities will be initially represented by a temporary global security in bearer form without coupons (the “ Temporary Global Capital Security ”) which will be exchangeable for a permanent global security in bearer form without coupons (“ Permanent Global Capital Security ”) upon certification as to non US beneficial ownership. Beneficial interests in the Temporary Global Capital Security and the Permanent Global Capital Security will be exchangeable for definitive Capital Securities in limited circumstances (as described in “Terms and Conditions of the Capital Securities”), each in bearer form.
Issue Date	2 June 2005.
Status	The Capital Securities constitute direct unsubordinated and (with the exception of the collateral granted under the Fiduciary Assignment Agreement) unsecured conditional obligations of the Issuer ranking <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other unsecured and unsubordinated liabilities of the Issuer, present or future, save for mandatory exceptions prescribed by statutory law.
Maturity	The Capital Securities are perpetual securities and have no fixed maturity date. The Issuer may redeem the Capital Securities only upon the occurrence of certain events (see “—Repayment Date and Repayment Amount” and “—Early Termination and Repayment”).
Coupon Payments	Coupon Payments will be made at a rate of 5.5 per cent. <i>per annum</i> and are contingent on the Issuer’s receipt of Profit Participation Payments from Helaba under the Participation Agreement (after deduction of German Withholding Tax) (see “—Summary of the Terms of the Participation—Profit Participation Payments and Dates”) and Advances from the Lender under the Loan Agreement (see “—Summary of the Loan Agreement—Loan Advances”).
Coupon Payment Dates	Coupon Payments under the Capital Securities will be made on the dates on which Profit Participation Payments under the Participation Agreement, if any, are paid to the Issuer. The due date for Profit Participation Payments under the Participation Agreement (“ Profit Participation Payment Dates ”) is 30 June of each year, commencing 30 June 2006. Profit Participation Payment Dates will be delayed (without payment of additional interest for such delay) if the date of Helaba’s shareholders’ meeting which approves the annual accounts for the relevant fiscal year of Helaba is held after 29 June in any year. (See “—Summary of the Terms of the Participation—Profit Participation Payments and Dates”).

Repayment Date and Repayment Amount	The Capital Securities will be redeemed after the Participation Agreement has been terminated by Helaba at its option (subject to certain restrictions set out in the Participation Agreement). In such event the Capital Securities will be redeemed on the date on which the Silent Contribution is repaid in accordance with the Participation Agreement. See “—Summary of the Terms of the Participation—Repayment Date”. If the Capital Securities are redeemed on such date, the redemption amount will equal the Repayment Amount (subject to receipt thereof by the Issuer) required to be paid by Helaba under the Participation Agreement (see “—Summary of the Terms of the Participation—Repayment”).
Early Termination and Repayment	By giving not less than 30 and not more than 60 days’ notice, the Issuer may call the Capital Securities for redemption, in whole but not in part, with effect on 30 June of any year on or after 30 June 2011. The Issuer may also redeem the Capital Securities earlier and on a different date if a change in law or regulation would require it to pay additional amounts to the Securityholders to make up for amounts withheld on account of tax. The Issuer shall redeem the Capital Securities at their nominal amount plus any interest accrued thereon. Any such early termination shall not require a contemporaneous termination of the Participation Agreement and payment of the Repayment Amount thereunder but shall only be permissible if financing of the redemption of the Capital Securities at their nominal amount plus any interest accrued thereon has been secured through the issuance of similar debt securities or in any other way.
Payment of Additional Amounts	If the Issuer is required to withhold or deduct amounts payable under the Capital Securities on account of tax, it will be under an obligation to gross up such amounts payable so that the Securityholders receive the full amount that would have been payable were no such withholding or deduction required. The Issuer’s obligation to pay Additional Amounts is subject to funds being available to it for that purpose. The Issuer has currently not entered into any arrangements to avail itself of funds required to pay Additional Amounts and its ability to do so will depend on Helaba’s agreement, at the time, to pay higher Profit Distributions to cover such Additional Amounts (see “Investment Considerations – Distributions on Capital Securities are conditional”).
Notices	<p>All notices to the Securityholders will be given by the Issuer (i) so long as any of the Capital Securities are listed on Euronext and Euronext so requires, by publication in the daily official list of Euronext (<i>Officiële Prijscourant</i>) and a leading newspaper having general circulation in Amsterdam (which is expected to be <i>Het Financiële Dagblad</i>), (ii) by mail, fax or electronically to Clearstream Frankfurt, Clearstream Luxembourg and Euroclear and (iii) to Euronext through the Netherlands Paying Agent.</p> <p>In accordance with its published rules and regulations, Clearstream Frankfurt will notify the Securityholders accounts to which any Capital Securities are credited of any such notices received by it.</p>
Governing Law	German.
Governing Language	German.
Tax Consequences	For a discussion of the material Jersey, German and Dutch tax consequences of purchasing, owning and disposing of the Capital Securities, see “Taxation”.

Summary of the Terms of the Participation Agreement

The following summary refers to certain provisions of the Participation Agreement. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Participation Agreement which may be found under “Terms and Conditions of the Participation”. The following description is based on the situation on the Issue Date of the Capital Securities.

Bank	Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt, Germany, incorporated as a banking institution under public law (<i>Anstalt des öffentlichen Rechts</i>) in the German Federal States <i>Hesse</i> and <i>Thuringia</i> .
Silent Partner	Main Capital Funding Limited Partnership, a limited partnership established under the laws of Jersey on 18 May 2005.
Instrument	Silent capital interest in the commercial enterprise (<i>Handelsgewerbe</i>) of Helaba in the form of a <i>Stille Gesellschaft</i> under German law.
Principal Amount	The principal amount of the Silent Contribution is € 250,000,000.
Denominations	The principal amount is not divided into denominations.
Issue Price	100 per cent.
Form	The Participation is not represented by a security. The terms and conditions of the Participation are set out in the Participation Agreement, a contract between Helaba and the Issuer.
Issue Date	The Participation Agreement provides that the Silent Contribution must be paid to Helaba on 2 June 2005 (the “ Start Date ”).
Maturity	The Participation is a perpetual instrument and has no fixed maturity date. It may nevertheless be repaid at the option of Helaba upon the occurrence of certain events (see “—Repayment Date”).
Profit Periods	Profit Participations on the Silent Contribution accrue for profit periods (“ Profit Periods ”) which run from (and including) 1 January to (and including) 31 December of each year. The first Profit Period (“ First Profit Period ”) commences on (and includes) the Start Date and runs to (and includes) 31 December 2005. The last Profit Period runs from 1 January of the year in which the Silent Partner ceases to share in Helaba’s profits and losses (the “ Termination Date ”) and ends on the Termination Date (both days inclusive).
Profit Participation Payments and Dates	Subject to Profit Participations being excluded in whole or in part (see “—Profit Participations Excluded”), Profit Participations shall be payable annually in arrear on the later of (i) 30 June of the year following the end of the relevant Profit Period or, if that is not a Business Day, the next Business Day and (ii) if on 29 June following the end of the relevant Profit Period the Bank’s annual financial statements for the profit period to which the Profit Period relates have not been adopted, the Business Day following adoption thereof.
Profit Participation Rate for Profit Periods other than the First Profit Period	Subject to Profit Participations being excluded in whole or in part (see “—Profit Participations Excluded”), Profit Participations for Profit Periods other than the First Profit Period shall accrue on the Principal Amount of the Silent Contribution at a rate of 5.6 per cent. <i>per annum</i> .

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Profit Participation Payment for the First Profit Period	Subject to Profit Participations being excluded in whole or in part (see “— Profit Participations Excluded”), the Profit Participation for the First Profit Period shall amount to € 15,073,973. The Profit Participation Payment for the First Profit Period shall be made on the later of (i) 30 June 2006 or, if that is not a Business Day, the next Business Day or (ii) the Business Day following the date on which Helaba’s annual financial statements have been adopted for the fiscal year 2005.
Profit Participations Excluded	<p>If Helaba records a Net Loss for the fiscal year to which the relevant Profit Period relates, no Profit Participations will accrue for the relevant Profit Period. Hence, the Issuer will not receive Profit Participation Payments. Accordingly, no distributions will be made to the Securityholders in relation to the relevant fiscal year of Helaba. As set forth in further detail in the Participation Agreement, Profit Participations will not accrue or will not accrue in full:</p> <ul style="list-style-type: none"> (i) if (but only to the extent that) such accrual and/or payment thereof would lead to or increase a Net Loss for the fiscal year of Helaba corresponding to the relevant Profit Period; or (ii) if, as a result of losses in previous fiscal years, the principal amount of the Silent Contribution has been reduced and has not been fully written up again by profits accruing in subsequent fiscal years (see “—Replenishment of Silent Contribution”); or (iii) in the case of insolvency or regulatory intervention in respect of Helaba.
Net Loss	A <i>Net Loss</i> is present if the annual unconsolidated income statement of the Bank prepared in accordance with the German Commercial Code, as audited by an auditing firm which is recognised by the BaFin, does not show a net profit for the fiscal year to which the relevant Profit Participation relates.
Loss Participation and Reduction	If Helaba incurs a Net Loss in any fiscal year, the Silent Partner shares in such loss. The Silent Partner shares in a Net Loss in the proportion which the book value of the Silent Contribution bears to the aggregate book value of all loss-sharing components of Helaba’s regulatory liable capital (<i>aufsichtsrechtliches Eigenkapital</i>) sharing in the Bank’s Net Loss. As provided in further detail in the Participation Agreement, Helaba’s liable capital includes all participations in the form of <i>Stille Gesellschaft</i> , all profit participation rights in the form of <i>Genussrechte</i> in accordance with the German Banking Act (<i>Kreditwesengesetz</i>) and all owner’s capital.
Replenishment of Silent Contribution	<p>Following a Net Loss, there will be a corresponding Reduction in the book value of the Silent Contribution in an amount equivalent to the Silent Partner’s share in such Net Loss. The Silent Partner’s aggregate share in Net Losses cannot exceed the principal amount of the Silent Contribution.</p> <p>Following a Reduction, the book value of the Silent Contribution will be increased in subsequent fiscal years of Helaba in which net profits (<i>Jahresüberschüsse</i>) are recorded in accordance with German GAAP. The book value of the Silent Contribution will be written up <i>pari passu</i> with the writing-up of other silent participations but only after all profit participation rights in the form of <i>Genussscheine</i> in accordance with the German Banking Act have been fully written up. A write-up of owners’ equity or an allocation to reserves (<i>Einstellungen in Rücklagen</i>) may only</p>

occur after the Silent Contribution has been fully written up again to the principal amount of the Silent Contribution at the Start Date.

No such increase of the principal amount of the Silent Contribution may result in the book value of the Silent Contribution being more than the principal amount of the original Silent Contribution on the Start Date. Profit Participations accruing after a Reduction of the Silent Contribution will be attributed to the current fiscal year but not to any previous fiscal year in which a Profit Participation was not accrued or paid due to a Net Loss.

Principal Payments

No payments of principal will be made by Helaba other than on repayment of the Silent Contribution (see “—Repayment Date”). At such time the nominal amount of the Silent Contribution, taking into account Reductions, if any, will be repaid (see “—Repayment”).

Termination

The Participation Agreement is concluded for an indefinite period and, consequently, does not provide for a fixed maturity. Therefore, the Silent Contribution will only be repaid to the Silent Partner after termination of the Participation Agreement in accordance with its terms and subject to the conditions stated therein.

Helaba is not obliged to terminate the Participation Agreement on any particular day or days of the year. As provided in further detail in the Participation Agreement, Helaba may only terminate the Participation Agreement:

- (i) if tax or regulatory changes which are material and adverse to Helaba occur but in no event with effect prior to 31 December 2010 (in which case the Repayment Amount will be paid to the Silent Partner on the next following 30 June, subject to the conditions set forth in the Participation Agreement (see “Repayment Date”)); or
- (ii) with effect as of 31 December 2015 or any 31 December thereafter (in which case the Repayment Amount will be paid to the Silent Partner on the next following 30 June, subject to the conditions set forth in the Participation Agreement (see “Repayment Date”));

and provided that in each case the book value of the Silent Contribution is equal to the original principal amount.

Helaba may only terminate the Participation Agreement with two years’ prior notice to the Silent Partner. Any notice of termination by Helaba only becomes effective upon the German Financial Supervisory Authority’s (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (“**BaFin**”) approval thereof.

Other than for tax or regulatory reasons, Helaba may only terminate the Participation Agreement if the Silent Contribution has been fully replenished (see “—Replenishment of Silent Contribution”).

Termination Date

The Termination Date is the date as of which the Silent Partner ceases to participate in the profits and losses of Helaba as Silent Partner, which occurs upon the effective date set out in the relevant termination notice delivered in accordance with the terms of the Participation Agreement (including the notice period required under the Participation Agreement).

If the Termination Date occurs on a date other than a 31 December, a Profit Participation will accrue from (and including) 1 January of the year in

	<p>which the Termination Date occurs to (and including) the Termination Date. For the period thereafter until (and including) the 31 December following the Termination Date, the Silent Partner will be entitled to an interest payment calculated at the rate at which Profit Participations accrue for the Profit Period in which the Termination Date occurs. The interest payment will be due on the same day as the Profit Participation Payment for the Profit Period in which the Termination Date occurs.</p>
Repayment Date	<p>The “Repayment Date” is 30 June in the year after the fiscal year of Helaba in which the Termination Date occurs or, if this date is not a Business Day, on the next following Business Day. If Helaba’s annual financial statements for the fiscal year in which the Termination Date occurred are not yet adopted on 29 June of the following year, the Repayment Date will be the Business Day following such adoption.</p>
Repayment	<p>On the Repayment Date, Helaba will pay the Repayment Amount to the Silent Partner.</p>
Ranking	<p>As provided for in further detail in the Participation Agreement, Helaba’s payment obligations under the Participation Agreement:</p> <ul style="list-style-type: none"> (i) are subordinated to the claims of all existing and future creditors of Helaba (including profit participation rights in the form of <i>Genussscheine</i> in accordance with the German Banking Act); (ii) rank at least <i>pari passu</i> with all claims for the repayment of, and distributions on, capital contributions made with respect to existing and future silent participations in Helaba; and (iii) rank senior to all claims of equity holders of Helaba in connection with their respective shareholdings in Helaba; <p>in each case as already arisen or arising in the future.</p>
Enforcement Rights	<p>The Participation Agreement constitutes a contract between Helaba and the Issuer. Therefore, in general, only the Issuer (or its assignee) can enforce rights under the Participation Agreement against Helaba. The Issuer has no duty to bring an action against Helaba in order to enforce its rights under the Participation Agreement.</p>
Compliance with German Banking Regulations	<p>Under applicable German banking regulations, any repayment of the Silent Contribution made in violation of the terms of the Participation Agreement must be repaid to Helaba.</p>
Place of Performance and Place of Jurisdiction	<p>Frankfurt am Main, Germany</p>
Governing Law	<p>German.</p>
Governing Language	<p>German.</p>

Summary of the Terms of the Loan Agreement

The following summary refers to certain provisions of the Loan Agreement. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Loan Agreement which may be found under “Terms and Conditions of the Loan Agreement”. The following description is based on the situation on the Issue Date of the Capital Securities.

Parties	Helaba, Irish Branch as “Lender”. Main Capital Funding Limited Partnership, Jersey, Channel Islands, a limited partnership established under the laws of Jersey as “Borrower”.
Loan Advances	On each date on which a Profit Participation Payment becomes due, the Lender is required to pay an Advance to the Issuer in an amount corresponding to the withholding made by Helaba on account of German Withholding Tax on the relevant Profit Participation Payment. On each date on which the Silent Contribution is replenished after a Reduction, the Lender is required to pay an Advance to the Issuer in an amount corresponding to the withholding made by Helaba on account of German Withholding Tax on the relevant replenishment.
Repayment	The Issuer is required to repay outstanding Advances equal to the full amount of any Contribution Payments that it receives from the Issuer Limited Partner under the Contribution Agreement promptly upon receipt of the relevant Contribution Payment (each such payment a “ Repayment ”).
Interest	The Issuer must pay interest to the Lender on each date that it makes a Repayment. The interest rate will be 4.10 per cent. <i>per annum</i> .
Governing Law	German.
Governing Language	German.

SELECTED FINANCIAL INFORMATION

Helaba Group

The following table presents selected consolidated financial information of the Helaba Group pursuant to German GAAP as of and for the last three fiscal years ended 31 December 2002, 2003, and 2004, respectively:

Operating Figures	2004	2003	2002
	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>
Net Interest Income.....	625	683	715
Net Income from Commissions	91	96	109
Net Profit on Financial Transactions	39	3	15
Income from operations	961	856	919
Administrative Expenses	648	613	636
Operating Result before Risk Provisions	313	243	283
Operating Result	146	94	74
Net Income for the Year	85	67	39
Return on equity	12.0%	9.3%	8.1%
Cost/Income Ratio	63.5%	67.0%	65.0%
 Balance Sheet Figures	 2004	 2003	 2002
	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>
Loans and Advances to Banks	37,789	39,983	46,515
Loans and Advances to Customers.....	58,089	58,080	60,026
Bonds and other Securities	39,788	34,803	30,764
Participations and Shares in Affiliated Companies	990	1,643	1,735
Liabilities to Banks	48,638	48,360	53,532
Liabilities to Customers	35,365	35,368	33,613
Securitised Liabilities	46,610	43,603	45,424
Own Funds	4,123	4,127	4,090
Balance Sheet Total	143,563	139,430	144,469
Business Volume	198,406	184,018	183,580

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RISK FACTORS

The following is a summary of certain aspects of the business of Helaba and the Capital Securities of which prospective investors should be aware. This summary is not intended to be exhaustive and prospective investors should carefully consider the following information in conjunction with the other information contained in this Offering Circular.

Risks associated with the business of Helaba

Risks relating to the Financial Condition of Helaba

There will be no distributions under the Participation Agreement and, in turn, the Capital Securities, if Helaba records a Net Loss (see “Summary – Summary of the Terms of the Participation – Profit Participations Excluded”). There can be no assurance that Helaba will show a net profit in future fiscal years and be able to make payments under the Participation Agreement.

Losses Stemming from Credit Exposure and Increased Loan Loss Provisions

Helaba’s business is subject to the risk that borrowers and other contractual partners may become unable to meet their obligations to Helaba. Although Helaba regularly reviews its credit exposure and corresponding collateral position with regard to specific borrowers and to specific countries and industries, defaults may arise from events or circumstances that are difficult to foresee or detect or have not yet been foreseen or detected. In addition, Helaba may find that any collateral position is insufficient to cover the respective credit exposure due to, for example, market developments reducing the value of such collateral. Any default by a major borrower of Helaba could have a material adverse effect on Helaba’s business, results of operations or financial condition. This, in turn, could result in Helaba generating a Net Loss such that no distributions under the Capital Securities would be made for the relevant fiscal year and, potentially, in the future (until the full replenishment of the Silent Contribution after a Reduction).

In order to cover estimated loan losses, Helaba has made individual value adjustments and general bad debt provisions. Although Helaba’s management has exercised its best judgment in establishing provisions for loan losses, Helaba may have to increase its loan loss provisions in the future as a result of a rise in the number or amount of nonperforming loans in its loan portfolio. Any such increases in loan loss provisions in excess of existing provisions could have a material adverse effect on Helaba’s business, results of operations and financial condition. This, in turn, could result in Helaba generating a Net Loss such that no distributions under the Capital Securities would be made for the relevant fiscal year and, potentially, in the future (until the full replenishment of the Silent Contribution after a Reduction).

Risks Associated with Risk Management Procedures

In the context of risk management, Helaba has implemented new risk management policies, procedures and assessment methods, in particular, information technology to support these risk management policies, procedures and assessment methods. It is not certain that Helaba’s risk management policies, procedures and assessment methods will be effective in mitigating its risk exposure in each of the markets in which it is active or against all types of risk, including risks that Helaba may fail to identify or anticipate in the future or which Helaba has failed to identify or anticipate in the past. Any such insufficiency or inadequacy could expose Helaba to material unanticipated losses that would have a material adverse effect on its business, results of operations and financial condition. This, in turn, could result in Helaba generating a Net Loss such that no distributions under the Capital Securities would be made for the relevant fiscal year and, potentially, in the future (until the full replenishment of the Silent Contribution after a Reduction).

Increased Exposure to Market Risk

When entering into trading and investment positions in the debt, currency and equity markets, assessments and predictions about future developments of the financial markets are made as the revenues and profits derived from such positions and transactions are dependent on market prices and price movements. Many of

the more sophisticated transactions are designed to profit from price movements and differences among prices. If prices move in a direction not anticipated by Helaba, it may experience substantial losses which could have a material adverse effect on its business, results of operations or financial condition. This, in turn, could result in Helaba generating a Net Loss such that no distributions under the Capital Securities would be made for the relevant fiscal year and, potentially, in the future (until the full replenishment of the Silent Contribution after a Reduction).

Abolition of the Maintenance Obligation (Anstaltslast) and the Guarantee Obligation (Gewährträgerhaftung)

The imminent abolition of the Maintenance Obligation and the Guarantee Obligation as per 18 July 2005 (see “– General Information on Helaba – Institutional Liability and Guarantor Liability”) changes the operating environment for Helaba significantly.

As the statutory principles of the Maintenance Obligation and the Guarantee Obligation have so far enabled Helaba to access the capital markets at any time for refinancing purposes, liquidity risk (i.e. the risk of potential asset and liability mismatches that could prevent Helaba from repaying borrowings as they mature or from funding new loans and investments as they arise) were previously largely irrelevant. If Helaba is unable to manage this risk successfully, its ability to repay borrowings and to fund new loans and investments could suffer and Helaba’s business, results of operations or financial condition could be materially adversely affected. This, in turn, could result in Helaba generating a Net Loss such that no distributions under the Capital Securities would be made for the relevant fiscal year and, potentially, in the future (until the full replenishment of the Silent Contribution after a Reduction).

In addition, Helaba expects that the abolition of the Maintenance Obligation and the Guarantee Obligation will result in increased funding costs for Helaba. Any significant increase in the future in Helaba’s funding costs without corresponding increases in the risk adjusted returns on the loan portfolio would materially adversely affect Helaba’s profitability. To prevent greater pressure on future margins, Helaba has already begun to seek higher yielding assets which potentially means assets with higher risks. If Helaba is unable to manage these risks effectively and adequately, its business, results of operations and financial condition could suffer. This, in turn, could result in Helaba generating a Net Loss such that no distributions under the Capital Securities would be made for the relevant fiscal year and, potentially, in the future (until the full replenishment of the Silent Contribution after a Reduction).

Risks associated with an investment in the Capital Securities

Coupon Payments on the Capital Securities depend on Helaba’s profits and allocation of Profit Participations to the Participation.

Both the amounts payable as Coupon Payments under the Capital Securities to Securityholders and the amounts payable as Profit Participation Payments under the Participation Agreement depend on the future profits or losses of Helaba and the manner in which profits, if any, are allocated as Profit Participations under the Participation Agreement. Profit Participations will not accrue if (but only to the extent that) such accrual would create or increase a Net Loss (*Jahresfehlbetrag*) in Helaba’s unconsolidated accounts in accordance with German GAAP even if Helaba were to declare and pay a dividend on securities ranking junior to the Participation Agreement (such as dividends on share capital of equity holders of Helaba). If the profits of Helaba do not suffice for the accrual of full Profit Participations, Profit Participations may accrue in part and, accordingly, the corresponding Coupon Payments will only be made in part. See “Summary – Introductory Summary of the Transaction”.

The Issuer is a special purpose entity which is unaffiliated with Helaba. Coupon Payments and Capital Payments under the Capital Securities are conditional upon receipt of the necessary funds by the Issuer and Securityholders have no recourse against Helaba.

The Issuer is unaffiliated with Helaba and its sole assets are the claims under the Participation Agreement, the Loan Agreement and the Contribution Agreement. If the Issuer does not receive funds under such claims,

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it will not be in a position to meet its obligations under the Capital Securities. In such case, Securityholders will have no claims or other recourse against Helaba.

Capital Payments on the Capital Securities are dependent on the Repayment Amount under the Participation Agreement.

If, because the Silent Contribution has participated in Helaba's Net Loss, there has been a Reduction of the Silent Contribution's book value at the time that it becomes due for repayment following a termination of the Participation Agreement for regulatory or tax reasons, and the Silent Contribution's book value has not yet been fully written up to €250,000,000, the Repayment Amount payable under the Participation Agreement will be lower than €250,000,000. In such case, Capital Payments under the Capital Securities will be lower than the nominal amount of the Capital Securities. Accordingly, a Net Loss for Helaba may result in the Securityholders incurring a loss on their investment upon redemption of the Capital Securities.

Distributions on the Capital Securities are conditional.

The Issuer's payment obligations under the Capital Securities depend upon the receipt in full of the necessary amounts payable by Helaba under the Participation Agreement and by the Lender under the Loan Agreement. To the extent that the Issuer does not receive such amounts, there is no obligation to make payments under the Capital Securities. In particular, the Issuer's obligation to pay Additional Amounts is subject to funds being available to it for that purpose. The Issuer has currently not entered into any arrangements to avail itself of funds required to pay Additional Amounts and its ability to do so will depend on Helaba's agreement, at the time, to pay higher Profit Distributions to cover such Additional Amounts.

The Capital Securities have no scheduled maturity.

The Capital Securities have an indefinite term and will only be redeemed if the Participation Agreement is terminated and the Silent Contribution is repaid to the Issuer or if the Issuer chooses to exercise its right of early redemption in accordance with the terms of the Capital Securities. The Participation Agreement runs for an indefinite period. Under its terms, the Participation Agreement may only be terminated by Helaba and may not be terminated by the Issuer. Subject to certain exceptions described in this Offering Circular, an ordinary termination by Helaba may only become effective on or after 31 December 2015 and if the book value of the Silent Participation at the time of the termination notice is not less than its full initial nominal amount. In the event of termination as of such date, repayment of the principal amount of the Silent Contribution would fall due on 30 June 2016. In addition, the Participation Agreement provides for two years' notice prior to termination and stipulates that no termination shall become effective without prior regulatory approval. No arrangements have been made by the Issuer to finance the repayment of the Capital Securities in any other way than by receipt of repayment of the Silent Contribution from Helaba. Therefore, Securityholders should be aware that they may be required to bear the financial risks of an investment in the Capital Securities for an indefinite period of time.

Claims under the Participation Agreement are subordinated.

The payment obligations of Helaba under the Participation Agreement constitute obligations that are subordinated to the full prior payment in cash or cash equivalents of all existing and future unsubordinated and subordinated indebtedness of Helaba. Accordingly, the Issuer's rights under the Participation Agreement will rank behind all creditors of Helaba in the event of the liquidation or dissolution of Helaba. Helaba's payment obligations under the Participation Agreement will rank *pari passu* amongst themselves, with all claims in respect of existing and future participations in the form of *Stille Gesellschaft* in Helaba and other Tier 1 capital instruments of Helaba ranking *pari passu* therewith and the payment of profit participations thereunder. Helaba has agreed in the Participation Agreement not to accept any additional participations in the form of *Stille Gesellschaft* in Helaba ranking senior (as to participation in Helaba's assets in liquidation or otherwise) to the Participation. Apart from this, Helaba has not entered into any restrictive covenants in connection with the Participation Agreement regarding its ability to incur additional indebtedness ranking *pari passu* or senior to claims under the Participation.

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Profit Participation Payments under the Participation Agreement and Coupon Payments under the Capital Securities are not cumulative.

Coupon Payments under the Capital Securities and Profit Participation Payments under the Participation Agreement are not cumulative. The Participation Agreement provides that no Profit Participations will accrue or be payable for any Profit Period:

- (i) to the extent that payment of such Profit Participation would lead to or increase a Net Loss for the fiscal year of Helaba corresponding to the relevant Profit Period,
- (ii) if a Reduction has occurred and the Silent Contribution has not yet been fully written-up,
- (iii) if at any time prior to payment of such Profit Participation, an application for the institution of insolvency proceedings in respect of the assets of Helaba has been filed for reasons of threatened or actual illiquidity or over-indebtedness, or the BaFin has made use of its powers vested by virtue of Sections 45, 46, 46a and 47 of the German Banking Act or the relevant successor provisions.

Coupon Payments will only be paid on the Capital Securities to the extent that Profit Participation Payments are paid and received by the Issuer. See “Terms and Conditions of the Capital Securities”. Profit Participation Payments and Coupon Payments in following years will not increase to compensate for any shortfall in Profit Participation Payments or Coupon Payments in a previous year.

The companies involved in the Transaction may incur additional liabilities

The activities of the Issuer are contractually limited to performing its role in the Transaction. There can be no assurance that the management of the Issuer will restrict its business activities to the Transaction, which may result in additional liabilities. Any such additional liabilities of the Issuer could adversely affect its ability to perform its obligations in connection with the Transaction. Any such effect would materially adversely affect the Issuer’s ability to perform its obligations under the Capital Securities.

The Agreements between Helaba and the Issuer may not be at arms’ length.

The Issuer is a limited partnership registered under the Limited Partnerships (Jersey) Law, 1994, as amended, and Main Capital Funding Limited, the general partner of the Issuer, is owned by Mourant & Co. Trustees Limited, acting as trustee for the Main Capital Funding Charitable Trust, and Main Funding GmbH, the sole limited partner of the Issuer, is owned by Mourant & Co. Trustees Limited, acting as trustee for the Main Funding GmbH Charitable Trust. Neither the Issuer, the general partner, the limited partner, nor Mourant & Co. Trustees Limited is affiliated with Helaba. It is the intention of Helaba and the Issuer that the terms of any agreements and transactions among them, including the Participation Agreement, the Terms and Conditions of the Capital Securities, the Contribution Agreement and the Loan Agreement by and among, Helaba and the Issuer be fair to all parties and consistent with market terms. However, there can be no assurance that such agreements or transactions are on terms as favourable to the Issuer as those that could have been obtained from parties unaffiliated with Helaba.

There has been no prior market for the Capital Securities.

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

Agreements governed by German Law may be subject to General Termination Rights.

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

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USE OF PROCEEDS

The proceeds from the issue of the Capital Securities will amount to €250,000,000 and will be used by the Issuer to acquire a silent capital interest in the commercial enterprise (*Handelsgewerbe*) of Helaba in the form of a Stille Gesellschaft under German law pursuant to the Participation Agreement, which provides for a capital contribution by the Issuer to Helaba in the form of the Silent Contribution. Including the commissions payable to the Managers, Helaba expects the costs related to the offering of the Capital Securities to amount to €5,650,000.

CAPITALISATION, REGULATORY CAPITAL, NET PROFITS AND DIVIDENDS

Capitalisation

The audited unconsolidated and consolidated capitalisation of Helaba as at 31 December 2004 is as follows:

	consolidated	unconsolidated
	<i>(€ in million)</i>	
Subscribed capital	2,345	2,295
<i>(of which deposits of silent partners)</i>	(1,868)	(1,818)
Jouissance rights capital (<i>Genussrechte</i>)	421	421
Reserves (<i>offene Rücklagen</i>).....	1,231	1,305
Fund for general banking risks	126	125
TOTAL capital and reserves	4,123	4,146
Subordinated debt (<i>Nachrangkapital</i>)	2,159	2,155
Liabilities to banks and customers	84,002	82,429
Securitised Liabilities	46,610	41,009
TOTAL Capitalisation	136,894	129,739

There has been no material change in the capitalisation and indebtedness of Helaba and the Helaba Group since 31 December 2004.

REGULATORY CAPITAL

The following table shows the composition of Helaba's and the Helaba Group's regulatory capital on an unconsolidated and consolidated basis as at the dates specified (columns may not add up due to rounding):

	as of 31 December				
	2000	2001	2002	2003	2004
	(€ in thousand)				
Helaba only					
Tier I (core) capital (<i>Kernkapital</i>)	2,963.9	3,514.4	3,624.4	3,624.4	3,650.6
of which:					
Silent participations (<i>Stille Einlagen</i>)	1,417.7	1,817.7	1,817.7	1,817.7	1,817.7
Capital reserves and profit reserves (<i>Kapital- und Gewinnrücklagen</i>).....	1,004.1	1,104.6	1,204.6	1,204.6	1,254.6
Tier II (supplementary) capital (<i>Ergänzungskapital</i>).....	1,422.0	2,210.7	2,217.1	2,482.4	2,784.2
Tier III capital (§ 10(2)(c) KWG): not applied by Helaba	–	–	–	–	–
Total (including deductible items (<i>Abzugsposten</i>) pursuant to § 10(6) KWG	4,265.7	5,609.3	5,717.8	5,977.3	6,305.9
Tier I Ratio (in %)	7.1	7.5	7.2	7.3	6.6
Total Capital Ratio (in %)	10.2	12.0	11.4	12.0	11.4
Helaba Group					
Tier I (core) capital (<i>Kernkapital</i>)	2,872.3	3,403.1	3,508.6	3,596.7	3,619.1
of which:					
Silent participations (<i>Stille Einlagen</i>)	1,485.2	1,885.1	1,885.1	1,885.1	1,885.1
Capital reserves and profit reserves (<i>Kapital- und Gewinnrücklagen</i>).....	1,073.5	1,157.2	1,454.3	1,462.2	1,535.4
Tier II (supplementary) capital (<i>Ergänzungskapital</i>).....	1,400.0	2,092.9	2,086.9	2,434.4	2,723.1
Tier III capital: not applied by Helaba ..	–	–	–	–	–
Total (including deductible items (<i>Abzugsposten</i>) pursuant to §§ 10a, 10(6) KWG	4,229.1	5,445.4	5,538.2	5,977.7	6,289.6
Tier I Ratio (in %)	6.5	7.0	6.8	7.0	6.4
Total Capital Ratio (in %)	9.6	11.2	10.7	11.6	11.1

There has been no material change in the regulatory capitalisation of Helaba and the Helaba Group since 31 December 2004.

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NET PROFITS AND DIVIDENDS OF HELABA

Coupon Payments on the Capital Securities depend, among other things, on the unconsolidated Net Profit (*Jahresüberschuss*) of Helaba for the preceding fiscal year. See “Summary of the Terms of the Capital Securities”.

Helaba has declared in a press release dated 23 March 2005 that it has undisclosed hidden reserves pursuant to Section 340(f) of the German Commercial Code in excess of €500 million. These Section 340(f) reserves can be released through the income statement at the discretion of Helaba’s management in accordance with Section 340(f) of the German Commercial Code.

The following table sets forth, as at 31 December 2000, 2001, 2002, 2003 and 2004 the Bank’s audited unconsolidated Net Profits:

	2000	2001	2002	2003	2004
	<i>(€ in million)</i>				
Net Income for the year (<i>Jahresüberschuss</i>)	129.1	128.6	28.6	78.6	78.6

The following table shows Helaba’s dividends in respect of each of the five years in the periods ended 31 December 1999 through 31 December 2004 in euros.

Year ended 31 December	Dividends
	€
1999	28,620,000
2000	28,620,000
2001	28,620,000
2002	28,620,000
2003	28,620,000
2004	28,620,000

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

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

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

EMISSIONSBEDINGUNGEN

der

€250.000.000 Capital Securities

der

Main Capital Funding Limited Partnership

(nachstehend als *Emittentin* bezeichnet)

§ 1

Definitionen und Auslegung

Definitionen: Sofern aus dem Zusammenhang nicht etwas anderes hervorgeht, haben die nachstehenden Begriffe folgende Bedeutung:

Ausgabetag bezeichnet den 2. Juni 2005.

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

Bank bezeichnet die Landesbank Hessen-Thüringen Girozentrale mit Sitz in Frankfurt am Main und Erfurt, Deutschland.

Beendigungstag bezeichnet den Tag, ab dem die Emittentin aufgrund einer wirksamen Kündigung des Beteiligungsvertrages nicht mehr am Handelsgewerbe der Bank als typischer stiller Gesellschafter beteiligt ist.

Beteiligungsvertrag hat die in § 4(1) festgelegte Bedeutung.

Buchwert der Stillen Einlage bezeichnet den handelsrechtlichen Buchwert der Stillen Einlage, so wie dieser in der Bilanz der Bank für das Geschäftsjahr der Bank festgestellt wurde, in das der Beendigungstag fällt. Wenn sich bei Aufstellung der Gewinn- und Verlustrechnung der Bank für dieses Geschäftsjahr die Entstehung eines Jahresfehlbetrags abzeichnet, so wird dieser

TERMS AND CONDITIONS

of the

€250,000,000 Capital Securities

issued by

Main Capital Funding Limited Partnership

(hereinafter called *Issuer*)

§ 1

Definitions and Interpretation

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

Issue Date means 2 June 2005.

BAFin means the German Financial Supervisory Authority or any successor agency taking its place.

Bank means Landesbank Hessen-Thüringen Girozentrale, having its seat in Frankfurt am Main and Erfurt, Germany.

Termination Date shall mean the date as of which the Issuer ceases to participate in the Bank's commercial enterprise as an ordinary silent partner because the Participation Agreement has been validly terminated.

Participation Agreement has the meaning specified in § 4(1).

Book Value of the Silent Contribution means the commercial law book value of the Silent Contribution as specified in the Bank's balance sheet for the Bank's fiscal year in which the Termination Date occurs. If, when drawing up the Bank's income statement for such fiscal year, it becomes evident that a net loss would arise, a proportionate part of

Jahresfehlbetrag anteilig nach Maßgabe des Beteiligungsvertrags vom Buchwert abgezogen.

Capital Securities hat die in § 2(1) festgelegte Bedeutung.

Clearing-System bezeichnet Clearstream.

Clearstream Frankfurt bezeichnet Clearstream Banking AG, Frankfurt am Main.

Darlehens-Auszahlung hat die in § 4(3) festgelegte Bedeutung.

Darlehensgeberin bezeichnet die Helaba, handelnd durch ihre Zweigniederlassung in Irland.

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

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

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

Emissionsbedingungen bezeichnet diese Bedingungen der Capital Securities.

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

Emittenten-Gesellschafter bezeichnet die Emittenten-Kommanditistin und die Emittenten-Komplementärin.

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

Emittenten Komplementärin bezeichnet Main Capital Funding Limited, eine nach dem Recht von Jersey errichtete Gesellschaft mit beschränkter Haftung mit Sitz in Jersey, Kanalinseln, die der *General Partner* der Emittentin nach Maßgabe des Limited Partnerships (Jersey) Law 1994 in der jeweils gültigen Fassung ist.

such net loss will be deducted from the book value in accordance with the Participation Agreement.

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

Clearing System means Clearstream Frankfurt.

Clearstream Frankfurt means Clearstream Banking AG, Frankfurt am Main.

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

Lender means Helaba, acting through its Irish branch.

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

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

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

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

Securityholder means any holder of a proportional co ownership participation or right in the Global Security or, after the issuance of definitive Capital Securities, any holder of any such definitive Capital Security.

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

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

Issuer General Partner means Main Capital Funding Limited, a limited liability company incorporated under the laws of Jersey whose registered office is at Jersey, Channel Islands, and who is the general partner of the Issuer within the meaning of the Limited Partnerships (Jersey) Law 1994, as amended.

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

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

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

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

Gewinnbeteiligung hat die in § 4(1) festgelegte Bedeutung

Gewinnbeteiligungszahlung hat die in § 4(1) festgelegte Bedeutung.

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

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

Globalurkunden hat die in § 2(2) festgelegte Bedeutung.

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

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

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

KWG bezeichnet das Kreditwesengesetz.

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

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

Rückzahlungsbetrag bezeichnet den Buchwert der Stillen Einlage.

Rückzahlungstag bezeichnet (i) den 30. Juni des Jahres, das auf das Geschäftsjahr der Bank folgt, in das der Beendigungstag fällt oder, falls dieser Tag kein Geschäftstag ist, den nächstfolgenden Geschäftstag oder, falls später, (ii) den ersten Geschäftstag nach Feststellung des Jahresabschlusses der Bank für das Geschäftsjahr der Bank, in das der Beendigungstag fällt.

Sperrfrist hat die in § 2(2) festgelegte Bedeutung.

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

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

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

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

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

Profit Participation Payment has the meaning specified in § 4(1).

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

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

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

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

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

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

KWG means the German Banking Act.

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

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

Repayment Amount means the Book Value of the Silent Contribution.

Repayment Date means the later of (i) 30 June following the fiscal year in which the Termination Date occurs or, if such day is not a Business Day, the next Business Day following such day or (ii) the first Business Day after the Bank's annual financial statements are adopted for the fiscal year of the Bank in which the Termination Date occurs.

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

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

Stille Einlage hat die in § 4(1) festgelegte Bedeutung.

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

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

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

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

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

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

Zusätzliche Beträge hat die in § 10 festgelegte Bedeutung.

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

Silent Contribution has the meaning specified in § 4(1).

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

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

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

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

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

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

Additional Amounts has the meaning specified in § 10.

§ 2

Stückelung; Verbriefung und Verwahrung; Übertragbarkeit

- (1) **Stückelung:** Die Emission der Capital Securities im Gesamtnennbetrag von €250.000.000 (in Worten: Euro zweihundertfünfzig Millionen) der Main Capital Funding Limited Partnership (**Emittentin**) ist eingeteilt in 250.000 untereinander gleichrangige Teilschuldverschreibungen mit einem Nennbetrag von jeweils €1.000 (die **Capital Securities**).
- (2) **Verbriefung:** Die Capital Securities werden zunächst durch eine vorläufige auf den Inhaber lautende Globalschuldverschreibung (die **Vorläufige Globalurkunde**) ohne Zinsscheine verbrieft; die Vorläufige Globalurkunde wird nicht früher als 40 Tage (dieser Zeitraum nachfolgend die **Sperrfrist**) und nicht später als 180 Tage nach dem Ausgabebetrag in eine permanente auf den Inhaber lautende Globalschuldverschreibung (**Permanente Globalurkunde**, und die

§ 2

Denomination; Form and Custody, Transferability

- (1) **Denomination:** The issue of the Capital Securities in the aggregate nominal amount of €250,000,000 (in words: euro two hundred and fifty million) by Main Capital Funding Limited Partnership (**Issuer**) is divided into 250,000 notes, ranking *pari passu* among themselves, in the nominal amount of €1,000 each (the **Capital Securities**).
- (2) **Form:** The Capital Securities will initially be represented by a temporary global bearer security (**Temporary Global Security**) without interest coupons, which will be exchanged not earlier than 40 days (this period hereinafter referred to as the **Restricted Period**) and not later than 180 days after the Issue Date against a permanent global bearer security (**Permanent Global Security**, and the Temporary Global Security together with the Permanent Global Security

Vorläufige Globalurkunde gemeinsam mit der Permanenten Globalurkunde die *Globalurkunden* und jede für sich eine *Globalurkunde*) ohne Zinsscheine ausgetauscht, und zwar gegen Nachweis über das Nichtbestehen U.S. amerikanischen wirtschaftlichen Eigentums (*U.S. beneficial ownership*) an den Capital Securities, der nach Inhalt und Form den Anforderungen des Rechts der Vereinigten Staaten von Amerika und den dann bestehenden Usancen des Clearing Systems entspricht.

the *Global Securities* and each a *Global Security*) without interest coupons upon certification as to non U.S. beneficial ownership of the Capital Securities, the contents and form of which shall correspond to the applicable requirements of the laws of the United States of America and the then prevailing standard practices of the Clearing System.

- (3) **Effektive Capital Securities:** Falls die Emittentin (aus welchem Grund auch immer) rechtlich verpflichtet sein sollte, effektive Capital Securities auszugeben oder falls Clearstream Frankfurt oder Euroclear für einen Zeitraum von 21 aufeinanderfolgenden Geschäftstagen für Geschäfte geschlossen bleiben oder die Absicht bekannt geben sollte, den Geschäftsverkehr auf Dauer aufzugeben und kein Ersatz-Clearing System zur Verfügung stehen sollte, wird die Globalurkunde in effektive Capital Securities ausgetauscht. In diesem Fall werden Capital Securities in effektiven Inhaberurkunden ausgegeben, die entweder mit Zinsscheinen versehen sind, oder bei denen der Nachweis der Zinszahlung auf einem Abschnitt der Urkunde vermerkt wird. Mit Ausnahme von den in den vorangegangenen Sätzen beschriebenen Fällen haben die Emissionsgläubiger kein Recht, die Ausgabe von effektiven Urkunden über einzelne Capital Securities und über Zinsscheine zu verlangen.
- (3) **Definitive Capital Securities:** If, for any reason, the Issuer becomes legally obliged to issue Capital Securities in definitive form, or if either of Clearstream Frankfurt or Euroclear should be closed for business for a period of 21 consecutive Business Days or should announce an intention permanently to cease business and no substitute clearing system should be available, the Global Security will be exchanged for Capital Securities in definitive bearer form. In this case, Capital Securities in definitive bearer form will be issued which will either have coupons attached or have a grid for recording the coupon payments endorsed thereon. Other than as provided for in the immediately preceding sentences, the Securityholders shall have no right to require the issue of definitive certificates representing individual Capital Securities and interest coupons.
- (4) **Ausgabe und Verwahrung:** Die Vorläufige Globalurkunde und die Permanente Globalurkunde sind jeweils nur wirksam, wenn sie die eigenhändige Unterschrift einer durch die Emittentin bevollmächtigten Person sowie die Unterschrift eines Kontrollbeauftragten der Hauptzahlstelle tragen. Die Globalurkunden werden bei dem Clearing System hinterlegt, bis sämtliche Verpflichtungen der Emittentin aus den Capital Securities erfüllt sind.
- (4) **Issuance and Custody:** Each of the Temporary Global Security and the Permanent Global Security shall only be valid if it bears the hand written signature of a duly authorised representative of the Issuer and the control signature of a person instructed by the Principal Paying Agent. The Global Securities shall be deposited with the Clearing System, until the Issuer has satisfied and discharged all its obligations under the Capital Securities.
- (5) **Übertragbarkeit:** Den Emissionsgläubigern stehen Miteigentumsanteile oder -rechte an den Globalurkunden zu, die nach Maßgabe des anwendbaren Rechts und der jeweils geltenden Usancen des Clearing Systems übertragen werden können.
- (5) **Transferability:** The Securityholders will receive proportional co ownership participations or rights in the Global Securities that are transferable in accordance with applicable law and applicable standards of the Clearing System.

§ 3

Status der Capital Securities

Die Capital Securities begründen unmittelbare, nicht nachrangige und (mit Ausnahme einer Sicherungsabtretung von Zahlungsansprüchen der Emittentin an einen zugunsten der Emissionsgläubiger handelnden Sicherheitentreuhänder) nicht besicherte bedingte Verbindlichkeiten der Emittentin und stehen im gleichen Rang untereinander und mindestens im gleichen Rang mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin, soweit zwingendes Gesetzesrecht nichts anderes vorschreibt.

§ 3

Status of the Capital Securities

The Capital Securities constitute direct, unsubordinated and (except for a security assignment of payment claims of the Issuer to a security trustee acting for the benefit of the Securityholders) unsecured conditional obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present or future, save for mandatory exceptions prescribed by statutory law.

§ 4

Beteiligungsvertrag; Einzahlungsvertrag; Darlehensvertrag

- (1) **Beteiligungsvertrag:** Den Erlös aus der Ausgabe der Capital Securities wird die Emittentin ausschließlich zu dem Zweck verwenden, auf Grundlage eines zwischen ihr und der Bank am Ausgabetag abgeschlossenen Vertrages (**Beteiligungsvertrag**), der eine Vermögenseinlage der Emittentin bei der Bank in Höhe von €250.000.000 (**Stille Einlage**) vorsieht, eine stille Beteiligung an dem Handelsgewerbe der Bank nach deutschem Recht zu begründen.
- (a) **Gewinnbeteiligungszahlungen:** Nach Maßgabe des Beteiligungsvertrags wird die Emittentin die Stille Einlage in Höhe von €250.000.000 als Bareinlage an die Bank erbringen. Als Gegenleistung stehen der Emittentin Gewinnbeteiligungen (**Gewinnbeteiligungen**) zu, die jeweils jährlich nach Maßgabe des Beteiligungsvertrags auf Grundlage des Nennbetrages der Stillen Einlage in jedem Geschäftsjahr der Bank ermittelt und jährlich nachträglich ausgeschüttet werden (jeweils eine **Gewinnbeteiligungszahlung**).
- (b) **Gewinnperioden; Erste Gewinnperiode:** Nach Maßgabe des

§ 4

Participation Agreement; Contribution Agreement; Loan Agreement

- (1) **Participation Agreement:** The proceeds of the issue of the Capital Securities will be used by the Issuer exclusively for the purpose of establishing a silent participation in the commercial enterprise of the Bank under German law pursuant to an agreement dated the Issue Date between the Issuer and the Bank (**Participation Agreement**) providing for a capital contribution by the Issuer to the Bank in the amount of €250,000,000 (**Silent Contribution**).
- (a) **Profit Participation Payments:** Under the Participation Agreement, the Issuer will make the Silent Contribution in the form of a cash contribution of €250,000,000 to the Bank. In return, the Issuer will earn profit participations (**Profit Participations**) calculated annually in accordance with the Participation Agreement on the basis of the nominal amount of the Silent Contribution for each fiscal year of the Bank and payable annually in arrear (each a **Profit Participation Payment**).
- (b) **Profit Periods; First Profit Period:** Under the Participation Agreement,

Beteiligungsvertrages fallen auf die Stille Einlage Gewinnbeteiligungen für Gewinnzeiträume (jeweils eine **Gewinnperiode**) an. Gewinnperioden laufen jeweils vom 1. Januar (einschließlich) bis 31. Dezember (einschließlich) eines Jahres. Die erste Gewinnperiode (**Erste Gewinnperiode**) beginnt am Ausgabetag (einschließlich) und endet am 31. Dezember 2005 (einschließlich). Die letzte Gewinnperiode läuft vom 1. Januar des Jahres, in das der Beendigungstag fällt, bis zum Beendigungstag (beide Tage einschließlich).

- (c) **Fälligkeitstage der Gewinnbeteiligungs Zahlungen:** Jeder Tag, an dem nach Maßgabe des Beteiligungsvertrages eine Gewinnbeteiligungs zahlung fällig wird, ist ein **Fälligkeitstag**.

Nach Maßgabe des Beteiligungsvertrages ist jede Gewinnbeteiligung entweder (i) am 30. Juni eines Jahres nach Ablauf der maßgeblichen Gewinnperiode oder, falls dies kein Geschäftstag ist, am darauf folgenden Geschäftstag, oder (ii), falls am 29. Juni, der auf das Ende der maßgeblichen Gewinnperiode folgt, der Jahresabschlusses der Bank für das Geschäftsjahr, auf das sich die maßgebliche Gewinnperiode bezieht, noch nicht festgestellt ist, an dem auf die Feststellung folgenden Geschäftstag fällig. je nach dem, welcher Tag der spätere ist.

- (d) **Ausschluss von Gewinnbeteiligungen:** Nach Maßgabe des Beteiligungsvertrages ist eine Gewinnbeteiligung für eine Gewinnperiode (einschließlich der Ersten Gewinnperiode) ausgeschlossen:

- (i) falls und soweit die Zahlung einer solchen Gewinnbeteiligung zu einem Jahresfehlbetrag in dem Geschäftsjahr der Bank, auf das sich die maßgebliche Gewinnperiode bezieht, führen

Profit Participations on the Silent Contribution accrue for profit periods (**Profit Periods**). Profit Periods run from (and including) 1 January to (and including) 31 December of a year. The first Profit Period (**First Profit Period**) commences on (and includes) the Issue Date and ends on (and includes) 31 December 2005. The last Profit Period runs from 1 January of the year in which the Termination Date occurs and ends on the Termination Date (both days inclusive).

- (c) **Due Dates for Profit Participation Payments:** Each date on which a Profit Participation Payment falls due under the Participation Agreement is a **Due Date**.

Under the Participation Agreement, each Profit Participation is payable on the later of (i) 30 June in the year following the end of the relevant Profit Period or, if that is not a Business Day, the next Business Day and (ii) if on 29 June following the end of the relevant Profit Period the Bank's annual financial statements for the profit period to which the Profit Period relates have not been adopted, the Business Day following adoption thereof.

- (d) **Exclusion of Profit Participations:** Under the Participation Agreement, a Profit Participation for a Profit Period (including the First Profit Period) is excluded:

- (i) if (but only to the extent that) payment of such Profit Participation would lead to or increase a Net Loss for the fiscal year of the Bank to which the relevant Profit Period relates; or

oder diesen erhöhen würde;
oder

- | | |
|--|--|
| <p>(ii) falls der Nennbetrag der Stillen Einlage aufgrund von Verlusten der Bank in Vorjahren herabgesetzt und noch nicht vollständig durch in Folgejahren angefallene Gewinne aufgefüllt wurde; oder</p> <p>(iii) wenn zu irgendeinem Zeitpunkt vor Auszahlung der Gewinnbeteiligung ein Antrag auf Eröffnung des Insolvenzverfahrens über das Vermögen der Bank aus Gründen der drohenden oder bestehenden Zahlungsunfähigkeit oder Überschuldung gestellt wurde oder die BaFin die ihr verliehenen Befugnisse gemäß §§ 45, 46, 46a und 47 KWG bzw. entsprechender Nachfolgebestimmungen ausgeübt hat.</p> | <p>(ii) if the book value of the Silent Contribution has been reduced due to losses of the Bank in previous years and not yet fully replenished by profits from the following years; or</p> <p>(iii) if, at any time prior to payment of such Profit Participation, an application for the institution of insolvency proceedings in respect of the assets of the Bank has been filed for reasons of threatened or actual illiquidity or overindebtedness, or the BaFin has made use of its powers vested by virtue of §§ 45, 46, 46a and 47 of the KWG or the relevant successor provisions.</p> |
| <p>(e) Rückzahlungsbetrag und -tag: Nach Maßgabe des Beteiligungsvertrages zahlt die Bank der Emittentin am Rückzahlungstag den Rückzahlungsbetrag.</p> | <p>(e) Repayment Amount and Date: Under the Participation Agreement, the Bank will, on the Repayment Date, pay to the Issuer the Repayment Amount.</p> |
| <p>(f) Hinweis gemäß § 10(4) S. 1 Ziff. 6 KWG: Entsprechend den Vorgaben des KWG sieht der Beteiligungsvertrag vor, dass:</p> | <p>(f) Notice in Accordance with § 10(4) s. 1 no. 6 KWG: In accordance with the requirements of the KWG, the Participation Agreement provides that:</p> |
| <p>(i) Verbot nachträglicher Änderungen zum Nachteil der Bank: nach seinem Abschluss (A) die Verlustbeteiligung der Emittentin nicht zum Nachteil der Bank verändert werden kann, (B) die Nachrangigkeit nicht eingeschränkt werden kann und (iii) Laufzeit sowie Kündigungsfrist nicht verkürzt werden können; und</p> | <p>(i) Exclusion of Amendments to the Bank's Detriment: subsequent to its execution, (A) the loss participation of the Issuer may not be amended to the Bank's detriment, (B) the subordination may not be limited and (C) neither the term nor the notice period may be shortened; and</p> |
| <p>(ii) Rückzahlungsverpflichtung: ungeachtet anderweitiger Vereinbarungen Vorauszahlungen auf die Stille</p> | <p>(ii) Recontribution Obligation: any premature repayment of the Silent Contribution must be repaid to the Bank</p> |

Einlage an die Bank zurückzuzahlen sind, es sei denn, (A) das Kapital wurde durch anderes mindestens gleichwertiges Eigenkapital ersetzt oder (B) die BAFin hatte der vorzeitigen Rückzahlung der Stillen Einlage zugestimmt.

notwithstanding any agreement to the contrary, unless (A) the capital has been replaced by other own funds of at least equal quality or (B) the BAFin has agreed to the premature repayment of the Silent Contribution.

- (g) **Vollständiger Beteiligungsvertrag:** Die Bestimmungen des Beteiligungsvertrags werden diesen Emissionsbedingungen sowie der Globalurkunde als Anlage beigefügt und bilden mit diesen jeweils eine Einheit. Eine Kopie des Beteiligungsvertrags in seiner jeweils gültigen Fassung liegt zur Einsichtnahme in den Geschäftsstellen der Zahlstellen aus.
- (2) **Einzahlungsvertrag:** Bei Zahlung von Gewinnbeteiligungszahlungen an die Emittentin und Wiederauffüllungen der Stillen Einlage nach einer Herabsetzung des Buchwerts der Stillen Einlage nach Maßgabe des Beteiligungsvertrages ist die Bank verpflichtet, Kapitalertragsteuer auf die ausgeschütteten bzw. zur Auffüllung verwendeten Beträge einzubehalten. Soweit diese Einbehalte nach deutschem Steuerrecht der Emittenten-Kommanditistin zuzurechnen sind, gelten sie als Vorauszahlungen auf die von der Emittenten-Kommanditistin geschuldete deutsche Einkommensteuer. In Bezug auf diese Vorauszahlungen geht die Emittenten-Kommanditistin davon aus, dass ihr gegenüber den deutschen Finanzbehörden Steuererstattungsansprüche zustehen (*Steuererstattungsansprüche*). In diesem Zusammenhang haben die Emittenten Gesellschafter am 31. Mai 2005 einen ergänzenden Gesellschaftervertrag (*Einzahlungsvertrag*) geschlossen, nach dem die Emittenten-Kommanditistin verpflichtet ist, der Emittentin sämtliche Beträge zu zahlen, die sie von den deutschen Steuerbehörden in Bezug auf Steuererstattungsansprüche erhält (jede solche Zahlung jeweils eine *Kapitaleinzahlung*).
- (3) **Darlehensvertrag:** Steuererstattungsansprüche werden erst nach der steuerlichen Veranlagung der Emittenten-Kommanditistin für jedes einzelne Steuerjahr
- (g) **Complete Participation Agreement:** The provisions of the Participation Agreement are attached to these Terms and Conditions and to the Global Security and shall be deemed to constitute one document herewith. A copy of the Participation Agreement, as amended from time to time, is available for inspection at the offices of each of the Paying Agents.
- (2) **Contribution Agreement:** Upon payment of Profit Participation Payments to the Issuer and replenishments of the Silent Contribution after a reduction of the Book Value of the Silent Contribution in accordance with the Participation Agreement, the Bank must withhold German Investment Income Tax on the amounts distributed or used for replenishment. These withholdings, to the extent attributable to the Issuer Limited Partner in accordance with German tax laws, will be counted as prepayments towards the German income tax owed by the Issuer Limited Partner. In relation to such prepayments, the Issuer Limited Partner expects to be entitled to refund claims against the German tax authorities (*Tax Refund Claims*). In this context, the Issuer Partners entered into a supplementary partnership agreement on 31 May 2005 (*Contribution Agreement*) under which the Issuer Limited Partner is required to pay to the Issuer all amounts that it receives from the German tax authorities on account of Tax Refund Claims (each such payment a *Contribution Payment*).
- (3) **Loan Agreement:** Tax Refund Claims only become due after the Issuer Limited Partner's tax assessment for each tax year. Accordingly, the Issuer has entered into a loan agreement

fällig. Demgemäß hat die Emittentin am 31. Mai 2005 mit der Darlehensgeberin einen Darlehensvertrag abgeschlossen (*Darlehensvertrag*), nach dem die Emittentin Auszahlungen (jeweils eine *Darlehens-Auszahlung*) erhält, um ihre Verpflichtung zur Zahlung von Zinszahlungen an den jeweiligen Fälligkeitstagen nachzukommen und die Stille Einlage nach einer Herabsetzung des Buchwerts der Stillen Einlage nach Maßgabe des Beteiligungsvertrages wieder aufzufüllen. Die Emittentin erwartet, die Darlehens-Auszahlungen mit den von der Emittenten-Kommanditistin als Kapitaleinzahlungen erhaltenen Geldern zurückzuführen. Die Bestimmungen des Darlehensvertrages werden diesen Emissionsbedingungen sowie der Globalurkunde als Anlage beigefügt und bilden mit diesen jeweils eine Einheit. Eine Kopie des Darlehensvertrages in seiner jeweils gültigen Fassung liegt zur Einsichtnahme in den Geschäftsstellen der Zahlstellen aus.

with the Lender on 31 May 2005 (*Loan Agreement*) pursuant to which the Issuer is entitled to obtain advances (each an *Advance*) in order to fund its obligations to make Coupon Payments on the relevant Due Dates or to fully replenish the Silent Contribution after a reduction of the Book Value of the Silent Contribution in accordance with the Participation Agreement. The Issuer expects to repay the Advances with the monies that it receives from the Issuer Limited Partner as Contribution Payments. The terms of the Loan Agreement are attached to these Terms and Conditions and to the Global Security and shall be deemed to constitute one document herewith. A copy of the Loan Agreement, as amended from time to time, is available for inspection at the offices of each of the Paying Agents.

§ 5

Bindung der Emittentin; Rechtsverhältnisse

- (1) **Bindung der Emittentin:** Die Capital Securities verbriefen die Verpflichtung der Emittentin, den Erlös aus der Ausgabe der Capital Securities zur Zahlung der Stillen Einlage zu verwenden und (i) die Gewinnbeteiligungszahlungen, (ii) den Rückzahlungsbetrag und eventuell darauf aufgelaufene Zinsen sowie (iii) die Darlehens-Auszahlungen zu verwenden, um ihre Zahlungsverpflichtungen gegenüber den Emissionsgläubigern nach Maßgabe dieser Emissionsbedingungen zu erfüllen. Vorbehaltlich § 6 ist die Emittentin unter keinen Umständen verpflichtet, Zahlungen an die Emissionsgläubiger zu leisten, wenn sie nicht zuvor die ihr nach Maßgabe des Beteiligungsvertrages oder des Darlehensvertrages zustehenden Beträge tatsächlich erhalten hat.
- (2) **Kein Rechtsverhältnis zwischen Emissionsgläubigern und Bank:** Durch den Beteiligungsvertrag und den Darlehensvertrag werden keine Rechte der

§ 5

Issuer Commitment; Legal Relationships

- (1) **Issuer Commitment:** The Capital Securities represent the Issuer's obligation to use the proceeds from the issue of the Capital Securities for the purpose of paying the Silent Contribution, and to use (i) the Profit Participation Payments, (ii) the Repayment Amount, including any interest accrued thereon, and (iii) the Advances to satisfy its payment obligations to the Securityholders under these Terms and Conditions. Subject to § 6, in no event will the Issuer be under any obligation to make payments to Securityholders without prior receipt of the relevant amounts due to the Issuer under the Participation Agreement or the Loan Agreement.
- (2) **No Relationship between Securityholders and Bank:** The Participation Agreement and the Loan Agreement do not create any rights for the Securityholders vis à vis the Bank.

Emissionsgläubiger gegenüber der Bank begründet.

- (3) **Kein Rechtsverhältnis zwischen Emissionsgläubigern und Emittenten-Kommanditistin:** Durch den Einzahlungsvertrag werden keine Rechte der Emissionsgläubiger gegenüber der Emittenten Kommanditistin begründet.
- (3) **No Relationship between Securityholders and Issuer Limited Partner:** The Contribution Agreement does not create any rights for the Securityholders vis à vis the Issuer Limited Partner.

§ 6 Zinszahlungen

- (1) **Fälligkeit:** An jedem Fälligkeitstag wird die Emittentin aus der jeweiligen Gewinnbeteiligungszahlung und Darlehens-Auszahlung, die die Emittentin jeweils tatsächlich von der Bank erhalten hat, Zinsen auf die Capital Securities in Höhe von 5,5% p.a. (jeweils eine *Zinszahlung*) zahlen, wobei die erste Zinszahlung auf jede Capital Security €59,22 beträgt. Falls die von der Bank geschuldete Gewinnbeteiligungszahlung geringer ist als die nach dem Beteiligungsvertrag an dem betreffenden Fälligkeitstag maximal fällig werdende Gewinnbeteiligungszahlung, reduziert sich der auf den Nennbetrag der Capital Securities anzuwendende Zinssatz auf den Zinssatz, der sich aus der Multiplikation des für die Gewinnbeteiligungszahlung geltenden Zinssatzes mit der tatsächlich geschuldeten niedrigeren Gewinnbeteiligungszahlung dividiert durch diese maximale Gewinnbeteiligungszahlung ergibt. Auf die einzelnen Capital Securities entfällt ein jeweils verhältnismäßiger Anteil aller vorstehend genannten zahlbaren Beträge (auf den nächsten vollen Cent abgerundet).
- (2) **Keine Nachzahlungsverpflichtung in Bezug auf Zinszahlungen:** Die Emittentin ist nicht verpflichtet, Zinszahlungen, die aufgrund von § 5(1) oder § 6(1) ausfallen oder weniger als 5,5% p.a. ausmachen, nachzuholen.
- (3) **Kein Ausgleich bei verspäteter Zahlung:** Falls der Tag der Zahlung der Gewinnbeteiligungszahlung nach Maßgabe des Beteiligungsvertrages verschoben wird, erfolgt auf den insoweit nach dem vorgesehenen Fälligkeitstag gezahlten Betrag

§ 6 Coupon Payments

- (1) **Payment:** Using the proceeds of the relevant Profit Participation Payment and Advance effectively received by the Issuer from the Bank from time to time on each Due Date, the Issuer shall pay interest on each Due Date on the Capital Securities to the Securityholders at the rate of 5.5 per cent. *per annum* (each a *Coupon Payment*) with the first Coupon Payment being €59.22 per Capital Security. To the extent that the Profit Participation Payment owed by the Bank is lower than the maximum Profit Participation Payment which would have fallen due on the relevant Due Date under the Participation Agreement, the interest rate applicable to the nominal amount of the Capital Securities shall be reduced to an interest rate corresponding to such applicable interest rate multiplied by the lower Profit Participation Payment actually owed divided by such maximum Profit Participation Payment. A *pro rata* share of the above-mentioned amounts payable (rounded down to the next full cent) shall be allocated to each Capital Security.
- (2) **No Obligation to Compensate for Coupon Payments:** The Issuer shall be under no obligation to subsequently compensate any Securityholder for Coupon Payments which are not made or amount to less than 5.5 per cent. *per annum* due to § 5(1) or § 6(1).

- (3) **No Compensation for Late Payment:** No interest or further amounts will accrue or be payable on Coupon Payments for a Profit Period which are paid after the scheduled due date as a result of the postponement of the

der Zinszahlung der maßgeblichen Gewinnperiode keine Zahlung von Zinsen oder von sonstigen Beträgen.

§ 7 Rückzahlung

- (1) **Rückzahlung:** Am Rückzahlungstag wird die Emittentin (a) den Rückzahlungsbetrag, (b) ihr nach Maßgabe des Beteiligungsvertrags noch zustehende Gewinnbeteiligungszahlungen und (c) die Mittel aus diesbezüglichen Darlehens-Auszahlungen, die sie jeweils tatsächlich von der Bank erhalten hat, zur Rückzahlung der Capital Securities bzw. zur Zahlung aufgelaufener Zinsen auf die Capital Securities an die Emissionsgläubiger verwenden (*Tilgungszahlung*). Reichen die von der Bank als Rückzahlungsbetrag und Gewinnbeteiligungszahlung sowie die von der Darlehensgeberin als Darlehens-Auszahlung tatsächlich gezahlten Beträge nicht aus, um eine Zahlung in Höhe des Nennbetrags der Capital Securities sowie am Rückzahlungstag geschuldeter Zinsen zu leisten, vermindern sich Rück- und Zinszahlung auf die Capital Securities entsprechend. Auf die einzelnen Capital Securities entfällt ein jeweils verhältnismäßiger Anteil aller vorstehend genannten zahlbaren Beträge (auf den nächsten vollen Cent abgerundet).
- (2) **Erlöschen der Zahlungspflichten:** Durch die Zahlung nach Maßgabe von § 7(1) an die Emissionsgläubiger gilt das Kapital der Capital Securities als vollständig zurückgezahlt und alle Ansprüche der Emissionsgläubiger gegenüber der Emittentin als erloschen.
- (3) **Bekanntmachung:** Die Emittentin wird den Beendigungstag und den Rückzahlungstag nach Maßgabe von § 15 gegenüber den Emissionsgläubigern mit einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen bekannt machen und Euronext entsprechend benachrichtigen.

payment date of a Profit Participation Payment under the Participation Agreement.

§ 7 Redemption

- (1) **Repayment:** On the Repayment Date, the Issuer will use (a) the Repayment Amount, (b) any Profit Participation Payment due under the Participation Agreement and (c) any amounts from corresponding Advances effectively received by the Issuer for the repayment of the Capital Securities and/or the payment of interest accrued on the Capital Securities to the Securityholders (*Redemption Payment*). To the extent that the amounts effectively paid by the Bank as a Repayment Amount and a Profit Participation Payment and by the Lender as Advances are not sufficient to pay the nominal amount of the Capital Securities and interest falling due on the Repayment Date, the Redemption Payment shall be reduced accordingly. A *pro rata* share of the above amounts payable (rounded down to the next full cent) shall be allocated to the respective individual Capital Securities.
- (2) **Discharge of Payment Obligations:** Upon payment to the Securityholders in accordance with § 7(1), the principal of the Capital Securities shall be deemed fully repaid and all claims of the Securityholders against the Issuer shall be deemed discharged.
- (3) **Notification:** In accordance with § 15, the Issuer shall notify the Securityholders of the Termination Date and the Repayment Date within a notice period of not less than 30 and not greater than 60 days and notify Euronext accordingly.

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§ 8

Kündigung und Rückzahlung

- (1) **Kündigung und Rückzahlung nach Wahl der Emittentin:** Vorbehaltlich § 8(3) können die Capital Securities von der Emittentin insgesamt, jedoch nicht teilweise, durch Mitteilung nach Maßgabe des § 15 gegenüber den Emissionsgläubigern mit einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zum 30. Juni eines jeden Jahres, erstmalig zum 30. Juni 2011, vorzeitig gekündigt und zum Nennbetrag zuzüglich aufgelaufener Zinsen zurückgezahlt werden.
- (2) **Vorzeitige Kündigung und Rückzahlung aus Steuergründen:** Vorbehaltlich § 8(3) können die Capital Securities insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen durch Erklärung gegenüber der Hauptzahlstelle und Mitteilung nach Maßgabe des § 15 gegenüber den Emissionsgläubigern vorzeitig gekündigt und zum Nennbetrag zuzüglich aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Steuer oder Abgabengesetze und -vorschriften Jerseys oder dessen politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Ausgabetag wirksam) am nächstfolgenden Fälligkeitstag zur Zahlung Zusätzlicher Beträge verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen zumutbarer, der Emittentin zur Verfügung stehender Maßnahmen vermieden werden kann. Eine solche Kündigung darf allerdings nicht (a) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, solche Zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Capital Securities dann fällig sein würde, oder (b) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erklärt wird, die Verpflichtung zur Zahlung Zusätzlicher Beträge nicht mehr wirksam ist. Eine solche Kündigung ist unwiderruflich,

§ 8

Termination and Repayment

- (1) **Termination and Repayment at the Option of the Issuer:** Subject to § 8(3), the Issuer may call the Capital Securities for redemption, in whole but not in part, with effect on 30 June of each year (however, with effect no earlier than 30 June 2011) and redeem the Capital Securities at their nominal amount plus any interest accrued, by giving not less than 30 and not more than 60 days' notice in accordance with § 15.
- (2) **Early Termination and Repayment for Tax Reasons:** If as a result of any change in, or amendment to, the laws or regulations of Jersey or any political subdivision or taxing authority thereof or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the Issue Date, and subject to § 8(3), the Issuer is required to pay Additional Amounts on the next succeeding Due Date, and this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Capital Securities may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Principal Paying Agent and, in accordance with § 15, to the Securityholders, at their nominal amount together with interest accrued to the date fixed for redemption. However, no such notice of redemption may be made (a) earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Capital Securities then due or (b) if, at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect. Any such notice shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem. Interest accrued shall be calculated using the Interest Calculation Method.

muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umständen darlegt. Aufgelaufene Zinsen werden auf Grundlage der Zinsberechnungsmethode berechnet.

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| <p>(3) Eingeschränkte Zulässigkeit der Kündigung: Die Kündigung der Capital Securities durch die Emittentin nach Maßgabe dieses § 8 ist nur zulässig, sofern die Finanzierung der Rückzahlung der Capital Securities zum Nennbetrag zuzüglich aufgelaufener Zinsen durch Ausgabe vergleichbarer Schuldverschreibungen oder auf andere Weise gesichert ist.</p> | <p>(3) Limited Permissibility of Termination: Any termination of the Capital Securities by the Issuer in accordance with this § 8 is only permissible if financing for the redemption of the Capital Securities at their nominal amount plus any interest accrued thereon has been secured, either through the issuance of similar debt securities or in some other way.</p> |
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§ 9 Zahlungen

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| <p>(1) Befreiende Zahlung an das Clearing System: Die Emittentin verpflichtet sich, Zahlungen auf die Capital Securities bei Fälligkeit in Euro an die Hauptzahlstelle zur Weiterleitung an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber bei dem Clearing-System zu zahlen. Vorbehaltlich § 9(3) wird die Emittentin durch Leistung der Zahlung an das Clearing System oder dessen Order in Höhe der geleisteten Zahlung von ihrer Zahlungspflicht befreit.</p> <p>(2) Zahlung an Geschäftstagen: Falls eine Zahlung auf die Capital Securities an einem Tag zu leisten ist, der kein Geschäftstag ist, so erfolgt die Zahlung am nächstfolgenden Geschäftstag. In diesem Fall steht den Emissionsgläubigern weder ein Zahlungsanspruch noch ein Anspruch auf Zinszahlungen oder eine andere Entschädigung wegen dieser Verzögerung zu.</p> <p>(3) Zahlung bei effektiven Urkunden: Für den Fall, dass effektive Urkunden über einzelne Capital Securities ausgegeben worden sind, erfolgen Zahlungen auf die Capital Securities gegen Vorlage und Aushändigung der betreffenden effektiven Urkunde (oder, allein im Falle von Teilzahlungen, durch Indossament), außer im Falle von Zinszahlungen, die gegen Vorlage und Aushändigung des betreffenden Zinsscheins</p> | <h2 style="text-align: center;">§ 9
Payments</h2> <p>(1) Discharge by Payment to the Clearing System: The Issuer undertakes to pay, as and when due, amounts due on Capital Securities in Euro to the Principal Paying Agent for on payment to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System. Subject to § 9(3), upon effecting the payment to the Clearing System or to its order, the Issuer shall be released from its payment obligation in the amount of the payment effected.</p> <p>(2) Payment on Business Days: If any payment of any amount with respect to Capital Securities is to be effected on a day other than a Business Day, payment shall be effected on the next following Business Day. In this case, the Securityholders shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.</p> <p>(3) Payment on Definitive Certificates: In the event that definitive certificates representing individual Capital Securities have been issued, payments of amounts due in respect of Capital Securities will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant definitive certificate, except that payments of interest will be made against presentation and surrender (or, in the case of</p> |
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(oder, allein im Falle von Teilzahlungen, durch Indossament) erfolgen, jeweils bei der Geschäftsstelle einer Zahlstelle.

part payment only, endorsement) of the relevant interest coupon, in each case at the office of a Paying Agent.

§ 10 Steuern

Sämtliche auf die Capital Securities zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde von oder in Jersey auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In diesem Fall wird die Emittentin, soweit sie die dafür erforderlichen Beträge tatsächlich von der Bank nach Maßgabe des Beteiligungsvertrages erhalten hat, diejenigen zusätzlichen Beträge (**Zusätzlichen Beträge**) zahlen, die erforderlich sind, damit die den Emissionsgläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Emissionsgläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

- (1) auf andere Weise als durch Einbehalt oder Abzug von zahlbaren Beträgen zu entrichten sind; oder
- (2) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Emissionsgläubigers zu Jersey zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Capital Securities aus Quellen in Jersey stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
- (3) aufgrund einer Richtlinie der Europäischen Union betreffend die Besteuerung von Zinserträgen, die die Schlussfolgerungen des Treffens des ECOFIN-Rates vom 26-27. November 2000 umsetzt, oder aufgrund einer gesetzlichen Vorschrift, die diese Richtlinie umsetzt oder befolgt oder erlassen wurde, um der Richtlinie zu entsprechen, von Zahlungen an eine natürliche Person einzubehalten oder abzuziehen sind; oder

§ 10 Taxes

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

- (1) are payable otherwise than by withholding or deduction from amounts payable; or
- (2) are payable by reason of the Securityholder having, or having had some personal or business connection with Jersey and not merely by reason of the fact that payments in respect of the Capital Securities are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, Jersey; or
- (3) are to be withheld or deducted from a payment to an individual pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

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- (4) aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung nach Maßgabe von § 15 wirksam wird; oder
- (5) von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle in einem EU-Mitgliedstaat die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können.
- (4) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with § 15, whichever occurs later; or
- (5) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent in an EU member state without such deduction or withholding.

§ 11

Kündigung durch Emissionsgläubiger

- (1) **Kündigungsgründe:** Jeder Emissionsgläubiger ist berechtigt, seine Capital Securities durch Erklärung gegenüber der Hauptzahlstelle zu kündigen und deren Rückzahlung zum Nennbetrag zuzüglich aufgelaufener Zinsen auf seine Capital Securities bis zum Tag der tatsächlichen Rückzahlung zu verlangen, falls:
 - (a) Kapital oder Zinsen nicht innerhalb von 15 Tagen nach dem betreffenden Fälligkeitstag gemäß §§ 6 und 7 weitergeleitet wurden; oder
 - (b) die Emittentin die ordnungsgemäße Erfüllung einer sonstigen Verpflichtung aus den Capital Securities unterlässt und diese Unterlassung länger als 30 Tage andauert, nachdem die Hauptzahlstelle hierüber eine Benachrichtigung von einem Emissionsgläubiger erhalten hat; oder
 - (c) die Emittentin ihre Zahlungen einstellt; oder
 - (d) die Emittentin ihre Zahlungsunfähigkeit bekannt gibt; oder
 - (e) die Emittentin in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung, Konsolidierung oder einer anderen Form des Zusammenschlusses mit einer anderen

§ 11

Termination by Securityholders

- (1) **Events of Default:** Each Securityholder shall be entitled to declare due and payable by notice to the Principal Paying Agent its Capital Securities and demand immediate redemption thereof together with accrued interest (if any) on its Capital Securities to the date of repayment, in the event that:
 - (a) principal or interest have not been paid within 15 days from the relevant due date in accordance with §§ 6 and 7; or
 - (b) the Issuer fails to duly perform any other obligation arising under the Capital Securities and such failure continues for more than 30 days without cure after the Principal Paying Agent has received notice thereof from a Securityholder; or
 - (c) the Issuer suspends its payments generally; or
 - (d) the Issuer announces its inability to meet its financial obligations; or
 - (e) the Issuer enters into liquidation, except in connection with a merger, consolidation or other form of combination with another company or in connection with a reorganisation and such other or new company

Gesellschaft oder im Zusammenhang mit einer Umwandlung, und diese andere oder neue Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin im Zusammenhang mit den Capital Securities eingegangen ist; oder

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

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

- (2) **Quorum:** In den Fällen des § 11(1)(b), (c), und/oder (d) wird eine Kündigung, sofern nicht bei deren Eingang zugleich einer der in § 11(1)(a), (e) oder (f) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei der Hauptzahlstelle Kündigungserklärungen von Emissionsgläubigern im Gesamtnennbetrag von mindestens einem Zehntel des Gesamtnennbetrags der ausstehenden Capital Securities eingegangen sind.
- (3) **Benachrichtigung:** Eine Benachrichtigung oder Kündigung gemäß § 11(1) hat in der Weise zu erfolgen, dass der Emissionsgläubiger der Hauptzahlstelle eine schriftliche Erklärung per Bote oder durch eingeschriebenen Brief übersendet und dabei wie in § 16(3) vorgesehen nachweist, dass er im Zeitpunkt der Erklärung Inhaber der betreffenden Capital Securities ist.

assumes all obligations undertaken by the Issuer under or in connection with the Capital Securities; or

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

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

- (2) **Quorum:** In the events specified in § 11(1)(b), (c), and/or (d), any notice declaring Capital Securities due shall, unless at the time such notice is received any of the events of default specified in § 11(1)(a), (e) or (f) has occurred, become effective only when the Principal Paying Agent has received such notices from the Securityholders of at least one tenth of the aggregate nominal amount of Capital Securities then outstanding.
- (3) **Notice:** Any notice in accordance with § 11(1) shall be given by means of a written declaration delivered by hand or registered mail to the Principal Paying Agent together with evidence in accordance with § 16(3) that such Securityholder, at the time of such written notice, is a holder of the relevant Capital Securities.

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§ 12

Vorlegungsfrist; Verjährung

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

§ 12

Presentation Period; Prescription

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

§ 13

Zahlstellen

- (1) **Hauptzahlstelle:** Die Citibank N.A., London, ist die anfängliche Hauptzahlstelle (*Hauptzahlstelle*).
- (2) **Niederländische Zahlstelle:** Die ABN AMRO Bank N.V., Amsterdam, ist als weitere Zahlstelle (gemeinsam mit der Hauptzahlstelle, die *Zahlstellen*, und jede eine *Zahlstelle*) bestellt. Die Emittentin wird dafür sorgen, dass solange Capital Securities an Euronext notiert sind, immer eine Zahlstelle in den Niederlanden bestellt ist. In keinem Fall darf die Adresse einer von der Emittentin benannten Zahlstelle innerhalb der Vereinigten Staaten oder deren Landesbesitzungen liegen.
- (3) **Ersetzung von Zahlstellen:** Die Emittentin wird dafür sorgen, dass stets eine Hauptzahlstelle vorhanden ist. Die Emittentin ist berechtigt, Banken von internationalem Ansehen als Hauptzahlstelle zu bestellen. Die Emittentin ist weiterhin berechtigt, die Bestellung einer Bank zur Hauptzahlstelle zu widerrufen. Im Falle einer solchen Abberufung oder, falls die bestellte Bank nicht mehr als Hauptzahlstelle tätig werden kann oder will, bestellt die Emittentin eine andere Bank von internationalem Ansehen als Hauptzahlstelle. Die Emittentin wird sich, soweit möglich, darum bemühen, dass stets eine Zahlstelle mit Geschäftsstelle in einem Mitgliedsstaat der Europäischen Union vorhanden ist, die nicht verpflichtet ist, Steuern einzubehalten oder abzuziehen, die aufgrund einer Richtlinie der Europäischen Union betreffend die Besteuerung von Zinserträgen, die die Schlussfolgerungen des

§ 13

Paying Agents

- (1) **Principal Paying Agent:** Citibank N.A., London, shall be the initial paying agent (*Principal Paying Agent*).
- (2) **Dutch Paying Agent:** ABN AMRO Bank N.V., Amsterdam, shall be appointed as additional paying agent (together with the Principal Paying Agent the *Paying Agents*, and each a *Paying Agent*). The Issuer shall procure that as long as Capital Securities are listed on Euronext, there will at all times be a Paying Agent in The Netherlands. In no event shall the specified office of a Paying Agent appointed by the Issuer be within the United States or its possessions.
- (3) **Replacement of Paying Agents:** The Issuer shall procure that there will at all times be a Principal Paying Agent. The Issuer shall be entitled to appoint banks of international standing as Principal Paying Agent. Furthermore, the Issuer shall be entitled to terminate the appointment of a bank as Principal Paying Agent. In the event of such termination or such bank being unable or unwilling to continue to act as Principal Paying Agent, the Issuer shall appoint another bank of international standing as Principal Paying Agent. The Issuer shall to the extent possible procure that it will at all times maintain a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law

Treffens des ECOFIN-Rates vom 26.-27. November 2000 umgesetzt, oder aufgrund einer gesetzlichen Vorschrift, die diese Richtlinie umsetzt oder befolgt oder erlassen wurde, um der Richtlinie zu entsprechen, einzubehalten oder abzuziehen sind. Jede solche Bestellung oder ein solcher Widerruf der Bestellung ist unverzüglich gemäß § 15 oder, falls dies nicht möglich sein sollte, in sonstiger Weise öffentlich bekannt zu machen.

- (4) **Haftung der Zahlstellen:** Jede Zahlstelle haftet dafür, dass sie Erklärungen abgibt, nicht abgibt oder entgegennimmt oder Handlungen vornimmt oder unterlässt, nur, wenn und soweit sie die Sorgfalt eines ordentlichen Kaufmanns verletzt hat.
- (5) **Rechtsverhältnisse der Zahlstellen:** Die Zahlstellen sind in ihrer jeweiligen Funktion ausschließlich Beauftragte der Emittentin. Zwischen den Zahlstellen einerseits und den Emissionsgläubigern andererseits besteht kein Auftrags oder Treuhandverhältnis. Die Zahlstellen sind von den Beschränkungen des § 181 BGB und etwaigen gleichartigen Beschränkungen des anwendbaren Rechts anderer Rechtsordnungen befreit.

implementing or complying with, or introduced in order to conform to, such Directive. Any such appointment or termination shall be published without undue delay in accordance with § 15, or, should this not be possible, shall be published in another way.

- (4) **Liability of Paying Agents:** Each Paying Agent shall be held responsible for giving, failing to give, or accepting a declaration, or for acting or failing to act, only if, and insofar as, it fails to act with the diligence of a conscientious businessman.
- (5) **Paying Agent Legal Matters:** The Paying Agents, acting in such capacity, act only as agents of the Issuer. There is no agency or fiduciary relationship between the Paying Agents on the one hand and the Securityholders on the other hand. Each of the Paying Agents shall be exempt from the restrictions set forth in § 181 German Civil Code and similar restrictions of other applicable laws of other jurisdictions.

§ 14 Ersetzung

- (1) **Ersetzung:** Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Emissionsgläubiger im Wege (i) der Abtretung bzw. Vertragsübernahme oder (ii) einer gesellschaftsrechtlichen Umstrukturierung eine andere Gesellschaft an ihrer Stelle als Hauptschuldnerin und Hauptgläubigerin (*Nachfolgerin*) für alle Verpflichtungen und Rechte aus und im Zusammenhang mit den Capital Securities, dem Beteiligungsvertrag und dem Einzahlungsvertrag sowie sonstigen, mit diesen Verträgen zusammenhängenden Verträge einzusetzen; allerdings nur sofern:
- (a) sie sich nicht mit einer Zahlung auf die Capital Securities in Verzug befindet;
- (b) die Nachfolgerin alle Rechte und Verpflichtungen der Emittentin in Bezug auf die Capital Securities übernimmt;

§ 14 Substitution

- (1) **Substitution:** The Issuer may, at any time and without the consent of the Securityholders, substitute by (i) assignment or contractual assumption or (ii) corporate restructuring another company for the Issuer as principal debtor and creditor (*Successor*) in respect of all obligations and rights under and in connection with the Capital Securities, the Participation Agreement and the Contribution Agreement as well as any other agreements related thereto, provided that:
- (a) the Issuer is not in default of any payment owed under the Capital Securities;
- (b) the Successor assumes all rights and obligations of the Issuer under the Capital Securities;

- (c) die Emittentin und die Nachfolgerin alle erforderlichen Genehmigungen erhalten haben und berechtigt sind, die zur Erfüllung der Zahlungsverpflichtungen aus den Capital Securities zahlbaren Beträge in Euro zu zahlen, ohne verpflichtet zu sein, in dem Land, in dem die Nachfolgerin oder die Emittentin ihren jeweiligen Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;
- (d) die Nachfolgerin sich verpflichtet hat, die Investoren hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die den Emissionsgläubigern bezüglich der Ersetzung auferlegt werden; und
- (e) die Ersetzung nicht zu einer erhöhten Belastung der (i) Nachfolgerin oder (ii) ihrer Anteilseigner (für den Fall einer Kapitalgesellschaft) bzw. Gesellschafter (für den Fall einer Personengesellschaft) mit Kapitalertrag oder sonstiger Abzugssteuer, etwaiger Vermögensteuer oder der Gewerbeertrag oder sonstiger Ertragsteuer führt; allerdings mit der Maßgabe, dass dieser § 14(1)(e) nicht untersagt, dass die Emittenten-Kommanditistin deswegen die Nachfolgerin wird, weil die Emittenten-Komplementärin ihren Anteil an der Emittentin an die Emittenten-Kommanditistin überträgt (wodurch der Emittenten-Kommanditistin sämtliche Vermögensgegenstände und Verbindlichkeiten der Emittentin anwachsen würden (in einem solchen Fall würde der Einzahlungsvertrag erlöschen und die Nachfolgerin würde die Darlehensauszahlungen unmittelbar mit den Zahlungen auf die Steuererstattungsansprüche zurückzahlen).
- (c) the Issuer and the Successor have obtained all necessary permits and are authorised to comply with the payment obligations under the Capital Securities by paying the amounts due in Euro without being obliged to withhold or deduct applicable tax or other duties of any kind in the respective country in which the Successor or the Issuer is domiciled or resident for tax purposes;
- (d) the Successor has agreed to indemnify the Securityholders against such taxes, duties or other governmental charges as may be imposed on the Securityholders in connection with the substitution; and
- (e) the substitution does not result in an increase in German Investment Income Tax or any other withholding tax, in property tax, if applicable, trade income or any other income tax payable by (i) the Successor or (ii) its shareholders (if incorporated as a corporation) or partners (if established as a partnership); provided that this § 14(1)(e) shall not prevent the Issuer Limited Partner becoming the Successor by virtue of the Issuer General Partner transferring its interest in the Issuer to the Issuer Limited Partner as a consequence of which all of the Issuer's assets and liabilities would vest in the Issuer Limited Partner (in such a case, the Contribution Agreement would lapse and the Successor would repay the Advances directly with the amounts received on the Tax Repayment Claims).
- (2) **Bekanntmachung der Ersetzung:** Jedwede Ersetzung gemäß diesem § 14 ist den Emissionsgläubigern unverzüglich nach Maßgabe von § 15 bekannt zu machen.
- (2) **Notification of Substitution:** Any substitution in accordance with this § 14 shall be notified to Securityholders in accordance with § 15 hereof without undue delay.

- (3) **Änderung von Bezugnahmen:** Im Fall einer Ersetzung gilt jedwede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgerin und jedwede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, als Bezugnahme auf das Land, in dem die Nachfolgerin ihren Sitz oder Steuersitz hat.
- (3) **Change in Reference:** Upon substitution, any references in these Terms and Conditions to the Issuer shall forthwith be deemed to be references to the Successor, and any references to the country of domicile or tax residence of the Issuer shall forthwith be deemed to be references to the country of domicile or tax residence of the Successor; in each case with effect from the substitution date.

§ 15 Bekanntmachungen

- (1) **Mitteilungen über die Presse:** Alle Bekanntmachungen an die Emissionsgläubiger werden (i) solange die Capital Securities an Euronext notiert werden und Euronext dies verlangt, durch Veröffentlichung in der täglichen Kursliste von Euronext (*Officiële Prijscourant*) und einer führenden Zeitung mit genereller Verbreitung in Amsterdam bekanntgemacht. Eine Mitteilung gilt mit dem Tag ihrer Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tage der ersten Veröffentlichung) als erledigt.
- (2) **Unmittelbare Mitteilungen:** Sofern die Regularien der Börse, an der die Capital Securities notiert sind, dies zulassen, ist die Emittentin berechtigt, Bekanntmachungen auch durch eine Mitteilung an das Clearing-System zur Weiterleitung an die Emissionsgläubiger oder direkt an die Emissionsgläubiger zu bewirken. Bekanntmachungen über das Clearing-System gelten sieben Tage nach der Mitteilung an das Clearing-System, direkte Mitteilungen an die Emissionsgläubiger mit ihrem Zugang als bewirkt.
- (3) **Auslegung bei den Zahlstellen:** Die Texte sämtlicher Veröffentlichungen gemäß diesem § 15 sind außerdem in den Geschäftsräumen der Zahlstellen zugänglich zu machen.

§ 16 Schlussbestimmungen

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

§ 15 Notices

- (1) **Newspaper Notices:** All notices to the Securityholders will be given by the Issuer (i), so long as any of the Capital Securities are listed on Euronext and Euronext so requires, by publication in the daily official list of Euronext (*Officiële Prijscourant*) and a leading newspaper having general circulation in Amsterdam. A notice shall be deemed to be made on the day of its publication (or, in the case of more than one publication, on the day of the first publication).
- (2) **Direct Notices:** The Issuer shall also be entitled to give notices to the Clearing System for communication by the Clearing System to the Securityholders or directly to the Securityholders provided that this complies with the rules of the stock exchange on which the Capital Securities are listed. Notifications vis à vis the Clearing System shall be deemed to be effected seven days after the notification to the Clearing System, direct notifications to the Securityholders shall be deemed to be effected upon their receipt.
- (3) **Display at the Paying Agents:** The text of any publication to be made in accordance with this § 15 shall also be available at the specified office of each Paying Agent.

§ 16 Final Clauses

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

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

(2) **Gerichtsstand:** Jegliche aus oder im Zusammenhang mit den Capital Securities entstehenden Klagen oder Verfahren unterliegen der nichtausschließlichen Zuständigkeit des Landgerichts Frankfurt am Main.

(3) **Geltendmachung von Ansprüchen:** Jeder Emissionsgläubiger kann in Rechtsstreitigkeiten gegen die Emittentin oder in Rechtsstreitigkeiten, an denen der Emissionsgläubiger und die Emittentin beteiligt sind, im eigenen Namen seine Rechte aus den ihm zustehenden Capital Securities unter Vorlage der folgenden Dokumente geltend machen:

(a) einer Bescheinigung seiner Depotbank, die (i) den vollen Namen und die volle Anschrift des Emissionsgläubiger bezeichnet (ii) den Gesamtnennbetrag von Capital Securities angibt, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Wertpapierdepot dieses Emissionsgläubigers gutgeschrieben sind und (iii) bestätigt, dass die Depotbank dem Clearing System und der Hauptzahlstelle eine schriftliche Mitteilung gemacht hat, die die Angaben gemäß (i) und (ii) enthält und Bestätigungsvermerke des Clearing Systems trägt; und

(b) einer von einem Vertretungsberechtigten des Clearing Systems oder einer Zahlstelle beglaubigten Ablichtung der Globalurkunde.

(4) **Begebung weiterer Capital Securities:** Die Emittentin ist berechtigt, bis zum 31. Dezember 2005 (einschließlich) jederzeit und ohne Zustimmung der Emissionsgläubiger weitere Wertpapiere mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Begebungstages, des Beginns der Verzinsung und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit den Capital Securities eine einheitliche Serie von Wertpapieren bildet.

and construed in accordance with, the laws of Germany.

(2) **Jurisdiction:** The District Court in Frankfurt am Main shall have non exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Capital Securities.

(3) **Enforcement:** Any Securityholder may, in any proceedings against the Issuer or to which the Securityholder and the Issuer are parties, protect and enforce in its own name its rights arising under its Capital Securities upon presentation of the following documents:

(a) a certificate issued by its Custodian (i) stating the full name and address of the Securityholder, (ii) specifying the aggregate nominal amount of Capital Securities credited on the date of such statement to such Securityholder's securities account maintained with its Custodian and (iii) confirming that its Custodian has given a written notice to the Clearing System and the Principal Paying Agent containing the information specified in (i) and (ii) and, bearing the acknowledgement of the Clearing System; and

(b) a copy of the Global Security, certified as being a true copy by a duly authorised officer of the Clearing System or by a Paying Agent.

(4) **Further Issues of Capital Securities:** The Issuer may, until (and including) 31 December 2005 and without the consent of Securityholders, issue further securities having the same terms and conditions as the Capital Securities in all respects (or in all respects except for the date of issuance, commencement of interest and/or price of issue) so as to form a single series of securities with the Capital Securities.

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- (5) **Ersetzung von Capital Securities:** Falls eine Globalurkunde oder effektive Urkunden über einzelne Capital Securities oder Zinsscheine verloren gehen, gestohlen, verstümmelt, beschädigt oder zerstört werden, können sie bei den Geschäftsstellen einer Zahlstelle ersetzt werden, vorbehaltlich anwendbaren Rechts und Anforderungen der Börsen. Der Anspruchsteller erstattet diejenigen Kosten, die mit dem Austausch verbunden sind und die aus von der Emittentin zumutbarerweise geforderten Beweis, Sicherheits- und Freistellungsgründen angefallen sind
- (6) **Teilunwirksamkeit:** Sollte eine der Bestimmungen dieser Emissionsbedingungen ganz oder teilweise unwirksam und undurchführbar sein oder werden, so bleibt die Wirksamkeit oder die Durchführbarkeit der übrigen Bestimmungen hiervon unberührt. Anstelle der unwirksamen Bestimmung soll, soweit rechtlich möglich, eine dem Sinn und wirtschaftlichen Zweck dieser Emissionsbedingungen zum Zeitpunkt der Begebung der Capital Securities entsprechende Regelung gelten. Unter Umständen, unter denen sich diese Emissionsbedingungen als unvollständig erweisen, soll eine ergänzende Auslegung, die dem Sinn und Zweck dieser Emissionsbedingungen entspricht, unter angemessener Berücksichtigung der berechtigten Interessen der beteiligten Parteien erfolgen.
- (7) **Bindende Fassung:** Die deutsche Fassung dieser Emissionsbedingungen ist bindend.
- (5) **Replacement of Capital Securities:** Any Global Security or definitive certificates representing individual Capital Securities or interest coupons which are lost, stolen, mutilated, defaced or destroyed may be replaced at the office of a Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement as a result of such terms as to evidence, security and indemnity as the Issuer may reasonably require.
- (6) **Severability:** Should any of the provisions of these Terms and Conditions be or become invalid or unenforceable in whole or in part, the validity or the enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In this case the invalid provision shall be replaced by a provision which is, to the extent legally possible, in accordance with the meaning and the economic purposes of the Terms and Conditions at the time of the issue of the Capital Securities. In circumstances in which these Terms and Conditions prove to be incomplete, a supplementary interpretation in accordance with the meaning and the purposes of these Terms and Conditions under due considerations of the legitimate interest of the parties involved shall be applied.
- (7) **Binding Version:** The German version of these Terms and Conditions shall be the binding version.

TERMS AND CONDITIONS OF THE PARTICIPATION AGREEMENT

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

Vertrag über die Errichtung einer Stillen Gesellschaft

zwischen

Main Capital Funding Limited Partnership
(nachstehend als *Stiller Gesellschafter* bezeichnet)

und

Landesbank Hessen-Thüringen Girozentrale,
Frankfurt am Main/Erfurt
(nachstehend als *Bank* bezeichnet)

Agreement on the Establishment of a Silent Partnership

between

Main Capital Funding Limited Partnership
(hereinafter called *Silent Partner*)

and

Landesbank Hessen-Thüringen Girozentrale,
Frankfurt am Main/Erfurt
(hereinafter called *Bank*)

Präambel

Der Stille Gesellschafter und die Bank beabsichtigen die Errichtung einer stillen Gesellschaft mit dem Ziel, dass die Einlage des Stillen Gesellschafters in der Bank auf Dauer als haftendes Eigenkapital (Kernkapital) dient.

Dies vorausgeschickt, vereinbaren die Parteien Folgendes:

§ 1

Definitionen und Auslegung

Definitionen: Sofern aus dem Zusammenhang nicht etwas anderes hervorgeht, haben die nachstehenden Begriffe folgende Bedeutung:

Anfangsdatum bezeichnet den 2. Juni 2005.

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

Bank bezeichnet die Landesbank Hessen-Thüringen Girozentrale mit Sitz in Frankfurt am Main und Erfurt.

Beendigungstag bezeichnet den Tag, ab dem der Stille Gesellschafter nicht mehr am Handelsgewerbe der Bank als typischer stiller Gesellschafter beteiligt ist.

Preamble

The Silent Partner and the Bank intend to establish a silent partnership for the purpose of ensuring that the Silent Partner's contribution to the Bank serves permanently as liable equity capital (core capital).

On this basis, the parties agree as follows:

§ 1

Definitions and Interpretation

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

Start Date means 2 June 2005.

BaFin means the German Financial Services Authority or any successor agency taking its place.

Bank means Landesbank Hessen-Thüringen Girozentrale, having its seat in Frankfurt am Main and Erfurt.

Termination Date shall mean the date as of which the Silent Partner ceases to participate in the Bank's commercial enterprise as an ordinary silent partner.

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Buchwert bezeichnet den handelsrechtlichen Buchwert der Stillen Einlage, so wie dieser in der Bilanz der Bank für das Geschäftsjahr der Bank festgestellt wurde, in das der Beendigungstag fällt. Wenn sich bei Aufstellung der Gewinn- und Verlustrechnung der Bank die Entstehung eines Jahresfehlbetrags abzeichnet, so wird dieser Jahresfehlbetrag anteilig nach Maßgabe des § 6 vom Buchwert abgezogen.

Einlagennennbetrag bezeichnet den Betrag von €250.000.000 (Euro zweihundertfünfzig Millionen).

Erste Gewinnperiode bezeichnet den Zeitraum vom Anfangsdatum (einschließlich) bis zum 31. Dezember 2005 (einschließlich).

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

Gewinnbeteiligung bezeichnet die in der jeweiligen Gewinnperiode aufgelaufene Gewinnbeteiligung.

Gewinnbeteiligungszahlung hat die in § 4(1)(a) und (b) festgelegte Bedeutung.

Gewinnperiode bezeichnet jeweils den Zeitraum vom 1. Januar (einschließlich) bis 31. Dezember (einschließlich) eines Jahres, wobei die erste Gewinnperiode am Anfangsdatum (einschließlich) beginnt und am 31. Dezember 2005 (einschließlich) endet und die letzte Gewinnperiode vom 1. Januar (einschließlich) bis zum Beendigungstag (einschließlich) läuft.

Herabsetzung bezeichnet jede Herabsetzung der Stillen Einlage nach § 6(1).

Ein **Jahresfehlbetrag** liegt dann vor, wenn die nicht konsolidierte Gewinn- und Verlustrechnung der Bank auf Grundlage der Rechnungslegungsvorschriften des deutschen HGB nach Prüfung durch eine von der BaFin anerkannte Wirtschaftsprüfungsgesellschaft keinen Jahresüberschuss für das Geschäftsjahr in Bezug auf die maßgebliche Gewinnbeteiligung ausweist.

KWG bezeichnet das Gesetz über das Kreditwesen.

Rückzahlungsbetrag bezeichnet entweder den Buchwert oder den Einlagennennbetrag, je nachdem welcher Betrag niedriger ist.

Rückzahlungstag bezeichnet entweder (i) den 30. Juni des Jahres, das auf das Geschäftsjahr der Bank

Book Value means the book value of the Silent Contribution as specified in the Bank's balance sheet for the Bank's fiscal year in which the Termination Date occurs. If, when drawing up the Bank's income statement, it becomes evident that a Net Loss would arise, a proportionate part of such Net Loss shall be deducted from the Book Value in accordance with § 6.

Nominal Contribution Amount means €250,000,000 (Euro two hundred and fifty million).

First Profit Period means the period from (and including) the Start Date to (and including) 31 December 2005.

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

Profit Participation means a profit participation accrued in any Profit Period.

Profit Participation Payment has the meaning specified in § 4(1)(a) and (b).

Profit Period means each period from (and including) 1 January to (and including) 31 December for each year, provided that the first Profit Period shall commence on (and include) the Start Date and end on (and include) 31 December 2005 and that the last Profit Period shall commence on (and include) 1 January of the year in which the Termination Date occurs to (and including) the Termination Date.

Reduction means any reduction of the Silent Contribution pursuant to § 6(1).

A **Net Loss** is present if the annual unconsolidated income statement of the Bank in accordance with the German Commercial Code, as audited by an auditing firm which is recognised by the BaFin, does not show a net profit for the fiscal year to which the relevant Profit Participation relates.

KWG means the German Banking Act.

Repayment Amount means the lower of the Book Value and the Nominal Contribution Amount.

Repayment Date means the later of (i) 30 June of the year following the fiscal year in which the

folgt, in das der Beendigungstag fällt bzw., falls dieser Tag kein Geschäftstag ist, den nächstfolgenden Geschäftstag oder (ii) falls am 29. Juni des maßgeblichen Geschäftsjahres der Bank der Jahresabschluss der Bank für das Geschäftsjahr, in das der Beendigungstag fällt, noch nicht festgestellt war, der auf den Tag der Feststellung folgende Geschäftstag, je nachdem, welches der spätere Zeitpunkt ist.

Stille Einlage hat die in § 2(1) festgelegte Bedeutung.

Stiller Gesellschafter bezeichnet Main Capital Funding Limited Partnership, ein auf Jersey errichtetes partnership, welches nach Maßgabe des Limited Partnership (Jersey) Law 1994 registriert ist und dessen Geschäftsadresse sich in 22 Grenville Street, St. Helier, Jersey, JE4 8PX, Kanalinseln, befindet.

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

Termination Date occurs or, if such day is not a Business Day, the next Business Day following such day, or (ii) if on 29 June of the relevant fiscal year of the Bank, the Bank's annual financial statements for the fiscal year in which the Termination Date occurs have not been adopted, the Business day following the adoption thereof.

Silent Contribution has the meaning specified in § 2(1).

Silent Partner means Main Capital Funding Limited Partnership, a partnership established in Jersey and registered under the Limited Partnerships (Jersey) Law 1994, as amended, whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands.

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

§ 2

Vertragsgegenstand

- (1) **Stille Einlage:** Der Stille Gesellschafter ist ab dem Anfangsdatum am Handelsgewerbe der Bank als typischer stiller Gesellschafter mit einer Vermögenseinlage (**Stille Einlage**) in Höhe des Einlagennennbetrags beteiligt.
- (2) **Einzahlung der Stillen Einlage:** Die Stille Einlage wird in bar erbracht. Sie ist am Anfangsdatum vollständig zu leisten. Die Stille Einlage geht in das Vermögen der Bank über.

§ 3

Gewinnbeteiligung

- (1) **Allgemeines:** Als Gegenleistung für die Stille Einlage stehen dem Stillen Gesellschafter vom Anfangsdatum bis zum Beendigungstag Gewinnbeteiligungen zu, deren Höhe sich nach Maßgabe dieses § 3 bestimmt.

§ 2

Subject Matter

- (1) **Silent Contribution:** The Silent Partner participates as of the Start Date in the business of the Bank as an ordinary silent partner with a capital contribution (**Silent Contribution**) in an amount equal to the Nominal Contribution Amount.
- (2) **Payment of Silent Contribution:** The Silent Contribution shall be paid in cash. It shall be paid in full no later than the Start Date. The Silent Contribution passes into the assets of the Bank.

§ 3

Profit Participation

- (1) **General:** In consideration for the Silent Contribution, the Silent Partner shall be entitled to Profit Participations from the Start Date to the Termination Date in the amounts specified in this § 3.

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- (2) **Gewinnbeteiligung:** Dem Stillen Gesellschafter stehen Gewinnbeteiligungen (i) in Höhe von €15.073.973 für die Erste Gewinnperiode, und (ii) in Höhe von 5,6% p.a. auf den Einlagenennbetrag für Gewinnperioden nach der Ersten Gewinnperiode zu.
- (3) **Ausschluss der Gewinnbeteiligung:** Eine Gewinnbeteiligung für eine Gewinnperiode (einschließlich der Ersten Gewinnperiode) ist ausgeschlossen:
- (a) falls und soweit eine solche Zahlung zu einem Jahresfehlbetrag in dem Geschäftsjahr der Bank, auf das sich die maßgebliche Gewinnperiode bezieht, führen oder diesen erhöhen würde; oder
 - (b) wenn eine Herabsetzung erfolgt ist und die Stille Einlage noch nicht wieder vollständig gemäß § 6(3) heraufgeschrieben wurde; oder
 - (c) wenn zu irgendeinem Zeitpunkt vor Auszahlung der Gewinnbeteiligung ein Antrag auf Eröffnung des Insolvenzverfahrens über das Vermögen der Bank aus Gründen der drohenden oder bestehenden Zahlungsunfähigkeit oder Überschuldung gestellt wurde oder die BaFin die ihr verliehenen Befugnisse gemäß §§ 45, 46a und 47 KWG bzw. entsprechender Nachfolgebestimmungen ausgeübt hat.
- (4) **Berechnung unterjähriger Gewinnbeteiligungen:** Gewinnbeteiligungen für einen Zeitraum von weniger als einem Jahr werden auf Grundlage der Zinsberechnungsmethode berechnet.
- (2) **Profit Participation:** The Silent Partner shall be entitled to Profit Participations (i) in the amount of €15,073,973 for the First Profit Period, and (ii) at a rate, calculated by reference to the Nominal Contribution Amount of 5.6 per cent. *per annum* for any Profit Periods after the First Profit Period.
- (3) **Profit Participations excluded:** Profit Participations for any Profit Period (including the First Profit Period) shall be excluded:
- (a) if and to the extent that payment of such Profit Participation would lead to or increase a Net Loss for the fiscal year of the Bank to which the relevant Profit Period relates; or
 - (b) if a Reduction has occurred and the Silent Contribution has not yet been fully replenished as provided for in § 6(3); or
 - (c) if, at any time prior to payment of such Profit Participation, an application for the institution of insolvency proceedings in respect of the assets of the Bank has been filed for reasons of threatening or actual illiquidity or overindebtedness, or BaFin has made use of its powers vested by virtue of §§ 45, 46a and 47 of the KWG or the relevant successor provisions.
- (4) **Calculation of short Profit Participations:** Profit Participations accrued for less than one year shall be calculated on the basis of the Interest Calculation Method.

§ 4

Zahlung der Gewinnbeteiligung

- (1) **Fälligkeit von Gewinnbeteiligungen:** Jede Gewinnbeteiligung wird zur Zahlung fällig entweder (i) am 30. Juni eines Jahres nach Ablauf der maßgeblichen Gewinnperiode oder, falls dies kein Geschäftstag ist, am darauf folgenden Geschäftstag, oder (ii), falls an dem 29. Juni, der auf das Ende der

§ 4

Profit Participation Payment

- (1) **Payment of Profit Participations:** Each Profit Participation shall be payable on the later of (i) 30 June in the year following the end of the relevant Profit Period or, if that is not a Business Day, the next Business Day, or (ii) if on 29 June following the end of the relevant Profit Period the Bank's annual

maßgeblichen Gewinnperiode folgt, der Jahresabschlusses der Bank für das Geschäftsjahr, auf das sich die maßgebliche Gewinnperiode bezieht, noch nicht festgestellt ist, an dem auf die Feststellung folgenden Geschäftstag, je nach dem, welcher Tag der spätere ist (jeweils eine *Gewinnbeteiligungszahlung*).

- (2) **Zahlung an Geschäftstagen; kein Ausgleich bei verspäteter Zahlung:** Falls der Tag, an dem eine Gewinnbeteiligungszahlung nach Maßgabe des § 4(1) fällig wird, kein Geschäftstag ist, verschiebt sich die Fälligkeit auf den nächstfolgenden Geschäftstag; aufgrund einer solchen Verschiebung erfolgt keine Zahlung von Zinsen und keine Zahlung von weiteren Beträgen an Gewinnbeteiligung.

§ 5

Rangstellung des Beteiligungsvertrages

Die Zahlungsverpflichtungen der Bank aufgrund dieses Beteiligungsvertrages:

- (1) sind nachrangig gegenüber Forderungen aller bestehenden und künftigen Gläubiger der Bank (einschließlich der Gläubiger von Genussrechten oder Genussscheinen und ggf. anderer Kapitalinstrumente des Ergänzungskapitals, sowie sonstiger nachrangiger Verbindlichkeiten gemäß § 10(5) und (5a) KWG);
- (2) sind (prozentual zum fälligen Betrag) mindestens gleichrangig mit allen Forderungen auf Rückzahlung von und Ausschüttungen auf Kapitaleinlagen, die in Bezug auf künftige Gewinnbeteiligungen in Form von stillen Gesellschaften in die Bank eingebracht wurden, sowie mit anderen Kapitalinstrumenten des Kernkapitals, die gleichrangig mit Gewinnbeteiligungen in Form von stillen Gesellschaften sind; und
- (3) sind vorrangig vor allen Forderungen von Anteilseignern der Bank im Zusammenhang mit ihren Anteilen am Stammkapital der Bank;

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

financial statements for the profit period to which the Profit Period relates have not been adopted, the Business Day following adoption thereof (each a *Profit Participation Payment*).

- (2) **Payment on Business Days; no Compensation for Late Payment:** If a day on which a Profit Participation Payment under § 4(1) falls due is not a Business Day, payment shall be postponed to the next following Business Day; no interest or further amount of Profit Participation will accrue or be payable as a result of such postponement.

§ 5

Ranking of Participation Agreement

The Bank's obligations under this Participation Agreement:

- (1) are subordinated to the claims of all existing and future creditors of the Bank (including holders of profit participation rights in the form of *Genussrechte* or *Genussscheine* and other upper tier 2 capital instruments, if any, and any other subordinated debt in accordance with § 10(5) and (5a) KWG);
- (2) rank at least *pari passu* (by percentage of the amount payable) with all claims for distributions under or the repayment of capital contributions made with respect to, future profit participations in the Bank in the form of silent partnerships and with other core capital instruments ranking *pari passu* with profit participations in the form of silent partnerships; and
- (3) rank senior to all claims of shareholders of the Bank in connection with their shares in the statutory capital of the Bank;

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

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§ 6

Verlustbeteiligung, stille Reserven

- (1) **Verlustbeteiligung des Stillen Gesellschafters:** An einem Jahresfehlbetrag nimmt der Stille Gesellschafter im Verhältnis des Buchwerts der Stillen Einlage zum Gesamtbuchwert aller am Verlust teilnehmenden Kernkapitalanteile der Bank teil.

Somit nehmen alle am Jahresfehlbetrag der Bank beteiligten stillen Gesellschafter, alle Inhaber von Genussrechten oder Genussscheinen und alle Anteilseigner der Bank am Jahresfehlbetrag im Verhältnis des Buchwertes ihrer Einlagen bzw. ihrer Rückzahlungsansprüche oder des sonstigen ausgewiesenen Eigenkapitals teil.

- (2) **Begrenzung der Verlustbeteiligung auf Vermögenseinlage:** Die Gesamtverlustbeteiligung des Stillen Gesellschafters am Jahresfehlbetrag ist auf den Einlagennennbetrag beschränkt.
- (3) **Gutschrift nach Verlustbeteiligung:** Nach einer Herabsetzung wird die Stille Einlage in jedem der Herabsetzung nachfolgenden Geschäftsjahr der Bank bis zur vollständigen Höhe des Einlagennennbetrages wieder gutgeschrieben, soweit hierdurch kein Jahresfehlbetrag entsteht oder erhöht würde.

Die Gutschrift der Stillen Einlage nach einer Herabsetzung geht der Rückführung des Stammkapitals und Einstellungen in Rücklagen vor. Im Verhältnis zu anderen Kapitalgebern nach § 10(4) KWG (Vermögenseinlagen stiller Gesellschafter) erfolgt die Gutschrift gemäß diesem § 6(3) in der gleichen Reihenfolge und im gleichen Verhältnis wie die Verlustbeteiligung. Im Verhältnis zu anderen Kapitalgebern nach § 10(5) KWG (Genussrechte) erfolgt die Gutschrift gemäß diesem § 6(3) nachrangig.

- (4) **Stille Reserven:** Auf die vor oder während der Laufzeit der stillen Gesellschaft gebildeten stillen Reserven hat der Stille Gesellschafter kein Anrecht.

§ 6

Sharing of Losses, Hidden Reserves

- (1) **Silent Partner's Sharing in Losses:** The Silent Partner shall share in a Net Loss in the proportion which the book value of the Silent Contribution bears in relation to the aggregate book value of all loss sharing components of the Bank's liable core capital.

Hence, all silent partners participating in the Bank's Net Loss, all holders of profit participation rights in the form of *Genussrechte* and *Genussscheine* and all shareholders of the Bank shall share in a Net Loss in the same proportions as the book value of their respective contributions and/or repayment claims and/or other stated own funds, bear to each other.

- (2) **Limitation of Sharing in Losses to Capital Contribution:** The Silent Partner's aggregate share in all Net Losses shall be limited to the Nominal Contribution Amount.

- (3) **Replenishment after Reduction:** After a Reduction, the Silent Contribution shall, in each fiscal year of the Bank following such Reduction, be replenished up to the full Nominal Contribution Amount, but only if and to the extent such replenishment would not cause or increase a Net Loss.

The replenishment of the Silent Contribution after a Reduction ranks senior to the replenishment of the owners' share capital and to allocations to reserves. In relation to other capital providers in accordance with § 10(4) KWG (silent participations), the replenishment pursuant to this § 6(3) shall be effected in the same priority and in the same proportion as the sharing of losses. In relation to other capital providers in accordance with § 10(5) KWG (profit participation rights in the form of *Genussrechte* and *Genussscheine*), the replenishment in accordance with this § 6(3) shall be subordinated.

- (4) **Hidden Reserves:** The Silent Partner shall not be entitled to a share in the Bank's hidden reserves built up prior to or during the term of the silent partnership.

- (5) **Keine Pflicht zur Aufdeckung stiller Reserven:** Die Bank ist nicht verpflichtet, zur Vermeidung eines Jahresfehlbetrags stille Reserven aufzudecken oder bilanzielle Rücklagen aufzulösen.

§ 7

Dauer der stillen Gesellschaft, Kündigung

- (1) **Unbestimmte Laufzeit:** Dieser Beteiligungsvertrag wird auf unbestimmte Zeit abgeschlossen.
- (2) **Kündigung durch den Stillen Gesellschafter:** Der Stille Gesellschafter kann diesen Beteiligungsvertrag nicht kündigen.
- (3) **Ordentliche Kündigung durch die Bank:** Die Bank kann diesen Beteiligungsvertrag gegenüber dem Stillen Gesellschafter mit einer Kündigungsfrist von mindestens zwei Jahren zum 31. Dezember eines jeden Jahres kündigen, wobei eine Kündigung keinesfalls vor dem 31. Dezember 2015 wirksam wird. Das Recht zur Kündigung gemäß diesem § 7(3) darf die Bank nur ausüben, wenn der Buchwert zum Zeitpunkt der Kündigungserklärung den Einlagenennbetrag nicht unterschreitet.
- (4) **Kündigung durch die Bank aus aufsichtsrechtlichen oder steuerlichen Gründen:** Die Bank ist berechtigt, diesen Beteiligungsvertrag unbeschadet § 7(3) jederzeit unter Einhaltung einer Kündigungsfrist von mindestens zwei Jahren gegenüber dem Stillen Gesellschafter außerordentlich zu kündigen, wenn eine wesentliche und für die Bank nachteilige Veränderung steuerlicher oder aufsichtsrechtlicher Vorschriften gemäß § 12 eintritt. Eine Kündigung gemäß diesem § 7(4) darf frühestens zum 31. Dezember 2010 erfolgen.

Sollte der Beendigungstag infolge einer außerordentlichen Kündigung auf einen anderen Tag als einen 31. Dezember fallen, steht dem Stillen Gesellschafter – vorbehaltlich eines Ausschlusses nach §3(3) – für die Gewinnperiode, in die der Beendigungstag fällt, eine Gewinnbeteiligungszahlung zu, die sich auf

- (5) **No Obligation to Realise Hidden Reserves:** The Bank shall not be obliged to realise hidden reserves or to make withdrawals from on-balance sheet reserves in order to avoid a Net Loss.

§ 7

Duration of the Partnership, Termination

- (1) **Indefinite Term:** This Participation Agreement shall remain in effect for an indefinite term.
- (2) **Termination by Silent Partner:** The Silent Partner may not terminate this Participation Agreement.
- (3) **Ordinary Termination by the Bank:** The Bank may only terminate this Participation Agreement upon two years' prior notice effective 31 December of any year, provided that no termination shall be effective earlier than 31 December 2015. The Bank may exercise its right to terminate this Agreement pursuant to this § 7(3) only if the Book Value at the time of the termination notice is not less than the Nominal Contribution Amount.
- (4) **Termination by the Bank for Regulatory or Tax Reasons:** Notwithstanding § 7(3), the Bank may terminate this Participation Agreement at any time with not less than two years' prior notice if a change in the tax or supervisory environment referred to in § 12 has occurred which is material and adverse to the Bank. No termination pursuant to this § 7(4) shall become effective prior to 31 December 2010.

If, following any exceptional termination of this Agreement, the Termination Date should fall on a date other than a 31 December, the Silent Partner shall – subject to an exclusion in accordance with §3(3) – be entitled to a Profit Participation Payment for the Profit Period in which the Termination Date occurs, which shall be determined on the basis of the

Grundlage der Anzahl der Tage vom 1. Januar dieser Gewinnperiode (einschließlich) bis zum Beendigungstag (einschließlich) (anhand der Zinsberechnungsmethode berechnet) berechnet wird. In diesem Fall steht dem Stillen Gesellschafter zusätzlich ein nicht gewinnabhängiger Zinsanspruch für den Zeitraum bis zum 31. Dezember des Jahres, in das der Beendigungstag fällt, zu. Der Zinsanspruch errechnet sich durch Multiplikation des Einlagenbetrags (bzw. eines geringeren Buchwerts der Stillen Einlage) mit dem für die betreffende Gewinnperiode maßgeblichen Zinssatz (§ 3(2)) multipliziert mit der (anhand der Zinsberechnungsmethode berechneten) Anzahl der Tage von dem dem Beendigungstag unmittelbar folgenden Tag (einschließlich) bis zum darauffolgenden 31. Dezember (einschließlich) dividiert durch den gemäß der Zinsberechnungsmethode ermittelten Nenner. Dieser Zinsanspruch wird an demselben Tag fällig, an dem die bis zum Beendigungstag entstandene Gewinnbeteiligung nach Maßgabe von §4(1) fällig wird. Für den Zeitraum nach dem 31. Dezember des Jahres in das der Beendigungstag fällt, bis zum Rückzahlungstag steht dem Stillen Gesellschafter kein Anspruch auf eine Gewinnbeteiligung oder eine Zinszahlung zu.

number of days from (and including) 1 January to (and including) the Termination Date (calculated using the Interest Calculation Method). In such case, the Silent Partner shall be entitled to an additional non-participating interest payment for the period until 31 December of the year in which the Termination Date occurs. The interest payment shall be calculated by multiplying the Nominal Contribution Amount (or, if lower, the Book Value of the Silent Contribution) by the applicable interest rate for the relevant Profit Period (§ 3(2)) multiplied by the number of days (calculated using the Interest Calculation Method) from (and including) the Termination Date until (and including) the immediately following 31 December divided by such denominator as determined in accordance with the Interest Calculation Method. This interest payment shall become due and payable on the day on which the Profit Participation which has accrued until the Termination Date falls due in accordance with §4(1). For the period after 31 December of the year in which the Termination Date occurs until the Repayment Date, the Silent Partner shall not be entitled to any Profit Participation or additional interest payments or coupon payments

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| <p>(5) Schriftliche Kündigung: Jede Kündigung bedarf der Schriftform.</p> <p>(6) Zustimmung der BaFin zu Kündigungen: Kündigungen dieses Beteiligungsvertrages werden erst wirksam, wenn die BaFin der Kündigungserklärung zugestimmt hat.</p> <p>(7) Rückzahlungsbetrag und tag: Am Rückzahlungstag zahlt die Bank an den Stillen Gesellschafter den Rückzahlungsbetrag.</p> <p>(8) Ausschluss der Kündigung aufgrund bestimmter Ereignisse: Von Fusionen, (Teil) Vermögensübertragungen, Änderungen der Rechtsform oder des Stammkapitals der Bank bleibt die Stille Gesellschaft unberührt.</p> <p>(9) Insolvenz/Liquidation: Im Falle der Insolvenz oder Liquidation der Bank wird eine Barabfindung für die Stille Einlage erst nach Befriedigung aller Gläubiger der Bank</p> | <p>(5) Notice in Writing: Any notice of termination hereunder must be in writing.</p> <p>(6) BaFin Approval of Terminations: No notice of termination under this Participation Agreement shall become effective without the BaFin's prior approval thereof.</p> <p>(7) Repayment Amount and Date: On the Repayment Date, the Bank will pay to the Silent Partner the Repayment Amount.</p> <p>(8) No termination by virtue of certain events: The silent partnership shall remain unaffected in the case of a merger, transfer of assets (in part or in whole), a change in legal form of the Bank or a change of the Bank's share capital.</p> <p>(9) Insolvency/Liquidation: In case of the Bank's insolvency or liquidation, a cash settlement in respect of the Silent Contribution shall only be paid after</p> |
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einschließlich der Inhaber von Genussrechten oder Genussscheinen sowie der Gläubiger von nachrangigem Haftkapital gemäß § 10(5a) KWG, jedoch gleichrangig mit Ansprüchen auf Rückzahlung von Kapitalgebern aus bestehenden und künftigen stillen Beteiligungen an der Bank und vorrangig vor der Rückzahlung von Stammkapital zugunsten der Anteilseigner gezahlt.

- (10) **Ausschluss des Kündigungsrechts des Stillen Gesellschafters:** Falls der Ausschluss des Kündigungsrechts des Stillen Gesellschafters gemäß § 7(2) unwirksam sein sollte, ist die Kündigung dieses Beteiligungsvertrages durch den Stillen Gesellschafter und/oder die Rückzahlung der Stillen Einlage nur nach Zustimmung der BaFin zulässig, mit der Maßgabe, dass eine solche Kündigung nicht vor dem 31. Dezember 2035 wirksam wird. Ist auch die Bindung der Kündigung an die Zustimmung der BaFin unwirksam, kann der stille Gesellschafter mit einer Frist von zwei Jahren zum 31. Dezember eines Jahres, jedoch erstmals zum 31. Dezember 2035 kündigen.

§ 8

Gesellschafterrechte

- (1) **Jahresabschluss:** Der Stille Gesellschafter ist berechtigt, (i) eine Abschrift des Jahresabschlusses der Bank (Bilanz mit Gewinn und Verlustrechnung sowie Anhang) einschließlich Lagebericht sowie Konzernabschluss und Konzernlagebericht zu verlangen und (ii) dessen Richtigkeit durch Überprüfung des Prüfungsberichtes auf eigene Kosten durch einen Wirtschaftsprüfer oder vereidigten Buchprüfer feststellen zu lassen. Zusammen mit dem Jahresabschluss erhält der Stille Gesellschafter eine Aufstellung über seine Gewinn bzw. Verlustbeteiligung.
- (2) **Ausschluss anderweitiger Rechte:** Weitere Gesellschafter-Rechte stehen dem Stillen Gesellschafter nicht zu.

satisfaction of all creditors of the Bank, including the holders of profit participation rights in the form of *Genussrechte* or *Genussscheine* and holders of subordinated capital in accordance with § 10(5a) KWG, but will be paid *pari passu* with all claims for the repayment of capital contributions made with respect to existing and future silent participations in the Bank and prior to payments towards repayment of share capital in favour of the shareholders.

- (10) **Exclusion of Silent Partner's Termination Right:** If the exclusion of the Silent Partner's termination right under §7(2) should be invalid, the termination of this Participation Agreement by the Silent Partner and/or the repayment of the Silent Contribution shall be permissible only upon the BaFin's prior approval, provided that no such termination shall become effective prior to 31 December 2035. If the requirement of the BaFin's prior approval should be invalid, the Silent Partner shall be entitled to terminate this Participation Agreement by giving two years' prior notice effective as of 31 December of any year but in no event with effect as of any date prior to 31 December 2035.

§ 8

Shareholder Rights

- (1) **Financial Statements:** The Silent Partner shall be entitled (i) to request a copy of the annual financial statements of the Bank (balance sheet with profit and loss accounts and notes) including the management report as well as group financial statements and group management reports and (ii) to ascertain, at its own cost, the correctness thereof through the review of the auditor's report by an auditor or a certified public accountant. The Silent Partner shall, together with the annual financial statements, receive a statement of its profit/loss sharing position.
- (2) **Exclusion of Other Rights:** The Silent Partner shall have no further shareholder rights.

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§ 9

Hinweis gemäß § 10(4) S. 1 Ziff. 6 KWG

- (1) **Verbot nachträglicher Änderungen zum Nachteil der Bank:** Nach Abschluss dieses Vertrages dürfen (i) weder die Verlustbeteiligung zum Nachteil der Bank verändert, (ii) noch die Nachrangigkeit eingeschränkt noch (iii) die Laufzeit oder Kündigungsfrist verkürzt werden.
- (2) **Rückzahlungsverpflichtung:** Ungeachtet anderweitiger Vereinbarungen sind vorzeitige Rückzahlungen auf die Stille Einlage an die Bank zurückzuzahlen, es sei denn, (i) das Kapital wurde durch anderes mindestens gleichwertiges Eigenkapital ersetzt oder (ii) die BaFin stimmt der vorzeitigen Rückzahlung der Stillen Einlage zu.

§ 10

Begebung weiteren Haftkapitals

Die Bank behält sich das Recht vor, Verträge über weitere stille Gesellschaften zu gleichen oder anderen Bedingungen, insbesondere mit einer anderen Gewinnbeteiligung, oder Verträge über Genussrechte oder Genussscheine oder nachrangiges Haftkapital gemäß § 10(5a) KWG abzuschließen. Forderungen künftiger stiller Gesellschafter dürfen den Forderungen des Stillen Gesellschafters aus diesem Beteiligungsvertrag nicht im Rang vorgehen.

§ 11

Übertragungsrechte des Stillen Gesellschafters

Die Abtretung oder anderweitige Verfügung (z.B. durch Verpfändung) über Forderungen des Stillen Gesellschafters aus diesem Beteiligungsvertrag bedarf der Zustimmung der Bank.

§ 12

Änderungen steuerlicher oder aufsichtsrechtlicher Vorschriften

Im Falle wesentlicher Änderungen in der steuerlichen oder aufsichtsrechtlichen Behandlung der Einlage und ihrer Gewinn und Verlustbeteiligung

§ 9

Notice in Accordance with § 10(4) s. 1 no. 6 KWG

- (1) **Exclusion of Amendments to the Bank's Detriment:** After conclusion of this Participation Agreement, (i) the loss participation may not be amended to the Bank's detriment, (ii) the subordination may not be limited and (iii) neither the term nor the notice period may be shortened.
- (2) **Recontribution Obligation:** Any premature repayment of the Silent Contribution must be repaid to the Bank irrespective of any agreement to the contrary, unless (i) the capital has been replaced by other own funds of at least equal quality or (ii) the BaFin agrees to the premature repayment of the Silent Contribution.

§ 10

Issue of Additional Liabile Capital

The Bank reserves the right to conclude agreements on additional silent partnerships, on identical or different terms, in particular with a different profit participation, or to conclude agreements on profit participation rights in the form of *Genussrechte* or *Genussscheine* or subordinated capital in accordance with § 10(5a) KWG. Claims of future silent partners may not rank senior to claims of the Silent Partner under this Participation Agreement.

§ 11

Silent Partner's Transfer Rights

Transfers or any other disposals (e.g. by pledge) of or over the claims of the Silent Partner under this Participation Agreement require the Bank's approval.

§ 12

Changes in the Tax or Supervisory Law

In case of material changes in relation to the tax or supervisory treatment of the Silent Contribution and its profit and loss sharing or payments by the Silent

oder falls auf Zahlungen des Stillen Gesellschafters im Zusammenhang mit dessen Refinanzierung der Stillen Einlage Quellensteuern anfallen, werden die Parteien dieses Beteiligungsvertrages in einvernehmliche Verhandlungen zum Zweck einer Anpassung dieses Beteiligungsvertrages an die veränderte Rechtslage eintreten. Die Stille Einlage behält bis zum Wirksamwerden einer Kündigung ihre vollen Rechte unter diesem Beteiligungsvertrag.

§ 13 Besteuerung

Alle aufgrund dieses Vertrages fälligen Zahlungen werden ohne Einbehaltung oder Abzug aufgrund derzeitiger oder künftiger Steuern oder Abgaben gleich welcher Art geleistet, die durch Einbehaltung oder Abzug durch die oder im Auftrag der Bundesrepublik Deutschland, ihrer politischen Untergliederungen oder der zur Erhebung von Steuern befugten Behörden auferlegt oder erhoben werden, es sei denn, die Einbehaltung oder der Abzug sind gesetzlich vorgeschrieben.

§ 14 Anwendbares Recht, Erfüllungsort und Gerichtsstand

- (1) **Anwendbares Recht:** Das Gesellschaftsverhältnis und alle sich aus diesem Beteiligungsvertrag ergebenden Rechte und Pflichten unterliegen ausschließlich dem Recht der Bundesrepublik Deutschland.
- (2) **Erfüllungsort und Gerichtsstand:** Erfüllungsort und Gerichtsstand ist Frankfurt am Main.

§ 15 Salvatorische Klausel

- (1) Sollte eine Vertragsbestimmung ganz oder teilweise unwirksam oder unvollständig sein oder werden, so wird hierdurch die Wirksamkeit der übrigen Bestimmungen nicht berührt. Anstelle der unwirksamen oder unvollständigen Bestimmung tritt eine Regelung, die dem wirtschaftlichen Zweck der unwirksamen Bestimmung in rechtlich zulässiger Weise am nächsten kommt bzw.

Partner in connection with its refinancing of the Silent Contribution, the parties to this Participation Agreement shall enter into good faith negotiations with a view to amending this Participation Agreement to reflect the changes in the legal situation. The Silent Contribution shall carry the full rights under this Participation Agreement until a termination becomes valid.

§ 13 Taxation

All amounts payable under this Participation Agreement shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

§ 14 Governing Law, Place of Performance and Place of Jurisdiction

- (1) **Governing Law:** The partnership relationship and all rights and obligations arising out of or under this Participation Agreement shall be governed exclusively by the laws of the Federal Republic of Germany.
- (2) **Place of Performance and Place of Jurisdiction:** Place of performance and of jurisdiction shall be Frankfurt am Main.

§ 15 Severability

- (1) Should any provision of this Participation Agreement be or become invalid or incomplete in total or in part, the validity of the remaining provisions shall remain unaffected. The invalid or incomplete provision shall be replaced by such provision that achieves as closely as is legally possible the economic purpose of the invalid provision or that best supplements the provision in

die Bestimmung in Übereinstimmung mit dem mutmaßlichen Parteiwillen so gut wie möglich ergänzt.

(2) **Bindende Fassung:** Die deutsche Fassung dieser Vertragsbedingungen ist bindend.

accordance with the presumed intentions of the parties.

(2) **Binding Version:** The German version of these terms and conditions shall be the binding version.

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TERMS AND CONDITIONS OF THE LOAN AGREEMENT

THE GERMAN TEXT OF THE LOAN AGREEMENT IS LEGALLY BINDING.

THE ENGLISH TRANSLATION IS FOR CONVENIENCE ONLY.

DIESER VERTRAG wird am 31. Mai 2005 abgeschlossen zwischen:

- (1) **MAIN CAPITAL FUNDING LIMITED PARTNERSHIP**, einer nach dem Recht Jerseys errichteten Kommanditgesellschaft (*Limited Partnership*) mit eingetragenem Sitz in 22 Grenville Street, St. Helier, Jersey JE4 8PX, Kanalinseln (die *Darlehensnehmerin*), handelnd durch ihre Komplementärin (*General Partner*) Main Capital Funding Limited; und
- (2) **Landesbank Hessen-Thüringen Girozentrale**, Frankfurt am Main/Erfurt, einem öffentlich-rechtlichen Kreditinstitut mit Sitz in Frankfurt/Erfurt, Deutschland (die *Darlehensgeberin*), handelnd durch ihre Zweigniederlassung in Irland.

PRÄAMBEL

- (A) Die Darlehensnehmerin wurde am 18. Mai 2005 als Kommanditgesellschaft (limited partnership) nach dem Recht von Jersey errichtet. Die alleinigen Gesellschafter der Darlehensnehmerin sind die Komplementärin und die Kommanditistin.
- (B) Die Darlehensgeberin ist mit der Komplementärin und der Kommanditistin nicht verbunden.
- (C) Die Darlehensnehmerin beabsichtigt, am oder um den 2. Juni 2005 €250.000.000 Capital Securities zu begeben (die *Capital Securities*), deren Erlös sie für den Erwerb einer stillen Beteiligung an dem Handelsgewerbe der Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt (in dieser Funktion nachfolgend als *Bank* bezeichnet) in Form einer Stillen Gesellschaft nach Maßgabe eines Vertrages vom 31. Mai 2005 (der *Beteiligungsvertrag*) verwenden wird, der vorsieht, dass die Darlehensnehmerin eine Vermögenseinlage in Höhe von €250.000.000 in die Bank einbringt (die *Stille Einlage*). Eine Abschrift des Beteiligungsvertrages ist diesem Vertrag als Anhang I beigefügt

THIS AGREEMENT is made on 31 May 2005 between:

- (1) **MAIN CAPITAL FUNDING LIMITED PARTNERSHIP**, a limited partnership established under the laws of Jersey whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands (the *Borrower*) acting through its general partner Main Capital Funding Limited; and
- (2) **Landesbank Hessen-Thüringen Girozentrale**, Frankfurt am Main/Erfurt, a public-law bank with its registered office in Frankfurt and Erfurt, Germany (the *Lender*), acting through its Irish branch.

WHEREAS

- (A) The Borrower was established as a limited partnership under Jersey law on 18 May 2005. The Borrower's sole partners are the General Partner and the Limited Partner.
- (B) The Lender is unaffiliated with the General Partner and the Limited Partner.
- (C) The Borrower proposes to issue on or about 2 June 2005 €250,000,000 Capital Securities (the *Capital Securities*), the proceeds of which will be used by the Borrower to acquire a silent capital interest in the commercial enterprise of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt (in this capacity hereinafter referred to as the *Bank*) in the form of a *Stille Gesellschaft* pursuant to an agreement providing for a capital contribution by the Borrower to the Bank in the amount of €250,000,000 (the *Silent Contribution*) and dated 31 May 2005 (the *Participation Agreement*). A copy of the Participation Agreement is attached to this Agreement as Annex I.

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- (D) Als Gegenleistung für die Stille Einlage erhält die Darlehensnehmerin Gewinnbeteiligungen, die – soweit sie nach Maßgabe des Beteiligungsvertrages anfallen – jährlich nachträglich ausgeschüttet werden (**Gewinnbeteiligungszahlungen**). Gewinnbeteiligungszahlungen fallen nicht an, wenn und soweit sie einen Jahresfehlbetrag der Bank entstehen lassen bzw. vergrößern würden.
- (D) In return for the Silent Contribution, the Borrower is entitled to profit participations which are, subject to having accrued under the Participation Agreement, payable annually in arrear (**Profit Participation Payments**). Profit Participation Payments will not accrue if (but only to such extent that) such accrual would create or increase a net loss (**Jahresfehlbetrag**) of the Bank.

Im Fall eines Jahresfehlbetrags wird außerdem der Buchwert der Stillen Einlage gemäß § 6(3) des Beteiligungsvertrages um den Betrag herabgesetzt, der der Verlustbeteiligung des stillen Gesellschafters entspricht, die sich aus dem Verhältnis des Buchwerts der Stillen Einlage zu dem Gesamtbuchwert aller am Verlust teilnehmenden Haftkapitalanteile der Bank ergibt. Nach einer solchen Herabsetzung, werden künftige Jahresüberschüsse für eine Gutschrift des Buchwerts der Stillen Einlage bis zu einem Betrag von €250.000.000 (die **Wiedergutschrift**) verwendet.

In addition, in the event of a Net Loss, the Silent Contribution will be reduced in accordance with Section 6(3) of the Participation Agreement by the amount of its pro-rata share in the relevant Net Loss in the same proportion which the book value of the Silent Contribution bears to the aggregate book value of all loss sharing components of the Bank's regulatory liable capital (**Haftkapitalanteile**). After such reduction, future net profits will be used to write up the book value of the Silent Contribution to €250,000,000 (the **Replenishment**).

- (E) Gemäß und nach Maßgabe der Emissionsbedingungen der Capital Securities sind die Inhaber der Capital Securities (**Emissionsgläubiger**) berechtigt, jährlich von den Gewinnbeteiligungszahlungen abhängende Zinszahlungen auf die Capital Securities (**Zinszahlungen**) zu erhalten. Eine Abschrift der Emissionsbedingungen der Capital Securities ist diesem Vertrag als Anhang II beigelegt.
- (E) Pursuant and subject to the terms and conditions of the Capital Securities, the holders of the Capital Securities (**Securityholders**) are entitled to receive annual interest payments on the Capital Securities (**Coupon Payments**) which are linked to the Profit Participation Payments. A copy of the terms and conditions of the Capital Securities is attached to this Agreement as Annex II.
- (F) Wenn Gewinnbeteiligungszahlungen an die Darlehensnehmerin ausgeschüttet werden oder die Stille Einlage nach einer Herabsetzung ihres Buchwerts gemäß § 6(3) des Beteiligungsvertrages wieder gutgeschrieben wird, ist die Bank verpflichtet, von den ausgeschütteten Beträgen oder dem Betrag der Wiedergutschrift Kapitalertragsteuer zuzüglich Solidaritätszuschlag einzubehalten (jeweils ein **Einbehalt**), sofern nicht die Finanzbehörden Zahlungen an die Darlehensnehmerin befreit haben. Soweit die Einbehalte nach deutschem Steuerrecht der Darlehensnehmerin zuzurechnen sind, gelten sie als Vorauszahlung auf die von der Darlehensnehmerin geschuldete Körperschaftsteuer in Deutschland.
- (F) When Profit Participation Payments are distributed to the Borrower or upon a replenishment of the Silent Contribution after a reduction of its book value in accordance with Section 6(3) of the Participation Agreement, the Bank must withhold German Withholding Tax plus the “solidarity surcharge” (each a **Withholding**) on the distributed amounts or on the amount of the Replenishment, unless the tax authorities have granted an exemption for payments to the Borrower. The Withholdings, to the extent attributable to the Borrower under German tax laws, will be counted as a prepayment towards the German corporate income tax owed by the Borrower.

- (G) Die Main Funding GmbH, eine nach deutschem Recht errichtete Gesellschaft mit beschränkter Haftung mit Sitz in Frankfurt am Main, Deutschland, die der *limited partner* (wie in dem Limited Partnerships (Jersey) Law 1994 in der jeweils gültigen Fassung definiert) der Darlehensnehmerin ist, (**Kommanditistin**) in ihrer Eigenschaft als *limited partner* der Darlehensnehmerin rechnet in jedem Jahr mit Steuererstattungsansprüchen gegenüber den deutschen Finanzbehörden (jeweils ein **Steuererstattungsanspruch**) in Höhe der Beträge, um die die Vorauszahlungen in Form der Einbehalte ihre jeweilige tatsächliche Körperschaftsteuerschuld in Deutschland überschreiten.
- (H) In einem Vertrag zwischen der Main Capital Funding Limited, einer nach dem Recht von Jersey errichteten Gesellschaft mit beschränkter Haftung mit Sitz in 22 Grenville Street, St. Helier, Jersey JE4 8PX, Kanalinseln, die der *General Partner* (wie im Limited Partnerships (Jersey) Law 1994 in der jeweils gültigen Fassung definiert) der Darlehensnehmerin ist (**Komplementärin**) und der Kommanditistin, der das gleiche Datum wie dieser Vertrag trägt (**Einzahlungsvertrag**), verpflichtet sich die Kommanditistin zugunsten der Darlehensnehmerin, sämtliche Beträge, die sie von den deutschen Finanzbehörden in Bezug auf die Kommanditisten-Steuererstattungsansprüche erhält, an die Darlehensnehmerin zu zahlen (jeweils eine **Kapitaleinzahlung**).
- (I) Die Darlehensnehmerin hat die Darlehensgeberin gebeten, ihr ein Darlehen einzuräumen, um damit ihre Verpflichtungen zu Zinszahlungen auf die Capital Securities und zur vollständigen Wiedergutschrift der Stillen Einlage nach einer Herabsetzung ihres Buchwertes gemäß dem Beteiligungsvertrag, jeweils in dem Umfang, in dem ein Einbehalt gemacht werden muss, zu finanzieren.
- (G) Main Funding GmbH, a limited liability company incorporated under the laws of Germany whose corporate seat is in Frankfurt am Main, Germany, and who is the limited partner (as defined in the Limited Partnerships (Jersey) Law 1994, as amended) of the Borrower (**Limited Partner**) in its capacity as the limited partner of the Borrower expects to be entitled for each tax year to refund claims against the German tax authorities (each a **Tax Refund Claim**) in the amount by which the prepayments in the form of the Withholdings exceed its actual German corporate income tax liability.
- (H) In an agreement between Main Capital Funding Limited, a limited liability company incorporated under the laws of Jersey whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands and who is the general partner (as defined in the Limited Partnerships (Jersey) Law 1994, as amended) of the Borrower (**General Partner**) and the Limited Partner dated the date hereof (**Contribution Agreement**), the Limited Partner undertakes, for the benefit of the Borrower, to contribute to the Borrower amounts that it receives from the German tax authorities on account of the Limited Partner's Tax Refund Claims (each such contribution a **Contribution Payment**).
- (I) The Borrower has requested that the Lender make available to it a loan facility in order to fund the Borrower's obligations to pay Coupon Payments under the Capital Securities and to fully replenish the Silent Contribution after the reduction of its book value in accordance with the Participation Agreement, in each case to the extent that a Withholding is required to be made.

AUF DIESER GRUNDLAGE WIRD FOLGENDES VEREINBART:

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

**§ 1
Definitionen**

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

<i>Auszahlungszahltag</i>	§ 2(2)
<i>Bank</i>	Präambel (C)
<i>Beteiligungsvertrag</i>	Präambel (C)
<i>Capital Securities</i>	Präambel (C)
<i>Darlehen</i>	§ 2(1)
<i>Darlehens-Auszahlung</i>	§ 2(1)
<i>Darlehensgeberin</i>	Parteien
<i>Darlehensnehmerin</i>	Parteien
<i>Einbehalt</i>	Präambel (F)
<i>Einzahlungsvertrag</i>	Präambel (H)
<i>Emissionsgläubiger</i>	Präambel (E)
<i>Geschäftstag</i>	§ 3(2)
<i>Gewinnbeteiligungszahlungen</i>	Präambel (D)
<i>Kapitaleinzahlung</i>	Präambel (H)
<i>Kommanditistin</i>	Präambel (G)
<i>Komplementärin</i>	Präambel (H)
<i>Kündigungsgrund</i>	§ 6(1)
<i>Ordentliche Rückzahlung</i>	§ 3(1)
<i>Ordentlicher Rückzahlungstag</i>	§ 3(1)
<i>Steuererstattungsanspruch</i>	Präambel (G)
<i>Stille Einlage</i>	Präambel (C)
<i>Wiedergutschrift</i>	Präambel (D)
<i>Zinszahlungen</i>	Präambel (E)

**§ 2
Vertragsgegenstand**

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

(2) *Auszahlungszahltag* sind

**§ 1
Definitions**

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

<i>Advance Payment Date</i>	§ 2(2)
<i>Bank.</i>	Preamble (C)
<i>Participation Agreement</i>	Preamble (C)
<i>Capital Securities</i>	Preamble (C)
<i>Loan</i>	§ 2(1)
<i>Advance</i>	§ 2(1)
<i>Lender</i>	Parties
<i>Borrower</i>	Parties
<i>Withholding</i>	Preamble (F)
<i>Contribution Agreement</i>	Preamble (H)
<i>Securityholders</i>	Preamble (E)
<i>Business Day</i>	§ 3(2)
<i>Profit Participation Payments</i>	Preamble (D)
<i>Contribution Payment</i>	Preamble (H)
<i>Limited Partner</i>	Preamble (G)
<i>General Partner</i>	Preamble (H)
<i>Event of Default</i>	§ 6(1)
<i>Repayment</i>	§ 3(1)
<i>Repayment Date</i>	§ 3(1)
<i>Tax Refund Claim</i>	Preamble (G)
<i>Silent Contribution</i>	Preamble (C)
<i>Replenishment</i>	Preamble (D)
<i>Coupon Payments</i>	Preamble (E)

**§ 2
Loan Facility**

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

(2) *Advance Payment Dates* shall be:

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| <p>(a) jeder Tag, an dem eine Gewinnbeteiligungszahlung nach Maßgabe des Beteiligungsvertrages fällig wird; und</p> <p>(b) jeder Tag, an dem eine Wiedergutschrift auf den Buchwert der Stillen Einlage gemäß den Bestimmungen des Beteiligungsvertrages tatsächlich erfolgt.</p> | <p>(a) any day on which a Profit Participation Payment becomes due under the Participation Agreement; and</p> <p>(b) any day on which a Replenishment of the book value of the silent contribution is actually made pursuant to the terms of the Partnership Agreement.</p> |
| <p>(3) Darlehens-Auszahlungen sind in Euro in der in diesem § 2(3) festgesetzten Höhe vorzunehmen.</p> <p>(a) Falls Darlehens-Auszahlungen gemäß § 2(2)(a) geleistet werden, sind diese in Höhe des Betrages zu zahlen, der dem Einbehalt von der Gewinnbeteiligungszahlung entspricht, die an dem betreffenden Auszahlungszahltag fällig wird.</p> <p>(b) Falls Darlehens-Auszahlungen gemäß § 2(2)(b) geleistet werden, sind diese in Höhe des Betrages zu zahlen, der dem Einbehalt von der Wiedergutschrift entspricht, die an dem betreffenden Auszahlungszahltag tatsächlich erfolgt.</p> | <p>(3) Advances shall be payable in Euro in the amounts stipulated in this Section 2(3).</p> <p>(a) In the case of Advances falling due under § 2(2)(a), an Advance shall be payable in an amount corresponding to the Withholding on the Profit Participation Payment falling due on the relevant Advance Payment Date.</p> <p>(b) In the case of Advances paid under § 2(2)(b), an Advance shall be payable in an amount corresponding to the Withholding on the Replenishment actually made on the relevant Advance Payment Date.</p> |
| <p>(4) Die Darlehensnehmerin wird die Erlöse aus jeder gemäß diesem Vertrag erhaltenen Darlehens-Auszahlung ausschließlich wie folgt verwenden:</p> <p>(a) im Fall von Darlehens-Auszahlungen, die gemäß § 2(2)(a) fällig sind, zur Finanzierung ihrer Verpflichtungen, an den jeweiligen Fälligkeitstagen Zinszahlungen an die Emissionsgläubiger nach Maßgabe der Emissionsbedingungen der Capital Securities zu leisten; und</p> <p>(b) im Fall von gemäß § 2(2)(b) geleisteten Darlehens-Auszahlungen zur Wiedereinzahlung der Stillen Einlage.</p> | <p>(4) The Borrower shall make use of the proceeds of each Advance obtained hereunder solely:</p> <p>(a) in the case of Advances falling due under § 2(2)(a), to fund its obligations to make Coupon Payments to the Securityholders on each due date pursuant to the terms and conditions of the Capital Securities; and</p> <p>(b) in the case of Advances paid under § 2(2)(b), to replenish the Silent Contribution.</p> |

**§ 3
Rückzahlung**

- (1) Die Darlehensnehmerin ist verpflichtet, unverzüglich nach Erhalt von Zahlungen

**§ 3
Repayment**

- (1) Promptly after receipt of Contribution Payments, the Borrower shall be required to

aufgrund von Steuererstattungsansprüchen das Darlehen an die Darlehensgeberin in Höhe des Betrages aller solchermaßen von ihr erhaltenen Zahlungen der betreffenden Finanzbehörden zurückzuzahlen (jede solche Zahlung eine **Ordentliche Rückzahlung** und jeder Fälligkeitstag einer solchen Zahlung ein **Ordentlicher Rückzahlungstag**).

- (2) Die Darlehensnehmerin ist zur vorzeitigen Rückzahlung des Darlehens ausschließlich dann berechtigt, wenn es für die Darlehensgeberin in Deutschland ungesetzlich wird, irgendeine ihrer in diesem Vertrag vorgesehenen Verpflichtungen zu erfüllen oder den Fortbestand des Darlehens zu ermöglichen. Die Kündigungsfrist beträgt in diesem Fall fünf Geschäftstage. **Geschäftstag** bezeichnet jeden Tag an dem TARGET (das Trans-European Automated Real-time Gross Settlement Express Transfer System) Buchungen oder Zahlungsanweisungen im Hinblick auf Zahlungen in Euro abwickelt.
- (3) Nach vollständiger Rückzahlung der Capital Securities und Rückführung des Darlehens aus allen verfügbaren Steuererstattungsansprüchen ist die Darlehensnehmerin verpflichtet, etwa verbleibende Darlehenssalden aus sonstigen ihr tatsächlich zur Verfügung stehenden Barmitteln zurückzuführen, soweit diese nicht zur Aufrechterhaltung ihrer Existenz erforderlich sind.
- (4) Vorbehaltlich § 3(3) sind die Ansprüche der Darlehensgeberin gegen die Darlehensnehmerin auf Rückzahlung von Darlehensauszahlungen gemäß diesem § 3(4) sowie alle anderen Zahlungsverpflichtungen der Darlehensnehmerin hierunter mit Ausnahme der Verpflichtung zur Zahlung von aufgelaufenen Zinsen durch die Barmittel begrenzt, welche die Darlehensnehmerin tatsächlich in Anbetracht von Steuererstattungsansprüchen erhält. Die Ansprüche der Darlehensgeberin auf Zahlung von Zinsen sind durch die verbleibenden und der Darlehensnehmerin tatsächlich zur Verfügung stehenden Barmittel begrenzt. Sie sind gegenüber fällig gewordenen Verbindlichkeiten aus den Capital Securities nachrangig und erst nach deren vollständiger Befriedigung zahlbar. Die Darlehensnehmerin verfügt über keine

repay the Loan in the amount of such Contribution Payments (each such payment a **Repayment** and each due date for such prepayment a **Repayment Date**).

- (2) The Borrower may prepay the Loan only if it becomes illegal in Germany for the Lender to perform any of its obligations as contemplated by this Agreement or to allow the Loan to remain outstanding. The notice period in this case is five Business Days. **Business Day** shall mean a day on which TARGET (the Trans-European Automated Real-time Gross Settlement Express Transfer system) is operating credit or transfer instructions in respect of payments in Euro.
- (3) Following the full and final repayment of the Capital Securities and the repayment of the Loan using all available Contribution Payments, the Borrower shall be obliged to repay any remaining loan balance using any other cash funds available to it to the extent such funds are not absolutely required to keep the Borrower in operation.
- (4) Subject to § 3(3), the Lender's claims against the Borrower for repayment of outstanding Advances pursuant to this § 3(4) and any other payment obligations of the Borrower hereunder save for the payment of interest are limited to the payments actually received by the Borrower on account of Contribution Payments. The Lender's claims against the Borrower for payment of accrued and unpaid interest are limited to the remaining cash actually available to the Borrower. They shall rank behind, and be paid only after full satisfaction of, any matured payment obligation under the Capital Securities has been satisfied in full. Other than the foregoing, the Borrower will have no funds available to meet its payment obligations under this Agreement and this Agreement will not give rise to any payment obligation in excess of the foregoing.

anderen Mittel zur Erfüllung ihrer Verbindlichkeiten und dieser Vertrag begründet demgemäß keinerlei Zahlungsverbindlichkeiten der Darlehensnehmerin über diese Beträge hinaus.

§ 4 Zinsen

- (1) Zinsen sind von der Darlehensnehmerin an jedem Rückzahlungstag in der gemäß diesem § 4 bestimmten Höhe an die Darlehensgeberin zu zahlen.
- (2) Die Darlehens-Auszahlungen, die an einem Rückzahlungstag ausstehend sind, werden wie folgt verzinst.

Für den Zeitraum vom jeweiligen Auszahlungszahltag (einschließlich) bis zum jeweiligen ordentlichen Rückzahlungstag (ausschließlich) entspricht der anwendbare Zinssatz 4,10 % p.a.
- (3) Die Zinsen werden berechnet, indem der anwendbare Zinssatz mit der tatsächlichen Anzahl von Tagen, die in diesem Zeitraum verstrichen sind (wobei jeweils der Auszahlungszahltag einbezogen und der Ordentliche Rückzahlungstag nicht einbezogen wird) multipliziert, das Ergebnis durch die tatsächliche Anzahl der Tage (365 oder 366) im jeweiligen Jahr dividiert und der so ermittelte Zinssatz auf das Darlehen angewendet wird.

§ 5 Allgemeine Verpflichtungen

Die Verpflichtungen in diesem § 5 bleiben vom Datum dieses Vertrages an solange in Kraft, wie Darlehens-Auszahlungen gemäß diesem Vertrag ausstehen.

- (1) Die Darlehensnehmerin wird sämtliche Genehmigungen, Zustimmungen, Billigungen, Beschlüsse, Zulassungen, Befreiungen, Einreichungen oder Registrierungen, die gemäß irgendeinem Gesetz oder einer Vorschrift erforderlich sind, um sie in die Lage zu versetzen, ihre Verpflichtungen aufgrund dieses Vertrages zu erfüllen und die Rechtmäßigkeit, Wirksamkeit, Durchsetzbarkeit und

§ 4 Interest

- (1) The Borrower shall make interest payments to the Lender on each Repayment Date in an amount to be calculated in accordance with this § 4.
- (2) Interest shall accrue on the amount of the Advances outstanding at the relevant Repayment Date as follows:

For the period from and including the relevant Advance Payment Date to but excluding the relevant Repayment Date interest accrues at a rate of 4.10 per cent. *per annum*.

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

§ 5 General Undertakings

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

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

Zulässigkeit dieses Vertrages als Beweismittel in Deutschland sicherzustellen, unverzüglich einholen, einhalten und alles Erforderliche unternehmen, damit diese uneingeschränkt wirksam bleiben.

- (2) Die Darlehensnehmerin wird sämtliche Gesetze, denen sie gegebenenfalls unterliegt, in jeder Hinsicht einhalten soweit die Nichteinhaltung solcher Gesetze ihre Fähigkeit zur Erfüllung ihrer Verpflichtungen aufgrund dieses Vertrages erheblich beeinträchtigen würde.

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

§ 6

Kündigungsgründe und vorzeitige Fälligkeit

- (1) Jedes der in diesem § 6(1) genannten Ereignisse oder Umstände ist ein **Kündigungsgrund**.

- (a) Die Darlehensnehmerin zahlt einen gemäß diesem Vertrag fälligen Betrag nicht am Fälligkeitstag an dem Ort und in der Währung, die für die Zahlung vorgesehen sind, es sei denn, dass:

- (i) ihre Nichtzahlung auf einem administrativen oder technischen Fehler beruht; und
- (ii) die Zahlung innerhalb von fünf Geschäftstagen nach dem Fälligkeitstag erfolgt.

- (b) Die Darlehensnehmerin erfüllt irgendeine Bestimmung dieses Vertrages nicht (mit Ausnahme der in § 6(1)(a) genannten), es sei denn, dass:

- (i) die Nichterfüllung geheilt werden kann und innerhalb von fünf Geschäftstagen geheilt wird, nachdem die Darlehensgeberin die Darlehensnehmerin benachrichtigt hat oder die Darlehensnehmerin von ihrer Nichterfüllung Kenntnis erlangt; oder

- (ii) dieses Ereignis keine erheblichen Auswirkungen auf die Fähigkeit der Darlehensnehmerin zur

§ 6

Events of Default and Acceleration

- (1) Each of the events or circumstances set out in this § 6(1) is an **Event of Default**.

- (a) The Borrower does not pay on the due date any amount payable pursuant to this Agreement at the place and in the currency in which it is expressed to be payable, unless:

- (i) its failure to pay is caused by administrative or technical error; and
- (ii) payment is made within five Business Days of its due date.

- (b) The Borrower does not comply with any provision of this Agreement (other than those referred to in § 6(1)(a)), unless:

- (i) the failure to comply is capable of remedy and is remedied within five Business Days of the Lender giving notice to the Borrower or the Borrower becoming aware of its failure to comply; or

- (ii) such event will not materially affect the Borrower's ability to make interest payments and

Leistung von Zinszahlungen und Tilgungszahlungen gemäß diesem Vertrag hat.

principal repayments under this Agreement.

- (c) Eine Zusicherung oder Erklärung, die von der Darlehensnehmerin in diesem Vertrag abgegeben wurde bzw. als abgegeben gilt, ist oder erweist sich in irgendeiner wesentlichen Hinsicht als zum Zeitpunkt der Abgabe oder angenommenen Abgabe unrichtig oder irreführend, es sei denn, dass die Tatsachen und Umstände, die die falsche Darstellung verursacht haben, keine erheblichen Auswirkungen auf die Fähigkeit der Darlehensnehmerin zur Leistung von Zinszahlungen und Tilgungszahlungen gemäß diesem Vertrag haben.
- (2) Bei und jederzeit nach Eintritt eines Kündigungsgrundes, der fortbesteht, kann die Darlehensgeberin durch Mitteilung an die Darlehensnehmerin:
- (a) das Darlehen und alle unter diesem Vertrag angefallenen Beträge unverzüglich ganz oder teilweise fällig stellen, woraufhin diese unverzüglich fällig werden; und/oder
- (b) das Darlehen ganz oder teilweise für auf Verlangen zahlbar erklären, woraufhin es auf Verlangen der Darlehensgeberin unverzüglich fällig wird.
- (c) Any representation or statement made or deemed to be made by the Borrower in this Agreement is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, unless the facts and circumstances giving rise to the misrepresentation materially affect the Borrower's ability to make interest payments and principal repayments under this Agreement.
- (2) On and at any time after the occurrence of an Event of Default which is continuing, the Lender may by notice to the Borrower:
- (a) declare that all or part of the Loan and all other amounts accrued under this Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (b) declare that all or part of the Loan be payable on demand, whereupon the same shall immediately become payable on demand by the Lender.

§ 7

Wechsel der Parteien

Weder die Darlehensgeberin noch die Darlehensnehmerin sind berechtigt, irgendwelche ihrer jeweiligen Rechte aus diesem Vertrag abzutreten oder zu übertragen oder irgendwelche ihrer jeweiligen Verpflichtungen aufgrund dieses Vertrages ohne die vorherige Zustimmung der jeweils anderen Partei zu übertragen.

§ 7

Changes to the Parties

Neither the Lender nor the Borrower may assign or transfer, as applicable, any of its rights or transfer any of its obligations under this Agreement without the prior consent of the other party.

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§ 8
Zahlungen

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

§ 9
Kommunikation

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

[absichtlich ausgelassen]

§ 10
Teilunwirksamkeit

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

§ 8
Payments

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

§ 9
Notices

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

[intentionally omitted]

§ 10
Severability

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

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§ 11

Änderungen und Verzichtserklärungen

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

§ 12

Schlussbestimmungen

- (1) Dieser Vertrag unterliegt dem Recht der Bundesrepublik Deutschland und die Parteien unterwerfen sich unwiderruflich dem Landgericht Frankfurt am Main als nicht-ausschließlichem Gerichtsstand.
- (2) Dieser Vertrag kann in mehreren Ausfertigungen und durch die Parteien in getrennten Ausfertigungen unterzeichnet und übergeben werden, von denen jede ein Original darstellt, jedoch alle zusammen ein und dasselbe Instrument bilden.
- (3) Die deutsche Fassung dieses Vertrages ist bindend.

Anhang I – Beteiligungsvertrag

Anhang II – Emissionsbedingungen der Capital Securities

§ 11

Amendments and Waivers

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

§ 12

Final Clauses

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

Annex I – Participation Agreement

Annex II – Terms and Conditions of the Capital Securities

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DESCRIPTION OF THE CONTRIBUTION AGREEMENT

Upon distribution of Profit Participation Payments to the Issuer or the replenishment of the Silent Contribution following a Reduction, Helaba must withhold amounts on account of German Withholding Tax plus solidarity surcharge (*Solidaritätszuschlag*) payable on the distributed amounts and/or on the amount of the replenishment pursuant to § 43 (1) No. 3 German Income Tax Act (*EStG*), unless the tax authorities have granted a tax exemption for such payments.

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

On 31 May 2005, the Issuer General Partner and the Issuer Limited Partner entered into the Contribution Agreement according to which the Issuer Limited Partner is obliged to contribute to the Issuer all payments that it receives from the German tax authorities on account of its Tax Refund Claims. Under the Contribution Agreement, the Issuer must use the monies received as Contribution Payments to make repayments under the Loan Agreement.

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

DESCRIPTION OF THE FIDUCIARY ASSIGNMENT AGREEMENT

On 31 May 2005, Helaba, the Lender, the Issuer, the Issuer General Partner, the Issuer Limited Partner, Citicorp Trustee Company Limited acting as security trustee for the benefit of Securityholders and Citibank N.A. acting as Account Bank have entered into the Fiduciary Assignment Agreement.

Under the Fiduciary Assignment Agreement, the Issuer has assigned to the Security Trustee all its (present and future, conditional and unconditional) payment claims against Helaba under the Participation Agreement and the Loan Agreement. The payment claims assigned under the Fiduciary Assignment Agreement are the **“Assigned Claims”**. The Fiduciary Assignment Agreement provides that any existing payment claims under the Participation Agreement and the Loan Agreement shall pass to the Security Trustee immediately and that any and all future payment claims under the Participation Agreement and the Loan Agreement shall pass to the Security Trustee as they arise.

The purpose of the assignment of the payment claims under the Fiduciary Assignment Agreement is to create collateral for the benefit of Securityholders in order to secure the Securityholders’ claims for Coupon Payments and Capital Payments under the Capital Securities.

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

In case the payments due in respect of the respective Assigned Claims are not made as and when due, the Security Trustee is obliged immediately to assert any such Assigned Claims against the relevant debtor.

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

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

GENERAL INFORMATION ON THE ISSUER

Incorporation, Domicile and Duration

The Issuer was established and registered under the name Main Capital Funding Limited Partnership under the Limited Partnerships (Jersey) Law 1994, as amended, on 18 May 2005. The Issuer was established for an unlimited duration and is not a legal entity separate from its partners and has no operating history.

Contributed Capital

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

Partners

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

Principal Activities

The business purpose of the Issuer is, pursuant to a limited partnership agreement entered into by the Issuer General Partner and the Issuer Limited Partner on 18 May 2005, to participate as silent partner in the business of Helaba and, for this purpose, to raise capital by the issuance of debt securities and to undertake certain activities related thereto. The Issuer is further entitled to engage in any ancillary businesses which promote the foregoing principal business purpose.

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

Management

The Issuer acts through the Issuer General Partner who has the sole power to represent the partnership. The Issuer General Partner may be contacted at the registered office of the Issuer which is 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands. The current directors of the Issuer General Partner are:

<u>Name</u>	<u>Function</u>
Julia Chapman	Director
Gareth Essex-Cater	Director
Helen Grant	Director
Daniel Le Blancq	Director
Louise Kerhoat	Director

Fiscal Year

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

Auditor

The auditor of the Issuer is PricewaterhouseCoopers C.I. LLP having its address at 22 Colomberie, St Helier, Jersey JE1 4XA, Channel Islands.

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

Litigation

The Issuer is not involved in any litigation or arbitration proceedings which may have any material adverse effect on the financial position of the Issuer. The Issuer is not aware that any such proceedings or arbitration proceedings are imminent or threatened which could adversely affect the Issuer's business, results of operations or financial condition.

Material Adverse Change

Unless otherwise disclosed in this Offering Circular, there has been no material adverse change in respect of the financial situation of the Issuer since the date of its establishment on 18 May 2005.

Capital Contributions on the Issue Date

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

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

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

Capitalisation on the Issue Date

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

<u>Date</u>	<u>Contributed Capital</u>
Date of Establishment	€1,000
Issue Date.....	€1,000

In addition, as of the Issue Date, the Issuer will have additional liabilities of €250,000,000 incurred under the Capital Securities.

There has been no material adverse change in respect of the capitalisation of the Issuer since the date of its establishment on 18 May 2005.

Ordinary Issuer Relocation

The constitutional documents of the Issuer and the Issuer General Partner provide that the Issuer and the Issuer General Partner can relocate their respective principal places of business and tax jurisdiction for German trade tax purposes to Germany (such relocation an "**Ordinary Issuer Relocation**") upon the occurrence of an Issuer Relocation Event.

An "**Issuer Relocation Event**" means receipt by each of the Issuer General Partner and the trustees of the charitable trust that owns the Issuer General Partner on or prior to 30 September in any year of a written request by Helaba (or any legal successor thereof) to take such action as is necessary to effect an Ordinary Issuer Relocation with effect as of 1 January of the next following year. The addressees of such notice will only effect the Ordinary Issuer Relocation upon fulfilment of, *inter alia*, the following conditions: They have received: (i) a legal opinion by reputable German legal counsel confirming that (a) an Ordinary Issuer Relocation will not adversely affect the legal existence of the rights and claims of the Securityholders as set

forth in the terms and conditions of the Capital Securities nor the German law governed rights and claims of the Issuer's other creditors, (b) all regulatory approvals which may be necessary in Germany to effect the Ordinary Issuer Relocation have been obtained, and (ii) satisfactory proof that Helaba has undertaken to the Issuer General Partner and the Issuer to indemnify each of them in respect of any German Withholding Tax (*Kapitalertragsteuer*) or any other withholding tax which the Issuer may become obliged to withhold or deduct on payments under the Capital Securities (such as to allow the Issuer to pay such Additional Amounts to the holders of the Capital Securities in respect of such withholdings and deductions as provided for in the terms and conditions of the Capital Securities), any property tax, if applicable, and any trade, income or any other tax becoming payable by the Issuer or the Issuer General Partner as a consequence of the Ordinary Issuer Relocation.

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GENERAL INFORMATION ON HELABA

Name, registered offices, legal nature and head office

Landesbank Hessen-Thüringen Girozentrale (“**Helaba**” or the “**Bank**”) is a legal entity under public law. The owners and guarantors of the Bank are the Savings Bank and Giro Association Hesse-Thuringia (*Sparkassen- und Giroverband Hessen-Thüringen – SGVHT*) (85 per cent.), the joint institution of the savings banks and their guarantors in Hesse and Thuringia, as well as the State of Hesse (10 per cent.) and the Free State of Thuringia (5 per cent.). (See, however, “Understanding with the European Commission on *Anstaltslast and Gewährträgerhaftung*” below). State supervision of the Bank and the Association is exercised by the Thuringian Ministry of Finance and the Hessian Ministry for Economics, Transport and Regional Development. Executive bodies of the Bank are the Board of Guarantors (*Gewährträgersammlung*), the Supervisory Board and the Board of Managing Directors.

Further to recent amendments to the German Commercial Code (*Handelsgesetzbuch*), on 2 January 2001, Helaba was registered with the commercial registers of Frankfurt am Main (HRA 29821) and Erfurt (HRA 2181).

Helaba has two head offices, one in Frankfurt am Main and one in Erfurt and maintains a branch in Kassel. At the international level it maintains branch offices and subsidiaries in London, New York and Dublin. In addition, it is represented in Luxembourg and Zurich through participations in Banque LBLux S.A. and LB(Swiss) Privatbank AG held jointly with Bayerische Landesbank. Moreover, it has representative offices in Paris and Madrid.

Employees

As of 31 December 2004, the Bank had 2,694 employees and Helaba Group had 3,732 employees

Supervision

Helaba, like other banking institutions in Germany, is subject to governmental supervision and regulation exercised by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), an independent authority with regulatory powers, with the assistance of the Deutsche Bundesbank under the German Banking Act (*Gesetz über das Kreditwesen*) of 10 July 1961 (as amended).

In addition to such general banking supervision, Helaba is subject to the statutory supervision of the Federal States of Hesse and Thuringia (Sections 2(1) and 12(1) of the State Treaty).

Ratings

Helaba’s senior unsecured debt has been rated Aaa by Moody’s on a guaranteed basis and Aa2 on an unguaranteed basis, AAA by Fitch on a guaranteed basis and A+ on an unguaranteed basis and AA+ by S&P on a guaranteed basis and A on an unguaranteed basis.

Liability for Helaba’s obligations

Under the principle of *Anstaltslast*, the Association, the Federal State of Hesse and the Freestate of Thuringia are obliged at all times throughout Helaba’s existence to safeguard its economic basis, enabling it to carry out its functions. In addition, the Association, the Federal State of Hesse and the Free State of Thuringia are liable according to the provisions of the State Treaty if and to the extent that liabilities cannot be satisfied from Helaba’s assets (*Gewährträgerhaftung*).

Understanding with the European Commission on *Anstaltslast and Gewährträgerhaftung*

On 17 July 2001, the European Commission, the Federal Government of Germany and the Federal States of Germany agreed upon the modification of the current regimes of liability for the obligations of, *inter alia*,

the central banks for savings banks as well as for savings banks directly (“Agreement of Brussels I”). Expedient measures were accepted on 11 April 2002 by the Federal Government of Germany. For *Anstaltslast and Gewährträgerhaftung*, this has the following effect.

On 19 July 2005, *Anstaltslast* will be replaced by a normal owner relationship between the owner and the public financial institution concerned. With regard to *Gewährträgerhaftung*, transitional measures were agreed:

- Liabilities created on or before 18 July 2001 will continue to benefit from *Gewährträgerhaftung* irrespective of their maturity.
- Liabilities created after 18 July 2001 will continue to be covered by *Gewährträgerhaftung* if they are created before 19 July 2005 and if their maturity does not extend beyond 31 December 2015.
- Liabilities created after 18 July 2005 will not benefit from *Gewährträgerhaftung*.

Both the State Treaty (*Staatsvertrag über die Bildung einer gemeinsamen Sparkassenorganisation Hessen-Thüringen*) and the Charter (*Satzung*) were amended in line with the aforesaid measures by the end of 2002. Such amendments concerning the “Agreement of Brussels I” (please see “Risk Factors”) will come into effect on 19 July 2005. At the same time, the Board of Guarantors (*Gewährträgersversammlung*) will change its name into “Board of public owners” (*Trägerversammlung*).

European Commission proceedings

By a letter dated 13 November, 2002, the European Commission notified the Federal Government of Germany of the commencement of a formal investigation against Helaba in relation to a transfer at the end of 1998, as a silent capital contribution, of €1,264.4 million of “*Wohnungsbausondervermögen*” (separate assets of the housing development agency) of the State of Hesse to Helaba and the related compensation (*Haftungsvergütung*) received for such transfer in the amount of 1.4 per cent per annum. Helaba provided the European Commission with its reply in a timely fashion setting out therein examples in order to illustrate that the *Haftungsvergütung* paid at the time was customary in the particular market and that, therefore, such payments were not unlawful state aid under the EU-Treaty. On 22 October 2004, the European Commission passed a decision on a subsidy in favour of Landesbank Hessen-Thüringen Girozentrale. In its statement of the reasons for this decision, the EU Commission confirmed that the transfer of the Hessian housing assets in 1998 in the form of a silent partner’s contribution is in principle in compliance with European law. As a consequence, the agreed remuneration also is considered to have been in line with general market conditions. The EU Commission only objected to a technical detail of the agreement, the so-called staggered remuneration, qualifying it as a subsidy. The Federal Republic of Germany was obliged to see to the elimination of this subsidy granted between 31 December 1998 and 31 December 2003. The subsidy amounts to €6.09 million plus interest and has to be repaid to the *Land Hesse*. As of December 2004 Landesbank Hessen-Thüringen Girozentrale had repaid the total amount of €7.3 million (subsidy including interest) to the *Land Hesse*. On 17 March 2005, the German Banker’s Association announced that it would bring an action against the decision of the European Commission.

Capital Measures

Helaba is currently in discussions with the *Land Hesse* to raise a further ca. €595 million in silent participation capital related to the injection of a *Sondervermögen* of the Hessischer Investitionsfonds. These discussions are still ongoing and the terms and conditions of the silent participation capital have not been finalised, nor can there be any assurance that such capital injection will take place.

Executive Bodies

Board of Guarantors

The Board of Guarantors consists of twelve members (§8(1) of the Charter of Helaba). The Chairman of the Board of Guarantors is Karl Eyerkauf, District Administrator (Landrat) of Main-Kinzig-Kreis, Hanau.

Deputies are Birgit Diezel, Minister of Finance for the Free State of Thuringia Erfurt, Gregor Sellner, Member of the Board of Guarantors of Sparkasse Darmstadt and Dietrich Möller, Lord Mayor of Marburg.

Members of the Board of Guarantors are at present:

Landrat Karl Eyerkaufner

Hanau

– Vorsitzender –

Oberbürgermeister Dietrich Möller

Marburg

– stv. Vorsitzender –

Staatsministerin Birgit Diezel

Thüringer Finanzministerium

– stv. Vorsitzende –

Sparkassendirektor Gregor Sellner

Sparkasse Darmstadt

– stv. Vorsitzender –

Sparkassendirektor Gerold Beckmann

Sparkasse Vogelsbergkreis

Gregor Böhmer

Geschäftsführender Präsident

des Sparkassen- und Giroverbandes Hessen-Thüringen

Staatsminister Volker Bouffier

Hessisches Ministerium des Inneren und für Sport

Landtagsabgeordneter Michael Denzin

Hessischer Landtag

Sparkassendirektor Alfred Merz

Sparkasse Hanau

Sparkassendirektor Rudolf Mund

Kreissparkasse Nordhausen

Oberbürgermeister Manred Ruge

Erfurt

Bürgermeister Klaus Stiegel

Felsberg

Both the State Treaty (*Staatsvertrag über die Bildung einer gemeinsamen Sparkassenorganisation Hessen-Thüringen*) and the Charter (*Satzung*) were amended in line with the aforesaid measures by the end of 2002. Such amendments concerning the “Brussel’s Agreement“ (please see “Risk Factors“) will come into effect on 19 July 2005. At the same time, the Board of Guarantors (*Gewährträgersammlung*) will change its name into “Board of public owners” (*Trägersammlung*).

Supervisory Board

The Supervisory Board supervises the Board of Managing Directors and consists of thirty-six members (§11(1) of the Charter of Helaba):

The members of the Supervisory Board are at present:

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Chairman

Gregor Böhmer Executive President of the Savings Banks and Giro Association Hesse-Thuringia

Deputies

Fritz Kramer Chief Administrative Officer, County District of Fulda

Karlheinz Weimar Minister of State, Ministry of Finance of the State of Hesse

Detlef Wiertz Chairman of the Board of Managing Directors of the Sparkasse Arnstadt-Ilmenau

Members

Hans Adler Chairman of the Board of Managing Directors of the Sparkasse Starkenburg, Heppenheim

Dieter Bauhaus Chairman of the Board of Managing Directors of Sparkasse Mittelthüringen, Erfurt

Dr. h.c. Ludwig G. Braun Chairman of the Board of Managing Directors B. Braun Melsungen AG, Melsungen

Dieter Brosey Chief Administrative Officer, County District of Werra-Meißner, Eschwege

Jens B. Fischer Chairman of the Board of Managing Directors of Nassauische Sparkasse, Wiesbaden

Dr. Martin Frühauf Vice-Chairman of the Supervisory Board of Aventis AG, Straßburg

Heiko Gentzel Member of the State Parliament of Thuringia, Erfurt

Gerhard Grandke Lord Mayor of Offenbach

Dr. Werner Henning Chief Administrative Officer, County District of Eichsfeld, Heiligenstadt

Stefan Lauer Member of the Board of Managing Directors, Deutsche Lufthansa AG, Köln

Dietrich Möller Lord Mayor of Marburg

Frank Nickel Chairman of the Board of Managing Directors of Sparkasse Werra-Meißner, Eschwege

Dr. Harald Quensen Chairman of the Board of Managing Directors of Frankfurter Sparkasse, Frankfurt

Dr. Peter Röhlinger Lord Mayor of Jena

Petra Roth Lady Mayoress, Frankfurt/Main

Horst Schnur Chief Administrative Officer, Odenwaldkreis, Erbach

Jürgen Walter Chairman of the SPD Party in the State Parliament of Hesse, Wiesbaden

Ulrich Zinn Chairman of the Board of Managing Directors of the Sparkasse Grünberg, Grünberg

Clemens Reif Member of the State Parliament of Hesse

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Michael Schneider

Undersecretary of State, Ministry of Finance of the State of Thuringia,
Erfurt

Members of the Supervisory Board elected by the employees are at present:

Wilfried Abt

Wilfried Carl

Dirk Dietrich

Heinz Düringer

Martina Endisch

Gabriele Fuchs

Roland Haas

Reinhard Hündersen

Susanne Noll

Bärbel Ohlwein

Ute Opfer

Hans Peschka

Board of Managing Directors

The members of the Board of Managing Directors are appointed by the Board of Guarantors and approved by the Supervisory Board and at present are the following:

Dr. Günther Merl (Chairman)

Heinz Riener

Ralf Bedranowsky

Dr. Norbert Bräuer

Hans Dieter Brenner

Klaus-Dieter Gröb

Peter Kobiela

The members of the Board of Guarantors, the Supervisory Board and the Board of Managing Directors have elected domicile at the offices of Helaba at Neue Mainzer Strasse 52-58, 60311 Frankfurt am Main, Germany, except for Klaus-Dieter Gröb who has elected domicile at the offices of Helaba at Bonifaciusstrasse 16, Erfurt (Thuringia).

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BUSINESS OF HELABA

History

Hessische Landesbank was formed in 1953 by the merger of Hessische Landesbank Darmstadt (founded in 1940), Nassauische Landesbank Wiesbaden (founded in 1840) as well as of Landeskreditkasse zu Kassel (founded in 1832). With effect from 1 July 1992, Helaba was renamed “Landesbank Hessen-Thüringen Girozentrale”. At that date, the Treaty on the Formation of a Joint Savings Banks Organisation between the Federal States of Hesse and Thuringia (the “State Treaty”) came into force.

General Overview

Helaba is a universal bank active in both domestic and international markets, with strong roots in its core regions of Hesse and Thuringia. Helaba’s structure is based upon a three tier approach: a wholesale banking operation building upon Helaba’s already well established business activities; the S-Group business for the 51 Savings Banks in Hesse and Thuringia, and a development bank, promoting and servicing the states of Hesse and Thuringia.

International Commercial Bank

As a universal bank, Helaba concentrates on national and international wholesale business. The strategy for the commercial bank follows two directions: To become market leader in selected business areas and to offer prime services for its target customers. The Bank supports the national and international activities of its customers, providing them with a broad range of state-of-the-art financial services. The product portfolio concentrates on six core business areas:

- Helaba is one of the leading German players in real estate business both at home and in London and New York. Besides its major financing activities, Helaba is also active in real estate project development (through its subsidiary OFB) and owns one of the largest residential development companies in the region (GWH Gemeinnützige Wohnungsgesellschaft mbH Hessen).
- The Bank enjoys a strong market position in asset and project finance solutions and public-private partnerships in the corporate finance and corporate loan business area. Helaba is one of the leading providers in Germany of closed-end funds through its interest in Hannover Leasing GmbH&Co. KG.
- In the area of financial institutions and international public finance, Helaba focuses on business with central, regional and local authorities in Europe and the US as well as banks and insurance companies.
- Helaba is a major counterparty in the primary bond market. It acts for its customers, such as the State Hesse, as underwriter. As issuer of mortgage bonds and unsecured bank bonds Helaba is one of the largest issuers in Germany. Its position as a clearing house in the financial centre of Frankfurt, makes it one of the leading trading companies in the German money market.
- The asset management business has been buoyed by the launch of Helaba Invest’s master investment trust company. It is among the top special fund companies ranked by inflow of funds in Germany.
- Together with BayernLB and HSH Nordbank, Helaba is a shareholder of LB Transaktionsbank (TxB), one of the largest suppliers of transaction banking in Germany.

S-Group Business

The savings banks and Helaba are close partners. The 51 savings banks in Hesse and Thuringia are not only the owners of Helaba, they are also its most important customers. In its capacity as Group Service Bank for the savings banks, Helaba coordinates financing transactions, funding measures and transaction services. It is the aim of Helaba to strengthen the strategic position of the savings banks as well as to successfully realise their supra-regional and international projects by offering its entire range of advice, products and services. At the end of 2003 the S-Verbund was created. S-Verbund is a banking group formed by Helaba and its 85 per cent. owner, the Sparkassen- und Giroverband Hessen-Thüringen (SGVHT) savings bank association,

which represents the region’s 51 savings banks. SGVHT has, jointly with Helaba, set up a framework for a single economic group that combines the retail strength of its member savings banks with Helaba’s wholesale expertise. S-Verbund provides a full coverage of the entire market. Key elements of S-Verbund’s framework are the following points:

- It is based on a charter rather than individual contracts. This makes all members liable under public law.
- Unified risk management based on a mutual risk strategy under the oversight of a Risk Committee is another unique element.
- S-Verbund has an additional regional liability fund. This fund, which has an initial volume of €550m, is the first fund in which a Landesbank and savings banks have agreed to accept direct reciprocal liability and in which the investors have a direct legal claim against the fund.
- S-Verbund prepares joint, consolidated group accounts.

S-Verbund, as these examples illustrate, has adopted a coordinated market, risk and value creation strategy carefully designed to expand its market share, leverage cost synergies and boost profitability.

Key Elements of the New S-Group Concept



Development Bank

The Development Bank is the third pillar of Helaba’s strategic business model. Cooperation with the German federal states and municipalities is an important business area. Thus Helaba supports and advises public-sector entities in the financing and handling of investment projects, for instance by means of municipal loans, bond issues or specially developed project and asset finance transactions. Through its participation in the promotional and development institutions of the Federal States, Helaba supports economic and structural objectives in Hesse and Thuringia:

- via Landestreuhandstelle Hessen (LTH – Land Trust Agency), which focuses on the promotion of residential construction, municipal infrastructure, agriculture and the environment;
- through its 50 per cent. share held in InvestitionsBank Hessen AG (IBH) in Frankfurt, which focuses on the promotion of economic development and the labour market as well as the financing of participations in innovative, small companies; and
- through its 50 per cent. share held in Thüringer Aufbaubank (TAB) in Erfurt (since 1 January 2002), which is the central promotional and development institute of the State of Thuringia for the promotion of economic development, infrastructure and residential construction.

Customer Relationship Management

Helaba Customer Relationship Management (CRM) focuses on the following Customer Groups:

- Multinational Corporations: Helaba has already acquired the status of a key bank for more than half of its target customers in the multinational companies category, which puts it in a strong position to carry out further optimisation of its product competence.
- Institutional Investors: Helaba serves a wide variety of institutional investors spanning the range from global insurance groups and German domestic insurers to pension plans, religious institutions and trade unions. Helaba focuses on customers who take advantage of multiple Helaba products. Counterparties are required to have at least one good investment grade rating.
- Public Authorities / Municipal Corporations: A wide range of products are offered to this client segment such as the optimisation of school real estate administration and management for education authorities in the State of Hesse. Helaba also participates in requests for quotes involving public private partnership models and other tenders.

Helaba 2015 - the Strategy of the Commercial Bank

In 2002 Helaba defined its strategy for the period after the abolition of the state guarantees and named it "Helaba 2015". The "Helaba 2015" strategy includes the following focal points:

- A sharp increase in the capital base required under supervisory law. The core equity ratio as of 31 December 2004 was 7.0 per cent. (under BIS).
- Clear focus on six core business segments and reduction of fringe activities. These business areas are real estate, corporate finance & lending, financial institutions and international public finance, asset management, global markets and transaction banking and services.
- To build up extensive liquidity and broaden the funding base.
- Refinement of risk control, ensuring that the risk profile of the loan portfolio is still viewed positively by rating agencies.
- To ensure that Helaba's rating remains strong. Helaba's mid term goal is an 'AA' rating for its senior unsecured debt. A major portion of Helaba's issues after 2005 will be mortgage backed bonds. Helaba will take all measures necessary to ensure an 'AAA' rating for its covered bond issues.

Helaba's objectives are:

- to double operating results between 2002 and 2006;
- to achieve a cost / income ratio of 55-60 per cent. by 2006.
- to achieve a return on equity of 15-20 per cent. (before taxes) by 2006.

Recent Developments and Outlook

Helaba's group business volume at the end of 2004 stood at €198.4 billion, which represents an increase of 7.8 per cent.. The balance sheet total rose by 3 per cent. to €143.6 billion. The key drivers behind these developments were:

- The growth in medium- and long-term new business, which increased by 27 per cent. to a new record level of €14.2 billion. Growth in this area was driven largely by real estate lending business, which accounted for one third of the new business, and the corporate finance, financial institutions, and international public finance areas. Adjusted to remove the effects of security repurchase agreements, the portfolio of loans and advances to customers rose by 3 per cent. or €1.9 billion over the course of the year to end at €55 billion.

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- The policy of building up liquidity was continued. Helaba issued bonds and held the funds realised in short-term securities.
- Group business volume grew at a greater rate (7.8 per cent.) than the balance sheet total (3.0 per cent.). This is primarily a result of the growth seen in the area of asset management. Helaba Invest's funds volume increased more than 50 per cent. to €18.8 billion and the company is ranked number three in the German market for inflow of funds in new business according to the statistics of the German Investment Funds Managers Association (BVI).

The group operating result before risk provisions and valuation adjustments rose 28.9 per cent. year on year to €312.9 million; after risk provisions and valuation adjustments it grew by 55 per cent. to €145.7 million. The unconsolidated Helaba results mirrored this trend with operating result before risk provisions and valuation adjustments growing by 18.7 per cent. to €291.8 million and after risk provisions and valuation adjustments growing by a 28.4 per cent. to €126.7 million. These developments stem from an increase in operating income coupled with falling administrative costs.

Risk provisions were expanded once again and reserves were further strengthened. The Bank now has at its disposal reserves in accordance with section 340f of the German Commercial Code of considerably more than €500 million.

Helaba's unconsolidated cost-income ratio amounts to 60.3 per cent. and thus lies within the strategic target corridor of 55-60 per cent.

The return on equity before taxes is continuing its upward trend from 6.4 per cent. in 2002 and 8.9 per cent. in 2003 to 10.2 per cent. on an unconsolidated basis and 12.0 per cent. for the consolidated group. The unconsolidated ROE figure is steadily approaching the strategic target of 15-20 per cent. set for 2006.

The core capital ratio of 7.0 per cent. as per BIS (6.4 per cent. as per KWG) and the total capital ratio of 11.4 per cent. as per BIS (11.1 per cent. as per KWG) both remain within the strategic target band.

The average margin on risk-weighted assets is unchanged at 1.44 per cent.

For 2005, Helaba's activities as a commercial bank will concentrate on continuing to develop customer sales both in Germany and internationally and on further sharpening focus in the product areas. Personnel have already been appointed to drive target customer sales. The capital markets business was reorganized and given a new commercial structure at the beginning of 2005. The public finance business offers potential growth through public-private partnership models, and the new general law on mortgage bonds (PfandBG) due to come into force in Germany in mid-2005 will add further new earning potential. The strategic importance of the mortgage bond in Helaba's funding will grow as a result of the internationalisation of the collateral pool and the possible ability to use collateral of the Sparkassen in the S-Group in future.

On 13 May 2005, Helaba signed a memorandum of understanding to acquire Frankfurter Sparkasse ("FRASPA"). Pursuant to the memorandum of understanding, Helaba and FRASPA's current owners, Polytechnische Gesellschaft and the City of Frankfurt, have agreed that:

- FRASPA will be converted into a stock corporation (*Aktiengesellschaft*) following which Helaba will acquire all of the shares in FRASPA against payment of €725 million; Helaba may be obliged to pay up to a further €60 million in the event that FRASPA successfully reclaims certain taxes paid by it;
- FRASPA will form a core unit of the Helaba Group and will continue to perform its role as savings bank in its current region under its current name;
- Helaba undertakes to provide €200 million of additional capital to FRASPA to increase FRASPA's risk carrying capabilities;
- For accounting purposes, the acquisition will take retroactive effect as of 1 January 2005.

The consummation of the acquisition of FRASPA remains subject to certain conditions, including approval by the relevant corporate bodies of Helaba and the sellers.

REGULATION

The following explains certain regulatory matters which are of significance for the business of Helaba and the Helaba Group.

The Bank is authorised to conduct general banking business and to provide financial services under and, subject to the requirements set forth in, the German Banking Act (*Gesetz über das Kreditwesen*). In addition, the Bank is subject to the provisions of the treaty between the German federal states of Hesse (*Hessen*) and Thuringia (*Thüringen*) on the Landesbank Hessen-Thüringen Girozentrale (*Staatsvertrag über die Bildung einer gemeinsamen Sparkassenorganisation Hessen-Thüringen zwischen dem Land Hessen und dem Land Thüringen über die Landesbank Hessen-Thüringen Girozentrale*, “**State Treaty**”).

The Bank is subject to comprehensive supervision by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, the BaFin), which is supported in its function by the *Deutsche Bundesbank*, the German central bank.

The German Banking Act

The German Banking Act contains the basic set of rules applicable to German banks, including the requirement for a banking license, and regulates the business activities of German banks. The BaFin supervises the operations of banks to ensure that they conduct their business in accordance with the provisions of the German Banking Act and other applicable German laws and regulations. The BaFin places particular emphasis on ensuring compliance with:

- capital adequacy and liquidity requirements;
- large exposure limits; and
- restrictions on certain activities imposed by the German Banking Act and the regulations issued thereunder.

Capital Adequacy Requirements

Current Regulatory Framework

The German capital adequacy requirements provide that banks guard against counterparty risk (*Adressenausfallrisiko*) and market risk (*Marktrisiko*) by possessing certain levels of minimum capital. Counterparty risk is covered by “**Regulatory Banking Capital**” (*haftendes Eigenkapital*), whereas market risk is covered by “**Own Funds**” (*haftende Eigenmittel*) comprising Regulatory Banking Capital and “Tier III Capital”. Pursuant to “**Principle I**” of the BaFin, each bank must maintain a ratio (the “**Solvency Ratio**”) of Regulatory Banking Capital to risk-adjusted assets (including financial swaps, financial forward transactions, options, and other off-balance-sheet items) of at least eight per cent.

Pursuant to the German Banking Act, for Helaba, as a bank that is organized in the form of a stock corporation, Regulatory Banking Capital (the numerator of the Solvency Ratio) consists of “Core Capital” (*Kernkapital*) and “Supplementary”, or “Tier II”, Capital (*Ergänzungskapital*). The distinction between Core Capital and Supplementary Capital reflects the different degrees of loss or insolvency protection provided by the individual Regulatory Banking Capital items. The Supplementary Capital may be taken into account only up to the amount of the Core Capital. In addition, longer-term subordinated debt is recognized as Regulatory Banking Capital only up to 50 per cent. of the amount of Core Capital.

Core Capital comprises:

- paid-in subscribed capital;
- capital reserves;
- retained income;

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- funds for general banking risks (an item that a bank may create on the liability side of its balance sheet, in its reasonable commercial judgment, to reflect the special risks inherent in its banking business);
- capital paid in consideration of silent partnership interests (*stille Beteiligungen*).

Supplementary Capital consists of:

- reserves for general banking risks (a bank may record on its balance sheet certain receivables at a lower value than that permitted for commercial and other non-banking entities if the use of a lower value is, in the bank's reasonable business judgment, advisable to safeguard against the special risks inherent in the banking business), provided that such reserves do not exceed 4 per cent. of the book value of such receivables and securities;
- capital paid in consideration of profit-participation rights (*Genussrechte*) meeting certain conditions set out in the German Banking Act;
- longer-term subordinated debt meeting certain conditions set out in the German Banking Act;
- certain unrealized reserves; and
- reserves pursuant to § 6b of the German Income Tax Law (*Einkommensteuergesetz*), 45 per cent of such reserves being included in Regulatory Banking Capital to the extent that they were created from the proceeds of the sale of real property, property rights equivalent to real property, and buildings.

The German Banking Act requires that the following be deducted in computing Regulatory Banking Capital:

- losses;
- certain intangible assets (including goodwill); and
- certain participations in banks, financial services institutions or other financial enterprises.

Under Principle I, the risk-adjusted value of assets of a bank (the sum of which is the denominator of the Solvency Ratio) is computed by assigning assets to one of five basic categories of relative credit risk (i.e., 0, 10, 20, 50 and 100 per cent.) depending on the debtor or the type of collateral securing the assets. The balance sheet value of each asset item is multiplied by the percentage weight applicable to its risk category to arrive at the risk-adjusted value.

Off-balance-sheet items, such as financial guarantees, letters of credit, swaps, and other financial derivatives, are subject to a two-tier adjustment. First, their value (or in the case of guarantees and letters of credit, their amount, or in the case of swaps and other derivatives, the value computed on a market or time basis) is adjusted according to their risk classification (i.e., 20, 50 and 100 per cent.) depending on the type of instrument. Then the off-balance-sheet items are assigned, similar to balance-sheet assets, to credit risk categories depending on the type of the counterparty, debtor or type of collateral, if any, securing the respective assets and multiplied by the applicable percentage weight.

In addition to the capital adequacy requirements for counterparty risk, Principle I also lays down principles relating to capital adequacy requirements covering market risk. The market-risk positions of a bank are comprised of:

- its foreign exchange positions;
- its commodities positions;
- certain of its trading book positions, including those involving counterparty risk, as well as interest-rate and share-market risk; and
- its options transactions positions.

The market risk positions are net positions, risk-adjusted in accordance with the detailed rules set forth in Principle I. As of the close of each business day, the sum of the net risk-adjusted market-risk positions of a bank must not exceed the sum of:

- the difference between its Regulatory Banking Capital and 8 per cent. of its aggregate amount of risk-adjusted risk assets; and
- its Tier III Capital.

Thus, the market risk positions must be covered by Own Funds that are not required to cover counterparty risk.

“**Tier III Capital**” (*Drittrangmittel*) consists of:

- net profits (i.e., the proportionate profit of a bank which would result from closing all trading-book positions at the end of a given day) less (i) all foreseeable expenses and distributions and (ii) losses resulting from the investment book that are likely to arise upon a liquidation of the bank; and
- short-term subordinated debt meeting certain conditions set out in the German Banking Act, including a minimum term of two years and the requirement that the rights of the holder thereof be subordinated to the rights of all other creditors in the event of insolvency or liquidation.

Net profits and short-term subordinated debt qualify as Tier III Capital up to an amount which, together with the Supplementary Capital not required to cover risks arising from the investment book, does not exceed 250 per cent. of the Core Capital not required to cover risks arising from the investment book.

Under the German Banking Act’s provisions on consolidated supervision, each group of institutions (*Institutsgruppe*) on a consolidated basis, as well as each bank within the group on an unconsolidated basis, must meet the Regulatory Banking Capital requirements. A group of institutions is deemed to exist if:

- another bank, financial services institution, financial enterprise or bank service enterprise is a subsidiary (*nachgeordnetes Unternehmen*) of a bank or financial services institution (with subsidiary being defined in terms of possessing a voting majority or controlling influence of the parent bank or financial services institution); or
- a member of the group of institutions:
 - owns, directly or indirectly, at least 20 per cent. of the shares of such other bank, financial services institution, financial enterprise, or bank service enterprise;
 - manages such bank, institution or enterprise jointly with other enterprises; and
 - is liable for the obligations of such bank, institution or enterprise in proportion to its capital investment in such bank, institution, or enterprise.

Capital Adequacy Requirements – The Basle II Capital Accord

The capital adequacy requirements applicable to Helaba and described in the preceding section are based on the 1988 capital accord of the Basle Committee of the Bank for International Settlement (“**BIS**”). The Basle Committee is a committee of central banks and bank supervisors/regulators from the major industrialized countries that develops broad policy guidelines that each country’s supervisors use to determine the supervisory policies that they apply. In January 2001, the BIS released a proposal to replace the 1988 capital accord with a new capital accord and to overhaul the existing international capital adequacy standards. The two principal goals of the proposals were to align capital requirements more closely with the underlying risks and to introduce a capital charge for operational risk (comprising, among other things, risks related to certain external factors, as well as to technical errors and errors of employees). Following extensive negotiations, the proposals have been adopted by the Basle Committee in June 2004 and are expected to become effective as of year-end 2006 or, with regard to the most advanced approaches for risk evaluation, as of year-end 2007. The Basle II framework comprises three pillars. The first pillar represents a significant amendment of the

minimum requirements under the 1988 capital accord. It requires higher levels of capital for those borrowers which present higher levels of credit risk, and vice-versa. Moreover, an explicit capital charge for a bank's exposure to operational risks such as the risk of losses caused by failures in systems, processes or staff or by external events is established. Capital charges are aligned more closely to a bank's internal assessments of its overall risks to ensure that the management is exercising sound judgement and has set aside adequate capital for its risks. The third pillar aims at the enhancement of the degree of transparency in banks' public reporting.

In July 2004, the European Commission issued its proposed revisions to the Banking Directive 2001/12/EC which is intended to implement the Basle II framework in a coherent manner throughout the EU. Under the Basle II capital accord, Helaba may need to maintain higher levels of capital for bank regulatory purposes, which could increase its financing costs.

Limitations on Large Exposures

The German Banking Act, together with the regulation on large exposures (*Großkredit- und Millionenkreditverordnung*, the "**Large Exposure Regulation**"), is designed to limit the concentration of credit risks through restrictions on large exposures (*Großkredite*, "**Large Exposures**") of banks and groups of institutions. The Large Exposure rules and the Large Exposure Regulation distinguish between:

- banks and groups of institutions with minor trading book positions (see "– Capital Adequacy Requirements – Current Regulatory Framework") that are not subject to the rules relating to the trading book; and
- banks and groups of institutions which are subject to the rules relating to the trading book ("**Trading Book Institutions**").

For Trading Book Institutions, the Large Exposure rules contain different restrictions for Large Exposures related to the investment book ("**Investment Book Large Exposures**") and aggregate large exposures ("**Aggregate Book Large Exposures**") of the bank or group of institutions. Investment Book Large Exposures exist where the assets of a bank attributable to a single client or connected group of clients equals or exceeds 10 per cent. of the relevant bank's or group of institutions' Regulatory Banking Capital. Aggregate Book Large Exposures mean situations in which the aggregate of the Investment Book Large Exposures and the exposures incurred in the trading book (including the net amount of all long and short positions in debt instruments and shares of an individual issuer, the counterparty risk of certain derivatives, the counterparty risk after the agreed date of settlement, and repurchase and securities lending transactions) attributable to a single client or connected group of clients (the "**Trading Book Large Exposures**") equal or exceed 10 per cent. of the relevant bank's or group of institutions' Own Funds.

The following limitations apply to Large Exposures of Trading Book Institutions:

- all Aggregate Book Large Exposures taken together must not exceed eight times such bank's or group's Own Funds;
- the Investment Book Large Exposures must not exceed in the aggregate eight times such bank's or group's Regulatory Banking Capital;
- the Investment Book Large Exposures to a single client or group of clients must not exceed 25 per cent. of the bank's or group of institutions' Regulatory Banking Capital;
- Investment Book Large Exposures in relation to an affiliated enterprise of the bank or group of institutions outside the group of institutions must not exceed 20 per cent. of the bank's or group of institutions' Regulatory Banking Capital;
- the aggregate amount of Trading Book Large Exposures and Investment Book Large Exposures to a client or group of clients must not exceed 25 per cent. of the bank's or group of institutions' Own Funds; and

- the aggregate amount of Trading Book Large Exposures and Investment Book Large Exposures must not exceed 20 per cent. of the bank's or group of institutions' Own Funds.

With the approval of the German Banking Supervisory Authority, a bank or group of institutions may exceed these thresholds.

The term "group of institutions" for purposes of the Large Exposure limitations is defined in the same manner as for capital adequacy purposes. See "– Capital Adequacy Requirements".

Financial Statements and Audits

The financial statements on the basis of which compliance with the capital adequacy requirements is assessed must be prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) and the Regulation on Accounting by Credit Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute*).

Under German law, Helaba must be audited annually by a certified public accountant (*Wirtschaftsprüfer*) who has been appointed by the shareholders' general meeting and mandated by the supervisory board. A bank's certified public accountant is required to inform the BaFin of any facts coming to the accountant's attention which give reason to deny or qualify the certifications of the bank's annual financial statements or adversely affect the financial position of the bank, as well as of any material breach by the bank's management of the law or the bank's statutes. The certified public accountant is required to prepare a detailed and comprehensive annual audit report (*Prüfungsbericht*), which is submitted to the supervisory board of the bank, the BaFin, and the Bundesbank. In the report, the accountant must confirm that the bank has complied with:

- the regulatory reporting requirements;
- the Large Exposures limitations;
- the limitations on extension of credit to borrowers forming a unit of borrowers;
- the principles as to capital adequacy and liquidity; and
- regulations concerning the prudential granting of credit.

In addition, the audit report must:

- discuss in detail certain large loans and other important loans;
- confirm compliance with certain provisions of the German Banking Act;
- match assets and liabilities bearing interest at fixed rates according to maturity and assets and liabilities bearing interest at floating rates according to interest periods; and
- explain the effect of a change in interest rates on the unmatched portion of such assets and liabilities.

Reporting Requirements

In order to enable the BaFin and the Bundesbank to monitor compliance with the German Banking Act and other applicable legal requirements, banks are required to file the following information with the BaFin and the Bundesbank:

- immediate notice of certain organizational changes, the acquisition or sale of more than 10 per cent. of the equity of another company or changes in the amount of such equity share, loss of 25 per cent. of the Regulatory Banking Capital, the commencement or termination of certain non-banking activities, the acquisition or termination of a significant participation in the bank, the bank's status as a subsidiary, the existence, change in or termination of any "close relationship" with another company (i. e., ownership of at least 20 per cent. of the capital or voting rights);
- on an annual basis, audited unconsolidated and consolidated financial statements for the bank;

- on a monthly basis, balance sheet and statistical information;
- on a monthly basis, compliance statements with regard to the capital adequacy rules and the requirements on liquidity; and
- on a quarterly basis, a list of the borrowers to whom the reporting bank has granted loans of €1.5 million or more and certain information about the amount and the type of loan, including syndicated loans exceeding this amount even if the reporting bank's share does not exceed €1.5 million.

If several different banks notify the Bundesbank of loans of €1.5 million or more to the same borrower, the Bundesbank must inform each of the reporting banks of the total reported indebtedness and of the type of such indebtedness of the borrower.

Enforcement of Banking Regulations; Investigative Powers

To ensure that German banks fully comply with all applicable regulatory and reporting requirements, the BaFin requires that banks maintain an effective internal auditing department to monitor and control their activities. In order to secure compliance with the German Banking Act and the regulations issued thereunder, the BaFin and the Bundesbank may require information and documents from a bank and the BaFin may conduct investigations of a bank. In addition, the BaFin may attend or convene meetings of the bank's supervisory board and of the bank's shareholders.

The BaFin has a wide range of enforcement powers. It can remove the bank's managers from office or prohibit them from engaging in banking activities. If the Own Funds of a bank are not adequate or if the liquidity requirements are not met (provided that the bank has failed to remedy the deficiency within a certain period), the BaFin may prohibit or restrict the distribution of profits or the extension of credit. These prohibitions also apply to the parent bank of a group of institutions if the Own Funds of the bank's group enterprises do not meet the legal requirements. If the liquidity requirements are not met, the BaFin may also prohibit further investments in illiquid assets.

If a bank is in danger of defaulting on its obligations to creditors, the BaFin may take emergency measures to avert a default, including, among others:

- issuing instructions relating to the management of the bank;
- prohibiting the acceptance of deposits and the extension of credit;
- prohibiting or restrict the managers of the bank from carrying on their functions; and
- appointing supervisors.

If these measures are inadequate to remedy the situation, the BaFin may revoke the bank's license and, if appropriate, order that the bank be shut down. In order to prevent the insolvency of a bank, the BaFin has the authority to:

- prohibit payments and disposals of assets;
- close customer services; and
- prohibit the acceptance of payments other than in payment of a debt owed to the bank.

Violations of the German Banking Act may result in criminal and administrative penalties.

Current Legislative Proposal to Enact a Pfandbrief Act

The German legislature is currently revising the legislative framework for Pfandbriefe (bonds secured by private property mortgages or public sector loans). The federal government has introduced in the German legislature a bill for a new Pfandbrief Act which will replace the current Act on Pfandbriefe and Related Bonds Issued by Public Pfandbrief Institutions (*Gesetz über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich-rechtlicher Pfandbriefanstalten*), the Mortgage Bank Act

(*Hypothekbankgesetz*) and the Ship Bank Act (*Schiffsbankgesetz*) and it is currently contemplated that the new Pfandbrief Act will enter into force on 19 July 2005.

The new Pfandbrief Act is intended to harmonize the regulation of Pfandbriefe regardless of whether the issuer is a public bank or a private bank. Under the current proposal, the provisions protecting the interests of Pfandbrief creditors remain largely unchanged. Additional protective measures for the benefit of Pfandbrief creditors are however still being discussed in the course of the legislative proceedings. One of the major changes is the proposed abolition of the principle of specialised mortgage banks. Under the current proposal, universal banks will be authorized to issue Pfandbriefe if they meet the requirements set out in the new Pfandbrief Act and additional requirements to be implemented by an amendment to the German Banking Act. Consequently, Helaba will be authorised to issue Pfandbriefe if it meets the aforementioned requirements.

TAXATION

The statements below regarding taxation are based on the law and practice of the relevant specified jurisdiction at the date of this Offering Circular and are subject to any subsequent changes in law or practice (which could be made on a retroactive basis). The following statements do not constitute tax advice and do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Capital Securities and may not apply equally to all persons. Prospective purchasers of the Capital Securities are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Capital Securities.

Taxation in Jersey

Investors (other than residents of Jersey) are not subject to any tax in Jersey in respect of the holding, sale or other disposition of Capital Securities. Payments of interest on Capital Securities will be made by the Issuer without withholding or deduction for or on account of Jersey income tax.

No stamp duties are payable in Jersey on the acquisition, ownership, redemption, sale or other disposal of Capital Securities. Stamp duty is payable in Jersey on the registration of Probate or Letters of Administration relating to the death of an individual holder of Capital Securities with assets situate in Jersey (which may, in some circumstances, extend to the Capital Securities) which is calculated by reference to the value of the holder's estate in Jersey.

Taxation in the Federal Republic of Germany

This chapter "Taxation in the Federal Republic of Germany" contains a summary of some important German fiscal provisions that are relevant in connection with the acquisition, the holding and the sale or redemption of the Capital Securities. This summary is not intended to be a comprehensive and complete representation of all aspects that could be relevant to investors under German tax law. It is based on the German tax law in force at the time of preparing this Offering Circular which may change at short notice, even with retroactive effect. We therefore strongly recommend that potential investors seek advice from their professional tax advisors with respect to the tax implications of the acquisition, the holding and the sale or redemption of Capital Securities.

Investors tax resident in Germany

All interest payments made by the Issuer to investors tax resident in Germany (persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to income or corporate tax plus solidarity surcharge in the amount of 5.5 per cent. of the relevant income or corporate tax liability. If Capital Securities are held as assets of a German commercial business, these interest payments are subject to trade tax (*Gewerbesteuer*) also. If Capital Securities are held in a custodial account maintained with a bank or financial services provider in Germany, including branches of foreign banks or financial services providers in Germany (the "**Disbursing Agent**" – *inländische Zahlstelle*), withholding tax on interest income (*Zinsabschlagsteuer*) in the amount of 30 per cent. (plus 5.5 per cent. solidarity surcharge thereon, i.e. a total of 31.65 per cent.) will be withheld from the gross amount of the interest payments. Tax withheld by the Disbursing Agent will be credited against the final German income or corporate tax burden of the Securityholder.

Profits from the sale or redemption of the Capital Securities, including the profits achieved by a second or subsequent purchaser, are deemed to be interest income and are subject to personal income or corporate tax plus solidarity surcharge thereon under German tax law. If Capital Securities are held as part of a German commercial business, such profits are subject to trade tax also. For Capital Securities held in a custodial account maintained with a Disbursing Agent since the acquisition of the Capital Securities, the Disbursing Agent will be required to withhold tax in the amount of 30 per cent. (plus a 5.5 per cent. solidarity surcharge) of the difference between the sale or redemption proceeds and the purchase price paid for the Capital Securities. If the Disbursing Agent has changed since the acquisition of the Capital Securities, tax is withheld

in the amount of 30 per cent. of the sale or redemption proceeds. The tax withheld will be credited against the final German income or corporate tax burden of the Securityholder.

Non-resident investors

Interest paid to a Securityholder and profits from the sale or redemption realized by a Securityholder not resident in Germany will generally not be taxable in Germany and no tax will be withheld (even if the Capital Securities are kept with a Disbursing Agent). Exemptions apply, for example, (i) if the Capital Securities are held as a business asset of a German permanent establishment or by a permanent representative of the non-resident Securityholder, (ii) if the interest income of such Capital Securities does otherwise constitute German source income and (iii) if the non-resident Securityholder does not comply with the procedural rules to prove his status as a non-tax resident. In these cases, the Securityholder not resident in Germany will be subject to a tax regime similar to that described above under “Investors tax resident in Germany”.

Inheritance and Gift Tax

The transfer of Capital Securities in case of succession upon death, or by way of a gift among living persons is subject to German inheritance and/or gift tax, if the deceased, donor and/or the recipient is a German resident. German inheritance and gift tax is also triggered if neither the deceased, the donor nor the recipient of the Capital Securities are German residents, if the Capital Securities are attributable to German business activities and if a German permanent establishment is maintained for such business activities or a permanent representative is appointed in Germany. In specific situations, also German expatriates that have been tax resident in Germany may be subject to inheritance and gift tax. Double taxation treaties may provide for exceptions to the German inheritance and gift tax regulations.

European Union Directive on the Taxation of Savings Income

On 3 June 2003 the Council of the European Union approved Council Directive 2003/48/EC regarding the taxation of savings income (the “**Savings Directive**”). Under the Savings Directive, if a paying agent for interest on a debt claim is resident in one Member State of the European Union and an individual who is the beneficial owner of the interest is a resident of another Member State, then the former Member State will be required to provide information (including the identity of the beneficial owner) to authorities of the latter Member State. “Paying agent” is defined broadly for this purpose and generally includes any agent of either the payor or payee. The requirement under the Savings Directive is subject to the right of Belgium, Luxembourg and Austria to opt instead to withhold tax on interest payments during a transitional period (initially at a rate of 15 per cent. but rising in steps to 35 per cent. after six years). The effective date is contingent on certain non-EU Member States (Switzerland, Liechtenstein, Andorra, Monaco and San Marino), as well as dependent and associated territories in the United Kingdom and the Netherlands, adopting equivalent measures so as to allow the effective taxation of savings income paid to EU residents.

So far, not all non-EU Member States have adopted equivalent measures. As a result, the effective date of the 2003 Savings Directive may be delayed. On 19 July 2004 the Council agreed in Council Directive 2004/587/EC to apply the Savings Directive, including the agreements with non-EU Member States, from 1 July 2005 onwards. Germany has implemented the Savings Directive through the Interest Information Regulation (*Zinsinformationsverordnung - ZIV*) of 26 January 2004.

Jersey is not a member of the European Union and therefore is not required to implement the Savings Directive. However, the Policy & Resources Committee of the States of Jersey has announced that, in keeping with Jersey’s policy of constructive international engagement, Jersey, in line with steps proposed by other relevant third countries, proposes to introduce a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent situate in Jersey (the terms “**beneficial owner**” and “**paying agent**” for this purpose are as defined in the Savings Directive). The retention tax system would apply for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to

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apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident. Under the current proposals in respect of the implementation of such a retention tax system in Jersey the Issuer would not be obliged to levy retention tax in respect of interest payments made by it to a paying agent.

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SUBSCRIPTION AND SALE

Under a subscription agreement dated 31 May 2005, ABN AMRO Bank N.V., Lehman Brothers International (Europe), Morgan Stanley & Co. International Limited, UBS Limited and Helaba (collectively, the “**Managers**”) have agreed to subscribe for the aggregate principal amount of €250,000,000 Capital Securities at the price of 100 per cent. of their principal amount in order to sell the Capital Securities to investors. Certain commissions are being paid to the Managers by Helaba in connection with the issue of the Capital Securities.

Helaba has undertaken to indemnify and hold harmless each of the Managers against certain liabilities incurring in the context of the subscription and sale of the Capital Securities. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to the issue of, and payment for, the Capital Securities.

The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Helaba group, for which the Managers or their affiliates have received or will receive customary fees and commissions.

Selling Restrictions

United States

Each of the Managers has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Capital Securities within the United States of America or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the closing date and the completion of the distribution of the Capital Securities, and it will send to each dealer to which it sells Capital Securities during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States of America or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Capital Securities within the United States of America by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Capital Securities may not be purchased by or transferred to any employee benefit, plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, any plan or arrangement subject to Section 4975 of the Code, or any entity whose underlying assets include the assets of any such employee benefit plans, plan or arrangements.

United Kingdom

Each of the Managers has represented, warranted and agreed that:

- (i) it has not offered or sold and, prior to the expiry of a period of six month from the Issue Date, will not offer or sell any Capital Securities to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended from time to time;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended from time to time (“**FSMA**”)) received by it in connection with the issue or sale of any Capital Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Capital Securities in, from or otherwise involving the United Kingdom.

Jersey

Each of the Managers has represented and agreed that it has not offered or sold, and will not offer or sell, the Capital Securities to any person resident for income tax purposes in Jersey.

Germany

Each of the Managers has confirmed that it is aware that no German sales prospectus (*Verkaufsprospekt*) has been or will be published in respect of the Offering; and each of the Managers has represented and agreed that it will comply with the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) or any other laws applicable in Germany governing the issue, offering and sale of the Capital Securities. In particular each Manager has undertaken not to engage in a public offering (*öffentliches Anbieten*) in Germany with respect to any Capital Securities otherwise than in accordance with the Securities Sales Prospectus Act and any other act replacing or supplementing it and all other applicable laws and regulations.

General

Any offer or sale of the Capital Securities offered by this Offering Circular in a jurisdiction legally restricting such offer or sale may only be executed in compliance with all applicable restrictions.

Stabilisation

In connection with the issue, Lehman Brothers International (Europe) or any person acting on its behalf may, on behalf of the Managers, over-allot or effect transactions with a view to supporting the market price of the Capital Securities at a level higher than that which might otherwise prevail for a limited period. However, there is no obligation on Lehman Brothers International (Europe) or any agent of it to do this. Such stabilising may be effected on Euronext or otherwise. Such stabilising, if commenced, may be discontinued at any time and, in any case, will not exceed a period of 30 days after (and including) the date of issue of the Capital Securities. Such stabilising shall be in compliance with all relevant laws and regulations which might substantially differ from regulations and customs for such stabilisation measures applicable in other jurisdictions.

Delivery of the Capital Securities

The Capital Securities will initially be represented by a temporary global security in bearer form without coupons which will be exchanged not earlier than 40 days and not later than 180 days into a permanent global security in bearer form without coupons upon certification as to non U.S. beneficial ownership of the Capital Securities in accordance with the practices of Clearstream Frankfurt. Both the temporary and the permanent global security will be deposited with and held by Citibank N.A. and will bear the handwritten signature of the Issuer's management.

If the Issuer becomes legally obliged to issue Capital Securities in definitive form in accordance with their terms and conditions, or if Clearstream Frankfurt should be closed for business for a period of 21 consecutive Business Days or should announce an intention permanently to cease business and no substitute clearing system should be available, the global security will be exchanged for Capital Securities in definitive bearer form. In this case, Capital Securities in definitive bearer form will be issued which will either have coupons attached or have a grid for recording the coupon payments endorsed thereon. Other than as described in the immediately preceding sentences, the Securityholders shall have no right to require the issue of definitive certificates representing individual Capital Securities and interest coupons.

Co-ownership interests in Capital Securities may be transferred according to the applicable rules of Clearstream Frankfurt, Euroclear and Clearstream Luxembourg. It is expected that the delivery of the Capital Securities will be made through Clearstream Frankfurt against payment therefor in immediately available

funds on 2 June 2005. Physical certificates or interest coupons will not be issued. A copy of the global security will be available free of charge with the paying agents named below.

The Capital Securities will be admitted to trading on Eurolist by Euronext Amsterdam N.V. on 2 June 2005.

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GENERAL INFORMATION

Subject of this Offering Circular

The subject of this Offering Circular are the €250,000,000 Capital Securities.

Clearing Codes

The Capital Securities have been accepted for clearance through the facilities of Clearstream Frankfurt, Euroclear and Clearstream Luxembourg under the following clearance codes:

ISIN: DE000A0E4657

WKN: A0E465

Common Code: 022050699

Fonds Code: 11713

Issue Date

The Capital Securities will be issued on 2 June 2005. The rights attached to the Capital Securities take effect as of such Issue Date.

Yield to Maturity

There is no explicit yield to maturity. The Capital Securities do not carry a fixed date for redemption and the Issuer is not obliged, and under certain circumstances is not permitted, to make payments on the Capital Securities at the full stated rate.

Listing Documents for Inspection

Application has been made to list the Capital Securities on Eurolist by Euronext. So long as the Capital Securities are listed on Eurolist by Euronext, the Issuer will maintain a paying agent in Amsterdam, The Netherlands.

At any time during the term of the Capital Securities the most recently published consolidated and non-consolidated audited annual financial statements of Helaba, and, once available, the most recently available annual accounts of the Issuer, will also be available for inspection and obtainable free of charge at the offices of the Principal Paying Agent in London and the Netherlands Paying Agent.

Helaba currently does not publish non-consolidated interim financial statements. The Issuer does not prepare interim financial statements.

In addition, the following documents will be available for inspection and obtainable, free of charge, at the offices of the Issuer and the Netherlands Paying Agent:

- (a) the Statutes (*Satzung*) of Helaba;
- (b) the Partnership Agreement of the Issuer; and
- (c) the consents and authorisations referred to under "Authorisations" below.

Copies of these documents as well as financial statements and interim financial information are also available at the office of Helaba, Landesbank Hessen-Thüringen Girozentrale, Main Tower, Neue Mainzer Strasse 52-58, 60311 Frankfurt am Main, Germany.

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Incorporation by reference

The consolidated and unconsolidated financial statements of Helaba for the financial years ended 31 December 2003 and 2004 as well as the Statutes (*Satzung*) of Helaba are hereby incorporated in this Offering Circular by reference.

Notices

All notices to the Securityholders will be given by the Issuer (i) so long as any of the Capital Securities is listed on Euronext and Euronext so requires, by publication in the daily official list of Euronext (*Officiële Prijscourant*) and a leading newspaper having general circulation in Amsterdam (which is expected to be *Het Financiële Dagblad*) and (ii) by mail, fax or electronically to Clearstream Frankfurt, Clearstream Luxembourg and Euroclear and (iii) to Euronext through the Netherlands Paying Agent. In accordance with its published rules and regulations, each clearing system will notify the holders of securities accounts to which any Capital Securities are credited of any such notices received by it.

No Material Change

Save as described herein, there has been no material adverse change in the financial position or prospects of Helaba or the Helaba Group since 31 December 2004 or the Issuer since its formation on 18 May 2005.

Authorisations

The issue of the Capital Securities by the Issuer has been duly authorised by a board resolution of the Issuer General Partner dated 27 May 2005.

Legal status

The Issuer was registered under the name “Main Capital Funding Limited Partnership” under the Limited Partnerships (Jersey) Law 1994, as amended, on 18 May 2005. The Issuer was established on 18 May 2005 for an unlimited duration, is not a legal entity separate from its partners and has no operating history.

Helaba operates under German law. Helaba is registered in the commercial register (*Handelsregister*) of the lower court (*Amtsgericht*) in Frankfurt am Main (HRA 29821) and Erfurt (HRA 2181) and has been established for an unlimited duration.

Litigation

Save as disclosed in this Offering Circular, neither Helaba nor the Issuer is or was during the past two years involved in any litigation or arbitration proceedings relating to claims or amounts which could, if determined adversely, have a material adverse affect on the financial position of Helaba or the Helaba Group nor, so far as Helaba and the Issuer is aware, is any such litigation or arbitration pending or threatened.

Subsidiaries

A selective overview of Helaba’s equity participations as at 31 December 2004 is set out in the published consolidated audited financial statements of Helaba for the year ended 2004.

Auditors

The consolidated financial statements of Helaba have been audited without qualification for the two financial years ended 31 December 2003 and December 2004 by PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Olof-Palme-Strasse 35, 60439 Frankfurt am Main, Germany.

Other

For so long as the Capital Securities are listed on Eurolist by Euronext, the Issuer will comply with the provisions of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext (including Section 2.1.20 of Schedule B), as amended from time to time.

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Issuer

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Lender

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Principal Paying Agent

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England

Netherlands Paying Agent

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Netherlands Listing Agent

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as to German law

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as to Jersey law

Mourant du Feu & Jeune

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Jersey JE4 8PX
Channel Islands

Auditors to Helaba

PwC Deutsche Revision

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