

CROWN NORTHCORP INC

Form 8-K

January 12, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) October 26, 2006

CROWN NORTHCORP, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

0-22936

22-3172740

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

P.O. Box 613, Cheyenne, Wyoming

82001

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code 614/488-1169

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01 Completion of Acquisition or Disposition of Assets

Effective October 26, 2006, Crown NorthCorp Inc. (Crown), through a newly incorporated special-purpose subsidiary, acquired from HypoVereinsbank (HVB) all of the issued and registered share capital of Westfalenbank AG (WB), a banking and credit institution licensed and operating under the laws of Germany. Crown s quarterly report on Form 10-QSB for the quarter ended September 30, 2006 contains information on the acquisition of WB and is incorporated by reference herein. Set forth below is a further description of the acquisition as well as financial statements and pro forma financial information pertaining to WB.

Crown acquired the share capital of WB from HVB pursuant to a definitive Stock Purchase and Transfer Agreement dated July 31, 2006 (SPA), whereby Crown became the economic owner of HVB effective July 3, 2006. The SPA called for a purchase price of Euro 25,000,000 (approximately \$31,818,500), which price was derived from arm s-length negotiations and represents the net equity of WB as set forth on its June 30, 2006 financial statements, plus certain premiums and adjustments. Additionally, Crown incurred transaction costs of approximately Euro 2,100,000.

The transaction closed on October 26, 2006 upon the approval of regulatory authorities in Germany and the satisfaction of certain other closing conditions.

In conjunction with the execution of the SPA, Crown and certain of its subsidiaries entered into a Euro 25,000,000 Facility Agreement with a financial institution (the Facility Agreement). Crown utilized the Facility Agreement and cash on hand to effect the acquisition of WB.

Pursuant to the Facility Agreement and related documentation, Crown and certain of its subsidiaries have provided cross-guarantees in favor of the lender and have granted the lender security over certain of their assets (including security over specific shareholdings). Additionally, throughout the term of the Facility Agreement, Crown must also adhere to a comprehensive set of financial covenants and operating restrictions. Crown has pledged Euro 2,000,000 to ensure payment of interest and fees that may become due under the Facility Agreement. The lender has also been issued warrants to subscribe, under certain terms and conditions, to up to 19% of the share capital of the single-purpose entity Crown utilized to acquire WB at that entity s book value as at the date of WB s acquisition. WB has operated in its present form since June 2006. Historically, WB, which is headquartered in Bochum, Germany, provided corporate and personal banking services. In 2005, WB implemented a business plan to dispose of all of its business lines and substantially consolidate operations. In furtherance of this plan, WB sold its asset management and private banking lines of business to third parties in 2005. In June 2006, HVB acquired WB s corporate banking business. This series of transactions reduced WB s assets by approximately 94% leaving WB with assets comprising mainly cash as well as a portfolio of non-performing loans and fixed and other assets required to maintain a core banking platform. The SPA contains usual and customary representations, warranties and indemnities from HVB in favor of Crown with respect to the disposed operations.

As a result of the dispositions and consolidation noted above, WB is in no material respect comparable to the much larger enterprise that existed before WB sold its business lines. Consequently, the company does not believe that historical financial statements of WB would provide relevant or useful information on WB as it has operated since June 2006 and as it was acquired by Crown. For example, in any audited financial statements for WB for the years 2004 and 2005, the vast majority of assets and operations set forth in the reports would be ones that WB sold prior to Crown's acquisition and for which, as noted above, Crown has received appropriate indemnification. Crown believes that the inclusion of any such historical financial reports would be unhelpful and misleading for any third party trying to understand the impact upon Crown of making this acquisition. Consequently, Crown is not including historical financial statements in the financial information presented in Section 9.01 below but is including on Exhibit B WB's 2005 annual report.

Crown's primary objective in acquiring WB was to acquire a licensed platform in Germany to enable Crown to develop special servicing and mortgage origination businesses in Germany, for which a bank license is required. Operating under WB's license, the company intends for WB to offer fee-based services to the real estate financial markets. In furtherance of this plan, Crown intends to consolidate and operate all of its loan servicing operations in Europe within the WB structure. Loans WB originates will provide additional opportunities for recurring servicing revenue.

Item 9.01 Financial Statements and Exhibits

The financial statements and exhibits set forth in this report are:

The Consolidated Balance Sheet of Westfalenbank AG and Subsidiaries according to German GAAP (HGB) as of 03 July 2006

Appearing on Exhibit B is WB's 2005 annual report.

Appearing on Exhibit C is the Share Purchase and Transfer Agreement between HVB and Crown.

Appearing on Exhibit D is the June 30, 2006 balance sheet of WB issued pursuant to the Share Purchase and Transfer Agreement.

Appearing on Exhibit E is the Warrant Instrument issued pursuant to the Facility Agreement.

Consolidated Balance Sheet of Westfalenbank AG and Subsidiaries according to German GAAP (HGB)
as of 03 July 2006

	UNAUDITED EUR
ASSETS	
1. cash reserve	
a) cash on hand	3,300
b) balances with central banks	10,265,554
	10,268,854
2. receivables from banks	
a) payable on demand	
b) other	35,521,549
3. receivables from customers	15,985,776
4. equity interests	13,045
5. interests in affiliated companies	
6. trust fund assets	10,829,081
7. intangible assets	426,782
8. fixed assets	1,220,085
9. other assets	12,981,948
10. accrued items	537,951
total assets	87,785,071
LIABILITIES	
1. liabilities to banks	
a) payable on demand	

b) with an agreed term or period of notice	3,620,427
2. liabilities to customers	28,833,755
3. trust fund liabilities	10,829,081
4. other liabilities	3,817,729
5. accrued items	1,958
6. provisions	
a) provision for pensions and similar liabilities	347,373
b) other provisions	15,494,184
	15,841,557
7. subordinated capital	2,000,000
8. shareholder s equity	
a) subscribed capital	20,000,000
b) capital reserve	11,304,812
c) accumulated net gain	9,861
d) net (loss) gain for the year	(8,474,109)
	22,840,564
total liabilities and shareholder s equity	87,785,071

WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 1 BUSINESS DESCRIPTION AND
SIGNIFICANT ACCOUNTING POLICIES

Basis of Balance Sheet Presentation

The accompanying consolidated balance sheet has been prepared on the basis of accounting principles as generally accepted in Germany.

Principles of Consolidation

The accompanying consolidated balance sheet includes the accounts of Westfalenbank AG and its wholly owned subsidiaries (collectively, the Company). All significant intercompany balances and transactions have been eliminated.

Business Description

The Company is a financial services company providing servicing of distressed debt, mortgage origination, servicing and ancillary services to investors in real estate and mortgage interest in Germany.

Cash and Cash Equivalents

The cash reserve includes cash on hand and balances with the central bank, which are carried at nominal value. The company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a reserve for uncollectible accounts, based upon its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the reserve account.

WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 1 BUSINESS DESCRIPTION AND
SIGNIFICANT ACCOUNTING POLICIES Continued

Property and Equipment

Property and equipment are recorded at cost. Repairs, maintenance and minor replacements are expensed as incurred. Upon retirement, sale or disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and a gain or loss is included in operations.

Depreciation is computed using the straight-line method over the expected useful life of the assets as follows:

Computer hardware	3 years
Vehicles	6 years
Office furniture and equipment	5 to 13 years

Works of art are generally not depreciated and are carried at cost.

Long-Lived Assets

The Company evaluates long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When discounted future cash flows will not be sufficient to recover an asset's carrying amount, the asset is written down to its fair value. The discount rate reflects the risk that is specific to that asset. Long-lived assets to be disposed of other than by sale are classified as held and used until they are disposed of. Long-lived assets to be disposed by sale are classified as held for sale and are reported at the lower of carrying amount or fair value less cost to sell, and depreciation is ceased.

Investments

For investments in which the Company owns 20% to 50% of voting shares and does have significant influence over operating and financial policies, the equity method of accounting is used. Accordingly, the Company's shares of the earnings and losses of these companies are included in the equity earning/loss in the unconsolidated subsidiaries in the accompanying consolidated statements of income of the Company.

WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 1 BUSINESS DESCRIPTION AND
SIGNIFICANT ACCOUNTING POLICIES Continued

Investments in Non Performing Loans and Reserves for Loan Losses

Investments in nonperforming loans are carried at lower of cost or fair value. Under German law, when a loan is classified as non-performing, the original terms of the loan terms are cancelled.

At each balance sheet date, the Company assesses whether there is objective evidence that the loan is impaired. A loan is considered impaired when the borrower fails to make any payment within three months or when there are no assessable collaterals. When a loan is considered nonperforming, accruals of interest are no longer capitalized. An allowance is applied in full on the current loan amount (principle, accrued interest and costs). Collaterals are assessed only if there is a market price for the charged objects and sale or foreclosure can be achieved within a reasonable time. Real estate is assessed by considering the source, quality and date of valuations or appraisals. Discounts are made when necessary because of market development and individual aspects of the properties. Regarding properties in legal foreclosure proceedings, discounts are applied on valuations depending on historical local foreclosure results. This foreclosure can vary from 30% to 50%. When no formal appraisal is available, asset managers who are experienced in standard appraisal techniques make assessments. Assignment of life insurances and deposits are assessed according to official statements of the relevant companies. Liens on chattels are assessed only when a market price is traceable.

Intangible Assets

Intangible assets consist of purchased software, which are not an integral part of the related hardware. They are carried at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over a useful life of three to five years. If there are indications that impairment might have occurred, a write down is recognized for the relevant asset.

Subordinated Liabilities

Subordinated liabilities include liabilities, which will only be repaid once all other unsubordinated liabilities have been repaid in the case of insolvency or liquidation. Subordinated liabilities are eligible capital within the meaning of the German Banking Act (Kreditwesengesetz-KWG) and thus qualify as liable capital (TIER II). If the liabilities have a remaining term of less than two years, they are only partially allocated to eligible capital.

WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 1 BUSINESS DESCRIPTION AND
SIGNIFICANT ACCOUNTING POLICIES Continued

Other Provisions

Other provisions are recognized for current legal or constructive obligations for which the date and/or the amount of the obligations are uncertain, and for which an outflow of resources required to settle the obligations is probable. Provisions for expenses, which do not relate to external obligations, are not recognized. Other provisions are measured in the amount expected to be utilized.

Pension Provisions

Pension provisions are recorded at discounted value according to actuarial principles in accordance with the German tax regulations.

Revenue Recognition

Management fees are recorded as services required under the contract are performed.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in Germany requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Credit Risk

The Company maintains several cash accounts with a total of 45.8 million. Major items are the account with the Bundesbank 10.3 million and the account with the HypoVereinsbank AG 31.9 million.

The management believes that the risk is limited because the Deutsche Bundesbank reflects the state risk and HVB can be considered as a bank with a strong financial position.

NOTE 2 RECEIVABLES FROM CUSTOMERS

The receivables from customers amounts to 15,985,776. Included are the non-performing loans recorded with 12,390,902. Each of these loans has been valued individually and any impairments have been considered.

WESTFALENBANK AG AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED BALANCE SHEET
 As of July 3, 2006

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of July 3:

	2006
Land	5,565,107
Office equipment	6,276,267
Vehicles	186,655
Computer equipment	4,127,312
Property and equipment total	16,155,341
Less: accumulated depreciation and sales	14,935,256
Property and equipment net	1,220,085

The remaining property and equipment of 1,220,085 includes land of a value of 413,789. This land was obtained from a bail out purchase. In connection with the former loan commitment and the realization of the land, the Bank received an advance payment to the amount of 260,000, which is shown in other liabilities. With respect to the result from the realization of the land, the Share Purchase and Transfer Agreement stated that HVB would guarantee the net value of 413,789 after netting the prepayment and selling costs latest December 31, 2007.

NOTE 4 INTANGIBLE ASSETS

Capitalized software consists of the following as of July 3, 2006:

	2006
Software	25,307,290
Less: accumulated amortization	24,880,508
Software net	426,782

NOTE 5 INVESTMENTS

The Company holds an investment of 50% in Crown Westfalen Credit Services GmbH with a book value of 13,045.

WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 6 SUBSIDIARIES IN LIQUIDATION

The Bank has 5 participations in affiliated companies. Four of those companies are in liquidation. The liquidation was decided by shareholder meetings of each of the companies. According to German law there is a waiting period of 12 months between the liquidation resolution and the initial termination of a company. The start of the liquidation process is published in the *Bundesanzeiger* in order to inform creditors so they can raise claims against the assets before distribution.

The four companies are:

BAK Verwaltungsgesellschaft mbH, Bochum, Hustr. 21-25

The company was founded in 1969 in order to manage participations in other banks. The liquidation resolution was passed on January 26th 2006. The equity is 25,673.

Gesellschaft für Grundbesitz mbH, Bochum, Hustr. 21-25

The company was founded in 1922 for trading with real estate and for building, letting and administration of buildings. The liquidation resolution was passed on January 26th 2006. The equity is 766,989.

Westfalen Kapitalverwaltungsgesellschaft mbH, Bochum, Hustr. 21-25

The company was founded in 1987 for a joint shareholding with a corporate customer of the bank. The liquidation resolution was passed on January 26th 2006. The equity is 511,292.

Westfalen Corporate Finance mbH, Bochum Hustr. 21-25

The company was founded in 1993 to manage Corporate Finance projects. The liquidation resolution was passed on January 26th 2006. The equity is 1,028,913.

These subsidiaries have no strategic impact for Westfalenbank AG. Westfalenbank AG will receive at minimum the book value of the subsidiaries of a total of 2.332.866. This has been guaranteed by HVB in the Sales and Purchase Agreement of the shares of Westfalenbank AG. Since Westfalenbank AG will receive the balance of its investment accounts in cash at the end of the 12 months waiting period without any risk; these companies are not consolidated and included under Other Assets.

WESTFALENBANK AG AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED BALANCE SHEET
 As of July 3, 2006

NOTE 7 OTHER ASSETS

	2006
HVB Verwa 5 GmbH & Co. Restrukturierung KG	6,594,360
Sales Revenue FORTIS	2,399,579
Receivables from subsidiaries in liquidation (See note 6)	2,332,866
Equity interest Nadineon	25,000
Tax claims receivable	1,048,567
Others assets	581,576
 Total other assets	 12,981,948

NOTE 8 TRUST ASSETS AND LIABILITIES

The Company entered into an Agency and Trust Agreement with Credit Suisse International, London (CS) on November 23/24, 2005 governing the management of receivables from non-bank customers. This Agreement was amended December 30, 2005 due to CS purchasing a loan portfolio from a savings bank in the second half of 2005. According to the regulation in of the Trust Agreement, Westfalenbank is responsible for account maintenance and loan extensions by the trust and in such a manner that the Bank has rights and duties vis-à-vis the customer externally, but acts for the account of CS internally. All customer default risks arising from the trust loans are borne by CS and the financing was provided by CS.

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WESTFALENBANK AG AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED BALANCE SHEET
 As of July 3, 2006

NOTE 9 LONG TERM DEBT

Long-term debt as of July 3, 2006 consists of the following items:

Promissory note, issued June 9, 2006 with interest payable annually at a rate of 4.55%. Principal due February 11, 2013	5,000,000
Promissory note, issued June 9, 2006 with interest payable annually at a rate of 5.19%. Principal due March 4, 2014	1,000,000
Promissory note, issued June 9, 2006 with interest payable quarterly at a variable rate of 3 month Libor +0.805% (3.86% at July 3, 2006). Principal due January 16, 2013	5,000,000
Promissory note, issued June 9, 2006 with interest payable annually at a rate of 5.13%. Principal due February 4, 2014	7,000,000
Promissory note, issued June 9, 2006 with interest payable annually at a rate of 4.70%. Principal due February 4, 2014	1,000,000
 Total debt	 19,000,000
Less: current portion	
 Total long term debt	 19,000,000

The accrued interest is recorded under short-term liabilities to customers.

WESTFALENBANK AG AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED BALANCE SHEET
 As of July 3, 2006

NOTE 9 LONG TERM DEBT Continued

Future debt maturities are as follows:

Year ending December 31,	
2006	
2007	
2008	
2009	
2010	
Thereafter	19,000,000
Total	19,000,000

NOTE 10 SUBORDINATED DEBT

Subordinated debt as of July 3, 2006 consists of the following:

Subordinated promissory note, issued January 25, 2005 with interest payable annually at a rate of 6.13%. Principal due February 4, 2014	2,000,000
Total subordinated debt	2,000,000
Less: current portion	
Total subordinated debt	2,000,000

Future subordinated debt maturities are as follows:

Year ending December 31,	
2006	
2007	
2008	
2009	
2010	
Thereafter	2,000,000
Total	2,000,000

WESTFALENBANK AG AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED BALANCE SHEET
 As of July 3, 2006

NOTE 10 SUBORDINATED DEBT Continued

The conditions relative to the subordinated liabilities comply with the requirements of supplementary capital according to section 10, subsection 5a, of the German Banking Act. There are no obligations for early repayment. The accrued interest is recorded under other liabilities.

NOTE 11 OTHER LIABILITIES AND OTHER PROVISIONS

	2006
Other liabilities	
Liabilities to creditors	2,163,674
Other liabilities	1,654,055
 Total other liabilities	 3,817,729
 Other provisions	
Lease Dusseldorf building	8,300,000
Provision for credit business	1,929,984
Provision personnel lay off	1,829,481
Provision restructuring	1,818,370
Other provisions	1,616,349
 Total other provisions	 15,494,184

NOTE 12 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The nature and the amount of the pension payments to eligible employees are governed by applicable pension rules based on individual pension commitments. They largely depend on the date of commencement of employment. As at 3 July 2006, the present value of the pension obligations amounted to 347,373 according to German tax regulations (§§ 6a and 52 (16b) EstG). The discount rate is 6% and the mortality tables 2005 G of Klaus Heubeck were used for the calculation of the pension obligations.

WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 13 SHAREHOLDERS EQUITY

At the balance sheet date, the subscribed capital (share capital) amounts to 20,000,000 and is divided into 1,942,857 bearer shares without par value. There are no preferences or restrictions with regard to the distribution of dividends. Economically effective July 1, 2006 and upon BAFIN Federal Financial Supervisory Authority approval on October 26, 2006, Crown Westfalen BV purchased the entire share capital of the Company from Bayerische Hypo-und Vereinsbank AG (HVB). The entire share capital of the Company has been pledged to a lender in connection with a 25,000,000 facility agreement obtained by the shareholder of the purchaser of the Company.

NOTE 14 LEASES

The company leases offices facilities located in Bochum, Germany. The lease obligation amounts to 4,500 plus VAT per month until the end of 2008 for a pre-defined space. If the company decides to rent more space after December 31, 2007, the price has been fixed at 7 per square meter. After the end of 2008 no fixed obligation exists, although the company has an option to stay in the existing premises.

Further on, the bank has an obligation from IT contracts. The contracts are under negotiation due to the restructuring of the bank.

NOTE 15 CONTINGENCIES

Prior to the transfer of share capital on July 1, 2006, the Company was involved in some litigation matters. As part of the Share Purchase and Transfer Agreement, the Seller HVB agreed to indemnify and hold the Company harmless in any of these preexisting lawsuits. Accordingly, no provisions have been set aside in connection with any of the pending litigation.

Unused credit facilities of customers amount to 902,039 and are recorded below the balance sheet.

NOTE 16 GERMAN TO US GAAP RECONCILIATION

Reconciliation of shareholders equity from GERMAN GAAP TO US GAAP The consolidated balance sheet has been prepared in accordance with Generally Accepted Accounting Principles in Germany (GERMAN GAAP), which differs in certain respects from Generally Accepted Accounting Principles in the United States (US GAAP). The effect of applying US GAAP principles to shareholders equity is set out below along with an explanation of applicable differences between GERMAN GAAP and US GAAP. The differences in GERMAN GAAP and US GAAP listed below relate only to the applicable differences, and therefore do not incorporate a full list of all differences between GERMAN GAAP and US GAAP.

WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET

As of July 3, 2006

NOTE 16 GERMAN TO US GAAP RECONCILIATION Continued

The effect of applying US GAAP principles to shareholders' equity is:

	Note	2006
Shareholders' equity in accordance with GERMAN GAAP		22,840,564
Items decreasing net profit:		
Provision for pension liability	(a)	(197,866)
Impairment on non performing loan portfolio	(b)	(220,000)
Shareholders' equity in accordance with US GAAP		22,422,698

a) Pension liability

Under GERMAN GAAP, pension provisions were calculated by the Unternehmensberatung für Versorgung & Vergütung Dr. Dr. Heissmann GmbH in accordance with actuarial principles based on the Banks pension Regulations 1982 in the version of 1 December 1986, and individual pension commitments. Their results are presented in an actuarial report. The calculation of the pension provision was in accordance with German tax regulations. (§§ 6a and 52 (16b) EstG).

Under US GAAP, pensions provisions are calculated in accordance with the Financial Statement Accounting Board Standard (FASB) Statements No. 87, Employers' Accounting for Pensions, No. 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and FAS 132(R): Employers' Disclosures about Pensions and Other Postretirement Benefits an amendment of FASB Statements No. 87, 88, and 106. Pension costs under the Company's defined benefit plan are actuarially determined.

The following table sets forth the funded status of the defined benefit pension plan, and amounts recognized in the GERMAN to US GAAP RECONCILIATION.

Weighted average assumptions used to determine the benefit obligation at the measurement date July 3, 2006

Discount Rate		4.5%
Rate of inflation		1.5%
Rate of pension increases		1.5%

WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET

As of July 3, 2006

NOTE 16 GERMAN TO US GAAP RECONCILIATION Continued

Vested benefit obligation:	
Actives	(545,239)
Vested Terminated Pensioners	
 Total	 (545,239)
 Accumulated benefit obligation	 (545,239)
Fair value of plan assets	
 Underfunded benefit obligation	 (545,239)
Unrecognized transitional amount	
Unrecognized prior service cost	
Unrecognized net (gain) or loss	
 Accrued Pension Cost	 (545,239)

Under US GAAP, the Company has recognized an additional 197,866 as pension liability at July 3, 2006.

b) Non Performing Loan Portfolio

Under GERMAN GAAP, investments in nonperforming loans are carried at lower cost or fair value. Under German law, when a loan is classified as non-performing, the original terms of the loan terms are cancelled.

Under US GAAP, the company is required to account for the non performing loan portfolio in accordance with FASB No. 114 Accounting by Creditors for Impairment of a Loan. This statement requires the creditor to recognize impairment of a loan if the present value of expected future cash flows discounted at the loan's effective interest rate or as a practical expedient, at the observable market price of the loan or the fair value of the collateral if the loan is collateral dependent, is less than the recorded investment in the impaired loan.

The company has recognized an additional impairment on the non-performing loan portfolio based upon the expected future cash flows discounted at the loan's effective interest rate.

WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET

As of July 3, 2006

NOTE 16 GERMAN TO US GAAP RECONCILIATION Continued

Other differences between GERMAN GAAP and US GAAP not affecting the determination of shareholders equity for the period presented:

Under US GAAP, the Company is required to disclose the estimated fair value of its financial instruments in accordance with SFAS No. 107, Disclosures about Fair Value of Financial Instruments. These disclosures do not attempt to estimate or represent the Company's fair value as a whole. The disclosure excludes assets and liabilities that are not financial instruments. The fair value amounts disclosed represent point-in-time estimates that may change in subsequent reporting periods due to market conditions and other factors. Estimated fair value amounts in theory represent the amounts for which financial instruments could be exchanged in transactions between willing parties.

Estimated Fair values:

	In Euros	
	Carrying Value	Estimated Fair Value
Financial assets:		
Cash and other short term		
Financial instruments	45,790,403	45,790,403
Investments	13,045	13,045
Receivables	15,765,776	15,765,776
Fixed assets	1,220,085	1,220,085
Software	426,782	426,782
Financial liabilities:		
Long-term and subordinated debt	21,000,000	21,000,000

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

CROWN NORTHCORP, INC.

January 12, 2007

By: /s/ Stephen W. Brown

Stephen W. Brown
Secretary

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EXHIBIT A

CROWN NORTHCORP INC
Unaudited Pro Forma Condensed Combined Balance Sheet
September 30, 2006

	September 30,	September 30,	Adjustments		Combined as adjusted
	2006 Crown	2006 Wesfalenbank AG	dr	cr	
CURRENT ASSETS:					
Cash and cash equivalents	\$ 723,088	\$ 48,926,564			\$ 49,649,652
Accounts receivable	4,219,214				4,219,214
Prepaid expenses and other assets	433,034	381,948			814,982
Total current assets	5,375,336	49,308,512			54,683,848
PROPERTY AND EQUIPMENT					
Net	494,968	1,497,922	235,607	a	2,228,497
RESTRICTED CASH					
	2,824,091			1,011,121	b 1,812,970
INTANGIBLE ASSETS					
		532,746	3,818,220	a	4,350,966
OTHER ASSETS					
Investment in partnerships and joint ventures	2,168,687	16,603	1,015,015	f 2,732,286	a 468,019
Trust fund assets		12,607,382			12,607,382
Mortgage loans, net of reserves	628,765	17,918,842		282,485	d 18,265,122
Loan servicing rights net	4,558,818				4,558,818
Capitalized loan cost net			1,011,121	b	2,845,959
			1,834,838	e	
Capitalized software cost net	431,546				431,546
Deposits	41,339				41,339
Other		5,007,168			5,007,168
Total other assets	7,829,155	35,549,995			44,225,353
TOTAL	\$ 16,523,550	\$ 86,889,175			\$ 107,301,634

LIABILITIES AND
SHAREHOLDERS
EQUITYCURRENT
LIABILITIES

Accounts payable	1,224,169	11,434,915					12,659,084
Convertible notes payable	462,500						462,500
Accrued expenses:							
Interest					630,294	c	630,294
Other	1,273,593	1,644,229			1,015,015	f	3,932,837
Total current liabilities	2,960,262	13,079,144					17,684,715

LONG-TERM
OBLIGATIONS:

Allowance for loan losses & other	243,076	6,936,970					7,180,046
Notes payable		24,182,060	1,958,693	a	31,818,500	a	54,675,320
					633,453	c	
Trust fund liabilities		12,713,266					12,713,266
Total long-term obligations	243,076	43,832,296					74,568,632

SUBORDINATED
CAPITAL

		2,545,480					2,545,480
--	--	-----------	--	--	--	--	-----------

SHAREHOLDERS
EQUITY:

Common stock	134,019						134,019
Additional paid-in capital	20,194,153	39,842,886	39,842,886	a	1,834,838	e	22,028,991
Accumulated comprehensive income	389,611						389,611
Accumulated deficit	(7,220,513)	(12,410,632)	1,546,231	c,d	11,304,620	a	(9,872,756)
Treasury stock, at cost	(177,058)						(177,058)
Total shareholders equity	13,320,212	27,432,254					12,502,807

TOTAL	\$ 16,523,550	\$ 86,889,175	\$ 107,301,634
-------	---------------	---------------	----------------

CROWN NORTHCORP INC
Unaudited Pro Forma Condensed Combined Statement of Operations
For the nine months ending September 30, 2006

	September 30, 2006	September 30, 2006	Adjustments		Combined
	Crown	Westfalenbank AG	dr	cr	as adjusted
REVENUES:					
Management fees	\$ 5,097,449	\$			\$ 5,097,449
Disposition fees	3,971,399	245,639			4,217,038
Servicing fees	3,862,553	2,108,930	1,354,195	a	4,617,288
Interest income	32,205	8,971,372	8,769,629	a	233,948
Other	306,182	20,464,140	20,474,852	a	295,470
Total revenues	13,269,788	31,790,081	30,598,676		14,461,193
EXPENSES:					
Personnel	5,532,347	24,661,963		23,751,838	a 6,442,472
Occupancy, insurance and other	5,040,215	18,395,867	349,500	d 17,419,166	a 6,648,901
			282,485	d	
Interest	10,375		1,263,747	c	1,274,122
Write-off mortgage servicing rights	165,110				165,110
Depreciation and amortization	579,784	1,258,994		1,201,721	a 637,057
Total expenses	11,327,831	44,316,824	1,895,732	42,372,725	15,167,662
INCOME (LOSS) BEFORE INCOME TAXES					
	1,941,957	(12,526,743)	32,494,408	42,372,725	(706,469)
INCOME TAX (BENEFIT)					
		(104,536)	108,355	a	3,819
NET INCOME (LOSS)					
	\$ 1,941,957	(12,422,207)	\$ 32,602,763	\$ 42,372,725	\$ (710,287)
OTHER COMPREHENSIVE INCOME					
Foreign currency translation adjustment	332,795				332,795

COMPREHENSIVE INCOME (LOSS)	\$	2,274,752	\$	(12,422,207)	\$	32,602,763	\$	42,372,725	\$	(377,492)
Basic earnings (loss) per share	\$	0.08							\$	(0.01)
Diluted earnings (loss) per share	\$	0.08							\$	(0.01)
Basic shares used in per share computation		29,521,098								29,521,098
Diluted shares used in per share computation		29,521,098								29,521,098

FOOTNOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET AS FOR
SEPTEMBER 30,
2006 AND THE UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR
THE PERIOD ENDING

SEPTEMBER 30, 2006 ARE PRESENTED AS IF THE TRANSACTIONS OCCURRED ON JULY 3, 2006.

- a) In connection with the Purchase of Wesfalenbank AG, Crown will use the purchase method of accounting and as such, certain assets and liabilities have been adjusted to fair value. The cost to acquire the bank included the purchase price of 25,000,000 Euro (approximately \$31,818,500) and associated costs of the acquisition totaling some \$2.7 million. Funding for the acquisition was provided by a 25,000,000 Euro credit facility from Credit Suisse and cash.
- b) In accordance with GAAP certain cost attributable to the acquisition of the credit facility are capitalized and will be amortized over the life of the facility.
- c) In accordance with the credit facility, interest is calculated using the Euro 3 year swap rate plus 12%. The facility also provides for capitalization of interest at an 8% rate. The facility requires a partial repayment of 15,000,000 Euro on March 31, 2007 with the remainder due at the maturity date, December 31, 2008.
- d) To recognize differences between US GAAP and German GAAP due to differences in accounting for pension related costs and carrying values of non- performing loan portfolios.
- e) \$1,834,838 value assigned to 5,652 warrants issued in connection with the purchase of Westfalenbank AG by Crown Westfalen BV Valued using the Black- Scholes option valuation model using the following assumptions: fair value of stock \$1,070 (841 Euro);exercise price \$1,070 (841 Euro); expected life of 5 years; expected volatility of 21.99% and a risk free return of 4.63%
- f) Accrual of costs associated with the acquisition of the bank.
-

EXHIBIT B

Westfalenbank
Aktiengesellschaft

At a glance

In millions of Euro	2005	2004	2003	2002	2001
Net interest income	22.6	23.2	22.3	23.4	30.4
Valuation earnings from loan business	+0.4	6.3	22.3	7.9	21.8
Net interest income after valuation earnings	23.0	16.9	0.0	15.5	8.6
Net commission income	11.3	14.0	13.5	14.0	18.7
Proprietary trading	0.1	0.2	0.4	0.1	9.5
Other operating income	0.6	1.8	2.7	46.1	22.6
General administrative expense (incl. depreciation)	39.3	41.4	42.5	45.5	39.8
Extraordinary items	36.2	0.0	0.0	0.0	0.0
Net income (loss) for the year	36.8	8.3	27.1	24.8	24.2
Total business volume	1,392.0	1,622.9	1,799.0	2,150.0	2,811.5
Total assets	1,268.2	1,526.0	1,707.3	2,048.7	2,700.2
Total liable capital	130.0	137.8	168.2	184.8	231.0
Dividends (in EUR per share)				11.08	
Employees (Number at year-end)	238	265	265	286	317
Newly appointed trainees	4	4	5		5
Return on Equity after Tax				17.8%	
Cost-Income-Ratio	> 100%	> 100%	> 100%	> 100%	81.1%
Proportion of commission in current earnings	33%	38%	37%	37%	47%

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Dear customers and employees,

2005 was very much given over to restructuring Westfalenbank. The decision of Group parent company HypoVereinsbank not to continue with the Westfalenbank business model set the points for some radical changes. We were successful in gaining partners for the Asset Management and Private Banking business units. As of 1 October 2005 Fortis Investment took over the institutional investors business and the associated eleven employees. By purchasing Private Banking, private institute Merck Finck & Co. has strengthened its presence in North Rhine-Westphalia with a further site in Bochum employing 14 staff. We were thus able to offer long-term perspectives for both the customers and employees of these business units.

Other important decisions were also reached in 2006. Corporate Banking with some 1,500 customers and 30 employees in the Asset Management, Lending and Special Finance sectors is to be taken over by HypoVereinsbank. The main idea behind this decision has been to give particular priority to business developments in North Rhine-Westphalia following the merger of Hypo-Vereinsbank with Unicredit. HypoVereinsbank intends to expand here chiefly with customers in medium-sized companies through outstanding asset management services, intelligent banking products and with the strength of a European bank. Acquisition of Westfalenbank's Corporate Banking represents an important step. As a result, Westfalenbank needs to be provided with a completely different business orientation. To this end, talks are being held with British/American investor Crown Mortgage Management (CMM) with which we already closely collaborate in the servicing of impaired loans. CMM wants to develop Westfalenbank into the first Group-independent servicer bank in Germany and, in all probability, will take on a further 20 Westfalenbank employees.

We assume that both these transactions will be finalized by the end of 2006. Most of the personnel adjustments took place in 2005 and all of them should be concluded by mid-2006. Together with our constructively operating Works Council we managed to avoid any hardships or layoffs.

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Report of the Executive Board

These changes are reflected in the business figures: whilst income from normal operations improved from minus EUR 8.5 million in 2004 to minus EUR 1.9 million, restructuring outlay needed to clear the inherited burden produced a loss for the year of EUR 36.8 million.

We wish to very much thank our business associates for continuing to place their trust in us during these turbulent times and also our employees whose dedication and loyalty have been a real source of support.

Yours sincerely

Dr. Joachim Paulus

Dr. Christian von Villiez

Report of the Supervisory Board

In fiscal 2005 the Supervisory Board fully performed its duties of advising and monitoring the Executive Board as established by law and the Company's statutes. The Executive Board reported to the Supervisory Board on the bank's developments on a regular basis. The Supervisory Board discussed all business events of significance with the Executive Board in the course of four regular Supervisory Board sessions. In particular the economic situation, the bank's views on development and changes in costs and revenues were the subject of discussion.

The credit committee appointed from the ranks of the Supervisory Board was in contact with the Executive Board specifically in four sessions, but throughout the year as well. The credit committee was thus able to stay abreast of the course of business of the bank, the intentions of the Executive Board and both principal and current topics of significance, to advise on these issues and to prepare decisions of the Supervisory Board. Transactions requiring the consent of the Supervisory Board, especially in connection with the Banking Act, were approved by the credit committee after review and discussion with the Executive Board; in addition the credit committee handled all major commitments, as well as the structure of the loan portfolio, also with respect to industry and country risk.

Similarly, important staff issues were discussed by a personnel committee comprised of three members of the Supervisory Board. This committee provided recommendations to the Supervisory Board regarding pending resolutions.

BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, appointed as auditors, examined Westfalenbank AG's existing monitoring systems for early risk detection. The auditors confirm that the monitoring systems implemented are appropriate and fulfill their designated function.

The financial statements and management report were duly audited and an unqualified audit opinion was issued. The Supervisory Board acknowledged and approved the audit findings. The external auditor attended the financial statements review meeting of the Supervisory Board and presented a report on his audit findings. He was available to answer any queries at this meeting.

No objections were raised from the concluding findings of the review of the annual financial statements and audit report undertaken by the Supervisory Board. The Supervisory Board accepted the financial statements prepared by the Executive Board in its session of March 15th, 2006, which are thereby deemed approved.

Report of the Supervisory Board

The report on relationships with affiliated companies according to section 312 of the AktG (Securities Act) has been provided. It was reviewed by the auditors and given the following audit certificate: Based on our audit performed in accordance with our professional duties, we confirm that

1. information contained in the report is accurate,
2. with respect to the legal transactions cited therein, the Company's remuneration was at an appropriate level,
3. the measures listed in the report do not warrant an assessment that differs significantly from that made by the Executive Board.

The Supervisory Board acknowledged and approved the report on relationships with affiliated companies and the accompanying audit report.

The regular Annual General Meeting of 27 June, 2005 voted to reduce the number of Supervisory Board members from nine to six. Mr. Michael Rosenberg resigned his mandate at the close of the Annual General Meeting. The mandate of Mr. Jörg Podwojewski ended on conclusion of the Annual General Meeting. Mr. Günther Berger resigned his mandate as of 31 August, 2005. In his place Mr. Lutz Diederichs was elected to the Supervisory Board at an extraordinary Annual General Meeting on 15 September, 2005.

At this point, the Supervisory Board once again wishes to thank all those resigning their membership in the Westfalenbank Supervisory Board for all the work they have performed in the past.

Effective 31 August, 2005, Dr. Heinz J. Hockmann resigned from Westfalenbank's Executive Board. Dr. Joachim Paulus was appointed as a member of the Executive Board at the same time. Dr. Johannes-Jörg Riegler stepped down from the bank's Executive Board as of 30 September, 2005. Dr. Christian von Villiez was appointed in his place as a member of the Executive Board with effect from 15 September, 2005.

The Supervisory Board wishes to thank the Executive Board, all our employees and their elected representatives for their commitment and hard work throughout fiscal 2005.

Bochum, 15 March, 2006

The Supervisory Board

Gunter Ernst

Chairman

Committees

Supervisory Board

Dr. Klaus Marquardt, Berlin

Honorary Chairman

Michael Papenfuß, Hamburg

Group Executive Manager of Bayerischen Hypo- und Vereinsbank Aktiengesellschaft

Gunter Ernst, Munich

Chairman

Former Group Executive Manager of Bayerischen Hypo- und Vereinsbank Aktiengesellschaft

Jörg Podwojewski, Bochum

(until 27 June, 2005)

Bank Employee

Westfalenbank Aktiengesellschaft

Dr. Gerhard Jooss, Essen

Vice-Chairman

Former Member of the Board of Managing Directors of ThyssenKrupp Aktiengesellschaft

Michael Rosenberg, Düsseldorf

(until 27 June, 2005)

Member of the Executive Board of VICTORIA Versicherung Aktiengesellschaft

Lutz Diederichs, Berlin

(from 15 September, 2005)

Area Manager of Bayerischen Hypo- und Vereinsbank Aktiengesellschaft

Wolfgang Szczygiol, Witten

Bank Employee

Westfalenbank Aktiengesellschaft

Günther Berger, Munich

(until 31 August, 2005)

Group Executive Manager of Bayerischen Hypo- und Vereinsbank Aktiengesellschaft

Peter Menze, Waltrop

Bank Employee

Westfalenbank Aktiengesellschaft

Managing Directors

Executive Board
Dr. Heinz J. Hockmann
(until 31 August, 2005)

Dr. Joachim Paulus
(from 1 August, 2005)

Dr. Johannes-Jörg Riegler
(until 30 September, 2005)

Dr. Christian von Villiez
(from 15 September, 2005)

Responsibilities for Markets

International Markets
Georg Friedrich Doll

Corporate Banking
Wolfgang Teppe

Special Financing Arrangements
Ralf Theile

Responsibilities for Departments

Internal Audit
Albert Strüder

Loans
Klaus Depenbusch

Finance
Heike Haarmann

Legal Department/Credit Monitoring
Jürgen Kalfhaus

Information Technology
Klaus Koukal

Corporate Communications/
Executive Board Staff
Stefanie Nowack

Controlling/Risk Controlling
Karsten Otte

Services
Wolfgang Peveling

Personnel
Norbert Selbach

Management Report

Macroeconomic Developments

Although the global economy kept growing in 2005, its dynamism was somewhat weaker in the middle of the year. This was due principally to marked rises in energy and raw material prices.

The greatest impulses to growth in 2005 continued to come from North America and Asia. In contrast, business recovery in Western Europe was very restrained. Economic development in Germany remained below-average with business suffering especially from low private consumption.

Business Developments

In the past fiscal year, the bank, as a regional private bank, consistently continued its path of providing commercial banking products and sophisticated counseling focused particularly on owner run medium-sized companies. In order to effectively focus on our core operating fields, we disposed of the Private Banking and Asset Management segments.

The gross income from operations progressed as follows (EUR million) compared to the previous year:

	2004	2005	Change
Corporate Banking	18.6	18.5	-0.1
Private Banking	3.6	3.6	0.0
Asset Management	4.4	2.9	-1.5
International Markets	1.9	0.7	-1.2
Assets/Liabilities Control	7.8	9.2	1.4

Despite the steps taken and with consideration given to the administrative expenses, the bank, overall, was not able to come up with a positive operating result.

Other Significant Events during the Fiscal Year

Following disposal of the Asset Management and Private Banking segments we undertook redimensioning so as to find an economically tenable approach with prospects as a corporate sector bank. Related restructuring expenses displayed that this decision had a considerable impact on the asset and earnings position.

Total Assets and Off-Balance Sheet Transactions

Total assets dipped approx. EUR 258 million to approx. EUR 1,268 million. On the assets side, this chiefly affected the receivables from banks and customers as well as the levels of fixed-interest securities. On the liability side we decreased our inter-bank debt and refinancing from customer funds correspondingly.

Off-balance sheet transactions involve liabilities from guarantees and warranty contracts, as well as obligations arising from irrevocable loan commitments. Changes from the previous year are within the ranges customary in our business. Interest, share and currency derivatives shown in the notes to the annual financial statements at a nominal level of EUR 2,071 million are mainly for customer business, to construct portfolio hedges and to create hedging transactions to be attributed on an individual basis. Positions not attributable to the business purposes mentioned are designed to limit the bank's interest rate risks.

Assets

Customer receivables were reduced by approximately EUR 102 million. Our holdings in **fixed-interest securities** are reported at EUR 288 million EUR 156 million less than the previous year chiefly related to maturities as well as sales. In the main they include securities covered for interest and exchange risk, as well as other variable-interest papers. Of the fixed-interest securities reported, approx. 93% are eligible as collateral for ECB repo operations. Our **holdings in shares and other non-fixed interest income securities** including chiefly long-term investment paper have risen only slightly compared to the prior year-end. Increases relate to funds invested in a variety of investment funds (shares, bonds).

The trust loans stem from taking over a loans portfolio which we are to manage.

Liabilities

Liabilities to banks have shrunk by EUR 216 million to EUR 303 million. We have various inter-bank business connections at our disposal for any short-term liquidity requirements that may arise, in particular also with our parent company, the HypoVereinsbank. Short-term **customer deposits** are lower by EUR 63 million. At the same time medium- to long-term customer liabilities have risen by approx. EUR 12 million.

The increase in accruals results from the restructuring steps taken. In addition we had **subordinated liabilities** at our disposal for refinancing purposes in the amount of EUR 26 million.

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Personnel Division

Average over the year, a workforce (including management staff) of 245 members of staff (previous year: 258) was employed. In December 2005 a reconciliation of interests agreement was reached with the Works Council to accompany the intended reduction in personnel numbers.

Asset Position

Our **liable capital** according to section 10 of the KWG (Banking Act) totals EUR 130 million as at the balance sheet date. The securitization of weighted risk assets and market risk position by equity capital as required under Principle I was, at 15.8%, well above the stipulated minimum rate of 8%.

Utilization in **Principle I** indicates that even after taking into account all current losses and those from the previous years sufficient equity capital reserves exist to underpin business volume.

Our **securities holdings** include to a major extent variable interest rate accounts, not subject to any notable risks of depreciation in the case of a rise in capital market interest rates.

Financial Position

Our Principle II coefficient of 1.3 at the balance sheet date is above the legally stipulated indicator of 1.0. During 2002/2003 we extended the capital commitment terms of funds borrowed as part of our strategic liquidity management by issuing long-term subordinated capital components and debentures. The liquidity situation of the bank on the whole is convenient.

Earnings Position

Net interest income was reduced by approx. 2%. It must be remembered that income, in part, is involved e.g. from investment fund payouts which cannot be repeated at will.

Net commission income in comparison to last year fell by approx. 19% to EUR 11.3 million. Declining commissions in securities trading are mainly responsible for this development.

Personnel expense leaving aside the EUR 1.6 million restructuring expenses of the previous year remains on a par with the previous year.

Capital expenditure including depreciation is some EUR 0.6 million below that of the previous year. While running expenses practically remained unchanged, depreciations were reduced by EUR 0.6 million.

Other operating income of EUR 0.6 million is of minor significance.

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Management Report

The bank's net valuation result for the adjustment of risk provisions for loans extended and contingent receivables, as well as investment securities, totals plus EUR 0.6 million.

Development	In millions of Euro	In millions of Euro
As of 1 January, 2005/2004	138.7	167.3
Allocations	2.5	16.7
Write-offs	2.5	10.5
Consumption	26.4	34.8
As of 31 December, 2005/2004	112.3	138.7

In 2005 requisite risk provision taking into account direct depreciation and receipts against receivables written-off relieved the strain on the income by EUR 0.4 million (2004: financial burden EUR 6.3 million). We continued to fund the provision for risk with caution and according to strict principles of valuation.

The use of a moderated lower of cost or market principle is responsible for undisclosed charges of EUR 0.1 million in long-term securities at balance sheet date.

The **extraordinary items** concern matters in connection with bank restructuring. EUR 16.2 million of the extraordinary expenses totaling EUR 40.4 million relate to severance pay under the redundancy plan, EUR 2.3 million to allocations to pension reserves, EUR 15.2 million to losses from long-term rental agreements and EUR 4.3 million to exceptional depreciations (particularly to intangibles and bail-out purchases). The extraordinary incomes involve revenues from the sale of a company unit.

The **net loss for the year** amounts to EUR 36.8 million (previous year: net loss for the year of EUR 8.3 million).

Report on Affiliated Companies

The Executive Board has prepared a report on relationships with affiliated companies according to section 312 of the AktG (Securities Act). At the close of this report the Executive Board has declared: According to circumstances known to us at the time at which legal transactions were undertaken with affiliated companies, Westfalenbank AG has received appropriate remuneration in each case. Other steps in the interest of, or at the request of, affiliated companies have neither been taken nor omitted.

Risk Report

Counterparty default and market price risks are actively managed as part of Westfalen-bank's risk policy principles. Liquidity risk is managed essentially using Principle II and a weekly drafted liquidity balance. Operational and other risks are minimized by appropriate organizational measures to the extent that these are within the bank's sphere of influence. The risk capacity of the bank determines the appropriateness of the assumption of risk.

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Organization and Tasks of Risk Control

The Bank's Risk Control unit reports directly to the Executive Board. The tasks of Risk Control include the following:

- § The introduction and continued development of systems and methods for risk measurement and management
- § Ongoing measurement and monitoring of market price risks based on a value-at-risk approach
- § Independent control of parameters, such as interest rate curves, volatilities, etc. used for market price risk and results measurement
- § Ongoing check of trading transactions to ensure that conditions compatible with the market have been established
- § Daily calculation of trading results

Monitoring and Management of the Major Risks

Monitoring and management processes in Risk Control take into account the nature and scope of transactions entered into, as well as aspects specific to the type of risk.

Counterparty risks are defined as possible losses in value arising from full or partial defaults on agreed payments on the part of a borrower or contracting partner.

We monitor and manage risks from our loan business with reference to individual commitments according to their size, industry and creditworthiness. In preparation for Basel II we continue to use the customer-specific rating system of the Federal Association of German Banks.

At the moment we are determining loan business risks anticipated for the subsequent year according to rating categories at the individual and portfolio levels. The resulting standard risk costs are integrated into the interest rates offered, calculated on the basis of market interest rate method and are collected throughout the year, almost as an insurance

premium. In determining standard risk costs we increasingly take into account aspects of actual default behavior within the portfolio (risk-adjusted pricing).

The provision formed for our country risks is based on the risk rate ranges provided by the Ministry of Finance, which we apply to transfer risks from loans with a term of over a year, deducting in all cases the value of associated securities.

We calculate the level of counterparty risk from the gross replacement value according to the market value method as the total of all positive market values, without taking into account the risk-reduction impact of netting. The notes to the annual financial statements contain a detailed listing of our derivative business as well as our counterparty structure.

The market price risk is calculated as the potential loss that may arise due to changes in market prices (interest rates, exchange rates, share prices) for the trading and liquidity positions we hold.

We use an external software solution Front-Arena to calculate these risks. The risk measurement method uses a VaR module that works on the basis of historical simulations. The security level is 99%, the holding period one day. The value-at-risk calculation is based on historical market price changes and provides a maximum loss value for normal market fluctuations. We regularly check the explanatory power of this indicator as part of back-testing.

In order to estimate risks from extreme market fluctuations, we perform stress tests that determine the change in risk for the position from a worst-case scenario or for a higher security level.

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Management Report

The quality of the theoretical risks of loss established by Front-Arena is monitored constantly by means of a so-called clean back-test. This compares the simulated price changes in balances from the preceding day with the market price changes that have actually occurred.

Risk Control measures the risk and monitors limits on a daily basis and reports them to the Executive Board responsible. The entire Executive Board is brought up-to-date by means of a weekly position-specific risk report. The Executive Board as a whole makes decisions on the entire bank's asset and liability management. We formulate the risk of interest rate change using a fixed-interest period accounting, differentiated according to level or products and maturities and supplemented by sensitivity analyses that show the effects of changes in market interest rates on interest income from an annual perspective.

The use of Front-Arena with appropriate interfaces supports asset/liability management by taking into account all interest-bearing transactions at both the interest and total bank level.

We implement functionality for the assessment of the effects of an assumed interest rate shock of 200 basis points according to Basel II, as well as the transparent determination of the composition of interest income on a daily basis and from an accumulated month and year view.

Liquidity risk management occurs using the liquidity indicator pursuant to Principle II, supplemented by additional management instruments such as daily and maturity balances stemming from interest rate and maturity disparities. In addition we enhance the quality of liquidity risk management by means of a cash-flow based liquidity balance.

For us an **operational risk** refers to possible losses caused, for instance, by system failures, inadequate control mechanisms, processing errors, fraud or changes in legal and fiscal conditions. We counteract the risks we have identified on an ongoing basis by regularly revising organizational requirements and adapting our processes.

Other risks comprise risks from catastrophes, incorrect or missing insurance, as well as from supplier bankruptcies and changes in the law. We assess these ourselves or request expert insurance opinions.

We do not at present expect to quantify operational and other risk using mathematical models given the current absence of such systems on the market and the size and structure of our institution.

Existing risk monitoring and management instruments are to be adapted in 2006 to the current reorientation of the bank.

Audit

Internal audit is a component of our internal monitoring system in addition to the internal control system. Internal Audit reports directly to the Executive Board. It fulfills its functions autonomously and independently. Audit is not bound by any instructions in terms of reporting and valuation of audit findings. Internal Audit's activities cover all operational and business processes.

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Outlook

The overall position of the bank in 2005 was insecure and was reflected as such in the statement of income. Whilst there was a tendency for the results in the first six months to improve over the previous year, they still remained far behind the operative goals. Thus steps had to be taken to secure the economic basis and create prospects for the bank and its employees.

As a first step, the Asset Management and Private Banking segments were disposed of. Then an extensive redimensioning program was launched to effectively position Westfalenbank AG as a corporate sector bank for medium-sized companies.

At the same time efforts were continued to implement the alternative future concepts. Hence talks were held with investors on purchasing the new corporate sector bank and interested parties were also found for separate purchase of corporate client portfolios and the remaining service units.

Important Events Arising after the End of the Fiscal Year

After consideration of all possibilities it was decided to transfer the business units of corporate clients, loans and special financing arrangements to HypoVereinsbank and to continue negotiations with an Anglo-American investor intent on using the bank as a service platform for handling impaired loans. To this end, a joint venture was set up with the investor in mid-2005. These projects should be realized by mid-2006.

Balance Sheet of Westfalenbank AG, Bochum, as per December 31, 2005

Assets	Euro	31.12.2005 Euro	Euro	31.12.2004 In thousands of Euro
Cash reserves				
a) Cash on hand		113,383.44		317
b) Balances with central banks				
of which with Deutsche Bundesbank		596,308.26		8,879
Euro 596,308.26				
(previous year: Euro 8,879 thousand)			709,691.70	9,196
Debt instruments issued by public-sector entities and bills of exchange eligible for rediscount at central banks				
a) Treasury bills and non-interest-bearing treasury notes as well as similar debt instruments of public-sector entities				
of which eligible for rediscount at Deutsche Bundesbank		0.00		0
Euro 0.00				
(previous year: Euro 0)				
b) Bills of exchange				
of which eligible for rediscount at Deutsche Bundesbank		1,046,345.36		1,120
Euro 1,046,345.36				
(previous year: Euro 1,120 thousand)			1,046,345.36	1,120
Receivables from banks				
a) Payable on demand		154,597,766.65		177,802
b) Other receivables		58,026,988.02		33,514
			212,624,754.67	211,316
Loans to customers			634,430,460.43	736,543
of which secured by mortgages				

Euro 6,964,497.70
(previous year: Euro
10,026 thousand)
Municipal loans Euro
61,344,077.25
(Previous year: Euro
60,187 thousand)

Notes and other fixed-income securities

a) Money-market instruments			
aa) issued by public-sector entities	0.00		0
ab) issued by other issuers	0.00		0
of which eligible as collateral for Deutsche Bundesbank advances Euro 0.00 (Previous year: Euro 0)		0.00	
b) Bonds and notes			
ba) issued by public-sector entities	97,050,120.83		161,693
of which eligible as collateral for Deutsche Bundesbank advances Euro 97,050,120.83 (Previous year: Euro 161,693 thousand)			
bb) issued by other issuers	191,374,122.66		282,996
of which eligible as collateral for Deutsche Bundesbank advances Euro 170,923,130.44 (Previous year: Euro 269,476 thousand)		288,424,243.49	444,689
c) Own debentures			
Par value Euro 0.00 (Previous year: Euro 75 thousand)		0	80
		288,424,243.49	444,769
Stocks and other non-fixed income securities		96,012,084.37	88,394
Equity interests		1,612,929.59	4,452
of which in banks Euro 901,261.00 (Previous year: Euro 901 thousand)			
of which in financial service institutions Euro 0.00			

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	(Previous year: Euro 0)		
Interests in affiliated companies		3,358,430.20	2,358
of which	in banks Euro 0.00 (Previous year: Euro 0)		
of which	in financial service institutions Euro 1,028,912.88 (Previous year: Euro 1,029 thousand)		
Trust fund assets		12,275,669.54	5
of which	loans on a trust fund basis Euro 12,270,556.62 (Previous year: Euro 0)		
Intangible assets		1,104,463.21	5,441
Fixed assets		3,006,011.94	5,228
Other assets		11,068,227.09	15,389
Accrued items		2,536,911.95	1,812
Total assets		1,268,210,223.54	1,526,023

		Balance Sheet	
		31.12.2004	
		In	
		thousands	
		of Euro	
Liabilities and Shareholder's Equity	Euro	31.12.2005 Euro	Euro
Liabilities to banks			
a) Payable on demand		45,578,519.10	58,130
b) With an agreed term or period of notice		257,261,199.64	460,661
			302,839,718.74
			518,791
Liabilities to customers			
a) Savings deposits			
aa) with an agreed period of notice of three months	0.00		0
ab) with an agreed period of notice of more than three months	0.00		0
		0.00	
b) Other liabilities			
ba) Payable on demand	267,868,726.69		330,713
bb) With an agreed term or period of notice	511,228,314.27		498,972
		779,097,040.96	
			779,097,040.96
			829,685
Securitized liabilities			
a) Debentures issued		0.00	557
b) Other securitized liabilities		0.00	0
of which money market instruments			
Euro 0.00			
(Previous year: Euro 0)			
of which own acceptances and promissory notes outstanding			
Euro 0.00			
(Previous year: Euro 0)			
			0.00
			557
Trust fund liabilities			
of which			12,275,669.54
			5

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loans on a trust fund
basis
Euro 12,270,556.62
(Previous year: Euro
0)

Other liabilities		4,048,528.06	3,998
Deferred items		3,045,947.63	2,535
Provisions			
a) Provisions or old-age pensions and similar liabilities	24,836,968.00		22,552
b) Provisions for deferred taxation	890,536.50		2,188
c) Other provisions	43,399,002.14		11,183
		69,126,506.64	35,923
Subordinated liabilities		26,000,000.00	26,000
Shareholder s Equity			
a) Subscribed capital	50,514,282.00		50,514
b) Capital reserves	21,262,529.97		84,500
c) Revenue reserves			
ca) Statutory reserve	0.00		2,487
cb) Other revenue reserve	0.00		2,276
		0.00	
d) Accumulated net loss		0.00	- 31,248
		71,776,811.97	108,529
Total liabilities and Shareholder s Equity		1,268,210,223.54	1,526,023
Contingent liabilities			
Contingent liabilities from guarantees and indemnity agreements		123,836,455.19	96,900
Other liabilities			
Irrevocable loan commitments		275,846,997.89	210,828

Income Statement of Westfalenbank AG, Bochum,
for the period from 1 January to 31 December, 2005

	Euro	2005 Euro	Euro	2004 In thousands of Euro
Interest income from				
a) Loans and money-market transactions	65,076,755.99			74,272
b) Fixed-income securities and government-registered debt	16,761,686.56			17,200
		81,838,442.55		91,472
Interest expenses		- 63,188,608.53		- 68,888
			18,649,834.02	22,584
Current income from				
a) Stocks and other non-fixed-income securities		3,810,997.76		385
b) Equity interests		119,656.22		128
c) Interests in affiliated companies		90.00		0
			3,930,743.98	514
Income from profit pooling and profit and loss or part profit and loss transfer agreements			37,079.38	62
Net interest income			22,617,657.38	23,160
Commissions received		13,471,657.74		16,808
Commissions paid		- 2,132,412.09		- 2,790
Net commission income			11,339,245.65	14,018
Net expense from financial transactions (Previous year: Net expense from financial transactions)			138,601.14	- 239
Other operating income			2,468,204.91	3,388
General administrative expenses				
a) Staff				
aa) Wages and salaries	- 18,796,944.38			- 19,808
ab) Social security contributions and expenses for old-age pensions and other employee benefits of which for old-age pensions 2,859,676.07	- 5,241,763.30			- 5,727
(Previous year: Euro 3.236 thousand)		- 24,038,707.68		- 25,535
b) Other administrative expenses		- 12,484,166.85		- 12,451

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		- 36,522,874.53	- 37,986
Depreciation and write-offs on intangible and fixed assets		- 2,778,967.57	- 3,412
Other operating expenses		- 1,820,416.80	- 1,614
Income from write-ups from receivables and certain securities as well as from the release of provisions in loan transactions			
(Previous year: Write-downs and adjustments on loans and certain securities as well as allocations to provisions for possible loan losses)		604,544.60	- 6,034
Income from additions to equity interests, interests in affiliated companies and securities classified as fixed assets		2,032,022.48	194
Operating result		- 1,921,982.74	- 8,526
Extraordinary income	4,2000,000.00		0
Extraordinary expenses	- 40,431,760.67		0
Extraordinary result	- 36,231,760.67	0	
Tax refunds on income and revenue	1,462,239.34		42
Other taxes	- 60,692.05		144
(Previous year: Other tax refunds)		1,401,547.29	186
Net loss for the year		- 36,752,196.12	- 8,339
Loss carryforward from previous year		- 31,247,853.34	- 22,908
Transfer from capital reserves		63,236,977.57	0
Transfer from retained earnings			
a) Statutory reserve		2,487,192.14	0
b) Other revenue reserve		2,275,879.75	0
Net profit		0.00	- 31,248
(Previous year: Accumulated net loss)			

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Notes

General information**Legal basis**

The annual financial statements relating to fiscal 2005 were prepared as stipulated by the German Commercial Code in conjunction with regulations on accounting for banks and the Securities Act.

Disclosures related to legal form

Westfalenbank AG's subscribed capital of EUR 50,514,282 consists of 1,942,857 common shares. Capital and revenue reserves will change when the proposal as to appropriation of earnings is taken up:

In thousands of Euro	As at 01.01.2005	Allocations 2005	Withdrawals 2005	As at 31.12.2005
Capital reserve	84,500		63,237	21,263
Revenue reserves				
Statutory reserves	2,487		2,487	0
Other revenue reserves	2,276		2,276	0
	4,763		4,763	0
Total	89,263		68,000	21,263

The Annual General Meeting authorized the Executive Board on 9 July, 2003, with the consent of the Supervisory Board, to issue profit-sharing rights over a period of five years from the date the resolution was passed to a total nominal value of EUR 25 million.

Accounting and valuation principles

The bank continues to use the following accounting and valuation principles:

Currency translation is undertaken according to section 340 of the German Commercial Code. Balance sheet accounts denominated in foreign currency are translated to Euro at the mid-rate for the currency on the last day in the fiscal year on which the stock exchange is open for trading. The valuation of forward exchange deals is based on spot rates. Swap premiums are accrued pro rata temporis. Profit and loss from currency translation is taken to income in the case of closed positions; open positions are accounted for using the principle of imparity.

Fixed assets and intangible assets are capitalized at acquisition cost. Items that are subject to wear and tear are as a rule depreciated over the customary useful life of the object using the straight-line method. Against the backcloth of bank restructuring we undertook exceptional depreciations as shown in the extraordinary expenses.

Securities classified under fixed assets are recorded at acquisition cost and written down if permanent impairment is anticipated.

Securities classified under current assets are recorded at the lower of cost or market value. Hedge accounting is performed in the case of hedging transactions. Investments and shares in affiliated companies are valued at acquisition cost or fair value, whichever is lower.

Receivables are recorded at nominal value, liabilities at the repayment amount and provisions in an amount based on reasonable commercial assessment. Valuation allowances are deducted from relevant asset accounts.

Prepaid expenses/deferred charges comprise expenditures and receipts respectively reported prior to the balance sheet closing date, provided they represent expenses or revenues that will occur within a specified period of time after the closing date.

If the repayment amount of a liability is higher than the amount initially recorded, the difference is included in a prepaid expense account under assets. The difference is allocated to the liability over its entire term.

Pension provisions are recorded at discounted value according to actuarial principles in keeping with the International Financial Reporting Standards (IAS 19). This took place against the backcloth of bank restructuring. In doing so we give consideration to a 4.5% interest rate (previous year: 6%) and the 2005G actuarial mortality assumptions. There is a difference of EUR 2.3 million to the accruals established the previous year. It is shown under extraordinary expenses.

Investment holdings

Investment holdings according to section 285, number 11, of the German Commercial Code are recorded based on the last available annual financial statements of the relevant companies:

Company name	Share in the capital %	Equity in thousands of Euro (w/o result for the year)	Result for the year in thousands of Euro
BAK Verwaltungsgesellschaft mbH, Bochum	100%	26	0
Gesellschaft für Grundbesitz mbH, Bochum	100%	773	1)
Westfalen Credit Services GmbH, Bochum	100%	1,066	- 28
Westfalen Kapitalverwaltungs-gesellschaft mbH, Bochum	100%	511	1)
Westfalen Corporate Finance GmbH, Bochum	100%	1,010	- 2
Nadinion Objekt Huestraße GmbH & Co. KG, München	100% ²⁾	25 ²⁾	2 ²⁾

1) profit and loss transfer agreement with this company

2) limited liability capital only

The bank is exempted from preparation of partial consolidated financial statements according to section 291, paragraph 1, of the German Commercial Code.

As per 31 December, 2005, an employee is represented in the Supervisory Board of a large joint stock corporation. A share of voting rights exceeding 5% exists with respect to the company VBW Wohnen GmbH, Bochum.

Notes on the Balance Sheet**Selected asset accounts broken down according to remaining terms**

In thousands of Euro	2005	2004
Other receivables from banks		
Up to 3 months	35,667	19,530
More than 3 months up to 1 year	6,419	8,004
More than 1 year up to 5 years	4,777	3,006
More than 5 years	11,164	2,974
Total	58,027	33,514
Receivables from customers		
Up to 3 months	284,488	398,330
More than 3 months up to 1 year	86,603	55,604
More than 1 year up to 5 years	152,710	169,279
More than 5 years	110,629	113,330
Total	634,430	736,543

Relationships with affiliated companies and companies with which an investment relationship exists

In thousands of Euro	2005	2004
Affiliated companies		
Receivables from banks	5,782	26,373
Receivables from customers	791	1,169
Liabilities due to banks	46,945	58,615
Liabilities due to customers	4,086	1,592
Companies with which an investment relationship exists		
Liabilities due to customers	56	13

Notes on the Accounts

Receivables in specified balance sheet accounts with indeterminate terms

In thousands of Euro	2005	2004
Receivables from customers	27	69

Amounts in specified balance sheet accounts falling due in the fiscal year after the balance sheet date

In thousands of Euro	2005	2004
Bonds and other fixed-interest securities	4,193	79,589
Bonds issued	0	557

Selected liability accounts broken down according to remaining terms

In thousands of Euro	2005	2004
Liabilities to banks with an agreed period of notice of		
Up to three months	167,108	321,693
More than 3 months up to 1 year	11,853	21,289
More than 1 year up to 5 years	52,086	86,424
More than 5 years	26,214	31,255

Total	257,261	460,661
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Other liabilities to customers with an agreed period of notice of		
Up to three months	276,568	302,340
More than 3 months up to 1 year	42,739	7,123
More than 1 year up to 5 years	9,351	9,880
More than 5 years	182,570	179,629

Total	511,228	498,972
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Subordinated assets

In thousands of Euro	2005	2004
Receivables from customers	3,000	
Bonds and other fixed-interest securities	7,544	
Shares and other non-fixed interest securities	130	364
Assets and liabilities in foreign currency		

In thousands of Euro	2005	2004
Assets	92,284	102,111
Liabilities	10,135	26,803
28		

Notes on the Accounts

Trust operations

In thousands of Euro

Trust assets:

Investments

Customer receivables

Trust liabilities:

Liabilities to customers

2005**2004**

5

5

12,271

12,276

5

Subordinated liabilities

The bank has assumed subordinated loans in the nominal amount of EUR 16.0 million. These loans carry variable interest rates according to agreements; during the term of the loan the creditor may exercise the right on a one-time basis to change to a fixed interest rate for the remaining term. This right has to date been exercised for a total of EUR 11 million. The loans are due in 2013 and 2014. Furthermore, the bank has issued a subordinated bearer debenture in the nominal amount of EUR 10.0 million. It bears an interest rate of 5.95% and matures on 11 February, 2013. The conditions relative to the subordinated liabilities comply with the requirements of supplementary capital according to section 10, paragraph 5a, of the Banking Act. There are no obligations for early repayment. A total of EUR 1.5 million was expended in interest by 31 December, 2005.

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Securities and financial assets

Presentation of marketable securities included in the balance sheet accounts below:

In thousands of Euro	2005	2004
Bonds and other fixed-interest securities		
Listed on stock exchange	280,880	444,769
Not listed on stock exchange	7,544	
Shares and other non-fixed-interest securities		
Listed on stock exchange	130	363
Not listed on stock exchange		

Investments**Investments in affiliates**

This includes, without interest deferral, EUR 40.5 million (2004: EUR 138.7 million) in bonds not valued at the lower of cost or market value.

Presentation of financial assets valued according to the less strict principle of lower of cost or market:

In thousands of Euro	2005 book value	2005 time value
Bonds and other fixed-interest securities	40,487	40,424
Shares and other non-fixed-interest securities	95,882	97,283

Bonds and debentures include ABS bonds with investment grade rating, a corporate bond and an Italian government bond which, in each instance, have been acquired for long-term investment purposes.

Shares and other non-fixed-interest securities refer to special fund holdings in shares and bonds.

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Statement of changes in fixed assets

In thousands of Euro	Balance 01.01.2005	Cost of acquisition		Dis- posals	Depreciation/ amortization		Book value Balance 31.12.2005
		Additions			Accu- mulated	Current year	
Securities	227,754	25,271		115,656	1,000		136,369
Equity interests	4,980	255		3,094	528		1,613
Interests in affiliated companies	2,358	1,000					3,358
Land and buildings	5,743			174	3,545	1,515	2,024
Other plant, office furniture and equipment	11,365	213		1,010	9,586	811	982
Intangible assets	27,055	449			26,400	4,786	1,104

Securities classified under fixed assets involve EUR 40.5 million in bonds and debentures valued at acquisition cost as well as EUR 95.9 million in shares and other non-fixed interest securities.

EUR 4.3 million of the current year's depreciations are exceptional and are shown under extraordinary expenses.

Other assets and other liabilities

In thousands of Euro	2005	2004
Other assets		
Tax refund claims	5,854	5,922
Remaining purchase price and cost refund claims in connection with the sale of a business unit	2,615	0
Receivables from HVB in connection with the contribution and transfer agreement	894	1,880
Receivables from Falke Bank AG i.L.	122	351
Shares in real estate funds	856	856
Option premiums paid	76	265
Settlement item from currency translation	0	4,738
Other receivables	651	1,377
Total	11,068	15,389
Other liabilities		
Outstanding invoices	459	489
Proportional interest from subordinated liabilities/profit-sharing rights	1,175	1,176
Amounts due to tax authorities	1,102	1,092
Settlement item from currency translation	615	0
Option premiums received	82	278
Other liabilities	616	963
Total	4,049	3,998

Notes on the Accounts

Accrued and deferred items

In thousands of Euro	2005	2004
Accrued income		
Prepaid CAP/swaption premiums	2,529	1,791
Other accrued items	8	21
Total	2,537	1,812
Deferred income		
CAP/swaption premiums received in advance	2,646	1,937
Settlement payments received	50	56
Premiums/discounts carried as liabilities	184	413
Other deferred items	166	129
Total	3,046	2,535

The difference between the nominal value of receivables and the lower repayment amount is Euro 184 thousand.

Contingent liabilities

In thousands of Euro	2005	2004
Liabilities from guarantees and warranty agreements		
Payment guarantees	11,100	12,151
Performance bonds	19,556	13,915
Letters of credit opened	31,509	25,028
Loan security guarantees	14,385	8,440
Delivery guarantees	12,289	12,074
Payment guarantees	30,171	18,417
Other guarantees and warranties	4,826	6,875
Total	123,836	96,900

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Assignment of security for own liabilities

Liabilities to banks include open market transactions with the Deutsche Bundesbank (German Central Bank) amounting to EUR 104.1 million (repurchase value), which we have taken up under a pledge of a corresponding level of fixed-interest securities. Furthermore, they include specific-purpose funds of other banks in the amount of EUR 71.0 million, secured by the cession of corresponding levels of receivables. Liabilities to customers contain specific-purpose funds in the amount of EUR 1.7 million, similarly secured by the cession of corresponding levels of receivables.

Other financial obligations

Additional funding obligations of up to EUR 4.8 million stem from our holdings in the Liquiditäts-Konsortialbank GmbH, Frankfurt/Main. Moreover, joint and several liability for additional funding obligations of other shareholders of the Federal Association of German banks e.V., Cologne, applies. Moreover, rental obligations in a total amount of EUR 12.0 million arise under long-term agreements for the entire term to 2018 (Düsseldorf offices) and in the amount of EUR 1.6 million per annum under an agreement to run initially until mid-2012 (Bochum offices). To cover liabilities involved in giving up the site as intended (Düsseldorf premises) and/or still unclear use of the buildings in Bochum, we have set up accruals of approx. EUR 15 million. The usual liability and warranty commitments from a corporate sale exist in connection with the sale of the Asset Management und Private Banking segments.

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Notes on the income statement

Other operating income chiefly includes rental payments from land not used by the bank or building areas that have been sublet (EUR 1.2 million) as well as income from the liquidation of provisions no longer required (EUR 0.3 million).

Other operating expenses primarily concern expenses related to the reduction of a claim from HypoVereinsbank (EUR 1 million), refunded taxes on income at the same level, expenses for non-bank used property (EUR 0.5 million) and cafeteria operation expenses (EUR 0.3 million).

The extraordinary incomes concern revenues from the sale of a business unit.

A total of EUR 40.4 million **extraordinary expenses** arise in connection with bank restructuring. EUR 16.2 million of these expenses involve severance pay costs under the redundancy scheme, EUR 2.3 million allocations to pension reserves, EUR 15.2 million losses from long-term rental agreements and EUR 4.3 million involve exceptional depreciations (intangibles and fixed assets).

Other disclosures**Administration and agency services provided for third parties**

Custodial services and investment management continued to be of major significance to the bank in the year under review.

Forward transactions and options

Forward transactions and options not yet completed at the balance sheet date that entail a performance risk or currency, interest rate or other market price risks are shown below.

In thousands of Euro	Par value Remaining life				Positive	Negative
	up to 1 year	1 5 years	more than 5 years	total	market values	market values
Interest-related transactions	109,419	324,131	790,526	1,224,076	32,232	39,564
OTC products	109,419	324,131	790,526	1,224,076	32,232	44,964
Interest swaps	103,839	216,297	612,712	932,848	30,918	38,193
Forward rate agreements	0	0	0	0	0	0
Interest options buy (calls)	2,790	53,917	88,907	145,614	1,314	0
Interest options sell (puts)	2,790	53,917	88,907	145,614	0	1,314
Other interest rate transactions	0	0	0	0	0	0
Products traded on exchanges	0	0	0	0		
Interest futures	0	0	0	0		
Interest options	0	0	0	0		
Currency-related transactions	716,669	88,331	0	805,000	15,964	15,022
OTC products	716,669	88,331	0	805,000	15,964	15,022
Forward exchange transactions	709,371	80,302	0	789,673	15,152	14,220
Currency swaps	0	8,029	0	8,029	509	499
Currency options buy (calls)	3,649	0	0	3,649	303	0
Currency options sell (puts)	3,649	0	0	3,649	0	303
Stock/Index-related transactions	41,431	0	0	41,431	0	0
OTC products	0	0	0	0	0	0
Stock/Index options buy (calls)	0	0	0	0	0	0
Stock/Index options sell (puts)	0	0	0	0	0	0
Other OTC transactions	0	0	0	0	0	0
Products traded on exchanges	41,431	0	0	41,431	0	0
Stock/Index futures	40,338	0	0	40,338	0	0
Stock/Index options	1,093	0	0	1,093	0	0
Total	867,519	412,462	790,526	2,070,507	48,196	54,586

Notes on the Accounts

Valuation is undertaken according to market valuation methods, e.g. the net present value method in the case of interest rate swaps or the Black Scholes Model method in the case of options. In the event of default on the part of all of our counterparties the maximum performance risk (counterparty risk excluding products traded on the stock exchange) totals EUR 48.2 million.

The counterparty structure of our OTC (over the counter) contracts not traded on stock exchanges is as follows:

In thousands of Euro	Positive market values	Negative market values
Types of counterparties (excluding netting agreements)		
OECD governments	0	0
OECD banks	34,360	45,014
Other OECD financial institutions	0	0
Other companies, private individuals	13,836	9,572
Non-OECD governments	0	0
Non-OECD banks	0	0
Other non-OECD financial institutions	0	0
Total	48,196	54,586

Bank supervisory indicators

At the balance sheet date equity capital was available totaling:

In thousands of Euro	2005	2004
Equity capital		
Core capital	102,639	108,761
Supplementary capital	28,974	30,574
Items to be deducted	- 1,565	- 1,540
Total	130,048	137,795

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Employees

The average number of employees in the year under review can be broken down as follows:

Staff	2005			2004		
	male	female	total	male	female	total
Staff paid according to the agreed pay scale						
Full-Time	29	62	91	32	70	102
Part-Time		15	15		16	16
Staff paid above the agreed pay scale						
Full-Time	107	19	126	107	21	128
Part-Time	1	3	4	1	2	3
Trainees	2	5	7	3	4	7
Total	139	104	243	143	113	256

Remuneration of Executive Board and Supervisory Board

Remuneration of members of the Executive Board of Westfalenbank AG for fiscal 2005 totals EUR 1,127 thousand. Remuneration of the Supervisory Board amounts to EUR 60 thousand. Provisions amounting to EUR 8,720 thousand have been created as at 31 December, 2005 for pension obligations towards former members of the Executive Board and their surviving dependents. Regular expenses for this group amount to EUR 901 thousand.

Loans to Board Members

The following loans were granted to members of the Executive and Supervisory Boards:

Executive Board members EUR 0 thousand

Supervisory Board members EUR 29 thousand

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Boards

The following are members of Westfalenbank AG's Executive Board:

Dr. Heinz J. Hockmann

(until 31 August, 2005)

Dr. Joachim Paulus

(from 1 August, 2005)

Dr. Johannes-Jörg Riegler

(until 30 September, 2005)

Dr. Christian von Villiez

(from 15 September, 2005)

Members of the Supervisory Board include the following:

Dr. Klaus Marquardt, Berlin

(Honorary Chairman)

Gunter Ernst, Munich

Chairman

Former Group Executive Manager of Bayerischen Hypo- und Vereinsbank Aktiengesellschaft

Dr. Gerhard Jooss, Essen

Vice-Chairman

Former Member of the Board of Managing Directors of ThyssenKrupp Aktiengesellschaft

Lutz Diederichs, Berlin

(from 15 September, 2005)

Area Manager of Bayerischen Hypo- und Vereinsbank Aktiengesellschaft

Günther Berger

(until 31 August, 2005)

Group Executive Manager of Bayerischen Hypo- und Vereinsbank Aktiengesellschaft

Peter Menze, Waltrop

Bank Employee, Westfalenbank Aktiengesellschaft

Michael Papenfuß, Hamburg

Group Executive Manager of Bayerischen Hypo- und Vereinsbank Aktiengesellschaft

Jörg Podwojewski, Bochum

(until 27 June, 2005)

Bank Employee, Westfalenbank Aktiengesellschaft

Michael Rosenberg, Düsseldorf

(until 27 June, 2005)

Member of the Executive Board of VICTORIA Versicherung Aktiengesellschaft

Wolfgang Szczygiol, Witten

Bank Employee, Westfalenbank Aktiengesellschaft

Positions held by Executive Board members

Members of Westfalenbank AG's Executive Board are represented in the following statutory supervisory committees of large joint stock companies

Dr. Joachim none

Paulus

Dr. Christian none

von Villiez

Group relationships

A majority interest communicated to us pursuant to section 20 paragraph 4 of the Securities Act exists with the Bayerischen Hypo- und Vereinsbank AG, Munich.

Our annual financial statements as at December 31st, 2004, are included in the consolidated financial statements of Bayerischen Hypo- und Vereinsbank Aktiengesellschaft, Munich. The consolidated financial statements are deposited at the commercial register of the district court of Munich. The HVB Group financial statements are again included in the group financial statements of UniCredito Italiano S.p.A.

Appropriation of profits

The income statement reports a loss for the year of EUR 36.8 million. Additionally there is an accumulated net loss from previous years of EUR 31.2 million.

Westfalenbank AG's Executive Board recommends to offset the losses totaling EUR 68.0 million by withdrawing EUR 2.5 million from the statutory reserves, EUR 2.3 million from the other retained earnings and EUR 63.2 million from capital reserves.

Bochum, 22 February, 2006

Dr. Joachim Paulus

Dr. Christian von Villiez

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Audit Opinion

We have audited the annual financial statements consisting of balance sheet, income statement and notes (on accounts) including the accounting and the management report, of Westfalenbank Aktiengesellschaft, Bochum, for the fiscal year from 1 January to 31 December, 2005. Maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary statutory requirements are the responsibility of the legal representatives of the company. It is our responsibility to express an opinion, based on our audit, on the annual financial statements including the accounting system and the management report.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (Institute of Auditors in Germany) pursuant to section 317 of the German Commercial Code. Those standards require that we plan and perform the audit such that material misstatements affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German accounting principles and in the management report are detected with reasonable certainty. In determining audit procedures, we took into consideration our knowledge of the Company's business activities and its economic and legal environment, as well as expectations of possible misstatements. The audit relied largely on random checks as evidence of the effectiveness of the internal accounting control system, as well as of the disclosures made in the accounts, the annual financial statements and the management report. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit resulted in no reservations.

According to our assessment on the basis of the knowledge gained in the audit, the annual financial statements conform with the statutory provisions and additional conditions of the corporate articles and convey a true and fair view of the net assets, financial position and results of operations of the company in accordance with proper accounting principles. The management report is in accordance with the financial statements, provides a suitable understanding of the Company's position altogether and suitably presents the risks of future development.

Düsseldorf, 24 February, 2006

BDO Deutsche Warentreuhand

Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Dr. Rosenbaum

Jäger

Wirtschaftsprüfer

Wirtschaftsprüfer

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EXHIBIT C

Share Purchase and Transfer Agreement

(hereinafter also the **Agreement**)

between

Bayerische Hypo- und Vereinsbank AG, Kardinal-Faulhaber-Strasse 1, 80333 Munich, Germany, registered with the commercial register of the local court (*Amtsgericht*) in Munich under HRB 42148, represented by Dr. Daniel Walden and Mr. Holger Frank,

hereinafter also **Seller** -,

on the one hand

and

Crown NorthCorp Inc., 1251 Dublin Road, Columbus, Ohio 43215, U.S.A., incorporated in the state of Delaware, represented by its chief executive officer Mr. Ronald E. Roark,

hereinafter also **Crown** -,

and

Sabrosa Holding B.V., 1043 BW Amsterdam, Naritaweg 165 Telestone 8, Netherlands represented by Mr. Ronald E. Roark individually and, additionally, but not legally required for proper representation of Sabrosa Holding B.V., by Crown Westfalen LLC which is represented by Mr. Ronald E. Roark and Trust International Management which is represented by Sylvia Bark and Joep Hamers

hereinafter also **Purchaser** -,

on the other hand.

Seller, Crown and Purchaser hereinafter
also each a **Party** and together the **Parties** -

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Preamble

1. Seller is the sole shareholder of Westfalenbank AG, registered with the commercial register of the local court in Bochum under HRB 1941 (hereinafter also **WeBo**). The issued and registered share capital (*Grundkapital*) of WeBo amounts to EUR 20,000,000.00 and is divided into 1,942,857 bearer shares without par value (*auf den Inhaber lautende Stückaktien*) (hereinafter also the **Sold Shares**). The Sold Shares are evidenced in two global share certificates (*Globalurkunden*), one representing 1,939,290 shares and the other representing 3,567 shares.

2. WeBo holds direct or indirect participations in various companies as listed in

Exhibit P2

hereto (hereinafter each also **Subsidiary** and together **Subsidiaries**). WeBo and the Subsidiaries are hereinafter referred to as **WeBo Group** .

3. WeBo is a credit institution in accordance with Section 1 para. 1 of the German Banking Act (*Kreditwesengesetz*). In the last years, WeBo has passed through various organisational and business restructurings as well as changes of control. In particular, WeBo has sold its asset management business as well as its private client business in 2005 (hereinafter the **Former Divestments**). On March 9/10, 2006, the Seller and Crown have entered into Heads of Terms providing for, inter alia, further restructuring. A preliminary Pro-Forma Balance Sheet attached to such Heads of Terms as Annex 2 (e) reflects the then intended financial status of WeBo as per June 30, 2006. The amended Pro-Forma Balance Sheet as per Record Date reflecting the status as of signing of the Spin-off Contract referred to under item 4 below is attached hereto as

Exhibit P3

(hereinafter the **Pro-Forma Balance Sheet**).

4. The restructuring of WeBo by Seller was continued as intended and outlined in the Heads of Terms. The intended target state of WeBo as of Record Date was reached by a spin-off (*Abspaltung*) of WeBo's corporate client business and other assets and liabilities pursuant to the spin-off contract notarized on June 21, 2006 (hereinafter **Spin-off Contract**), attached hereto as

Exhibit P4

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and is, inter alia, also reflected in the relevant Guarantees of the Seller set out in this Agreement (hereinafter **WeBo Target State**). The Parties will jointly cooperate in accomplishing until Closing (as defined in subsequent Section 4), if possible, all further steps to be taken in order to ensure, to the extent actually possible and economically reasonable, that the WeBo Target State will be reached. Such economically reasonable cooperation shall also be applied with respect to any appropriate or necessary measure resulting from the Spin-off Contract after Closing, particularly with regard to the corporate client business (such as processing related payments *Zahlungsverkehrsbrücke*), personell issues, real estate and IT. The spin-off of the corporate client business and other assets and liabilities of WeBo pursuant to the Spin-off Contract has become effective by entry into the commercial register of WeBo on July 3, 2006.

5. Purchaser is a Dutch corporation incorporated in accordance with the laws of the Netherlands in the form of a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in Amsterdam and offices at 1043 BW Amsterdam, Naritaweg 165 Telestone 8, Netherlands, registered with the Trade Register of the Amsterdam Chamber of Commerce under number 06053940. Purchaser is ultimately wholly owned by Crown.

Crown is a Delaware corporation and operates through its corporate headquarters in Columbus, Ohio, U.S.A., and its office in Austin, Texas. European operations are conducted via subsidiaries with offices in London, Ipswich and Farnham in the United Kingdom, Stockholm in Sweden, and in Germany and Belgium. Purchaser receives its revenues primarily from service agreements, mortgage origination fees and real estate asset management fees. Purchaser is an experienced international provider of services for commercial real estate, loan workouts and business restructuring for the international capital market.

6. Crown intends to expand its business in Germany and Europe and is, therefore, interested in acquiring, through the Purchaser, WeBo in its WeBo Target State from Seller.
7. The definitions used in this Agreement, for reference only, are listed in
Exhibit P7 List of Definitions .
8. Seller is willing to sell and transfer the Sold Shares to Purchaser.

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Now, therefore the Parties agree as follows:

Section 1

Sale and Purchase of Shares

1. Subject to the rules set forth herein, with economic effect as of July 1, 2006, 00:00 a.m., (hereinafter also the **Effective Date**), Seller hereby sells to Purchaser, and Purchaser hereby purchases from Seller, the Sold Shares.
2. The Sold Shares are sold with all rights and obligations pertaining thereto.
3. The Seller shall transfer the Sold Shares to Purchaser on the Closing Date (as defined below) in accordance with the rules set out in Section 4 below.

Section 2

Record Date Balance Sheet/Net Equity Calculation

1. To the extent legally possible Seller will cause WeBo to prepare as of June 30, 2006, 12:00 p.m. / July 1, 2006, 00:00 a.m., (hereinafter also the **Record Date**), and based on the assumptions of the Pro-Forma Balance Sheet.
 - a) a balance sheet for WeBo in accordance with (and in such priority in case of inconsistencies) (i) the accounting and valuation principles described in **Exhibit 2.1.a** hereto (hereinafter also the **Preliminary Record Date Balance Sheet**); (ii) the statutory rules of the German Commercial Code (*Handelsgesetzbuch*) applicable for the establishment of annual accounts, (iii) the German General Accepted Accounting Principles (*Grundsätze ordnungsmä iger Buchführung*) and
 - b) on the basis of the Preliminary Record Date Balance Sheet, a calculation of WeBo s Net Equity (as defined below) (hereinafter also the **Preliminary Net Equity Calculation**).
2. (Intentionally left blank).

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3. The Preliminary Record Date Balance Sheet and the Preliminary Net Equity Calculation shall be reviewed and certified (*Bescheinigung*) by BDO Deutsche Warentreuhand AG (hereinafter **BDO**) as Seller's contractual auditor (*Vertragsprüfer*) (hereinafter also **Seller's Auditor**) and, if and to the extent applicable, adjusted to comply with the requirements referred to under Section 2.1 above, including Exhibit 2.1.a. The certification (*Bescheinigung*) by BDO shall confirm that the review by BDO was done as thoroughly (*sorgfältig und umfassend*) as required for a full audit by BDO. The Preliminary Record Date Balance Sheet and the Preliminary Net Equity Calculation as reviewed and, if applicable, adjusted by Seller's Auditor are hereinafter also referred to as the **Reviewed Record Date Balance Sheet** and the **Reviewed Net Equity Calculation**. Seller and Purchaser anticipate the Reviewed Record Date Balance Sheet and the Reviewed Net Equity Calculation to be established 90 days after the Record Date at the latest.
4. Upon receipt of the Reviewed Record Date Balance Sheet and the Reviewed Net Equity Calculation, Seller shall without undue delay forward the Reviewed Record Date Balance Sheet and the Reviewed Net Equity Calculation to Purchaser. Within four weeks (*Ausschlussfrist*) upon receipt of the Reviewed Record Date Balance Sheet and the Reviewed Net Equity Calculation, Purchaser is entitled to raise towards Seller in written form and concisely identifying the respective position in the Reviewed Record Date Balance Sheet or the Reviewed Net Equity Calculation, objections that the Reviewed Record Date Balance Sheet or the Reviewed Net Equity Calculation do not comply with the requirements of Items 1 above, however, provided that (i) the aggregate amount of such objections (if taken into account) would lead to a Net equity (as defined below) falling short of the Net equity shown in the Reviewed Net Equity Calculation by more than EUR 100,000.00, and, (ii) objections against individual positions of the Reviewed Record Date Balance Sheet or the Reviewed Net Equity Calculation shall only be taken into account if they exceed a threshold of EUR 100,000.00 in each case. Purchaser shall quantify the amount by which the Net Equity as shown in the Reviewed Net Equity Calculation exceeds or falls short of the Net Equity pursuant to Purchaser's calculations.
5. If Seller and Purchaser do not agree upon the objections raised by Purchaser in accordance with Item 4 above, Seller and Purchaser, at any time, may request to have any dispute settled by an expert arbitrator (*Schiedsgutachter*) according to the requirements set forth in Item 1 above. If Seller and Purchaser do not agree, within two weeks upon such request by a Party, upon the person of such expert arbitrator, the expert arbitrator shall be appointed by the Institute of Chartered

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- Accountants (*Institut der Wirtschaftsprüfer e.V.*) in Düsseldorf. To the extent permissible by law, Section 319 of the German Civil Code (*Bürgerliches Gesetzbuch*), the findings of the expert arbitrator shall be finally binding between the Parties to the extent Seller and Purchaser could not agree upon the objections raised by Purchaser in accordance with Item 4 above. The expert arbitrator shall also decide upon the costs in connection with the proceedings under this Section in accordance with the principles set forth in Sections 91 et subs. of the German Civil Procedure Act (*Zivilprozessordnung*); however, each Party shall bear the costs of its own advisors.
6. The Reviewed Record Date Balance Sheet and the Reviewed Net Equity Calculation shall become finally binding between the Parties if, and to the extent that, Purchaser does not raise objections in compliance with Item 4 sentences 2 and 3 above. Otherwise, the Reviewed Record Date Balance Sheet and the Reviewed Net Equity Calculation shall become binding between the Parties in accordance with a mutual agreement between the Parties with regard to Purchaser's objections pursuant to Item 4 sentences 2 and 3 or, as the case may be, in accordance with the findings of the expert arbitrator.

The finally binding Reviewed Record Date Balance Sheet and the Reviewed Net Equity Calculation in accordance with this Item 6 are hereinafter also referred to as the **Effective Record Date Balance Sheet** and the **Effective Net Equity Calculation**.

7. **Net Equity** as referred to in this Agreement comprises equity as defined by section 266 para. 3 A. of the German Commercial Code. **Net Equity** in the Pro-Forma Balance Sheet is listed in Section *Passiva* under *Eigenkapital* (*Shareholders Equity*) and amounts to EUR 22,013,000.00.
8. For the avoidance of doubt, the Parties hereby record their understanding that the funds kept in the cpd account number 630667 amounting to EUR 408,455.99 as of June 30, 2006 shall remain with WeBo. In consideration thereof, Purchaser will cause WeBo to the extent legally possible to provide customer and settlement services and to fulfill related payment obligations with regard to the amounts kept on the cpd account.

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Section 3
Purchase Price

1. The purchase price for the Sold Shares shall be calculated as follows:
 - a) Net Equity as shown in the Pro Forma Balance Sheet and referred to under Section 2.7 above plus a premium of EUR 3.000.000,00 (in words: Euro three million) (hereinafter also the **Preliminary Purchase Price**);
 - b) plus the amount, if any, by which the Net Equity as shown in the Effective Net Equity Calculation exceeds an amount of EUR 100,000.00 of the Net Equity as shown in the Pro-Forma Balance Sheet;
 - c) minus the amount, if any, by which the Net Equity as shown in the Effective Net Equity Calculation falls short of an amount of EUR 100,000.00 of the Net Equity as shown in the Pro-Forma Balance Sheet.
The purchase price calculated in the manner set forth above shall hereinafter also be referred to as the **Effective Purchase Price** .
2. Payment of the Preliminary Purchase Price shall be secured by the bank guarantee issued by Credit Suisse International, London, a copy of which is attached hereto as

Exhibit 3.2,

hereinafter **Bank Guarantee** .
3. Any payments between the Parties pursuant to this Agreement shall be effected by wire transfer free of charges as follows:
 - a) If to Seller to the following account (hereinafter also the **Seller Account**):

Bank: Bayerische Hypo- und Vereinsbank AG, Munich;
Account No.: 415 021 312;
Bank Code: 700 202 70
IBAN: DE12700202700415021312.

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b) If to Purchaser to the following account (hereinafter also the **Purchaser Account**):

Bank: Citco Bank Nederland N.V.
Bank account: Sabrosa Holding B.V.
Account number: 63.59.77.540 (EURO)
IBAN: NL22 CITC 0635 9775 40

Section 4

Closing

1. The closing of the transaction contemplated in this Agreement (hereinafter also the **Closing**) shall be subject to the fulfilment of the following conditions (hereinafter also the **Closing Conditions**):
 - a) The **German Federal Agency for Supervision of Financial Services** (*Bundesanstalt für Finanzdienstleistungsaufsicht*)
declaring in a binding manner in writing that it does not and will not raise objections to the acquisition of the Sold Shares by the Purchaser; or

failing to give notice of objection within the three-months period under Section 2b para. 1a of the German Banking Act.
 - b) The Reviewed Record Date Balance Sheet and the Reviewed Net Equity Calculation have been established.
 - c) Payment of an amount of EUR 2,736,000.00 by Seller to WeBo pursuant to Seller's obligations under the guarantee issued in favour of WeBo as collateral for WeBo's engagement with Sport Hoffmann. By payment of such amount all claims of WeBo against Seller resulting from Seller's guarantee will be finally settled.
2. The Closing shall take place at the offices of Seller in Munich one week after the date on which the last Closing Condition has been fulfilled or on any other date the Parties mutually agree upon (hereinafter also the **Closing Date**).
3. On the Closing Date the following actions shall be taken concurrently (*Zug-um- Zug*):

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- a) The Parties shall execute a statement as set forth in

Exhibit 4.3a

hereto that all Closing Conditions have been fulfilled.

- b) If the Effective Net Equity Calculation has already been established, Purchaser shall pay the Effective Purchase Price or if the Effective Net Equity Calculation has not yet been established, the Preliminary Purchase Price. There shall be interest due on the Effective Purchase Price in both cases for the period from the Effective Date until Closing Date at a rate of 3%p.a.

- c) Upon payment of the Preliminary Purchase Price or, as the case may be, the Effective Purchase Price to Seller's account, pursuant to Item 3.b above, Seller shall, in accordance with the transfer agreement attached hereto as

Exhibit 4.3.c,

transfer title to the certificates of the Sold Shares (the **Certificates**) to Purchaser.

- d) If the Effective Purchase Price has been paid in accordance with preceding lit. (b), Seller shall return the original of the Bank Guarantee to Purchaser. If the Preliminary Purchase Price has been paid in accordance with preceding lit. (b), Seller's right under the Bank Guarantee shall be reduced by the amount already paid.

If the Closing Conditions are not fulfilled by December 10, 2006, Seller and Purchaser, each individually, may recind from this Agreement by giving 10 days notice.

Section 5

Post-Closing Adjustments

1. If, on the Closing Date, Purchaser has only paid the Preliminary Purchase Price in accordance with Section 4.3b above, the following payments shall be effected within five banking days upon the establishment of the Effective Net Equity Calculation (the **Adjusted Payment Date**):

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- a) Purchaser shall pay to Seller the amount, if any, by which the Effective Purchase Price exceeds the Preliminary Purchase Price.
- b) Seller shall pay to Purchaser the amount, if any, by which the Effective Purchase Price falls short of the Preliminary Purchase Price.
2. Any amount paid pursuant to Item 1 above shall be paid together with interest thereon for the time period from the Effective Date until the Adjusted Payment Date at 3% p.a. and from the Adjusted Payment Date until the date of actual payment at 8% p.a.

Section 6
Guarantees of Seller

Subject to the rules set forth in Section 8 below, Seller guarantees to Purchaser in the substance of an independent guarantee (*selbstständiges Garantieverprechen*) in accordance with Section 311 of the German Civil Code rather than a warranty of condition (*Beschaffenheitsgarantie*) pursuant to Section 443 German Civil Code that the following statements are correct as of the date hereof if not otherwise expressly stated. With regard to the reference made in this Section 6 to the Record Date, the Parties shall take into consideration that the Spin-off of WeBo's corporate client business took legal effect upon registration in the commercial register on July 3, 2006. Therefore, Seller's guarantees shall relate to July 4, 2006 when reference is made to the Record Date in this Section 6.

1. Corporate Organisation

- a) The statements in Items 1 and 2 of the preamble hereto are correct.
- b) The registered share capital of WeBo has been validly issued and has been fully paid up in cash and has not been repaid. The registered share capital of WeBo was reduced by way of a simplified capital reduction in connection with the Spin-Off of WeBo's corporate client business pursuant to Section 145 German Transformation Act.
- c) As of Record Date, Seller is the sole and unrestricted owner of the Sold Shares. The Sold Shares are not pledged to any third party.

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- d) WeBo and its Subsidiaries as listed in

Exhibit P2

hereto are duly organised and validly existing under the relevant German law. The information shown in the excerpts of the commercial register for WeBo and its Subsidiaries attached hereto as

Exhibit 6.1.d

is correct in all material respects (the excerpts of the commercial register of the indirect participations shall not form part of Exhibit 6.1.d).

- e) Except for the Subsidiaries, WeBo does not hold any direct or indirect participations in other companies and is under no obligation to acquire any such majority participation, each as of Record Date.
- f) Except as those attached as

Exhibit 6.1.f.1

hereto, there exist no articles of incorporation (*Gesellschaftsverträge*), by-laws (*Geschäftsordnungen*), affiliation agreements (*Unternehmensverträge*) or resolutions by the shareholders or boards of any company of WeBo Group governing (i) the relation of WeBo Group and its shareholders or (ii) the internal organisation of the boards of WeBo Group, each as of Record Date. (The articles of incorporation of the indirect participations shall not form part of Exhibit 6.1.f.1). Except as set forth in

Exhibit 6.1.f.2,

with regard to WeBo Group, there exist no silent partnerships (*stille Gesellschaften*) or minority shareholders as of Record Date.

- g) **Exhibit 6.1.g**

contains a complete list of all general powers of attorney (*Generalvollmachten*) and powers of attorney with respect to bank accounts (*Kontovollmachten*) for WeBo.

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2. Financial Statement

- a) The audited financial statement as of December 31, 2005 of WeBo (the **Financial Statement**) has been prepared in accordance with the relevant statutory rules, the German General Accounting Principles and the principle of continuity (*Grundsatz der Bilanzkontinuität*). It represents a fair and true view of the assets (including equity and cash) and liabilities (*Vermögenslage*), financial condition (*Finanzlage*) and results of operation (*Ertragslage*) of WeBo as of December 31, 2005.
- b) To the best knowledge of Seller, adequate provisions (*Wertberichtigungen oder Rückstellungen*) have been built in the Financial Statement in accordance with the principles set out in Item (a) above to reflect all material risks known by WeBo as of the date of the approval of the Financial Statement (*Feststellung der Bilanz*).

3. Real Estate

- a) Except as set forth in

Exhibit 6.3.b

hereto, neither WeBo nor the Subsidiaries (except Nadinion and Dorion) own any real estate as of Record Date.

- b) The excerpts from the land register (*Grundbuchauszüge*) attached hereto as

Exhibit 6.3.b

reflect a true view for the respective real estate. Prior to the signing hereof, Purchaser had sufficient opportunity to inspect the construction obligation register (*Baulastenverzeichnis*) for the real estate listed in

Exhibit 6.3.b

Accordingly, Seller will not be liable to Purchaser for any such construction obligation.

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c) **Exhibit 11.1.b.**

contains all lease agreements with regard to real estate leased by WeBo required to carry out its future business in the WeBo Target State as of Record Date.

- d) Seller guarantees the book value of EUR 414,000.00 of the asset more fully described in Exhibit 6.3.b and Seller will pay to WeBo such amount less the associated cash deposit of EUR 260,000.00 and, in the event of a sale of such asset, the net (after deduction of all costs reasonably incurred) sales proceeds of the asset. The Parties shall cause WeBo, to the extent legally possible, to sell the asset without delay, at the latest by December 31, 2007.

4. Other Assets

- a) As of Record Date, WeBo is the economic owner of all assets required to carry out its future business in the WeBo Target State (hereinafter the **Remaining Assets**) as of the date hereof in all material respects or is entitled to use such assets.

- b) Except as set forth in

Exhibit 6.4.b

hereto all tangible Remaining Assets are free of any security interests (*Sicherungsrechte*) of third persons; this does not apply for:

customary security transfers (*Sicherungsübereignung*) or retentions of title (*Eigentumsvorbehalte*) for liabilities of WeBo;

security interests of any kind for the benefit of banks or other creditors of WeBo securing financial liabilities (*Finanzverbindlichkeiten*) of WeBo;

statutory pledges, other security transfers or encumbrances;

security transfers to fiscal authorities, other public authorities or public institutions; or

security transfers or other encumbrances that do not materially restrict WeBo to carry on its business as it is carried out today.

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5. Subsidiaries in Liquidation

As to those Subsidiaries currently in liquidation (as listed in Exhibit P.2 and marked by the added i.L.) the overall net liquidation proceeds (*NettoGesamtliquidationserlöse*) will equal the overall book value of such Subsidiaries currently in liquidation as shown in the Financial Statement and in the Record Date Balance Sheet, provided that the liquidation costs actually arising after Closing do not exceed reasonable customary costs and are in line with the previous cost spending. Furthermore, Purchaser shall inform Seller immediately if it is foreseeable that the overall liquidation costs exceed an amount of EUR 30,000.00. The Parties shall in that event coordinate with WeBo and the respective Subsidiary in liquidation how to further proceed. Seller is granted a right of last decision in this regard.

6. Intellectual Property Rights / IT

a) To the best knowledge of Seller,

Exhibit 6.6.a

contains a complete list of all intellectual property rights, copyrights and patents owned by WeBo, or, which WeBo is legally entitled to use as well as IT license agreements, except for customary IT licenses. The IT systems remaining with WeBo enable WeBo to continue to be operational in the WeBo Target State.

b) Except as set forth in

Exhibit 6.6.b,

none of the rights listed in Exhibit 6.6.a owned by WeBo is subject to a judicial decree (*gerichtliche Entscheidung*) or challenge by any third person nor does any of the rights listed in Exhibit 6.6.a materially violate any intellectual property right owned by a third person.

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7. Material Contracts

Except as set forth in

Exhibit 6.7

and notwithstanding subsequent subpara. 15 (c), there are no contracts between WeBo on the one hand and any third person (outside of WeBo Group) on the other hand which, as of the Record Date,

have a residual contract value (*Restvertragswert*) in excess of EUR 100,000.00 per contract and year; and

either have a residual term (*Restlaufzeit*) exceeding twelve months or cannot be terminated by WeBo by giving notice of less than twelve months;

except for any contracts for financing WeBo Group or customers of WeBo Group whether by loan, factoring or any other form of financing.

The Parties agree that the contract between WeBo and Bankverlag shall not form part of Exhibit 6.7 in its complete form but as an excerpt for reference purposes only.

8. Labour Relations

a)

Exhibit 6.8.a

contains a complete and correct list of all employees of WeBo including personnel number, position, annual gross income and duration of employment (*Betriebszugehörigkeit*).

Exhibit 6.8.b

contains a complete and correct list of all collective bargaining agreements (*Tarifverträge*) and shop agreements (*Betriebsvereinbarung*) binding WeBo.

b) WeBo complies with the regulations of the collective bargaining agreements and shop agreements listed in Exhibit 6.8.b in all material respects.

c)

Exhibit 6.8.a

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contains a complete and correct overview of all pension obligations towards present employees of WeBo which have not been fulfilled completely as of the date hereof.

9. Compliance with Law

a) Except as set forth in

Exhibit 6.9.a,

WeBo is not party to a judicial proceeding (*Rechtsstreit*) or arbitration (*Schiedsgerichtsverfahren*) in each case concerning an amount in dispute (*Streitwert*) exceeding EUR 10,000.00.

b) No administrative or criminal proceedings are pending against WeBo.

c) WeBo has all governmental permits and authorisations (such as, in particular, the banking licence) materially required to carry on its business as carried out as of the date hereof.

10. Insurance

Exhibit 6.10

contains a list of material insurance contracts carried for WeBo. These contracts have not been terminated by either party until signing hereof. With effect as of the Closing Date, Purchaser shall be responsible for adequate and sufficient insurance coverage for WeBo. Purchaser is aware of his responsibility for adequate and sufficient insurance coverage for WeBo with effect as of the Closing Date. He is further aware that, as of the Closing Date, WeBo Group and its directors, officers and employees will not be covered by a D&O liability insurance.

11. Taxes and Social Contributions

For all tax periods (*Veranlagungs- und Erhebungszeiträume*) ending on, or prior to, December 31, 2005, WeBo has timely filed all tax returns (*Steuererklärungen*) referring to Taxes as defined in subsequent Section 9 Item 1 and all such Tax returns are correct and complete in all respects. The claims and elections (*Wahlrechte*) that have been made by WeBo prior to the date hereof are valid and have been made within the statutory time limits and none of the

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claims or elections are in dispute or will be withdrawn. There is no action, dispute, claim, investigation or assessment pending concerning any Tax liability of WeBo relating to the time prior to Signing. For all Tax periods, adequate provisions for unpaid Taxes, interest thereof, Tax penalties or other mandatory social contributions under German law were made.

12. Environmental Issues

The real estate listed in

Exhibit 6.3.b

is free of any environmental losses (*Altlasten*) within the meaning of the Federal Soil Protection Act (*Bundesbodenschutzgesetz*), which would lead to any obligation for WeBo to remediate, investigate or protect such real estate, except for environmental losses for which adequate provisions have been built in the Financial Statement or for which WeBo Group carries sufficient insurance coverage as of the date hereof or for which as of the date hereof it cannot reasonably be anticipated that the competent authority will decree an investigation or remediation for the respective piece of real estate. In the event that environmental losses should be discovered during the warranty period (Section 8 Item 5), each the Purchaser as well as the Seller shall have the unconditional and irrevocable option to transfer such real estate to Seller at the respective book-value shown in the Effective Record Date Balance Sheet minus the amount of related provisions WeBo can dissolve due to such transfer.

13. Conduct of Business since January 1, 2006

From January 1, 2006 until the date hereof, WeBo has conducted its business in the ordinary course and consistent with past practice, except as required for the completion of the Former Divestments and the establishing of the WeBo Target State.

14. Best Knowledge

To the extent that one of the guarantees above is qualified by the knowledge of Seller, Seller shall only be liable, if, and to the extent that, the persons listed in

Exhibit 6.14

personally have positive knowledge that the statement contained in the respective guarantee is incorrect or misleading. Seller confirms due inquiry of these persons.

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15. Other Guarantees

Purchaser agrees to accept the Sold Shares and the business of WeBo in the condition they are in on the Closing Date, provided that WeBo Target State has been achieved essentially until the Closing Date, based on Purchaser's own investigations and research and, notwithstanding Seller's guarantees expressly contained herein, without any reliance upon any other express or implied representations, warranties or guarantees of any nature made by, or on behalf of, or imputed to, Seller. Without limiting the generality of the foregoing, Purchaser acknowledges that Seller makes no representations, warranties or guarantees with respect to

- a) any projections, forward looking statements or estimates which have been delivered or made available to Purchaser of future income or business or operations of WeBo including all individual aspects of such projections, forward looking statements or estimates;
- b) any other information or documents made available to Purchaser, its representatives or advisors with regard to WeBo, except for information expressly contained herein or the exhibits hereto;
- c) WeBo's non-performing loan portfolio; the Parties agree that risks and chances of WeBo's non-performing loan portfolios shall be on the Purchaser's side with economic effect as of January 1, 2006, so that later developments shall not influence the Net Equity Calculation.

- d) The Parties further agree that the engagements listed in

Exhibit 6.15.d

do not fall within the meaning of WeBo's non-performing loan portfolio, since they have been spun off pursuant to the Spin-off Contract. As soon as practicable after the Signing of this Agreement, WeBo and Seller shall enter into a servicing agreement regarding such engagements. The main terms and conditions of such servicing agreement are listed in the Term Sheet attached hereto as

Exhibit 6.15.d.

Seller hereby grants to WeBo a right of first refusal pursuant to Section 463 at. seq. German Civil Code with regard to such engagements.

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Section 7

Guarantees of Crown and Purchaser

Subject to the rules set forth in Section 8 below, Crown and Purchaser guarantee to Seller in the substance of an independent guarantee (*selbstständiges Garantieverprechen*) in accordance with Section 311 of the German Civil Code that the following statements are correct as of the date hereof:

1. Corporate Organisation

a) Purchaser is a corporation duly organised and validly existing under Dutch laws. Crown is a corporation duly organised and validly existing under Delaware laws.

b) The statement in Item 5 of the Preamble hereto is correct.

2. Authorisations

a) The execution hereof and the consummation of the transactions contemplated herein are within Crown's as well as Purchaser's corporate powers and, as of the date hereof, have been duly authorised by all corporate actions required on the part of Crown and Purchaser.

b) Other than in respect of the obtaining of the clearances contemplated as Closing Conditions, no application or filing with, or consent, or authorisation, or exemption by any governmental or other public body or authority, whether German or foreign, is required of Crown or Purchaser in connection with this Agreement or any transaction contemplated herein.

c) Neither Crown nor Purchaser is aware of any facts which could give rise to the conclusion that the German Federal Agency for Supervision of Financial Services or any other competent authority would not approve of this Agreement or any transaction contemplated herein.

Section 8

Remedies

1. To the extent that any statement contained in the guarantees made by Seller pursuant to Section 6 hereof is untrue or incorrect, Seller shall, subject to the rules set forth in this Section 8, be liable towards Purchaser or, at the election of

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Purchaser; to Crown or WeBo, exclusively for the compensation, in cash, respectively in kind (*Kompensation*), of damages of Purchaser directly (i.e. excluding consequential damages or lost profits) resulting from such statement being untrue or incorrect (such damages each hereinafter also a **Damage** and together the **Damages**).

- a) The Parties agree that Seller shall not be liable towards Purchaser with regard to those assets or liabilities which are the subject matter of the Spin-off Contract
 - b) In the event that the transfer of an asset or of a liability being the subject matter of the Spin-off Contract should require the consent of a third party and such consent cannot be obtained until Record Date, the Parties will jointly cooperate and, to the extent legally possible, cause WeBo to cooperate in obtaining such consent to the extent economically reasonable. If such consent cannot be obtained the Parties shall treat each other as if the respective asset or liability would have been transferred with economic effect as of the Effective Date.
2. Seller shall not be liable towards Purchaser to the extent that Purchaser or WeBo Group obtain any advantages or benefits as a consequence of, or in connection with, the matter giving rise to the Damage. Without limiting the generality of the forgoing, this shall apply to the extent that a Damage is deductible or allowable for tax purposes or with respect to any other tax benefit or advantage of Purchaser or WeBo Group resulting from, or in connection with, the matter giving rise to the Damage, irrespective of whether the tax benefit or advantage affects former, current or future tax periods.
3. Furthermore, Seller shall not be liable towards Purchaser or Crown for any Damage to the extent that
- a) such Damage is incurred by Purchaser or Crown or WeBo Group as a consequence of, or in connection with, changes of, or amendments to, the applicable laws, ordinances, tax rates, administrative regulations, guidelines or practices or any other binding regulations coming into force after the date hereof;
 - b) Purchaser or Crown, its directors, officers, representatives or advisors know that the respective statement of Seller was untrue or incorrect;
 - c) the matter giving rise to the Damage occurs after the signing of this Agreement on request, or with the consent, of Purchaser or Crown;

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- d) Purchaser or Crown or WeBo Group actually recover the Damage from any other third person, specifically including, but not limited to, an insurance carrier, in which case Seller shall, however, indemnify Purchaser or Crown or WeBo Group from any reasonably legal costs arising from the enforcement of such claim, which are not refundable from other sources, as well as any deductible payment (*Selbstbehalt*), if any. Purchaser or Crown or WeBo Group will use their best efforts to collect the Damage from any third person and, upon request by Seller, will provide Seller with evidence of such best efforts.
 - e) the matter giving rise to the Damage is provisioned (*Rückstellung*) in the Financial Statement or the Effective Record Date Balance Sheet;
 - f) the Financial Statement or the Effective Record Date Balance Sheet otherwise contain provisions (*Rückstellungen*) which can be written back;
 - g) Purchaser or Crown or WeBo Group receive (prior to the date Seller acknowledges the Damage vis-à-vis Purchaser or Crown or Purchaser or Crown institutes judicial proceedings against Seller to recover the Damage) payments in excess of the book value against accounts receivable that have been written down in the Financial Statement or the Effective Record Date Balance Sheet; however, the Parties agree that this does not apply as to payments pertaining the WeBo's non-performing loan portfolio.
 - h) Purchaser or Crown is entitled to be indemnified by Seller pursuant to Section 9 below.
4. Seller shall only be liable towards Purchaser to the extent Purchaser's aggregate Damages are in excess of an exempt amount (*Freibetrag*) of EUR 250,000.00 (hereinafter also the **Exempt Amount**), provided that for calculating the Exempt Amount only individual Damages exceeding EUR 25,000.00 shall be taken into account. The Seller shall be liable for Damages only for the amounts above the Exempt Amounts. In no event, however, shall Seller be liable for any Damages exceeding the amount of the Net Equity as stated in the Effective Net Equity Calculation.
5. All claims of Purchaser arising out of, or in connection with, a breach of a guarantee made by Seller pursuant to Section 6 hereof shall prescribe (*unterliegen einer Ausschlussfrist*) by January 31, 2008, except for claims arising out

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of a breach of the guarantees contained in Section 6.1 litt. a through d hereof which shall prescribe within four years from the Closing Date.

6. Purchaser shall be entitled to recover compensation for any Damages from Seller if, and to the extent that, as soon as practical after Purchaser receives knowledge of facts or circumstances, from which it can be derived that a statement by Seller contained in one of the guarantees pursuant to Section 6 above is untrue or incorrect, Purchaser gives written notice to Seller of the breach of the respective guarantee stating, as precisely as possible, (i) such facts or circumstances and (ii) an estimate of the Damage anticipated and (iii) that Seller is entitled to establish the situation that it has guaranteed (*Naturalrestitution*) within a reasonable period of time, which shall be a minimum of two and a maximum of six months. Knowledge of Purchaser as is relevant for this Section 8 Item 6 shall depend on the knowledge of persons listed in

Exhibit 8.6.

7. In the event that a third person, including, but not limited, fiscal and other administrative authorities, asserts, alleges, or purports to have, a claim against Purchaser or WeBo Group which could lead to a Damage (hereinafter the **Third Person Claim**"), Purchaser shall immediately notify Seller in writing hereof.
- a) Purchaser and/or Crown shall then within a reasonable period of time be entitled to request Seller to take over the defence against the Third Person Claim (hereinafter also the **Defence Request**). However, in any case, the Defence Request shall be made so promptly that the prospects for a successful defence are not jeopardised. If Purchaser does not timely inform Seller of the Third Person Claim, Seller may refuse the Defence Request if and to the extent that a successful defence is in fact jeopardised. Purchaser and/or Crown will compensate Seller for the Damage directly caused by the fact that information was not provided in time.
- b) Without undue delay upon the receipt of the Defence Request, Seller shall declare to Purchaser if, and to which extent, it is willing to take over and organise the defence against the Third Person Claim (hereinafter also the **Defence Notice**).
- c) To the extent Seller does not issue the Defence Notice in accordance with lit. b above, Purchaser shall then be entitled to take over and organise the defence against the Third Person Claim in its own discretion. Seller shall be bound by the outcome of such defence with regard to any Damage of

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Purchaser or WeBo Group resulting from the respective Third Person Claim.

- d) To the extent Seller does issue the Defence Notice in accordance with lit. b above, Seller shall be entitled to take over and organise the defence against the Third Person Claim in its own discretion. Purchaser shall, and shall cause WeBo Group to, give Seller the opportunity to effectively defend Purchaser or WeBo Group against the Third Person Claim. Purchaser shall, and shall cause WeBo Group to, cooperate with Seller in good faith, give access to Seller and its representatives, including, but not limited to, Seller's advisors, to all relevant corporate books and records and all other documents as well as Purchaser's and WeBo Group's board members, managing directors or other staff members. Seller shall be entitled to participate in and supervise any written or oral correspondence, negotiations or court or other hearings of any concern to the Third Person Claim and to retain legal, tax or other advisors for Purchaser or WeBo Group. Seller may request Purchaser or WeBo Group to settle the Third Person Claim or otherwise institute formal proceedings. In this regard, Purchaser shall, and shall cause WeBo Group to, follow any instructions by Seller. In no event are Purchaser or WeBo Group entitled to acknowledge or settle the Third Person Claim without the prior written consent of Seller. Purchaser shall instruct WeBo Group accordingly. In case Purchaser does not comply with its obligations under this lit. d, Purchaser forgoes any claims for Damages resulting from, or in connection with, the Third Person Claim, unless the legal position of Purchaser or WeBo Group has not been detrimentally affected by Purchaser's misconduct. Section 6 Item 7 (c) sentence 2 hereof shall apply accordingly.
8. Section 254 of the German Civil Code shall apply accordingly.
9. The contractual remedy as set forth in this Section 8 shall be the exclusive remedy available for Purchaser with respect to the breach of any guarantee pursuant to Section 6 hereof. Statutory rights Purchaser might otherwise have including, but not limited to, claims for specific performance (*Nacherfüllung*), rights of avoidance (*Anfechtungsrechte*), including the avoidance for lack of substantial qualities (*Fehlen verkehrswesentlicher Eigenschaften*), any rescission, termination or other adjustment rights, including such for lack of substantial elements (*Störung der Geschäftsgrundlage*) are explicitly excluded.

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10. Purchaser abandons and waives any known or unknown rights of any nature (contractual, quasi-contractual, tortious or other kind of rights and claims, including, but not limited to, statutory warranties, avoidance, termination and rescission rights) it might have out of, or in connection with, this Agreement in addition to the remedies set forth in this Section 8, unless they are specifically provided for in this Agreement.
11. The foregoing item 9 and item 10 shall not apply in case of wilful or grossly negligent misconduct of Seller.

Section 9

Tax Indemnification

1. Seller shall indemnify WeBo Group from all liabilities for taxes or ancillary contributions (*steuerliche Nebenleistungen*) within the meaning of Section 3 of the German General Tax Code (*Abgabenordnung*) or mandatory social security contributions (*Sozialversicherungsbeiträge*) levied upon WeBo Group on or after the Effective Date if, and to the extent that, such liability results from tax relevant facts that have occurred prior to the Effective Date (hereinafter also **Taxes**).
2. Any payment under Item 1 above shall become due within ten banking days upon presentation of a final binding fiscal determination (*endgültig bestands- kraftiger Festsetzungsbescheid*) or a comparable decision of the respective competent authority unless, however, payment of the respective liability has been deferred by the competent authority or the competent authority has suspended the enforcement (*Aussetzung der Vollziehung*) of such liability or Seller or WeBo Group have failed to correctly file an application for deferred payment or suspension of enforcement.
3. Seller shall not be liable towards Purchaser and/or Crown for the indemnification for any Taxes to the extent that Purchaser or WeBo Group obtain any advantages or benefits as a consequence of, or in connection with, the matter giving rise to the liability of Seller under this Section 9. Without limiting the generality of the forgoing, this shall apply to the extent that the respective Tax liability is deductible or allowable for tax purposes or with respect to any other tax benefit or advantage of Purchaser or WeBo Group resulting from, or in connection with, the matter giving rise to the Tax liability, irrespective of whether the tax benefit or advantage affects former, current or future tax periods. This is

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valid in particular with respect to, but not limited to, timing differences (*Phasen-verschiebungen*) which lead to tax reductions in subsequent years.

4. Furthermore, Seller shall not be liable towards Purchaser and/or Crown for any Taxes to the extent that
- a) such Taxes are levied upon Purchaser or WeBo Group as a consequence of, or in connection with, changes of, or amendments to, the applicable laws, ordinances, tax rates, administrative regulations, guidelines or practices or any other binding regulations coming into force after the Effective Date;
 - b) the matter giving rise to the Taxes occurs after the execution of this Agreement on request, or with the consent, of Purchaser;
 - c) Purchaser or WeBo Group have any claim for repayment or indemnification against a third person for the respective Tax;
 - d) the Taxes or the matter giving rise to the Taxes are reflected in the Financial Statement or the Effective Record Date Balance Sheet or the financial statements of the Subsidiaries for the fiscal year ending December 31, 2005, e.g. by provisions;
 - e) the Financial Statement or the Effective Record Date Balance Sheet or the financial statements of the Subsidiaries for the fiscal year ending December 31, 2005 contain provisions (*Rückstellungen*) which can be dissolved;
 - f) Seller or WeBo Group receive, prior to the date Seller acknowledges its liability under this Section 9 vis-a-vis Purchaser or Purchaser institutes judicial proceedings against Seller to recover, or receive indemnification for, the Taxes, payments in excess of the book value against accounts receivable that have been written down in the Financial Statement or the Effective Record Date Balance Sheet or the financial statements of the Subsidiaries for the fiscal year ending December 31, 2005;
 - g) the Taxes are assessed by the competent authority or otherwise paid by Seller or WeBo Group as a result of, or in connection with, a tax disadvantage (*steuerlicher Mehraufwand*) based upon the findings (*Feststellungen*) of the current or any future tax audit (*Betriebsprüfung*) affecting time periods ending on the Record Date to the extent that such

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- findings taken into account increase, or would increase, WeBo's Net Equity.
5. Purchaser shall pay to Seller any refunds Purchaser or WeBo Group receive on taxes or other contributions covered by Item 1 above if, and to the extent that, such refund results from tax relevant facts that have occurred prior to the Effective Date unless, however, such refund has been provided for in the Financial Statement or the Effective Record Date Balance Sheet or the financial statements of the Subsidiaries for the fiscal year ending December 31, 2005 Purchaser shall also pay to Seller an amount equal to any unused tax provision contained in the Financial Statement or the Effective Record Date Balance Sheet or the financial statements of the Subsidiaries for the fiscal year ending December 31, 2005 that may be dissolved in accordance with a binding finding of a competent fiscal or other authority.
 6. With respect to Seller's responsibility for taxes or other contributions covered by this Section 9 prior to the Effective Date, Purchaser shall, and shall cause WeBo Group to, prepare and file all tax returns required with regard to all time periods ending on, or prior to, the Effective Date. These tax returns shall be furnished to Seller not later than 30 banking days prior to the due date of the tax filing for review and approval by Seller. All notices, calculations, books and records necessary or useful in connection with these tax returns shall be made available to Seller. Notwithstanding the provisions contained in Item 8 below, Purchaser shall immediately keep Seller informed as to any issue relating to taxes or other contributions covered by this Section 9 which could reasonably have a bearing on Seller's obligations or liabilities under this Agreement. Seller shall bear its own costs triggered under this Item 6.
 7. Purchaser shall immediately inform Seller of any (intended) tax audit covering or affecting time periods ending on, or prior to the Effective Date, or affecting Seller's obligations or liabilities under this Section 9 and shall allow Seller and its advisors to participate in all correspondence and discussions with the fiscal authorities.
 8. In the event any dispute between the competent authorities and Purchaser or WeBo Group arises which could affect any obligation of Seller under this Section 9, the procedure set forth in Section 8.7 shall apply mutatis mutandis.
 9. If and to the extent to which existing tax loss carryforwards (corporation tax and trade tax) of WeBo, which were generated before Effective Date, can be used by

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WeBo (by offsetting future profits of WeBo against the tax loss carryforwards), the following shall apply:

Regarding the first 10 million Euro of the future tax benefit arising from the use of the tax loss carryforwards after Closing Date (hereinafter the **Future Benefit**) Purchaser shall pay to Seller 70% of the Future Benefit.

Regarding any additional Future Benefit exceeding the 10 million Euro threshold Purchaser shall pay to Seller 50% of the Future Benefit.

The payment of the Future Benefit shall become due within ten banking days upon presentation of a final fiscal binding tax assessment (*endgültig bestandskräftiger Steuerbescheid*), which constitutes the Future Benefit.

As far as the tax loss carryforwards of WeBo increase after Effective Date, it is assumed that first the tax loss carryforwards which are generated after Effective Date will be used by Webo.

10. Purchaser shall immediately inform Seller if and to the extent to which the existing tax loss carryforwards are used by WeBo. Additionally the tax advisors of Purchaser or WeBo shall annually give a report to Seller if and to the extent to which the tax loss carryforwards were used. Seller has the right to get this verified by a tax advisor of his choice. The tax advisor only informs Seller of the result of the research and has otherwise the duty to keep confidential the tax/economic situation of WeBo. Seller shall bear its own costs caused pursuant to this Item 10.
11. Claims of the Purchaser under this Section 9 shall become time barred upon expiration of a period of three months after the tax assessments (*Steuer- bescheide*) for the Relevant Assessment Period become final.

Section 10

Special Covenants and Indemnifications

1. Subject to Closing and with effect as of the Closing Date, Purchaser shall indemnify Seller from all obligations and liabilities towards WeBo Group or its creditors arising out of, or in connection with, the position of Seller as direct

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shareholder of WeBo or indirect shareholder of the Subsidiaries, including, but not limited to, obligations and liabilities of Seller arising out of, or in connection with, statutory, contractual, organisational or other rules concerning capital contribution or maintenance (*Kapitalaufbringung oder -erhaltung*) or assumption of co-liability of Seller for WeBo Group's liabilities, including, but not limited to, any comfort letters issued by Seller. However, Purchaser shall not be liable under this Item 1 towards Seller to the extent that the respective obligation or liability of Seller results from facts which give rise to a liability of Seller towards Purchaser under Section 6 in connection with Section 8 or under Section 9 hereof.

2. Seller shall indemnify WeBo from any claim for breach of representations and warranties as well as from any indemnification obligation arising out of the Former Divestments (as defined in Preamble, Item 3). In particular, Seller shall indemnify and hold WeBo harmless with regard to any obligations of WeBo resulting from the spin-off contract with Fortis (Asset Management) and Merck Finck (Private Banking), as listed in Annex 2 (d) of the Heads of Terms, attached hereto as

Exhibit 10.2

Seller hereby confirms that such listing is complete and accurate. After Closing Date, Purchaser shall, to the extent legally possible and in accordance with the requests of Seller, cause WeBo to take all reasonable steps aiming at the successful defence against any claim resulting from Former Divestments if Seller is prepared to reimburse WeBo any additional costs arising from such steps. Purchaser shall immediately inform Seller and, to the extent legally possible, cause WeBo to immediately inform Seller, in writing of any assertion or preparation or announcement of a possible assertion of a claim resulting from Former Divestments as well as any other event directly or indirectly connected with claims resulting from Former Divestment.

3. WeBo might be entitled to damages against certain former members of the managing board (*Vorstand*) of WeBo in connection with the product "cash- Premium". These claims are not activated in the books of WeBo Group, but might be recoverable due to a D&O liability insurance policy in place between Seller on the one hand and Bayerische Versicherungsbank AG and Allianz Versicherungs-AG (hereinafter together also **Allianz**) on the other hand (these potential claims hereinafter also the **D&O Claims**). Seller and Allianz are currently in dispute with regard to the applicability of the insurance coverage and the scope of the D&O Claims. Pursuant to the principles as set forth in

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Section 2.1a above, the D&O Claims may not be activated in the Preliminary, Reviewed or Effective Record Date Balance Sheet. As a consequence thereof, the D&O Claims will not be taken into account in the calculation of the Effective Purchase Price. Therefore, in case that Purchaser or WeBo Group are entitled to any amount actually paid out of, or in connection with, the D&O Claims, Seller shall be entitled to a payment in such amount from Purchaser or Crown (net of costs incurred by Purchaser or WeBo Group for the pursuit of the D&O Claims). After Closing Date, Purchaser or Crown shall, to the extent legally possible and in accordance with the requests of Seller, cause WeBo to take all reasonable steps aiming at the successful assertion of the D&O Claims, if Seller is prepared to reimburse WeBo for any additional costs arising from such steps. Purchaser or Crown shall immediately inform Seller and, to the extent legally possible, cause WeBo to immediately inform Seller, in writing of any payment out of, or in connection with, the D&O Claims as well as any other event directly or indirectly connected with the D&O Claims.

4. From the date hereof until Closing Date, Seller shall ensure, to the extent legally possible, that WeBo conducts its business in the ordinary course and consistent with past practice, if not amended due to the completion of the Former Divestments as well as establishing the WeBo Target State, unless otherwise contemplated in this Agreement or requested by, or in explicit consent with, Purchaser.
5. Purchaser is aware that WeBo's membership in the ATM network called Cash Group will terminate as of the Closing Date.
6. The Parties shall, and shall ensure that WeBo Group, use their best efforts that all documents and other instruments are executed and all actions are taken in a timely manner to allow the consummation of this Agreement and of the transactions contemplated herein and to give effect to the purposes of this Agreement.
7. If any change as to the statements made in Section 6 comes to the knowledge of Seller between Record Date and Closing Date, Seller shall inform Purchaser accordingly.
8. As a member of a consortium of banks, WeBo is affected by a litigation matter commenced by the Bundesanstalt für vereinigungsbedingte Sonderaufgaben (BvS) against the leader of the consortium. BvS claims damages for fraud and misrepresentation in an amount of EUR 24,000,000.00 in connection with the engagement Pilz. No provisions were made by WeBo with regard to this

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litigation matter or further claims resulting from the engagement Pilz. Seller agrees to indemnify and hold WeBo harmless with regard to any obligations of WeBo resulting from such litigation matter and any further potential claims of the guarantor (Bayerische Landesanstalt für Aufbaufinanzierung) including reasonable legal cost and expenses. Seller's obligation to indemnify WeBo from all such obligations of the engagement Pilz shall end six months after a binding judgement in the litigation matter BvS versus the leader of the consortium has been rendered. After Closing Date, Purchaser and Crown shall, to the extent legally possible and in accordance with the requests of the Seller, cause WeBo to take all reasonable steps aiming at a successful defence against such claims, if Seller is prepared to reimburse WeBo for any additional costs arising from such requests by Seller. Purchaser is aware that Seller is a member of the consortium of banks involved in such dispute and that WeBo has granted unrestricted and irrevocable power of attorney to Seller to enter into a settlement agreement with BvS and the guarantor with regard to the above-mentioned damage claims also on behalf of WeBo.

9. Seller also agrees to indemnify and hold WeBo harmless with regard to a potential claim of Deutsche Bank AG raised against WeBo in an amount of EUR 250,000.00, based on a guarantee allegedly issued by WeBo. No provisions were made by WeBo with regard to such guarantee. After Closing Date, Purchaser or Crown shall, to the extent legally possible, inform Seller of any ongoing development and, in accordance with the requests of Seller, cause WeBo to take all reasonable steps aiming at the successful defense of any related claim, if Seller is prepared to reimburse WeBo for any additional costs arising from such steps.
10. Seller agrees to indemnify and hold WeBo harmless with regard to all claims against WeBo resulting from the labour law dispute Stappert, requesting pension and bonus payments.
11. Seller agrees to indemnify and hold WeBo harmless with regard to all claims against WeBo raised by customers in connection with two real estate projects, BVT Eschborn and BVT Mainzer Landstraße, over and above the provisions made by WeBo in the Effective Record Date Balance Sheet (EUR 400,000.00 as of December 31, 2005). Purchaser shall cause WeBo to the extent legally possible to continue to mitigate this matter. As of July 31, 2007, any amounts remaining of the related provisions as shown in the Effective Record Date Balance Sheet made by WeBo shall be due to Seller. After Closing Date, Purchaser or Crown shall, to the extent legally possible, inform Seller of any ongoing development and, in accordance with the requests of Seller, cause

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WeBo to take all reasonable steps aiming at the successful defense of any related claim, if Seller is prepared to reimburse WeBo for any additional costs arising from such steps.

12. The Parties understand that, pursuant to para. 133 German Transformation Act, WeBo and Seller are jointly and severally liable for WeBo's obligations incurred before the date on which the spin-off takes effect. The Seller agrees to indemnify and hold harmless WeBo with regard to all assets and liabilities which were transferred to the Seller in accordance with the Spin-off Contract. Conversely, Purchaser shall cause WeBo to the extent legally possible to grant such indemnification towards Seller. Furthermore, Purchaser and Crown shall also indemnify and hold harmless the Seller with regard to those assets and liabilities which remain with WeBo.

Section 11
Real Estate

1. Dorion GmbH & Co. KG, München (hereinafter **Dorion**) is the owner of the real estate Huestraße 17-19 and 21-25 in 44787 Bochum (hereinafter **Real Estate Bochum**). Until July 19, 2006, WeBo was the lessee of the Real Estate Bochum. On that date WeBo, Dorion and Argentaurus Immobilien- Vermietungs- und Verwaltungs GmbH, München (hereinafter **Argentaurus**) entered into a three-party-agreement whereby the lease agreement between Dorion and WeBo was cancelled and a new lease agreement was concluded between Dorion and Argentaurus with legal effect as of July 1, 2006. In consideration thereof, WeBo paid to Argentaurus an amount of EUR 11,000,000.00. A copy of such three-party-agreement is attached hereto as

Exhibit II.1.a.

Furthermore, Argentaurus and WeBo entered into a sub-lease agreement with regard to the Bochum Real Estate which is attached hereto as

Exhibit II.1.b.

2. WeBo has leased the premises Benratherstraße 12 in Düsseldorf (hereinafter **Real Estate Düsseldorf**) from Acis Verwaltungsgesellschaft mbH & Co. Immobilienvermietungs KG (hereinafter **Acis**). On July 19, 2006, WeBo entered into a sub-lease agreement with Argentaurus relating to the Real Estate Düsseldorf with legal effect as of July 1, 2006. In consideration thereof, WeBo agreed to pay to Argentaurus an amount of EUR 8,300,000.00. Starting July 1,

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2006, Argentaurus shall make the payment of the rent directly to Acis, inter alia, in view of the assignment to Acis of the rental claims arising out of the sub-lease agreement pursuant to the lease agreement between Acis and WeBo. The sublease agreement is attached hereto as

Exhibit 11.2.

If the sub-lease agreement will not become effective, the Parties agree to achieve an economically comparable solution in particular taking into account Seller's interest in receiving the above mentioned amount of EUR 8,300,000.00. This shall, in particular, apply as regards the preemptive right (*Ankaufsrecht*) pursuant to the annex of Exhibit 11.2 to be transferred as a condition precedent to Argentaurus according to section 4.2 of the sub-lease agreement. However, Seller or, after Closing Date, Purchaser and Crown shall cause WeBo, to the extent legally possible, to use its best efforts to fulfill the pre-conditions pursuant to section 4 of the sublease agreement.

Seller will cause Argentaurus to deposit an amount of EUR 7,000,000.00 into an escrow account by July 31, 2007. Such escrow account shall be opened with Seller and shall secure by way of pledge (with the exception of interest due) Argentaurus' rental obligation vis-a-vis its sublessor WeBo due under the sublease agreement. Argentaurus shall be authorized to dispose on any funds deposited in such escrow account in accordance with a payment schedule to be agreed upon. Such payment schedule shall provide that the last rental payments being due under the sub-lease agreement with WeBo (calculated from the termination of the sublease agreement with WeBo backwards) can be made out of the escrow account. The Parties agree that any funds deposited in such escrow account shall be released if Acis agrees to transfer the main lease contract from WeBo to Argentaurus.

In the event that Argentaurus will not deposit EUR 7,000,000.00 into the escrow account by July 31, 2007, Seller agrees to take over the respective obligation of Argentaurus.

3. Seller irrevocably and unconditionally offers to WeBo to enter, or to cause a company affiliated with the Seller within the meaning of Section 16 German Stock Corporation Act to enter into a purchase and transfer agreement regarding WeBo's entire limited partner's interest in Nadinion GmbH & Co. KG (hereinafter **Nadinion**) in the nominal amount of EUR 25,000.00 (hereinafter the **Put-Option**). The Put-Option can be exercised by WeBo only after July 5,

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2009 and only for a subsequent period of six months by written notice to the Seller.

4. The purchase price for WeBo's entire limited partner's interest in Nadinion shall amount to its book-value as stated in the Effective Record Date Balance Sheet.
5. The Put-Option shall be subject to the following cumulative conditions:
 - a) Nadinion continues to hold a 94% limited partner's interest in Dorion in the amount of EUR 23,500.00.
 - b) Dorion continues to be the owner of the Real Estate Bochum.
 - c) Neither Nadinion nor Dorion operate beyond their current business activities. The Parties agree that no new investments shall be made and no new activities shall be entered into by Nadinion and/or Dorion or any subsidiary of these companies.

If changes in the current activities of Nadinion and/or Dorion appear to be necessary in order to avoid any disadvantages for such companies developing after signing of this agreement, the Parties will use their best efforts to come to a mutually beneficial solution reflecting the original intent of the Parties.

6. The Parties agree that a possible sale of the Bochum Real Estate can be effected by Dorion without having to request for consent of Dorion's shareholders meeting pursuant to Section 8 para. 4 of Dorion's articles of association. If, however, such consent turns out to be necessary in order to effect a sale, the Parties further agree that the Purchaser shall, to the extent legally possible, cause WeBo and Nadinion to support such sale without any restriction. Furthermore, Seller or one of its affiliated companies may also, at any time, negotiate on a possible sale of Dorion and/or Nadinion on behalf of the respective shareholder. Purchaser will, to the extent legally possible, cause WeBo, Nadinion and Dorion to support such sale without any restriction as well. If a sale regarding the Bochum Real Estate or Dorion can be effected, Purchaser is entitled to exercise the Put-Option as soon as the change of ownership regarding the Bochum Real Estate or the limited partner's interest in Dorion, respectively, is entered into the land register (Grundbuch). The Parties agree that Purchaser shall procure that neither WeBo nor any of the companies affiliated with WeBo shall effect a sale of the Bochum Real Estate, Nadinion and/or Dorion unilaterally without consent of the Seller.

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Section 12
Miscellaneous

1. All notices, requests and other communications hereunder shall be made in writing in the English language and delivered by hand, by courier or by telefax (provided that the telecopy is promptly confirmed in writing) to the person at the address set forth below, or such other address as may be designated by the respective Party to the other Party in the same manner:

to Seller: Bayerische Hypo- und Vereinsbank AG,
Attn.: Holger Frank, Abt. CFS 3,
Am Tucherpark 14
80538 Munich
Germany

with a copy to: Bayerische Hypo- und Vereinsbank AG,
Attn.: Dr. Daniel Walden, Abt. RET 3,
Prannerstraße 4
80333 Munich
Germany

to Purchaser Crown NorthCorp Inc.
Attn.: Ronald E. Roark
Crown House
Crown Street
Ipswich, Suffolk, IP1 3HS
United Kingdom

with a copy to: Crown NorthCorp Inc.
Attn.: Steve Brown
1251 Dublin Road
Columbus, Ohio 43215
U.S.A.

Dr. Werner Tetiwa
White & Case LLP
Bockenheimer Landstr. 20
60323 Frankfurt am Main
Germany

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2. No Party shall make any press release or similar public announcement with respect to this Agreement and shall keep confidential and not disclose to any third person the contents of this Agreement and any confidential information regarding the other Party disclosed to it in connection with this Agreement or its implementation, except as expressly agreed upon in writing with the other Party and except as may be required in order to comply with the requirements of any applicable laws, other rules and regulations of any stock exchange upon which the securities of one of the Parties or its respective parent companies are listed. However, in any case, the Parties shall not make any announcement without consulting the respective other Party in advance.
3. With respect to taxes, costs and other charges, the following shall apply:
 - a) All transfer taxes (including real estate transfer taxes), stamp duties, fees (including notarial fees, if any), registration duties or other charges in connection with any regulatory requirements (including merger control proceedings) and other charges and costs payable in connection with the execution of this Agreement and the implementation of the transactions contemplated herein shall be borne by Purchaser unless explicitly provided otherwise herein.
 - b) Each Party shall pay its own expenses, including the costs of its advisors, incurred in connection with this Agreement.
 - c) The costs of Seller's Auditor for work done in connection with Section 2 shall be borne by Seller.
4. This Agreement (including all Exhibits hereto) contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings with respect thereto, except for the confidentiality agreement dated January 21, 2005 / February 9, 2005 / July 31, 2006 and attached hereto as **Exhibit 12.4** which will remain in full force and effect.
5. Any provision of this Agreement (including this Section 11.5) may be amended or waived only if such amendment or waiver is (i) by written instrument executed by each Party and explicitly refers to this Agreement or (ii) by notarised deed if required by law.

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6. a) Except as expressly set forth in this Agreement, no Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other Party.
 - b) Crown herewith irrevocably assumes unconditional and unlimited liability for any and all obligations of the Purchaser arising out of or in connection with this Agreement.
7. Neither this Agreement nor any provision contained in this Agreement is intended to confer any rights or remedies upon any person or entity other than the Parties.
8. This Agreement shall be governed by, and construed in accordance with, the laws of Germany (excluding conflict of laws rules).
9. Any dispute arising out of, or in connection with, this Agreement or the validity hereof shall be exclusively settled in the courts of Munich.
10. Purchaser hereby appoints Dr. Werner Tetiwa, c/o White & Case LLP, Bockenheimer Landstraße 20, 60323 Frankfurt, Germany, as its agent for service of process (*Zustellungsbevollmächtigter*) for all legal proceedings including, but not limited to, any action for injunctive relief (*einstweiliger Rechtsschutz*) involving Purchaser arising out of or in connection with this Agreement. This appointment shall only terminate upon the appointment of another agent for service of process domiciled in Germany, provided that the agent for service of process is an lawyer admitted to the German Bar (*in Deutschland zugelassener Rechtsanwalt*) and this appointment has been notified to and approved in writing by Seller (which approval shall not be unreasonably withheld).
11. Terms to which a German translation has been added shall be interpreted as having the meaning assigned to them by the German translation.
12. The Exhibits to this Agreement are an integral part of this Agreement and any reference to this Agreement includes this Agreement and the Exhibits as a whole. The disclosure of any matter in this Agreement (including any Exhibit thereto) shall be deemed to be a disclosure for all purposes of this Agreement. The fact that the matter has been disclosed in an Exhibit shall not be used to construe the extent of the required disclosure (including any standard of materiality) pursuant to the relevant statement or other provisions of this Agreement.

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13. Should any provision of this Agreement, or any provision incorporated into this Agreement in the future, be or become invalid or unenforceable, the validity or enforceability of the other provisions of this Agreement shall not be affected thereby. The invalid or unenforceable provision shall be deemed to be substituted by a suitable and equitable provision which, to the extent legally permissible, comes as close as possible to the intent and purpose of the invalid or unenforceable provision. The same shall apply: (i) if the Parties have, unintentionally, failed to address a certain matter in this Agreement (*Regelungslücke*); in this case a suitable and equitable provision shall be deemed to have been agreed upon which comes as close as possible to what the Parties, in the light of the intent and purpose of this Agreement, would have agreed upon if they had considered the matter; or (ii) if any provision of this Agreement is invalid because of the scope of any time period or performance stipulated herein; in this case the time period or performance deemed to have been agreed upon is that which is legally permissible and comes as close as possible to the stipulated time period or performance.
14. Tax Elections. In the event Purchaser and its successors desire to make certain U.S. tax elections, the Seller agrees to provide, at the expense of Purchaser, all reasonable assistance and promises not to unreasonably withhold consents to such elections. Each request will be provided by Purchaser to Seller in writing, describing the requested assistance and consents needed by Purchaser to perfect the U.S. tax election. Such elections that may be required from time to time by Purchaser include (i) Deemed Asset Sale Elections pursuant to Section 338 of the U.S. Internal Revenue Code, as amended (**IRC**) and (ii) Changes in Entity Classifications pursuant to Section 7701 of the IRC. Until Closing Date, Seller also agrees, at the expense of Purchaser, to cause WeBo, to the extent legally possible, to perform all administrative requirements necessary for perfecting the elections, such as causing WeBo to apply for U.S. taxpayer identification numbers in cases of entity classification elections. Purchaser shall indemnify Seller for any direct Damage (except Damage from lack of authority of a person to sign an election on behalf of the Seller or other action on behalf of the Seller) resulting from Seller's compliance with Purchaser's request pursuant to this Item 14.
15. Without undue delay after the signing of this Agreement, Seller and WeBo shall enter into a service agreement according to which WeBo shall provide to Seller certain services to facilitate the safe conduct and integration of WeBo's corporate client business after its Spin-Off to Seller and the wind-down of

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certain banking activities previously carried out by WeBo (hereinafter the **Service Agreement**).

The Service Agreement shall in particular provide for the services described in

Exhibit 12.15

If further services turn out to be necessary or useful to Seller with regard to the continuation of the corporate client business or the wind-down of WeBo's former banking activities, the Parties shall cause WeBo, to the extent legally possible, to use its reasonable commercial efforts to provide such services.

The Parties agree that the services specified in Exhibit 12.15 have been taken into account when determining the Purchase Price (as defined in Section 3 of this Agreement) and, thus, shall be provided by WeBo free of charge with exception of the costs resulting from the archiving of electronic data pertaining to WeBo's corporate client business and WeBo's former banking activities and other services for which provisions in the Pro-Forma Balance Sheet (Schließungskosten IT) amounting to EUR 1,732,000.00 have been built up in accordance with Exhibit 2.1.a. The Parties agree that, due to such provisioning, Seller is not obliged to any further payment towards WeBo as regards the costs of the aforementioned archiving of electronic data.

In order to reach the WeBo Target State, Seller will, also after Closing, cause its subsidiary HVB Verwa 5 GmbH & Co. Restrukturierungs KG, to the extent legally possible, to assist WeBo, if requested by WeBo, to wind down its former banking-activities. Such services shall also be provided free of charge since they have been taken into account when determining the Purchase Price and the account and valuation principles as laid down in

Exhibit 2.1.a.

16. Crown and Purchaser undertake to ensure, to the extent legally possible, that WeBo meets its obligations pursuant to the non-compete clauses contained in the sale and purchase agreements relating to the sale of WeBo's asset management business and private client business dated September 2/8, 2005 and December 31/January 2, 2006.
17. Crown and Purchaser undertake to ensure to the extent legally possible that WeBo will not engage in those activities which were carved out from WeBo's business due to the Spin-Off Contract and particular in WeBo's previous

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business segment corporate clients if and when such activities would result in a direct or indirect competition with Seller.

Crown and Purchaser are aware that Seller operates a bank branch on the premises referred to above as the Real Estate Bochum.

/s/ Mssrs. Holger Frank and Daniel Walden

Munich, this July 31, 2006

Authorized Signatory for Seller
Mssrs. Holger Frank and Daniel Walden

/s/ Mr. Ronald E. Roark

Munich, this July 31, 2006

Authorized Signatory for Crown
Mr. Ronald E. Roark

/s/ Mr Ronald E. Roark

Munich, this July 31, 2006

Authorized Signatory for Purchaser
Mr Ronald E. Roark
and, additionally, Crown Westfalen LLC
which is represented by Mr. Ronald E.
Roark and Trust International Management
which is represented by Sylvia Bark and
Joep Hamers

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P4	Spin-off Contract
P7	List of Definitions
2.1.a	Preliminary Record Date Balance Sheet
3.2	Bankgarantie
4.3.a	Closing Conditions Statement
4.3.c	Transfer Agreement
6.1.d	Excerpts of the Commercial Register
6.1.f.1	List of Articles, Affiliation Agreements, Shareholders Resolutions
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6.1.g	List of General Powers of Attorney
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6.4.b	Security Interests
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- 6.15.d Term Sheet and List of NPL Servicing
- 8.6 Persons Having Best Knowledge (Purchaser's side)
- 10.2 List of Obligations of WeBo resulting from Spin-off Contracts
- 11.1.a Three Party Agreement
- 11.1.b Sublease Agreement Bochum
- 11.2 Sublease Agreement Düsseldorf

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Exhibit	Content
12.4	Confidentiality Agreement
12.15	Term Sheet of General Service Agreement

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EXHIBIT D

TRANSLATION
REPORT

on the

Audit

of the

Record Date Balance Sheet as of 30 June 2006,

the Income Statement for the Period from 1 January to 30 June 2006

and Net Equity Calculation as of 30 June 2006

of

Westfalenbank Aktiengesellschaft

Bochum

(Free translation of the original German audit report)

BDO Deutsche Warentreuhand Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

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ABBREVIATIONS

AktG	Aktiengesetz (German Stock Corporation Act)
DBL	Defined Benefit Liability
DBO	Defined Benefit Obligation
EDP	Electronic Data Processing
HGB	Handelsgesetzbuch (German Commercial Code)
HVB	Bayerische Hypo- und Vereinsbank AG, Munich
Beteiligungs KG or KG 1	HVB Verwa 5 GmbH & Co. Beteiligungs KG, Bochum
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf / German Institute of Certified Public Accountants
MBS	Modulare Bankensystem der ALLDATA Systems GmbH
NPL	Non Performing Loan
PS	Prüfungsstandard (AS Auditing Standard)
Restrukturierungs KG or KG 2	HVB Verwa 5 GmbH & Co. Restrukturierung KG, Bochum
SPA	Share Purchase and Transfer Agreement
UmwG	Umwandlungsgesetz (Conversion Law)

I. TERMS OF THE ENGAGEMENT

In a letter dated 1 August 2006, Bayerische Hypo- und Vereinsbank AG, Munich (hereinafter also referred to as HVB), engaged us to conduct an audit at

**Westfalenbank Aktiengesellschaft,
Bochum**

(hereinafter Westfalenbank AG , WeBo or the Bank)

of the record date balance sheet as of 30 June 2006, in consideration of the account and valuation principles as laid down in the Share Purchase and Transfer Agreement dated 31 July 2006 (hereinafter also referred to as SPA) concerning all shares of stock of Westfalenbank AG, and to issue a certificate on the results of our audit procedures.

In accordance with our engagement, our audit procedures covered the following areas:

- Audit of the record date balance sheet as of 30 June 2006 and the income statement from 1 January 2006 to 30 June 2006 in conformity with German commercial accounting provisions, and in compliance with the account and valuation principles as laid down in the SPA

- Computational review of the net equity calculation as of 30 June 2006.

We performed the audit during August and September 2006 at the Bank s business premises in Bochum. We finalised the audit work at our offices.

We prepared this Report in analogy to generally accepted reporting principles (IDW PS 450 (*Grundsätze ordnungsmäBiger Berichterstattung*) defined by the German Institute of Certified Public Accountants (*Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf*).

The performance of the engagement and our responsibilities including those to third parties are governed by the General Terms of Engagement for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften in the version of 1 January 2002, and our Special Terms governing the increase in liability that are attached to this Report as Appendix VII. The increase in liability does not apply where the performance of a professional service, particularly in the case of a required statutory audit, is subject to a lower liability amount, which is prescribed by law. In this case, the legal liability limit must be retained.

II. PRESENTATION OF THE TRANSACTION AND LEGAL BASIS

Based on the Share Purchase and Transfer Agreement dated 31 July 2006 between HVB as Seller and Sabrosa Holding B.V., Amsterdam, as Purchaser, all shares of the Bank's stock were sold effective as of 1 July 2006. Prior to the sale of the Bank's shares of stock, a spin-off of the corporate customer business and other assets and liabilities to HVB Verwa 5 GmbH & Co. Beteiligungs KG, Bochum (hereinafter referred to as Beteiligungs KG or KG 1) and HVB Verwa 5 GmbH & Co. Restrukturierung KG, Bochum (hereinafter referred to as Restrukturierung KG or KG 2) was conducted pursuant to Section 123 (2) No. 1 UmwG.

Therefore, a notarized spin-off and takeover agreement was concluded on 21 June 2006 between Westfalenbank AG as the transferor company and Beteiligungs KG and Restrukturierung KG as the transferee companies. The Agreement was approved by the Bank's Extraordinary Shareholders Meeting held on the same day.

Internally, the spin-off between the Bank and Beteiligungs KG and Restrukturierung KG was carried out effective as of 1 January 2006. Prior to 1 January 2006, dealings and transactions are considered as being performed for the account of the transferee companies.

The spin-off proceeded on the basis of the balance sheet of Westfalenbank AG as of 31 December 2005 as the closing balance sheet within the meaning of Section 135, 125 Sentence 1, 17 (2) UmwG, which was provided with an unqualified audit opinion.

The asset transfer was executed at the book values reported in the closing balance sheet in consideration of all disposals, additions, or other changes recorded until the execution date (= date when the spin-off was entered in the Commercial Register); the surrogates appeared in place of asset changes.

The spin-off and the reduction in the Bank's capital stock to EUR 20,000,000.00 were entered in the Commercial Register on 3 July 2006.

Within the scope of the transaction, the contracting parties to the SPA agreed that an interim balance sheet would be prepared and audited as a record date balance sheet as of 30 June 2006. The record date balance sheet is oriented towards the pro forma balance sheet attached to the contractual documentation.

The record date balance sheet as of 30 June 2006 is used for the calculation of the net equity of Westfalenbank AG, which is to be transferred to the Purchaser with economic effect as of midnight, 30 June 2006/1 July 2006 (00:00). The interim balance sheet is to be prepared in variance from the German commercial accounting requirements and generally accepted accounting principles with respect to a number of specified items; the individual regulations agreed in Exhibit 2.1a are presented below in Report Section IV: Findings and Explanatory Comments on the Record Date Balance Sheet and Net Equity Calculation.

III. OBJECT, TYPE AND SCOPE OF THE ENGAGEMENT

The object of our audit procedures were the record date balance sheet of Westfalenbank AG as of 30 June 2006, the income statement for the period from 1 January 2006 to 30 June 2006, and the calculation of net equity capital as of 30 June 2006.

The Bank's Management is responsible for the information provided to us. Our responsibility is to evaluate these documents and the information provided within the framework of our engagement.

Our audit procedures were planned and performed with due professional care in order to ensure that inaccuracies which could have a significant effect on the record data balance sheet presentation would be detected with reasonable assurance.

The audit was carried out on the basis of sampling procedures; the samples were selected in accordance with standards usual for the profession. In addition, compliance with the provisions contained in Exhibit 2.1a of the SPA was observed.

The scope of our engagement did not include an audit of the recoverability of loans to customers to the extent that the loans were in existence as of 31 December 2005 and were allocated to the non-performing loan portfolio. In this respect, Exhibit 2.1a of the Share Purchase and Transfer Agreement stipulates special provisions; please refer to Section IV.1 of our Report.

With respect to the valuation of pension commitments and the payment of long service awards, we made use of the results of the actuarial estimate of the management consulting firm Unternehmensberatung für Versorgung & Vergütung Dr. Dr. Heissmann GmbH, Wiesbaden.

The Management of Westfalenbank AG provided us with all clarifications and documentary evidence requested by us, and confirmed their completeness in a letter of representation dated 25 September 2006.

IV. FINDINGS AND EXPLANATORY COMMENTS ON THE RECORD DATE BALANCE SHEET AND NET EQUITY CALCULATION

1. Record Date Balance Sheet as of 30 June 2006

In accordance with the Share Purchase and Transfer Agreement concluded between HVB and Sabrosa Holding B.V. on 31 July 2006 concerning the purchase of the Bank's entire stock, an interim balance sheet as of 30 June 2006 is to be prepared as a record date balance sheet, which is to be used for the calculation of net equity.

In variance from the requirements defined in the German Commercial Code (HGB) with respect to annual financial statement and generally accepted accounting principles, the following regulations were agreed in Exhibit 2.1a of the Share Purchase and Transfer Agreement for the record date balance sheet as of 30 June 2006 and the income statement for the period from 1 January 2006 to 30 June 2006:

- a) Personnel expenses and operating expenditure including depreciation are allocated to the purchasing legal entity within the scope of the spin-off, HVB Verwa 5 GmbH & Co. Beteiligungs KG on the one hand, and Westfalenbank, on the other hand, in accordance with the percentage-based share in gross revenue.
 - b) Payroll expenses concerning the employees being transferred to HVB Verwa 5 GmbH & Co. Restrukturierung KG are accrued up to the respective termination of the employment relationship, regardless of whether the employees have already been made redundant or not.
 - c) Pension provisions for retired employees and departed employees with vested pension claims, required within the framework of the transfer of operations and employment relationships to HVB Verwa 5 GmbH & Co. Beteiligungs KG and HVB Verwa 5 GmbH & Co. Restrukturierung KG are measured at the DBL values according to IFRS; the provisions for employees remaining with the Bank are measured at the respective DBO values according to IFRS.
 - d) An amount of EUR 1,732,000.00 is accrued to account for closure and restructuring costs.
-

- e) Provisions or other liabilities are recorded to account for subsequent costs at amounts that cover future expenses originating in the first half of 2006. The pro-forma balance sheet originally provides for EUR 350,000.00 in this respect. The amount actually required is to be audited by BDO as contractual auditor within the customary scope.
- f) IT closure costs paid in the first half of 2006 and which relate to the entire financial year are not accounted for on an accrual basis as of 30 June 2006.
- g) The NPL portfolio is taken over with economic effect as of 31 December 2005/1 January 2006 in variance from the 30 June 2006 cut off date; consequently, the opportunities and risks realized in the interim period are not to be recognised in the income statement from 1 January 2006 to 30 June 2006, but rather are charged to the Buyer. Thus, the NPL portfolio is not to be revalued as of 30 June 2006. However, if a difference between the book value of the NPL portfolio as of 31 December 2005/1 January 2006 and 30 June 2006 should arise, it is to be taken into account as a reconciliation adjustment and net equity is to be adjusted accordingly, provided the difference was booked in the first half of 2006 with an effect on the income statement. An exception to the aforementioned provision is made for those loans that were classified as non-performing after 1 January 2006. To this extent it should be examined whether the book values of these loans were recorded in conformity with the previous risk valuation principles and accepted valuation practices of the Bank.
- h) Other matters that may arise from the audit are to be taken into account after consultation with the parties. Moreover, the income statement classification according to Exhibit P of the Share Purchase and Transfer Agreement is to be in a format which varies from the German Commercial Code requirements.

Our comments on the aforementioned regulations are as follows:

Re a)

Personnel expenses and operating expenditure including depreciation were allocated in accordance with the respective percentage-based shares in gross revenue.

The allocation of gross revenue to KG 1 and the Bank was in accordance with the allocation schema of Estimated Result Web0 01.01. 30.06.2006 for the pro forma balance sheet in accordance with Exhibit P 3 of the Share Purchase and Transfer Agreement.

The Bank's income statement for the period from 1 January 2006 to 30 June 2006 is attached to this Report as Appendix II.

The net income was determined in accordance with the calculation scheme of Estimated Result Webo 01.01.30.06.2006 for the pro forma balance sheet in accordance with Exhibit P 3 of the Share Purchase and Transfer Agreement.

Re e)

Provisions for subsequent costs were not recorded. Instead, the prepaid expenses account was subject to a lump sum reduction of TEUR 350, which is equal to the amount originally planned for the accrual in the pro forma balance sheet in Exhibit P 3 of the Share Purchase and Transfer Agreement.

A lump sum reduction was recorded since the prepaid expenses account includes expenses, which, in economic terms, represent subsequent costs.

The Bank recorded this lump sum reduction of prepaid expenses in coordination with HVB. To this extent, we did not review the adequacy of the reduction.

Re g)

The Bank recorded new individual provisions for bad debt in the first half of 2006, to the extent the relevant loans were newly allocated to the non performing loan portfolio.

This item related to an addition to individual provisions for bad debt in the amount of TEUR 129.

The individual borrowers are listed in Appendix VI.

We established that the new individual provisions for bad debt were valued in accordance with previous risk valuation principles and in conformity with the Bank's established valuation practice.

Re b) to d) and f)

The Bank observed the relevant regulations when preparing the record date balance sheet.

Re h)

Within the framework of our audit, we did not establish the existence of any significant reportable conditions.

2. Net Equity Calculation as of 30 June 2006

The Bank's calculation of net equity as of 30 June 2006 is attached to this Report as Appendix III.

The income statement for the period from 1 January 2006 to 30 June 2006 is based on allocation agreements which follow the calculation schema of Estimated Result Webo 01.01. 30.06.2006 concerning the pro forma balance sheet in Exhibit P 3, pursuant to the Share Purchase and Transfer Agreement For further details, please refer to Appendix II. Our findings indicated that the net equity as of 30 June 2006 was calculated appropriately in accordance with the specific allocation agreements for determination of the net loss for the year which are presented in Appendix II.

V. SUMMARY CONCLUSION AND COPY OF THE CERTIFICATE

The record date balance sheet as of 30 June 2006 in the version attached in Appendix I was prepared in compliance with the special regulations of Exhibit 2.1a of the Share Purchase and Transfer Agreement of 31 July 2006 concerning the entire shares of stock of Westfalenbank AG, and the regulations defined in the German Commercial Code and generally accepted accounting principles.

The assets and liabilities reported in the record date balance sheet as of 30 June 2006 were appropriately evidenced. The net equity as of 30 June 2006 amounts to EUR 22,000,000.00 according to the calculation provided in Appendix III.

The conclusive findings of our audit procedures indicate that the record date balance sheet, the income statement and the net equity calculation do not present any grounds for objections.

We provided the record date balance sheet as of 30 June 2006, the income statement for the period from 1 January 2006 to 30 June 2006 and the net equity calculation of **Westfalenbank Aktiengesellschaft, Bochum**, attached to this Report as Appendix I (Record Date Balance Sheet), Appendix II (Income Statement) and Appendix III (Net Equity Calculation) with the following certificate signed on 28 September 2006 in Frankfurt am Main, and attached to this Report as Appendix IV:

To Bayerische Hypo- und Vereinsbank AG, Munich

We audited the Record Date Balance Sheet as of 30 June 2006, the Income Statement for the period from 1 January to 30 June 2006 and the Net Equity Calculation as of 30 June 2006 of Westfalenbank Aktiengesellschaft, Bochum. The preparation of the record date balance sheet, the income statement and the net equity calculation in accordance with the accounting regulations defined in the German Commercial Code and the variant regulations of the Share Purchase and Transfer Agreement of 31 July 2006 concluded between Bayerische Hypo- und Vereinsbank AG, Munich, and Sabrosa Holding B.V., Amsterdam, is the responsibility of the Management of Westfalenbank Aktiengesellschaft, Bochum.

The Share Purchase and Transfer Agreement of 31 July 2006, Exhibit 2.1a, contains the following regulations, which are in variance from the regulations of the German Commercial Code governing annual financial statements and generally accepted accounting principles:

- a) Personnel expenses and operating expenditure including depreciation are to be allocated between the acquiring entity within the scope of the spin off of HVB Verwa 5 GmbH & Co. Beteiligungs KG, on the one hand, and Westfalenbank AG, on the other hand, in accordance with the respective percentage-based share in gross revenue.
 - b) Payroll expenses concerning the employees being transferred to HVB Verwa 5 GmbH & Co. Restrukturierung KG are to be accrued up to the respective termination of the employment relationship independently of whether the the employees have already been made redundant or not.
-

- c) Pension provisions for retired employees and departed employees with vested pension claims, required within the framework of the transfer of operations and employment relationships to HVB Verwa 5 GmbH & Co. Beteiligungs KG and HVB Verwa 5 GmbH & Co. Restrukturierung KG are measured at the DBL values according to IFRS; the provisions for employees remaining with the Bank are measured at the respective DBO values according to IFRS.
- d) An amount of EUR 1,732,000.00 was accrued to account for closure and restructuring costs.
- e) Provisions and other liabilities are to be recorded to account for subsequent costs at amounts which cover future expenses originating in the first half of 2006. The pro forma balance sheet originally provides for an amount of TEUR 350 regarding these expenses.
- f) IT closure costs paid in the first half of 2006 and which relate to the entire financial year are not accounted for through an appropriate period adjustment as of 30 June 2006.
- g) The NPL portfolio as of 31 December 2005 is accounted for in variance from the treatment as of 30 June 2006 at the book values as of 31 December 2005/1 January 2006 in consideration of the changes in amounts resulting from out-payments and return payments; therefore, the opportunities and risks realised in the interim period are not to be recognised in the income statement from 1 January to 30 June 2006.
- h) Other conditions that may arise from the audit are to be taken into consideration after consultation with the parties.

Moreover, the income statement classification according to Exhibit P 3 of the Share Purchase and Transfer Agreement is to be in a format that varies from the German commercial regulations.

Our responsibility is to issue a certificate on the record date balance sheet, the income statement and the net equity calculation based on our audit procedures which have been conducted with due professional care.

We performed the audit procedures in observance of professional auditing standards. Those standards require that the audit is planned and performed to provide reasonable assurance that inaccuracies which may have a significant effect on the presentation of the record date balance sheet, income statement and net equity calculation can be detected.

On the basis of our audit procedures we did not become aware of any conditions which would lead us to assume that the record date balance sheet, the income statement and the net equity calculation were not prepared in conformity with the regulations of the German Commercial Code and generally accepted accounting principles, as well as the deviating regulations of the Share Purchase and Transfer Agreement.

In addition, it should be noted that, in coordination with Bayerische Hypo- und Vereinsbank AG, Munich, and in observance of Exhibit 2.1a e) of the Share Purchase and Transfer Agreement, subsequent costs to the amount of TEUR 350 had already been paid in the first half of 2006 and therefore were deducted from the prepaid expense account.

Frankfurt am Main, 28 September 2006

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

signed by Knackstedt
Wirtschaftsprüfer

signed by ppa. Liebermann
Wirtschaftsprüfer

APPENDICES

Westfalenbank Aktiengesellschaft, Bochum
Record Date Balance Sheet as of 30 June 2006

	EUR	EUR
ASSETS		
1. Cash reserve		
a) Cash in hand	3,300.18	
b) Central bank balances	10,881,599.01	10,884,899.19
2. Due from banks		
a) payable on demand		35,319,354.84
3. Loans to customers		15,205,133.13
4. Investments in associates		25,000.00
5. Shares in affiliated companies		3,358,430.20
6. Trust assets		10,829,080.54
7. Intangible assets		430,347.97
8. Property, plant and equipment		1,215,331.94
9. Other assets		10,639,690.29
10. Prepaid expenses		197,069.91
		88,104,338.01
LIABILITIES AND SHAREHOLDERS EQUITY		
1. Due to banks		
a) payable on demand	3,450,970.95	
b) With an agreed maturity or withdrawal notice	330,261.33	3,781,232.28
2. Due to customers		29,822,639.02
3. Trust liabilities		10,829,080.54
4. Other liabilities		3,643,161.63
5. Deferred income		1,957.59

6. Provisions		
a) Provisions for pensions and similar obligations	630,634.00	
b) Other provisions	15,395,632.95	16,026,266.95
7. Subordinated debt		
		2,000,000.00
8. Shareholders' Equity		
a) Capital stock	20,000,000.00	
b) Capital reserve	11,304,811.97	
c) Net loss for the period	-9,304,811.97	22,000,000.00
		88,104,338.01
Bochum, 25 September 2006	Contingent liabilities	902,039.36
signed by Dr. Christian von Villiez Westfalenbank Aktiengesellschaft	signed by Dr. Joachim Paulus	

Appendix II

Westfalenbank Aktiengesellschaft, Bochum
Income Statement for the Period from 1 January to 30 June 2006
Taking into Account the Allocation Provisions pursuant to
Exhibit P 3 of the Share Purchase and Transfer Agreement of 31 July 2006

	EUR
Net income from financial transactions	426,902.24
Sub-total gross income before allocations	426,902.24
Allocations	
Interest expense promissory notes	-718,650.87
Income CPPI funds	1,349,740.66
Income sale liquidity reserve	251,629.49
Expenses sale securities portfolio	-251,298.54
Gross income after allocations	1,058,322.98
Personnel expenses	-870,169.63
Administration expenses including depreciation/amortisation	-717,369.61
Income sale Private Banking segment	3,982,924.48
Management fee to Fortis due to premature termination	-65,000.00
Derecognition receivable interest claim from HVB (50%)	-240,000.00
Income from sale real estate Konigslutter	10,427.51
Income from sale real estate Berlin	91,690.79
Income from ordinary activities	3,250,826.52
Extraordinary result associated with restructuring	
Extraordinary income	
Release of the accrual Focusing corporate customer bank	921,620.32
Release of accrual employee profit sharing bonuses	841,965.05
Release of pension accrual	284,004.00
	2,047,589.37
Extraordinary expenses	
Personnel measures / reduction	8,411,227.86
Operating expenditure redimensioning KG 2	360,000.00
Outplacement consulting	100,000.00
Addition to accrual IT reduction (redimensioning)	1,732,000.00
Compensation payment cancellation rental agreement Düsseldorf	2,000,000.00
Addition to accrual rental agreement Bochum, Huestrabe	2,000,000.00

	14,603,227.86
Extraordinary result	-12,555,638.49
Net loss for the period	-9,304,811.97

Westfalenbank Aktiengesellschaft, Bochum
Net Equity Calculation as of 30 June 2006

	31/12/2005	Assets reduction from spin-off	30/06/2006
Shareholders Equity	EUR	EUR	EUR
a. Capital stock	50,514,282.00	30,514,282.00	20,000,000.00
b. Capital reserve	21,262,529.97	9,957,718.00	11,304,811.97
c. Net loss for the period 1.1. -30.06.06			-9,304,811.97
Net equity	71,776,811.97	40,472,000.00	22,000,000.00
Bochum, 25 September 2006			

signed by Dr. Christian von Villiez
 Westfalenbank Aktiengesellschaft

signed by Dr. Joachim Paulus

Certificate

To Bayerische Hypo- und Vereinsbank AG, Munich

We audited the Record Date Balance Sheet as of 30 June 2006, the Income Statement for the period from 1 January to 30 June 2006 and the Net Equity Calculation as of 30 June 2006 of Westfalenbank Aktiengesellschaft, Bochum. The preparation of the record date balance sheet, the income statement and the net equity calculation in accordance with the accounting regulations defined in the German Commercial Code and the variant regulations of the Share Purchase and Transfer Agreement of 31 July 2006 concluded between Bayerische Hypo- und Vereinsbank AG, Munich, and Sabrosa Holding B.V., Amsterdam, is the responsibility of the Management of Westfalenbank Aktiengesellschaft, Bochum.

The Share Purchase and Transfer Agreement of 31 July 2006, Exhibit 2.1a, contains the following regulations, which are in variance from the regulations of the German Commercial Code governing annual financial statements and generally accepted accounting principles:

- a) Personnel expenses and operating expenditure including depreciation are to be allocated between the acquiring entity within the scope of the spin off of HVB Verwa 5 GmbH & Co. Beteiligungs KG, on the one hand, and Westfalenbank AG, on the other hand, in accordance with the respective percentage-based share in gross revenue.
- b) Payroll expenses concerning the employees being transferred to HVB Verwa 5 GmbH & Co. Restrukturierung KG are to be accrued up to the respective termination of the employment relationship independently of whether the employees have already been made redundant or not.
- c) Pension provisions for retired employees and departed employees with vested pension claims, required within the framework of the transfer of operations and employment relationships to HVB Verwa 5 GmbH & Co, Beteiligungs KG and HVB Verwa 5 GmbH & Co. Restrukturierung KG are measured at the DBL values according to IFRS; the provisions for employees remaining with the Bank are measured at the respective DBO values according to IFRS.
- d) An amount of EUR 1,732,000.00 was accrued to account for closure and restructuring costs.
- e) Provisions and other liabilities are to be recorded to account for subsequent costs at amounts which cover future expenses originating in the first half of 2006. The pro forma balance sheet originally provides for an amount of TEUR 350 regarding these expenses.
- f) IT closure costs paid in the first half of 2006 and which relate to the entire financial year are not accounted for through an appropriate period adjustment as of 30 June 2006.
- g) The NPL portfolio as of 31 December 2005 is accounted for in variance from the treatment as of 30 June 2006 at the book values as of 31 December 2005/1 January 2006 in consideration of the changes in amounts resulting from out-payments and return payments; therefore, the opportunities and risks realised in the interim period are not to be recognised in the income statement from 1 January to 30 June 2006.
- h) Other conditions that may arise from the audit are to be taken into consideration after consultation with the parties.

Moreover, the income statement classification according to Exhibit P 3 of the Share Purchase and Transfer Agreement is to be in a format that varies from the German commercial regulations.

Our responsibility is to issue a certificate on the record date balance sheet, the income statement and the net equity calculation based on our audit procedures which have been conducted with due professional care.

Appendix IV

Page 2

We performed the audit procedures in observance of professional auditing standards. Those standards require that the audit is planned and performed to provide reasonable assurance that inaccuracies which may have a significant effect on the presentation of the record date balance sheet, income statement and net equity calculation can be detected.

On the basis of our audit procedures we did not become aware of any conditions which would lead us to assume that the record date balance sheet, the income statement and the net equity calculation were not prepared in conformity with the regulations of the German Commercial Code and generally accepted accounting principles, as well as the deviating regulations of the Share Purchase and Transfer Agreement.

In addition, it should be noted that, in coordination with Bayerische Hypo- und Vereinsbank AG, Munich, and in observance of Exhibit 2.1a e) of the Share Purchase and Transfer Agreement, subsequent costs to the amount of TEUR 350 had already been paid in the first half of 2006 and therefore were deducted from the prepaid expense account.

Frankfurt am Main, 28 September 2006

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

signed by Knackstedt
Wirtschaftsprüfer

signed by ppa. Liebermann
Wirtschaftsprüfer

Westfalenbank Aktiengesellschaft, Bochum
Classification and Explanation of All
Record Date Balance Sheet Items as of 30 June 2006

ASSETS**1. Cash Reserve**

30.06.2006
 EUR
 10,884,899.19

Structure:

a) Cash in Hand

EUR

3,300.18

b) Central Bank Balances

10,881,599.01

thereof: at Deutsche Bundesbank

EUR 10,881,599.01

10,884,899.19

2. Due from Banks

30.06.2006

EUR

a) payable on demand

35,319,354.84

The due from banks balance includes an amount of TEUR 34,000 relating to HVB, and TEUR 1,319 of receivables from other banks at less than TEUR 500 in each case.

Individual or general provisions for bad debt as well as country risk provisions for receivables from banks do not exist.

3. Loans to Customers

30.06.2006

EUR

15,205,133.13

For details concerning the structure of loans to customers as of 30 June 2006, please refer to the separate presentation in Appendix VI of this Report.

In accordance with the provisions agreed between the contracting parties in Exhibit 2.1a of the Share Purchase and Transfer Agreement, the valuation of loans allocated to the non performing loan portfolio was based on the valuation as of 31 December 2005, which varies from the reporting date principle defined by the German Commercial Code. Additions to individual provisions for bad debt relate exclusively to loans for which a risk provision was recorded for the first time and which had not yet been allocated to the non performing loan portfolio as of 31 December 2005. According to our audit findings, the newly recorded provisions for bad debt were recorded at adequate amounts.

The provisions for bad debt developed as follows during the reporting year:

	Individual provisions TEUR	General provisions TEUR	Country risk provisions TEUR
Balance at 1 January 2006	95,599	5,550	643
Disposal from Spin-off	6,610	5,550	408
Utilisation	2,006	0	0
Release	684	0	235
Addition from reclassification accrual	37	0	0
Additions	129	0	0
Balance at 30 June 2006	86,465	0	0

For details on individual borrowers, please refer to Appendix VI.

Receivables from affiliated companies amounted to TEUR 823 as of 30 June 2006.

4. Investments in Associates

30.06.2006
EUR
25,000.00

This item relates to a limited partner's share in Nadinion Objekt Huestrabe GmbH & Co. KG, Munich.

The Bank participates in the company as its sole limited partner with a limited partner's share of TEUR 25.

The land and buildings in Bochum serving business operations were sold to Nadinion Objekt Huestrasse GmbH & Co. KG, Munich, on the basis of a notarised agreement dated 29 May 2002.

In 2005, the land was sold to Dorion GmbH & Co KG, Munich, in which Nadinion Objekt Huestrasse GmbH & Co. KG holds a 94% stake.

5. Shares in Affiliated Companies30.06.2006
EUR
3,358,430.20

Thereof:
in financial services institutions EUR 1,028,912.88

Structure:

	Nominal value TEUR	As a % of total nominal capital %	Balance at 30.06.2006 TEUR
a) In finance companies			
Westfalen Kapitalverwaltungs- gesellschaft mbH i. L. Bochum	511	100.0	511
b) In other companies			
Gesellschaft für Grundbesitz mbH i. L., Bochum	767	100,0	767
BAK Verwaltungsgesellschaft mbH i. L., Bochum	26	100.0	26
Westfalen Credit Services Gesellschaft mbH, Bochum	1,026	100.0	1,026
c) In financial services institutions			
Westfalen Corporate Finance GmbH i. L., Bochum	1,025	100.0	1,029
			3,358

With the exception of Westfalen Credit Services Gesellschaft mbH, the companies are in liquidation; the entries in the Commercial Register and publications in the electronic Federal Gazette have been made. The one-year waiting period pursuant to Section 73 GmbHG required for the distribution of the companies' assets to the Bank ends respectively in March 2007.

6. Trust Assets30.06.2006
EUR
10,829,080.54

Thereof:
trust loans EUR 10,824,080.54

An Agency and Trust Agreement was concluded with Credit Suisse First Boston International, London, (CSFB) on 23/24 November 2005 governing the management of receivables from non-bank customers. An amended version of the agreement was concluded on 30 December 2005. CSFB purchased a loan portfolio from a savings bank in the second half of 2005.

Since CSFB did not want to maintain direct business relationships with some of the customers, this activity was carried out by Westfalenbank by means of the trust agreement. According to the provisions of the trust agreement, Westfalenbank is responsible for account maintenance and loan extension by way of trust and in such a manner that the Bank has rights and duties vis-a-vis the customers externally, but acts for the account of CSFB internally.

All customer default risks arising from the trust loans are borne by CSFB.

In addition, the Bank continues to hold a trust participation of TEUR 5 in the capital stock of Parkhotel GmbH, Düsseldorf, which is held for the account of Industrie-Club e.V., Düsseldorf.

7. Intangible Assets

					30.06.2006
					EUR
					430,347.97
	1.12006	Additions	Disposal	Depreciation	30.06.2006
	TEUR	TEUR	TEUR	TEUR	TEUR
Computer software	1,104	52	0	726	430

Depreciation is based on average useful lives of 3-5 years.

The depreciation was calculated pro-rata for six months.

The depreciation to the amount of TEUR 726 is comprised of scheduled write downs of TEUR 687 and unscheduled write downs in the amount of TEUR 39. The unscheduled write downs relate to user software in the Asset Management area which is no longer required after the sale of the business unit.

8. Property, Plant and Equipment

	30.06.2006
	EUR
	1,215,331.94
Property, plant and equipment includes:	
	EUR
Land and Buildings	413,789.52
Business and Office Equipment	801,542.42
	1,215,331.94

The book values developed as follows:

	1.1.2006	Additions	Disposals	Depreciation	30.06.2006
	TEUR	TEUR	TEUR	TEUR	TEUR
Land and buildings					
- Land	1,356	0	942	0	414
- Buildings	668	0	646	22	0
	2,024	0	1,588	22	414
Operating and Office Equipment					
- Office equipment	628	2	2	72	556
- Car pool	26	0	0	7	19
- Computer hardware, PCs	316	17	2	105	226

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- Equipment Düsseldorf branch	12	0	0	12	0
	982	19	4	196	801
	3,006	19	1,592	218	1,215

Re: Land and Buildings

This item includes a piece of land from the bail-out purchase.

In connection with the former loan commitment and the realisation of the land, the Bank received an advance payment to the amount of TEUR 260, which is shown under Other Liabilities.

With respect to the result from the realisation of the land, the Share Purchase and Transfer Agreement stipulated in Section 6 lit. 3d) that HVB will guarantee the net value after netting the prepayment and selling costs as of 31 December 2007.

The other two bail-out purchases in Berlin-Wilmersdorf and Königslutter held in the Bank's inventory as of 31 December 2005 were sold during the first half of 2006.

Re: Operating and Office Equipment

Depreciation of operating and office equipment was based on the following useful lives:

Computer hardware	3 Years
Motor vehicles	6 Years
Office furniture, office equipment	5-13 Years

Works of art are generally not depreciated.

The depreciation was calculated pro rata for 6 months.

Depreciation write downs to the amount of TEUR 196 consist of scheduled depreciation of TEUR 129 and unscheduled depreciation of TEUR 67. The unscheduled depreciation write downs relate to assets that are no longer needed following sale of the Private Banking segment (cash dispenser, voucher reader in payment transactions).

Low value assets are written off in full in the year of addition in accordance with Section 6 (2) EStG.

9. Other Assets

	30.06.2006
	EUR
	10,639,690.29
Structure:	
	EUR
a) Claims vis-à-vis KG 1	
aa) Refund claim from spin-off	1,276,118.96
ab) Refund claim for loss in 1st half of 2006	5,318,240.64
	6,594,359.60
b) Claim vis-à-vis Fortis due to sale of the Asset Management segment acc. to final settlement	2,399,579.16
c) Refund claim, foreign source tax	693,018.74
d) Receivable concerning services Westfalen Credit Service GmbH	426,660.87
e) Receivables from tax offices and fiscal authorities including creditable corporation tax, income tax and interest income tax (incl. solidarity tax surcharge)	365,459.97
f) Various receivables re/bail-out purchases (primarily rent receivables)	57,638.50
g) Prepayment Eurest/canteen	25,564.59
h) Inventories of office supplies and printed forms	20,000.00
i) Other assets under TEUR 20 each	57,408.86
	10,639,690.29

Re a)

The spin-off refund claim resulted from the spin-off of assets and liabilities with economic effective as of 1 January 2006.

In accordance with the contractual provisions pursuant to Exhibit P of the Spin-off and Take-over Agreement of 21 June 2006, the asset reduction calculated for the Bank on the basis of the book values as of 31 December 2005 was TEUR 40,473.

The refund claim related to the notional difference between the transferred assets and liabilities at the execution date (= registration in the Commercial Register on 3 July 2006) and the asset reduction amounting to TEUR 40,473

(thereof KG 1 TEUR 40,468 and KG 2 TEUR 5). The spin-off was conducted at the book values as of 30 June 2006.

The refund claim for the loss in the first half of 2006 resulted from the corporate customers segment business activity which was spun-off to KG 1. According to the regulations of the Spin-off and Takeover Agreement dated 21 June 2006, business transactions conducted from 1 January 2006 until the spin-off are considered as being for the account of KG 1.

The total amount of TEUR 6,594 was settled by a payment to the Bank in September 2006.

Re b)

This item relates to claims arising under the final account concerning Fortis from the sale of the Asset Management segment.

10. Prepaid Expenses

	30.06.2006
	EUR
	197,069.91
Structure:	
	EUR
Prepaid expenses for the 2nd half of 2006	
a) Data processing costs	294,942.65
b) Contributions for deposit protection (50% of annual contribution)	126,213.71
c) Insurance expenses	76,148.97
d) Other	49,764.58
	547,069.91
Net of lump sum deduction and corresponding treatment in current expenses in the 1st half of 2006	- 350,000.00
	197,069.91

The lump sum deduction to the amount of TEUR 350 was in accordance with the regulation in Exhibit 2.1a of the Share Purchase and Transfer Agreement, according to which provisions and other liabilities are to be recorded to account for subsequent costs in order to cover future expenses which originate in the first half of 2006.

In coordination with HVB, the Bank recorded a lump sum deduction of prepaid expenses to the amount of TEUR 350 originally provided for in the pro forma balance sheet.

In this respect the determination of prepaid expenses varied from statutory commercial principles of accounting on an accrual basis.

LIABILITIES AND SHAREHOLDERS EQUITY**1. Due to Banks**

	30.06.2006
	EUR
	3,781,232.28

Structure:

	EUR
a) Payable on demand	3,450,970.95
b) With an agreed maturity or withdrawal notice	330,261.33
	3,781,232.28

Liabilities payable on demand relate mainly to liabilities to foreign banks arising from payment transactions. Liabilities with agreed maturity relate to two foreign currency deposits at HVB with remaining terms of up to three months.

2. Due to Customers

	30.06.2006
	EUR
	29,822,639.02

Structure:

	EUR
b) Other liabilities	
ba) Payable on demand	10,764,433.00
bb) With an agreed maturity or withdrawal notice	19,058,206.02
	29,822,639.02

Liabilities payable on demand relate mainly to securitisation income accounts in connection with the processing of loan commitments.

Liabilities with agreed maturity or withdrawal notice include EUR 19.0 million from promissory notes vis-à-vis three creditors. In June 2006, conversion of the previous subordinated promissory notes to non-subordinated promissory notes took place; see also our discussion on the balance sheet item: Subordinated liabilities. The promissory notes mature in 2013 and 2014.

Deferred interest to the amount of TEUR 58 was recorded as of 30 June 2006.

The Bank is included in the deposit guaranty fund of the Federal Association of German Banks (*Bundesverband deutscher Banken e.V.*) According to the by-laws of the Federal Association of German Banks as of 31 December 2005, liabilities to non-bank customers are secured up to a limit of EUR 38.2 million per creditor. Liabilities to affiliated companies amounted to TEUR 2,754 as of 30 June 2006.

3. Trust Liabilities

30.06.2006
EUR
10,829,080.54

Thereof:

Trust loans EUR 10,824,080.54

We refer to our comments on Trust assets.

4. Other Liabilities

30.06.2006
EUR
3,643,161.63

Structure:

	EUR
a) Tax liabilities	
- Wage tax	56,799.09
- Interest income tax/solidarity surcharge	418,609.18
- Other	156,475.00
	1,138,883.27
b) Liability from purchase price adjustment Sale of the Private Banking segment	943,622.27
c) Trade payables	460,410.33
d) Cost refund for servicing non-performing loans Westfalen Credit Service	399,641.55
e) Liability KG 2 - material costs re-dimensioning	360,000.00
f) Purchase price prepayment concerning Privotel	260,400.95
g) Prorated interest from subordinated liabilities	49,375.89
(See also Equity and Liabilities 7)	
h) Liability KG 2 from spin-off	5,000.00
i) Other (less than TEUR 20 each)	25,827.37
	3,643,161.63

Re c)

This item relates to a payment in connection with a non-performing land purchase agreement (bail-out purchase) for the Privotel, Freudenstadt real estate property.

Re g)

This item relates to prorated interest from the subordinated borrower's note loan taken out.

Re h)

The KG 2 liability from the spin-off resulted from the spin-off of assets and liabilities to KG 2; please refer to our comments under Other Assets.

5. Deferred Income

30.06.2006
EUR
1,957.59

This item relates to advance rent of a mobile phone operator (roof antennae) for the second half of 2006.

6. Provisions

30.06.2006
EUR
16,026,266.95

Structure:

	EUR
a) Provisions for pensions and similar obligations	630,634.00
b) Other Provisions	15,395,632.95
	16,026,266.95

Re a)

Pension provisions are comprised of an accrual to the amount of EUR 545,239.00 for the nineteen staff members who were still employed by the Bank as from 1 July 2006, and a provision to the amount of EUR 85,395.00 for employees who transferred to Fortis within the scope of sale of the Asset Management segment.

The pension provisions were calculated in accordance with actuarial principles based on the Bank's Pension Regulations 1982 in the version of 1 December 1986, and individual pension commitments by the Unternehmensberatung für Versorgung & Vergütung Dr. Dr. Heissmann GmbH, Wiesbaden. The results are presented in the actuarial estimate dated 4 August 2006.

The calculation of the pension provisions was in accordance with International Financial Reporting Standards (IAS 19).

The calculation of pension obligations under IAS 19 was based on an interest rate of 4.5% and the 2005 G Mortality Tables published by Heubeck-Richttafeln-GmbH, Cologne.

According to the agreed provisions in Exhibit 2.1a of the Share Purchase and Transfer Agreement of 31 July 2006, the amount of the obligation is to be accrued at the DBO value as of 30 June 2006.

Accordingly, the Bank recorded a pension provision to the amount of TEUR 545.

Re c)

The structure of other provisions was as follows:

	30.06.2006
	TEUR
Rental property Düsseldorf, Benrather Strasse	8300,000.00
Guarantees (Avale)	1,929,983.67
Severance payments and staff redundancies	1,829,481.00
Closure and restructuring costs	1,732,000.00
Liability risks from sales	400,337.00
Contract closing compensation and other salary payments	382,152.00
Other risks in lending operations	284,397.07
Audit fees financial statements/security deposit business	101,000.00
Outstanding costs concerning trainees	67,204.40
Fund management fees	65,000.00
Long service awards	58,841.00
Outstanding vacation and flexi time	51,515.79
Notary s costs concerning the spin-off	50,000.00
Chamber of Commerce dues	42,500.00
Outstanding invoices	40,432.99
Employers liability insurance	33,400.00
Supervisory Board remuneration	27,388.03
Total	15,395,632.95

A provision for the **rental property in Düsseldorf** to the amount of TEUR 8,300 was recorded for the Bank s long-term rental agreement for office space which will no longer be needed. According to contractual agreements with a HVB subsidiary dated 17/19 July 2006, the company has taken over the rental agreement and related obligations in return for a payment of TEUR 8,300. The amount was paid by the Bank in August 2006.

The accrual for **guarantees** was determined in accordance with the special regulations defined in Exhibit 2.1a of the SPA relative to loans to customers and based on the amount reported on the balance sheet as of 31 December 2005.

An update of the risks evaluation as of the record date balance sheet date of 30 June 2006 was not carried out.

The total provisions recorded as of 31 December 2005 to the amount of TEUR 2,694 included the amount of TEUR 727 which was spun off to KG 1, and TEUR 37 which was reclassified to individual provisions for bad debt (Trajan commitment); consequently, the remaining amount reported at 30 June 2006 was TEUR 1,930.

For loans which were newly added to the non-performing loan portfolio during the first half of 2006 and which required individual provisions for bad debt no additional guarantees exist as of 30 June 2006.

The provision for **severance payments and staff redundancies** relates to staff who were employed by the Bank until 30 June 2006 and then left the Bank. The amount relates to the respective salary payments which were made in July 2006.

The provision for **closure and restructuring costs** to the amount of TEUR 1,732 was recorded in accordance with the regulations contained in Exhibit 2.1a of the Share Purchase and Transfer Agreement of 31 July 2006; the amount stated corresponds to the agreed regulations.

The provision for **liability risks from sales** was recorded in 2004 to account for contingent claims by private investors related to the sale of capital investments; as of 30 June 2006 claims to the amount of TEUR 325 were filed with the Bank by two affected investors.

The provision for **contract closing compensation** relates mainly to contractual bonus payments based on individual agreements.

The provision for **other risks in lending operations** provides cover for risks arising from loan processing cases. The provision for **audit fees for financial statements/security deposit business** concerned the audit fees relating to the annual financial statements as of 31 December 2006 and the statutory audit of the security deposit business required under the WpHG (Securities Trade Act).

The provision for **long term service awards** was recorded as of 30 June 2006 on the basis of an actuarial estimate issued by Dr. Dr. Heissmann GmbH on 4 August 2006 in the framework of the existing business agreements and in compliance with tax requirements.

The provision for **outstanding vacation and flexi time** was recorded on the basis of a standardised per diem rate which included the employer's contributions to social security.

The provision for **chamber of commerce dues** relates to dues from 2002 which have not yet been claimed.

The provision for **employers liability insurance** is determined at 50% of the previous year's contributions.

The provision for **Supervisory Board remuneration** is calculated pro rata for six months on the basis of the compensation regulations included in Section 13 of the by-laws.

According to our audit findings, provisions were recorded at sufficient amounts, and account for all discernible risks and obligations in consideration of the following special circumstances.

Provisions for subsequent costs to the amount of TEUR 1,732 were recorded at the amount agreed between the parties. In this respect, the provision was recorded in variance from commercial principles.

In accordance with the agreements between the contract parties concerning the non-performing portfolio, the provisions for guarantees were not subjected to valuation as of 30 June 2006, but were based on the unchanged valuation as of 31 December 2005.

7. Subordinated Debt

30.06.2006
EUR
2,000,000.00

The subordinated debt amounted to TEUR 26,000 as of 31 December 2005. They were repaid in the first half of 2006 or, respectively, were converted to liabilities without a subordination clause to the amount of TEUR 19,000. For further details, please refer to the discussion under "Due to customers".

In a statement dated 27 June 2006, the Federal Financial Supervisory Authority (BaFin) approved the early repayment and conversion of the subordinated liabilities pursuant to Section 10(5a).

As of 30 June 2006 another subordinated borrowers' note loan with a maturity term up to 4 February 2014 was in existence.

8. Shareholders' Equity

30.06.2006
EUR
22,000,000.00

Structure:

	EUR
a) Capital stock	20,000,000.00
b) Capital reserves	11,304,811.97
	31,304,811.97
c) Net loss for the period	-9,304,811.97
	22,000,000.00

The Bank's capital stock is fully paid in and amounted to TEUR 20,000 as of 30 June 2006.

The capital stock is divided into 1,942,857 shares of common stock.

The capital reserves were recorded in accordance with Section 272 (2) No. 1 HGB.

For details regarding net equity calculation as of 30 June 2006, please refer to Appendix III.

The net loss for the period from 1 January to 30 June 2006, presented in Appendix II was calculated in accordance with the calculation scheme of "Estimated Result Web01.01. -30.06.2006" pertaining to the pro forma balance sheet in Exhibit P 3 of the Share Purchase and Transfer Agreement.

BELOW THE LINE ITEMS

1. Contingent liabilities

30.06.2006
EUR
902,039.36

The disclosure relates exclusively to liabilities from guarantees and warranty agreements.

Forderungen Kunden**Herleitung Bilanzwert anhand Nachweisen und nachrichtlich Portfolien**

	Kontensalden	Aufrechnung	EWB	
NPL (1) Inventarliste	94,949,279.67	288,855.67	81,639,293.80	13,021,130.20
Sparkasse Wedel	1,593,869.90			1,593,869.90
other receivables	1,045,291.56			1,045,291.56
total inventory list	97,588,441.13	288,855.67	81,639,293.80	15,660,291.66
NPL (2) MBS Hinzurechnung (EWB-Uberhänge)	4,246,080.13		4,825,234.04	579,153.91
	101,834,521.26		86,464,527.84	15,081,137.75
(zu EWB-Uberhängen: 124.178,29 technischer Saldo ohne Verbuchung gegen Forderung und 454.975,62 Eingänge, EWB frel)				
CPd Kleinere Seite				239,022.35
Avalprovisionen				115,022.96
Überleitungsdifferenz/ Rundung				4.01
				15,205,133.13
Nachrichtlich				
NPL (1) Inventarliste	94,949,279.67	288,855.67	81,639,293.80	13,021,130.20
NPL (2) MBS Hinzurechnung	4,246,080.13		4,825,234.04	579,153.91
Summe NPL	99,195,359.80	288,855.67	86,464,527.84	12,441,976,29
Sparkasse Wedel				1,593,869.90
other receivables				1,045,291.56
				15,081,137.75
CPd Weinere Seite				239,022.35
Avalprovisionen				115,022.96
Überleitungsdifferenz/ Rundung				4.01
				15,205,133.13

**Aufteilung NPL
Inventarliste**

NPL Neu	1	1,491,340.22		128,942.06	1,362,398.16
NPL Alt	2-1	93,457,939.45	288,855.67	81,510,351.74	11,658,732.04
subtotal		94,949,279.67	288,855.67	81,639,293.80	13,021,130.20
MBS-Hinzurechnung					
NPL (2) = NPL alt	2-2	4,246,080.13		4,825,234.04	579,153.91
					579,153.91
	Summe				
	2-1				
	u,				
NPL Alt	2-2			11,658,732.04	
				579,153.91	
				11,079,578.13	
NPL Neu				1,362,398.16	
NPL Gesamt				12,441,976.29	

receivables to customer as per 30.06.2006

number	account	classification	name	Bipo	KtoSaldo	Auf-Bet	EWB	EWBRest	
510	0000441180	New NPL	MAUTNER INGRID HAMBURG	A0041	12,221.75		12,221.75		
784	0010083682	New NPL	ILGNER BIRGIT BROE	A0041	153,781.41				
942	0010038652	New NPL	FVG Fleisch- und ViehzentraleGelsenkirch	A0041	113.81		113.81		
906	0010076830	New NPL	BRUCKNER FRIEDHELM	A0041	9,683.42		9,683.42		
478	0001104357	New NPL	OSMAN MASTURA DR. BOCHUM	A0041	14,845.81		14,845.81		
560	0003152090	New NPL	TESIC STANOJE/DJURDJA B	A0041	47,236.16				
801	0001107569	New NPL	PLANTIKOW ULRICH DR.M	A0041	16,885.00		16,885.00		
554	0000289990	New NPL	ENDRES ELKE K	A0041	614,922.84				
339	0001108875	New NPL	LAABS RUDIGER/KERSTIN KARLS	A0041	151,910.94				
339	0001108921	New NPL	LAABS RUDIGER/KERSTIN KARLS	A0041	121,321.09				
339	0010084255	New NPL	LAABS RUDIGER/KERSTIN KARLS	A0041	31.20				
398	0004150597	New NPL	FUCHS REINHARD DR.M	A0041	7,032.39		7,032.39		
337	0001197746	New NPL	KATTKUS KLAUS-UWE MI	A0041	2,095.26				
480	0000309397	New NPL	GRIEBEL/RONCEVIC DRES BO	A0041	3,027.43				
480	0001110250	New NPL	GRIEBEL/RONCEVIC DRES BO	A0041	71,580.86				
480	0010025119	New NPL	GRIEBEL/RONCEVIC DRES BO	A0041	41,504.54				
723	0000454010	New NPL	MORGNER CLAUS RA BO	A0041	3,008.48				
140	0010077151	New NPL	HANS HELMUT HAT	A0041	220,137.83		68,159.88		
		New NPL Ergebnis			1,491,340.22		128,942.06		1,362,398.16
340	0000140007	other receivables	WESTFALENBANK AG CPD	A0041	5,055.99				
340	0000630233	other receivables	WESTFALENBANK AG CPO	A0041	293.19				
340	0000630268	other receivables	WESTFALENBANK AG CPD	A0041	5,603.74				
340	0000630691	other receivables	WESTFALENBANK AG CPD	A0041	149.17				
340	0010007129	other receivables	WESTFALENBANK AG CPD	A0041	0.01				
203	0010083755	other receivables	Crown Westfalen CreditServices GmbH	A0041	9,467.94				
203	0010083763	other receivables	Crown Westfalen CreditServices GmbH	A0041	101.47				
584	0000608408	other receivables	Westfalen Kapitalverwaltungs-Gesellschaf	A0041	3,523.30				
584	0010084891	other receivables	Westfalen Kapitalverwaltungs-Gesellschaf	A0041	800,070.89				
226	0000152072	other receivables	KOSCH RAINER/MARION BO	A0041	138,276.94				
464	0000145220	other receivables	FUCHS RAINER GE	A0041	72,361.21				
488	0010083771	other receivables		A0041	10,307.88				

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		Westfalen Credit ServicesGesellschaft mb		
530	0000177610	other receivables Westfalenbank AG	A0041	79.83
		other receivables Ergebnis		1,045,291.56
537	0010082180	Wedel MAKOWSKI AXEL UND SILKE FL	A0041	55,303.17
540	0010082210	Wedel R. Barth KG	A0041	50,002.17
544	0010082287	Wedel AFG Anlage- und Finanzierungs-gesellscha	A0041	135,772.44
544	0010082295	Wedel AFG Anlage- und Finanzierungs-gesellscha	A0041	154,867.92
549	0010082341	Wedel KUCHER DR. GABRIELA HH	A0041	14,235.87

receivables to customer as per 30.06.2006

customer	account	classification	name	Bipo	KtoSaldo	Auf-Bet	EWB	Bet	EWB	Rest	b
7652	0010082384	Wedel	ROEHRER GERHARD HERSBRUCK	A0041	3,007.96						
7654	0010082406	Wedel	BOTEL WOLFGANG WEÖEL	A0041	113,356.40						1
7657	0010082554	Wedel	Wolfgang Bötel Beteiligungsges.Grundstüc	A0041	11,450.33						
7661	0010082597	Wedel	BÖTEL JAN STEPHAN WEDEL	A0041	9,077.42						
7663	0010082643	Wedel	Elbe-Recycling GmbH	A0041	37,079.61						
7664	0010082651	Wedel	Elöe-RecybingHohigias GmbH	A0041	305,570.70						3
7665	0010082660	Wedel	Elbe-Containerdienst GmbH	A0041	68,040.03						
7666	0010082686	Wedel	BÖTEL JAN STEPHAN U, REGINA	A0041	24,660.62						
7667	0010082716	Wedel	Weser Recycling Drakenburg GmbH	A0041	199,822.09						1
7669	0010082759	Wedel	Heinrich Kramme Ges. I. Heizungs-FKIima-	A0041	411,623.17						4
		Wedel									
		Ergebnis			1,593,869.90						1,5
176	0001111000	old NPL	ZAFiRIS EMMANUEL K	A0041	50,291.38		50,291.38				
253	0010015440	old NPL	Sport Hoffmann Vetriebs GmbH	A0041	5,025,481.39		1,775,943.30				3,2
786	0010002208	old NPL	Edelstahl Dortmund GmbH	A0041	1,477,261.63		1,370,804.42				1
786	0010038822	old NPL	Edelslahl Dortmund GmbH	A0041	44,785.20		7,786.67				
828	0010002690	old NPL	STEIN MARTIN MS	A0041	480,583.52		271,637.17				2
1046	0010005282	old NPL	Sparkling Krämer GmbH	A0041	4,634.08		4,634.08				
1046	0010052019	old NPL	Sparkling Krämer GmbH	A0041	72,304.98		72,304.98				
1410	0001111140	old NPL	ZIEBART TIDYCAR BO	A0041	1,758.00						
1834	0000530271	old NPL	IVS MICHAEL SCHÄPERS HAT	A0041	3,783.13		1,424.56				
1961	0010004260	old NPL	TRAJAN-BAUREGIE GMBH	A0041	1,810,022.08		1,042,553.92				7
3484	0000252522	old NPL	WESSEL NICOLE BO	A0041	88,996.79		88,996.79				
3484	0000252530	old NPL	WESSEL NICOLE BO	A0041	37,993.46		37,993.46				
3484	0000252549	old NPL	WESSEL NICOLE BO	A0041	38,858.18		38,858.18				
4703	0000511609	old NPL	Günter Rux GmbH	A0041	947,405.99		947,405.99				
4703	0010054275	old NPL	Günter Rux GmbH	A0041	140,401.84		140,401.84				
4703	0010054500	old NPL	Günter Rux GmbH	A0041	86,828.73		86,828.73				
4703	0010054518	old NPL	Günter Rux GmbH	A0041	152,062.90						1
4703	0010055867	old NPL	Günter Rux GmbH	A0041	48,368.87		48,368.87				
4703	0010056200	old NPL	Günter Rux GmbH	A0041	86,652.29		86,652.29				
4703	0010056391	old NPL	Günter Rux GmbH	A0041	2,765,233.69		2,765,233.69				
4703	0010057983	old NPL	Günter Rux GmbH	A0041	1,677.07		1,413.26				
4703	0010058378	old NPL	Günter Rux GmbH	A0041	117,976.19		117,976.19				
4703	0010058386	old NPL	Günter Rux GmbH	A0041	9,952.29		9,952.29				
4703	0010059560	old NPL	Günter Rux GmbH	A0041	31,789.40		31,789.40				
4703	0010061042	old NPL	Günter Rux GmbH	A0041	17,901.78		17,901.78				
4703	0010061050	old NPL	Günter Rux GmbH	A0041	10,060.77		10,060.77				
4703	0010061620	old NPL	Günter Rux GmbH	A0041	154,362.00		74,284.47				

receivables to customer as per 30.06.2006

No.	customer	account	classification	name	Bipo	KtoSaldo	Auf-Bet	EWBBet	BWBRest	balance
4703	4703	0010061816	old NPL	Günter Rux GmbH	A0041	497,092.42				497,092.42
4703	4703	0010062103	old NPL	Günter Rux GmbH	A0041	271,046.25	105,593.41			165,452.84
4703	4703	0010062677	old NPL	Günter Rux GmbH	A0041	3,920.52	1,897.61			2,022.91
4703	4703	0010063118	old NPL	Günter Rux GmbH	A0041	265.58	265.58			
4703	4703	0010071218	old NPL	Günter Rux GmbH	A0041	144,958.39	129,923.67			15,034.72
4703	4703	0010073008	old NPL	Günter Rux GmbH	A0041	6,228.87	6,210.87			18.00
4703	4703	0010073024	old NPL	Günter Rux GmbH	A0041	54,202.25	54,202.25			
85022	4975	0000380148	old NPL	KAMINSKI RALF MD	A0041	7,504.74	7,504.74			
5514	5514	0000526126	old NPL	Spinnrad GmbH	A0041	1,908,392.54	1,908,392.54			
5514	5514	0010051993	old NPL	Spinnrad GmbH	A0041	580,198.05	580,198.05			
5514	5514	0010052191	old NPL	Spinnrad GmbH	A0041	188,214.50	188,214.50			
5577	5577	0000579831	old NPL	Traub AG	A0041	419,259.34	419,259.34			
5577	5577	0000579858	old NPL	Traub AG	A0041	603,324.42	132,125.37			471,199.05
5889	5889	0004130316	old NPL	doberg Dobro & Bergs Franz J. ViethenG	A0041	906,936.28	906,936.28			
5889	5889	0010006580	old NPL	doberg Dobro & Bergs Franz J. ViethenG	A0041	452,487.37	452,487.37			