DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

Directors' report and audited financial statements for the year ended 31 December 2016

Ocorian Limited
PO Box 75, 26 New Street
St. Helier, Jersey
Channel Islands, JE4 8PP

The directors present their report together with the audited financial statements of DZ BANK Perpetual Funding Issuer (Jersey) Limited (the 'Company') for the year ended 31 December 2016.

Incorporation

The Company was incorporated as a public company in Jersey, Channel Islands on 1 September 2005.

Principal activities

The Company was incorporated as a special purpose vehicle for the purpose of participating in a public structured Tier I capital financing programme (the 'Public Programme'), arranged by and for DZ BANK AG Deutsche Zentral – Genossenschaftsbank, Frankfurt am Main ('DZB'). Under the Public Programme, the Company can issue Tier I perpetual limited recourse securities (together, the 'Notes') up to a maximum aggregate principal amount of €1,000,000,000 (or its equivalent in any other currency). The Notes are listed on the regulated market of the Luxembourg Stock Exchange and the Frankfurt Stock Exchange.

The proceeds from the issuance of the Notes are used by the Company to purchase classes of preference shares ('Preferred Securities') issued by DZ BANK Perpetual Funding (Jersey) Limited (the 'Funding Company'), a wholly owned subsidiary of DZB. In turn, the Funding Company uses the proceeds of the issue of the Preferred Securities to purchase subordinated notes issued by DZB ('Initial Debt Securities'). The Preferred Securities issued by the Funding Company are on terms that reflect nearly exactly those of the Initial Debt Securities. The denomination of the Preferred Securities is €1,000 with the exception of the Class II preferred securities which had a denomination of £100,000. As such, all classes other than the Class II preferred securities are caught by the transparency directive and subsequent legislation.

Income received by the Funding Company on the Initial Debt Securities is paid by way of dividends to the Company, as holder of the Preferred Securities, and must be distributed to the holders of the Notes without material delay. The payment of such dividends by the Funding Company is subject to the satisfaction of certain financial tests (the 'Conditions to Dividends') detailed in the statement of rights for each class of Preferred Securities. The Conditions to Dividends include, among others, satisfaction of certain financial tests relating to DZB and DZ BANK Group.

On 9 November 2005 pursuant to a collateral agency agreement (the 'CAA'), Deutsche Bank AG, London Branch became the collateral agent (the 'Collateral Agent'). The obligations of the Company under the Notes are secured in favour of the Collateral Agent on behalf of the holders of the Notes. Pursuant to the CAA, the Company has created possessory security over the Preferred Securities to the Collateral Agent in favour of the holders of the Notes.

The Notes are limited recourse obligations of the Company as detailed in the Public Programme documentation. Holders of the Notes have the right to receive payments of principal and interest on the Notes solely from redemption payments and dividends on the corresponding class of Preferred Securities.

To the extent that there is a shortfall in the monies due to the holders of the Notes, no debt will be owed by the Company in respect of any shortfall remaining after realisation of the Preferred Securities and application of the proceeds thereof in accordance with the terms of the CAA. In the event that the Notes are redeemed other than at the option of the Company, such redemption will be carried out by transferring to the holders of the Notes pro rata Preferred Securities of the relevant class.

The Company commenced activities on 9 January 2006 with the first issuance of Notes ('Class VI') under the Public Programme. A second issuance of Notes was made on 13 February 2006 ('Class VII'), a third issuance of Notes was made on 17 March 2006 ('Class I'), a fourth issuance of Notes was made on 4 September 2006 ('Class VIII'), a fifth issuance of Notes was made on 16 April 2007 ('Class IX'), a sixth issuance of Notes was made on 4 September 2007 ('Class X'), and a seventh issuance of Notes ('Class II') was made on 24 September 2008. As at the date of approving these financial statements the Company has fully redeemed the Class X Notes and the Class II Notes.

On 26 May 2008 the class X Initial Debt Securities were repaid to the Company in full and the proceeds were utilised to redeem in full the Class X Preferred Securities.

On 9 October 2012 €5,000,000 of the Class VI Preferred Securities were repaid to the Company and the proceeds were utilised to redeem €5,000,000 of the Class VI Notes.

On 18 October 2012 €16,000,000 of the Class VII Preferred Securities were repaid to the Company and the proceeds were utilised to redeem €16,000,000 of the Class VII Notes.

Principal activities (continued)

On 25 October 2012 €5,700,000 of the Class I Preferred Securities were repaid to the Company and the proceeds were utilised to redeem €5,700,000 of the Class I Notes.

On 8 November 2012 €13,000,000 of the Class VIII Preferred Securities were repaid to the Company and the proceeds were utilised to redeem €13,000,000 of the Class VIII Notes.

On 15 November 2012 €10,000,000 of the Class IX Preferred Securities were repaid to the Company and the proceeds were utilised to redeem €10,000,000 of the Class IX Notes.

On 24 September 2015 €250,000,000 of the Class II Preferred Securities were repaid to the Company in full and the proceeds were utilised to redeem in full the Class II Notes.

Unrecognised financial instruments

As stated in note 2 the Preferred Securities, income receivable on the Preferred Securities and the liabilities on the Notes are not recognisable as financial instruments in accordance with International Accounting Standard 39 Financial Instruments: Recognition and Measurement ('IAS 39').

Directors

The directors of the Company, who served during the year and subsequently, are:

Shane Michael Hollywood
Ariel Samantha Pinel

Secretary

The secretary of the Company during the year and subsequently is:

Ocorian Secretaries (Jersey) Limited (formerly known as Bedell Secretaries Limited).

Results and dividends

The results for the year are shown in the statement of comprehensive income.

In the year no dividend was declared or paid by the directors in respect of the year ended 31 December 2015 (2015: €1,000 (€500 per share) was paid in respect of the year ended 31 December 2014).

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2016 (2015: €nil).

Independent auditor

Ernst & Young LLP has previously been appointed and has expressed willingness to continue in office. A resolution to reappoint Ernst & Young LLP as auditor will be proposed at the next annual general meeting.

Going concern

The Public Programme documents are structured such that the obligations of the Company are limited in recourse and the Company has the benefit of bankruptcy remoteness (non-petition) provisions pursuant to which each Public Programme party recognises the limited financial resources of the Company and the intended bankruptcy remoteness of the Company. DZB undertakes to meet all expenses of the Company. After making enquires, the directors have a reasonable expectation that the Company has adequate resources and support from DZB to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Future developments

The directors do not anticipate that the Company will issue any additional classes of Notes under the Public Programme.

Statement of directors' responsibilities with regard to the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable Jersey law and International Financial Reporting Standards ('IFRS').

The directors are required by the Companies (Jersey) Law 1991, as amended, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and appropriate;
- specify the generally accepted accounting principles that have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The financial statements are prepared in accordance with accounting principles generally accepted in the island of Jersey, incorporating IFRS.

The directors are responsible for keeping accounting records that are sufficient to show and explain the Company's transactions. These records must disclose with reasonable accuracy at any time the financial position of the Company and to enable the directors to ensure that any financial statements prepared comply with the Companies (Jersey) Law 1991, as amended. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

By order of the board

....
Secretary - Ocorian Secretaries (Jersey) Limited

31 January 2017
Date

Registered office

26 New Street
St Helier
Jersey
JE2 3RA

Statement of directors' responsibilities with regard to the financial statements

The Company is listed on the regulated market of the Frankfurt Stock Exchange and Luxembourg Stock Exchange. Due to the nomination of Luxembourg as its home member state, and pursuant to the requirements of Article 3(2)(c) of the Luxembourg law of 11 January 2008 (as amended) relating to the transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, the Company is required to include a directors' responsibility statement in the financial statements.

To the best of their knowledge, the directors confirm that the directors' report and financial statements for the year ended 31 December 2016, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

To the best of their knowledge, the directors confirm that the directors' report and financial statements for the year ended 31 December 2016 include a fair review of important events that have occurred during the year ended 31 December 2016 and their impact on the financial statements, together with a description of the principal risks and uncertainties for the year as disclosed in note 9.

By order of the board

....
Director - Ariel Pinel

31 January 2017
Date

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

We have audited the financial statements of DZ Bank Perpetual Funding Issuer (Jersey) Limited (the "Company") for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Andrew Jonathan Dann, FCA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands

Date: 31 January 2017

Audited statement of comprehensive income for the year ended 31 December 2016

	2016	2015
	€	€
Income		
Foreign exchange gain	-	19
Profit for the year	-	19
Other comprehensive income	-	-
Total comprehensive income for the year	-	19

The notes on pages 12 to 17 are an integral part of these financial statements.

Audited statement of financial position as at 31 December 2016

	Note	**2016** €	2015 €
Assets			
Current assets			
Cash and cash equivalents		**2**	2
Total assets		**2**	2
Equity attributable to the owner of the Company			
Share capital	6	**2**	2
Total equity		**2**	2

The financial statements on pages 8 to 17 were approved and authorised for issue by the board of directors on 31 January 2017 ,and were signed on its behalf by:

Director - Shane Michael Hollywood

Director - Ariel Pinel

The notes on pages 12 to 17 are an integral part of these financial statements.

Audited statement of changes in equity for the year ended 31 December 2016

	Share capital	Retained earnings	Total
	€	€	€
Balance as at 1 January 2015	2	981	983
Profit for the year	-	19	19
Total comprehensive income for the year ended 31 December 2015	**-**	**19**	**19**
Transactions with owners:			
Dividends paid	-	(1,000)	(1,000)
Balance as at 31 December 2015	**2**	**-**	**2**

	Share capital	Retained earnings	Total
	€	€	€
Balance as at 1 January 2016	2	-	2
Profit for the year	-	-	-
Total comprehensive income for the year ended 31 December 2016	-	-	-
Transactions with owners:			
Dividends paid	-	-	-
Balance as at 31 December 2016	2	-	2

The notes on pages 12 to 17 are an integral part of these financial statements.

Audited statement of cash flows for the year ended 31 December 2016

	Note	**2016**	2015
		€	€
Cash flows from operating activities			
Net cash flows generated from operating activities	8	-	-
Cash flows used in financing activities			
Dividends paid		-	(1,000)
Net cash flows used in financing activities		-	(1,000)
Net decrease in cash and cash equivalents in the year		**-**	(1,000)
Cash and cash equivalents as at the start of the year		**2**	983
Effect of foreign exchange rate changes		-	19
Cash and cash equivalents as at the end of the year		**2**	2

The notes on pages 12 to 17 are an integral part of these financial statements.

1 General information

The Company is a public limited company incorporated in Jersey, Channel Islands. The principal activities of the Company are described in the directors' report.

2 Accounting policies

The financial statements for the year ended 31 December 2016 on pages 8 to 17 have been prepared in accordance with accounting principles generally accepted in the island of Jersey, incorporating IFRS as issued by the IASB.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

These financial statements are presented in Euro ('€'), which is the Company's functional and reporting currency.

A summary of the more important policies in dealing with items that are considered material to the Company are shown below:

Going concern

The Public Programme documents are structured such that the obligations of the Company are limited in recourse and the Company has the benefit of bankruptcy remoteness (non-petition) provisions pursuant to which each Public Programme party recognises the limited financial resources of the Company and the intended bankruptcy remoteness of the Company. The current respective long and short term ratings of DZB are AA- and A-1+ by S&P and Aa2 by Moody's. DZB undertakes to meet all expenses of the Company.

After making enquires, the directors have a reasonable expectation that the Company has adequate resources and support from DZB to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Standards and interpretations in issue not yet adopted

At the statement of financial position date, the following standard which has not been applied in these financial statements, was in issue but not yet effective:

- International Financial Reporting Standard 9 Financial Instruments (effective 1 January 2018) ('IFRS 9').

The directors anticipate that the adoption of IFRS 9 will not have a significant impact upon the results of the Company.

The directors have reviewed and considered all other standards, amendments and interpretations issued but not yet effective as at the date the financial statements are authorised for issue. In the opinion of the directors the other standards, amendments and interpretations issued but not yet effective are either not relevant to the activities of the Company or will have no impact on the financial statements of the Company.

Critical judgements and accounting estimates

The preparation of these financial statements requires the directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities as at the statement of financial position date. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In the event such estimates and assumptions which are based on the best judgement of the directors as at the statement of financial position date deviate from the actual circumstances in the future, the original estimates and assumptions will be modified as appropriate in the year or period in which the circumstances change.

2 Accounting policies (continued)

Critical judgements and accounting estimates (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The directors have reviewed the Company's accounting policy concerning the recognition or derecognition of its financial instruments. In the opinion of the directors, the Company is still required by International Accounting Standard 39 Financial Instruments: Recognition and Measurement (IAS 39) not to recognise its principal financial instruments.

The Preferred Securities are not recognisable as financial instruments as the Company has an agency role in connection with the collection of the cash flows generated from the Preferred Securities and does not enjoy the risks and rewards, rights and obligations of the Preferred Securities in a principal capacity. The Company has the contractual right to receive the cash flows generated from the Preferred Securities, but has a contractual obligation to pay any cash flows received to the holders of the Notes without material delay. In addition the Company is prohibited from selling or pledging the Preferred Securities other than as security to the holders of the Notes.

For the same reason, the financial liabilities relating to the Notes are not recognisable as financial instruments. The holders of the Notes are entitled only to receive the cash flows generated from the Preferred Securities and, therefore, have no recourse to the Company in the event of default.

Recognition and derecognition of financial assets and liabilities

The Company initially recognises financial assets and liabilities on the date at which they are originated. Purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date on which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks and other financial institutions. As at 31 December 2016 the Company held no cash equivalents.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are revalued at the rate of exchange ruling at the statement of financial position date.

Foreign exchange gains and losses are included in the statement of comprehensive income for the year in which they arise.

2 Accounting policies (continued)

Expenses

All expenses of the Company are borne by DZB with no recourse against the Company.

Dividends

Under International Accounting Standard 10 Events After the Reporting Period ('IAS 10'), proposed dividends are not considered to be a liability until the dividends are approved and declared by the directors of a company for interim dividends or the shareholders of a company, at the annual general meeting, for final dividends.

3 Taxation

The Company is registered in Jersey, Channel Islands as an income tax paying company. The general rate of income tax for companies resident in Jersey (such as the Company) is 0% for the current year of assessment (2015: 0%).

4 Income receivable on the Preferred Securities

In accordance with note 2, the Preferred Securities are not recognised in the statement of financial position. As the Preferred Securities are not recognised neither is the income receivable on the Preferred Securities. The interest receivable matches the interest payable to the holders of the Notes and these funds are payable without material delay. The following information is presented in the financial statements in order to provide information to the reader.

	Interest rate	2016 €	2015 €
Class VI	3 month Euribor +1.10%	**421,650**	518,850
Class VII	3 month Euribor +0.80%	**510,720**	701,400
Class I	3 month Euribor +1.00%	**33,841**	44,247
Class VIII	3 month Euribor +0.80%	**513,300**	721,230
Class IX	3 month Euribor +0.50%	**129,200**	216,800
Class II	3 month Euribor +3.25%	-	9,112,325
		1,608,711	11,314,852

The Class II of the Preferred Securities redeemed on the 24 September 2015 for the total amount of €250,000,000.

5 Preferred Securities

In accordance with note 2, the Preferred Securities are not recognised in the statement of financial position. The following information is presented in the financial statements in order to provide information to the reader. No consideration has been given to the possibility of future losses on the Preferred Securities as any such losses would have no effect on the financial position of the Company, nor on its aggregate financial performance.

	Issue date	Principal amount 2016 €	Fair value 2016 €	Principal amount 2015 €	Fair value 2015 €
Class VI	9 January 2006	**45,000,000**	**34,650,000**	45,000,000	35,550,000
Class VII	13 February 2006	**84,000,000**	**58,800,000**	84,000,000	63,840,000
Class I	17 March 2006	**4,300,000**	**3,010,000**	4,300,000	3,182,000
Class VIII	4 September 2006	**87,000,000**	**61,770,000**	87,000,000	63,510,000
Class IX	16 April 2007	**40,000,000**	**27,200,000**	40,000,000	26,800,000
		260,300,000	**185,430,000**	260,300,000	192,882,000

Pursuant to the Preferred Securities purchase agreements, the Company has purchased the above Preferred Securities from the Funding Company as part of the pass-through arrangement. The Preferred Securities are non-cumulative, non-voting preference shares of the Funding Company representing ownership interests in the Funding Company.

Income received by the Funding Company on the Initial Debt Securities is paid by way of dividends to the Company, as holder of the Preferred Securities, and must be distributed to the holders of the Notes without material delay. The payment of such dividends by the Funding Company is subject to the satisfaction of the Conditions to Dividends and directors' approval. The Conditions to Dividends include, among others, satisfaction of certain financial tests relating to DZB and DZ BANK Group.

The Preferred Securities are perpetual, with no fixed maturity date and are not redeemable at any time at the option of the Company. Each class of Preferred Securities is supported by DZB through a subordinated support undertaking.

General valuation method

The fair values of the class VI, class VII, class I, class VIII, and class IX Initial Debt Securities are determined by the use of the market values of the respective Funding Notes.

The most recent trade for the Funding note connected to the Class VI Preferred Security was on 30 December 2016. The price of the trade was 77% of the nominal value of the preferred security with 2,000 units traded.

The most recent trade for the Funding note connected to the Class VII Preferred Security was on 30 December 2016. The price of the trade was 70% of the nominal value of the preferred security with 4,000 units traded.

The most recent trade for the Funding note connected to the Class I Preferred Security was on 28 December 2016. The price of the trade was 70% of the nominal value of the preferred security with 10,000 units traded.

The most recent trade for the Funding note connected to the Class VIII Preferred Security was on 30 December 2016. The price of the trade was 71% of the nominal value of the preferred security with 2,000 units traded.

The most recent trade for the Funding note connected to the Class IX Preferred Security was on 30 December 2016. The price of trade was 68% of the nominal value of preferred security with 3,000 units traded.

6 Share capital

	2016 €	2015 €
Authorised:		
2 ordinary shares of €1.00 each	2	2
Issued and fully paid:		
2 ordinary shares of €1.00 each	2	2

There are no other share classes which would dilute the rights of the ordinary members. Amongst other rights as prescribed in the articles of association of the Company, the rights of the ordinary members include:

- the right to attend meetings of members. On a show of hands every member present in person or by proxy shall have one vote and on a poll every member shall have one vote for each share of which the member is a shareholder; and
- the right to receive dividends recommended by the directors and declared in a general meeting.

7 Notes

In accordance with note 2, the Notes are not recognised in the statement of financial position. The following information is presented in the financial statements in order to provide information to the reader. No consideration has been given to the possibility of future losses on the Preferred Securities (and thereby on the Notes) as any such losses would have no effect on the financial position of the Company, nor on its aggregate financial performance.

	Issue date	Principal amount 2016 €	Fair value 2016 €	Principal amount 2015 €	Fair value 2015 €
Class VI	9 January 2006	**45,000,000**	**34,650,000**	45,000,000	35,550,000
Class VII	13 February 2006	**84,000,000**	**58,800,000**	84,000,000	63,840,000
Class I	17 March 2006	**4,300,000**	**3,010,000**	4,300,000	3,182,000
Class VIII	4 September 2006	**87,000,000**	**61,770,000**	87,000,000	63,510,000
Class IX	16 April 2007	**40,000,000**	**27,200,000**	40,000,000	26,800,000
		260,300,000	**185,430,000**	260,300,000	192,882,000

The Public Programme documentation prescribes that interest will be paid by DZB on the Initial Debt Securities held by the Funding Company. Such interest payments will, in turn, fund dividends paid by the Funding Company on the Preferred Securities held by the Company. Upon receipt, the Company has a contractual obligation to pay any cash flows received to the holders of the Notes without material delay under the terms of the relevant Notes. Each class of Notes issued by the Company is referenced to and limited in recourse to the performance of the corresponding class of Preferred Securities. The amount distributed on the Notes is referenced to and limited in recourse to the receipt of income on the corresponding class of Preferred Securities.

The distributions paid on the Notes in the year are not recognised as the holders of the Notes are entitled to receive the cash flows generated from the Preferred Securities and so through the pass-through arrangement, the Company has discharged its obligations to the holders of the Notes in accordance with IAS 39.

Save for the above, the holders of the Notes have no legal right to participate in the profits of the Company. The holders of the Notes are unable to attend meetings of the Company and have no voting rights in the Company.

The fair values are determined from the most recent price as disclosed in note 5.

8 Cash flows from operating activities

Reconciliation of operating profit to net cash flows generated from operating activities:

	2016	2015
	€	€
Profit for the year	-	19
Foreign exchange gain	-	(19)
Net cash flows generated from operating activities	-	-

9 Financial risk management

In the opinion of the directors the Company is not exposed to market risk, credit risk, liquidity risk or fair value estimation and disclosures on financial instruments and associated risks are not necessary.

Capital management

Capital consists of equity attributable to the equity shareholders. The Company seeks to maintain at all times a prudent relationship between total capital and the risks of its business. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

10 Ultimate controlling party

DZ Issuer is a subsidiary of DZB. the Company is a wholly owned subsidiary of DZB and is consolidated for accounting purposes with DZB.

11 Related party transactions

Corporate administration services are provided to the Company by Ocorian Limited (formerly known as Bedell Trust Company Limited) , including the provision of the Company secretary, Ocorian Secretaries (Jersey) Limited and the directors. Shane Michael Hollywood and Ariel Samantha Pinel are directors of Ocorian Limited and Ocorian Secretaries (Jersey) Limited. Shane Michael Hollywood is also a director of Ocorian Limited. The directors' fees are included in the fee expense payable to Ocorian Limited.

Total fees paid to Ocorian Limited during the year, by DZB on behalf of the Company, amounted to €28,472 (£24,387) (2015: €33,707 (£24,847)). No fees were payable to Ocorian Limited, by DZB on behalf of the Company at the year end (2015: €nil).

Shane Michael Hollywood and Ariel Samantha Pinel are also directors of the Funding Company.