DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

Directors' report and audited financial statements for the year ended 31 December 2009

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

Directors

Shane Michael Hollywood
Alasdair James Hunter

Secretary

Bedell Secretaries Limited
26 New Street
St Helier
Jersey
JE2 3RA

Auditor

Ernst & Young LLP
Liberation House
Castle Street
St. Helier
Jersey
JE1 1EY

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 2009.

Incorporation

The Company was incorporated as a public limited liability 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 structured Tier I capital financing programme (the "Programme"), arranged by and for DZ BANK AG Deutsche Zentral – Genossenschaftsbank, Frankfurt am Main ("DZB"). Under the Programme, the Company issues, from time to time, Tier I perpetual limited recourse securities (the "Notes") up to a maximum aggregate principal amount of €1,000,000,000 (or its equivalent in any other currency).

The proceeds from the issuance of the Notes are used by the Company to purchase classes of preference shares (each a "Preferred Security", together the "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 (the "Initial Debt Securities"). The Preferred Securities issued by the Funding Company are on terms that reflect exactly those of the Initial Debt Securities. 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 is available for distribution to the holders of the Notes.

On 9 November 2005 pursuant to a collateral agency agreement ("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 transferred for security purposes the relevant classes of Preferred Securities to the Collateral Agent.

The Notes are limited recourse obligations of the Company. Noteholders have the right to receive payments of principal and interest on the Notes solely from redemption payments and distributions on the corresponding class of Preferred Securities.

To the extent that there is a shortfall in the monies due to the noteholders, 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 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 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 only redeemed the Class X Notes.

Interest received by the Funding Company from DZB on the Initial Debt Securities is used to fund the dividends payable by the Funding Company on the Preferred Securities held by the Company. The payment of such dividends is subject to the satisfaction of certain financial tests (the "Conditions to Dividends") detailed in the statement of rights (the "Statement of Rights") for each class of Preferred Security. The Conditions to Dividends include, among others, satisfaction of certain financial tests relating to DZB and DZ BANK Group.

An amendment to the Statements of Rights of the Preferred Securities of Class I, VI, VII, VIII and IX was passed on 5 June 2009 (the "Amendment") with respect to each payment date falling within an exceptional period from 24 June 2009 to, but excluding, the date on which a DZB shareholders' meeting has resolved on the appropriation of profits for the financial year ended 31 December 2009 (the "Exceptional Period"). Pursuant to the Amendment, a group annual profit test does not need to be fulfilled as a Condition to Dividend and unless otherwise notified by DZB as holder of the relevant parent preferred security of the Funding Company, the directors of the Funding Company may declare a dividend on the Preferred Securities if all other Conditions to Dividends have been met.

Principal Activities (continued)

With respect to the Preferred Security of Class II, the deemed declaration of dividends has been triggered for the payment dates falling during the twelve month period commencing on 24 June 2009.

It is anticipated that the Company will continue to serve as a special purpose vehicle for the issuance of classes of Notes under the Programme.

Directors and secretary

The directors and Company secretary who held office during the year are disclosed in the summary of directors and other information.

None of the directors or the Company secretary had a beneficial interest in the shares of the Company.

Results and Dividends

The results for the year are shown in the Company's statement of comprehensive income on page 7.

In the year the Company paid €31,474,825 to the holders of the Notes (2008: €18,705,816).

The directors do not propose the payment of a dividend in respect of the ordinary shares (2008: €nil).

Auditors

Ernst & Young LLP was previously appointed as auditor and has expressed willingness to continue in office. A resolution that Ernst & Young LLP be re-appointed as the Company's auditors will be put to the forthcoming annual general meeting of the Company.

Going Concern

The 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 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 to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Principal risks

As highlighted in note 11 to the financial statements, the Company is a special purpose bankruptcy remote financial vehicle therefore exposure to risk in relation to capital management is not considered significant. The financial risk management objectives and exposures of the Company to interest rate risk, credit risk, liquidity risk and foreign currency exchange risk are also disclosed in note 11.

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 generally accepted accounting principles.

The Companies (Jersey) Law 1991, as amended, requires the directors to prepare for each financial period, financial statements that give a true and fair view of the state of affairs of the Company as at the end of the financial period and the results of the Company for the period. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements 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

....
Duly authorised
Bedell Secretaries Limited
Secretary

11 March 2010
Date

Registered Office

26 New Street
St Helier
Jersey
JE2 3RA

ERNST & YOUNG

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

We have audited the company's financial statements for the year ended 31 December 2009 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 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 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 auditors' 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

The directors are responsible for the preparation of the financial statements in accordance with applicable Jersey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit..

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 31 December 2009 and of its result for the year then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Ernst & Young LLP

Jersey, Channel Islands

Date: 11 March 2010

	Notes	**31 December 2009** €	**31 December 2009** €	31 December 2008 €	31 December 2008 €
Income					
Income receivable on the Preferred Securities	4		**31,474,825**		18,705,816
Foreign exchange gain			**296**		-
Deposit interest			**-**		86
			31,475,121		18,705,902
Expenses					
Foreign exchange loss		-		1,110	
			-		(1,110)
Profit for the year			**31,475,121**		18,704,792
Net gain/(loss) on Preferred Securities	9		**104,050,000**		(204,900,000)
Total comprehensive income/(expense) for the year			**135,525,121**		(186,195,208)

The notes on pages 11 to 20 are an integral part of these financial statements

	Notes	**31 December 2009 €**	31 December 2008 €
ASSETS			
Non-current assets			
Preferred Securities	6	**444,950,000**	340,900,000
Current assets			
Cash and cash equivalents		**3,883**	3,587
Total assets		**444,953,883**	340,903,587
EQUITY			
Share capital	7	**2**	2
Retained earnings		**3,881**	3,585
Notes	8	**560,000,000**	560,000,000
Revaluation reserve	9	**(115,050,000)**	(219,100,000)
Total equity		**444,953,883**	340,903,587

The financial statements on pages 7 to 20 were approved by the board of directors on 11 March 2010 and signed on behalf of the board by:

....
Director

....
Director

The notes on pages 11 to 20 are an integral part of these financial statements

Attributable to equity holders of the Company

	Share capital €	Retained Earnings €	Revaluation reserve €	Notes €	Total €
Balance at 1 January 2008	2	4,609	(14,200,000)	360,000,000	345,804,611
Comprehensive income/(expense) for the year	-	18,704,792	(204,900,000)	-	(186,195,208)
Distributions paid on the Notes	-	(18,705,816)	-	-	(18,705,816)
Issuance of Notes	-	-	-	250,000,000	250,000,000
Repayment of Notes	-	-	-	(50,000,000)	(50,000,000)
Balance at 31 December 2008	**2**	**3,585**	**(219,100,000)**	**560,000,000**	**340,903,587**

	Share capital	Retained Earnings	Revaluation reserve	Notes	Total
Balance at 1 January 2009	2	3,585	(219,100,000)	560,000,000	340,903,587
Comprehensive income for the year	-	31,475,121	104,050,000	-	135,525,121
Distributions paid on the Notes	-	(31,474,825)	-	-	(31,474,825)
Balance at 31 December 2009	**2**	**3,881**	**(115,050,000)**	**560,000,000**	**444,953,883**

	Notes	**31 December 2009 €**	31 December 2008 €
Cash flows generated from/(used in) operating activities	10	**296**	(1,024)
Cash flows from investing activities			
Investment in Preferred Securities		**-**	(250,000,000)
Divestment of Preferred Securities		**-**	50,000,000
Income received on the Preferred Securities		**31,474,825**	18,705,816
Net cash flows generated from/(used in) investing activities		**31,474,825**	(181,294,184)
Cash flows from financing activities			
Issuance of Notes		**-**	250,000,000
Repayment of Notes		**-**	(50,000,000)
Distributions paid on the Notes		**(31,474,825)**	(18,705,816)
Net cash flows (used in)/generated from financing activities		**(31,474,825)**	181,294,184
Net increase/(decrease) in cash and cash equivalents		**296**	(1,024)
Cash and cash equivalents at start of the year		**3,587**	4,611
Cash and cash equivalents at end of the year		**3,883**	3,587

The notes on pages 11 to 20 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

Statement of compliance

The financial statements for the year ended 31 December 2009 on pages 7 to 20 have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board.

Basis of measurement

The financial statements have been prepared in accordance with accounting principles generally accepted in the island of Jersey, incorporating IFRS and have been prepared on the historical cost basis, except for the revaluation of the Preferred Securities.

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

The principal accounting policies are set out below:

Adoption of new and revised standards

- IFRS 7 (amended) Financial Instruments: Disclosures (effective from 1 January 2009) ('IFRS7(amended)');
- IFRS 8 Operating Segments (effective from 1 January 2009) ('IFRS 8');
- IAS 1 (revised) Presentation of Financial Statements (effective 1 January 2009) ('IAS 1 (revised)'); and
- IAS 32 (amended) Financial Instruments: Presentation (effective 1 January 2009) ('IAS 32 (amended)').

The directors consider that the adoption of IFRS 8 has not had a significant impact upon the Company. The full adoption of IFRS 7 (amended), IAS 1 (revised) and IAS 32 (amended) and the interpretation of these standards resulted in changes to the titles of the primary statements, the presentation of information relating to equity shareholders and the disclosure and presentation of information relating to financial instruments.

Standards and interpretations in issue not yet adopted

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

- IFRS 9 Financial Instruments (effective 1 January 2013) ('IFRS 9').

The directors anticipate that the adoption of IFRS 9 will not have a significant impact upon the results of the Company, but will impact on the disclosures 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 accounting judgements and key sources of estimation uncertainty

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.

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

The only significant judgements relate to the fair values of financial instruments as highlighted in note 11 to the financial statements.

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 income statement for the period.

Financial instruments

In pursuing its objectives as a special purpose bankruptcy remote financing vehicle, the Company holds or has issued a number of financial instruments. These comprise:

- Preferred Securities;
- Cash and cash equivalents; and
- Notes.

The Preferred Securities are recognised as available-for-sale financial assets in accordance with IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). Available-for-sale financial assets are measured at fair value with fair value gains or losses recognised directly in equity. The Company has recognised the Preferred Securities as available-for-sale financial assets as the Preferred Securities are not classified as loans and receivables, held-to-maturity investments, are not held for trading and have not been designated as at fair value through profit or loss on initial recognition.

After initial measurement available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the available-for-sale financial asset is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in the statement of comprehensive income.

Due to their nature the directors consider that the fair value of the Preferred Securities approximates to the fair value of the Notes.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Evidence of impairment may include the failure of the Funding Company to make interest payments on the Preferred Securities, notice of default or bankruptcy by DZB or other indications that DZB is unlikely to meet its obligations under the Initial Debt Securities as they fall due.

As at the date of signing these financial statements the directors are not aware of any triggers to suggest that an impairment is necessary.

Cash and cash equivalents are recorded at amortised cost.

Financial instruments (continued)

The Notes issued by the Company have been recognised as equity instruments under IAS 32 Financial Instruments: Presentation. The fair value of the Notes with the exception of the Class II Notes is determined by the use of quoted market values. The Class II Notes are unlisted and their fair value is determined by the use of discounted cash flows.

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 date on which the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows of the financial assets and substantially all the risks and rewards of ownership have been transferred. Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

Fair value

The determination of fair values for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described below.

The fair value of the Notes with the exception of the Class II Notes is determined by the use of quoted market values. The Class II Notes are unlisted and their fair value is determined by the use of discounted cash flows.

The directors believe that these valuation adjustments are necessary and appropriate to disclose the fair value of the financial instruments on the statement of financial position that give a true and fair view.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks and other financial institutions. As at 31 December 2009 the Company held no cash equivalents.

Expenses

Expenses are borne by DZB with no recourse against the Company.

Revenue recognition

Income on the Preferred Securities is recognised when the Company's right to receive payment of the income is established.

Dividends

Under IAS 10, 'Events after the Balance Sheet date' ('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.

Under IAS 10 dividends are recorded in the period in which they are declared.

Going concern

The 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 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 to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

3 Taxation

With effect from the 2009 year of assessment, Jersey abolished the exempt company regime for existing companies. Profits arising in the Company for the 2009 year of assessment and future periods will be subject to tax at the rate of 0%.

4 Income receivable on the Preferred Securities

	Interest rate	**31 December 2009 €**	31 December 2008 €
Class VI	3 month Euribor + 1.10%	**1,907,000**	2,986,000
Class VII	3 month Euribor + 0.80%	**2,966,000**	5,577,000
Class I	3 month Euribor + 1.00%	**276,100**	596,800
Class VIII	3 month Euribor + 0.80%	**2,749,000**	5,647,000
Class IX	3 month Euribor + 0.50%	**1,550,000**	2,665,000
Class X	3 month Euribor + 0.50%	-	1,234,016
Class II	12 month Euribor+3.25%	**22,026,725**	-
		31,474,825	18,705,816

5 Distributions paid on the Notes

	31 December 2009 €	31 December 2008 €
Class VI	**1,907,000**	2,986,000
Class VII	**2,966,000**	5,577,000
Class I	**276,100**	596,800
Class VIII	**2,749,000**	5,647,000
Class IX	**1,550,000**	2,665,000
Class X	-	1,234,016
Class II	**22,026,725**	-
	31,474,825	18,705,816

The amount distributed on the Notes is referenced to and limited in recourse to the receipt of income on the corresponding series of Preferred Securities issued by the Funding Company. Such payments are non-cumulative.

6 Preferred Securities

	Cost 1 January 2009	Movement in the year €	Cost 31 December 2009 €	Fair Value 31 December 2009 €	Fair value 31 December 2008 €
Level one					
Class VI	50,000,000	-	**50,000,000**	**35,000,000**	33,500,000
Class VII	100,000,000	-	**100,000,000**	**62,000,000**	58,500,000
Class I	10,000,000	-	**10,000,000**	**6,200,000**	5,900,000
Class VIII	100,000,000	-	**100,000,000**	**62,000,000**	57,000,000
Class IX	50,000,000	-	**50,000,000**	**31,000,000**	29,000,000
	310,000,000	-	**310,000,000**	**196,200,000**	183,900,000
Level two					
Class II	250,000,000	-	**250,000,000**	**248,750,000**	157,000,000
Total	**560,000,000**	-	**560,000,000**	**444,950,000**	340,900,000

Pursuant to various Preferred Securities purchase agreements, the Company has purchased the above Preferred Securities from the Funding Company. These Preferred Securities are non-cumulative, non-voting preference shares of the Funding Company representing ownership interests in the Funding Company.

Evidence of the need to impair the Preferred Securities may include the failure of the Funding Company to make dividend payments on the Preferred Securities, DZB failing to make interest payments on the Initial Debt Securities purchased by the Funding Company, notice of default or bankruptcy by DZB or other indications that DZB is unlikely to meet its obligations under the Initial Debt Securities as they fall due.

During the Exceptional Period all Conditions to Dividends have continued to be met (with the exception of the group annual profit test) and so the directors are unaware of any triggers to suggest that any impairments are necessary.

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 Security is supported by DZB through a subordinated support undertaking.

Level one

The fair values of the level one Preferred Securities are based on the quoted market prices of their equivalent class of Notes, due to the economic terms of the two financial instruments being identical.

Level two

The fair value of the Class II Preferred Security is based on the discounted cash flow value of the Class II Notes, due to the economic terms of the two financial instruments being identical. The discounted rates used for the Class II Preferred Security are imputed using inputs from the quoted market values of the listed Notes shown in level one.

7 Share capital

	31 December 2009 €	31 December 2008 €
Authorised:		
2 ordinary shares of €1 each	**2**	2
Issued and fully paid:		
2 ordinary shares of €1 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.

8 Notes

	Issue date	31 December 2009 €	31 December 2008 €
Class VI	9 January 2006	**50,000,000**	50,000,000
Class VII	13 February 2006	**100,000,000**	100,000,000
Class I	17 March 2006	**10,000,000**	10,000,000
Class VIII	4 September 2006	**100,000,000**	100,000,000
Class IX	16 April 2007	**50,000,000**	50,000,000
Class II	24 September 2008	**250,000,000**	250,000,000
		560,000,000	560,000,000

In accordance with IFRS, the Notes are classified as equity financial instruments. This classification is based on the following:

- The Notes are perpetual, with no scheduled maturity date;
- The holders of the Notes have no right to cancel the Notes;
- The directors have complete discretion whether or not to make distributions on the Notes, except that, when pass-through funds are not received from the Funding Company on their payment date, the directors are contractually prevented from making distributions in accordance with the terms of the Notes; and
- The holders of the Notes can only demand settlement of the obligation in the event of the liquidation of the Company.

8 Notes (continued)

The 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 income paid by the Funding Company on the Preferred Securities held by the Company. Upon receipt, the Company will then be in a position to make the distribution payments 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.

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

9 Revaluation reserve

	31 December 2009 €	31 December 2008 €
Balance at 1 January	**(219,100,000)**	(14,200,000)
Increase in the fair value of the Preferred Securities	**104,050,000**	-
Decrease in the fair value of the Preferred Securities	**-**	(204,900,000)
Balance as at 31 December	**(115,050,000)**	(219,100,000)

10 Cash flows from operating activities

	31 December 2009 €	31 December 2008 €
Profit for the year	**31,475,121**	18,704,792
Income received on the Preferred Securities	**(31,474,825)**	(18,705,816)
Net cash generated from/(used in) operating activities	**296**	(1,024)

11 Financial instruments

In pursuing its objectives as a special purpose bankruptcy remote financing vehicle, the Company holds or has issued a number of financial instruments. These comprise:

- Preferred Securities;
- Cash and cash equivalents; and
- Notes.

The Company is exposed to the following risks in relation to the financial instruments it holds:

11 Financial instruments (continued)

(a) Interest rate risk

Interest rate risk can only arise on the mismatch in the interest rate profiles of the financial assets and financial liabilities of the Company. The Company has no interest bearing financial liabilities (given that the Notes are classified as equity under IFRS).

Pursuant to the Programme documentation the interest received on the each class of Preferred Security will be passed in full to the holder of the related class of Notes. Therefore the interest rate risks are borne by the holders of the Notes, who as sophisticated investors, are aware of the inherent interest rate risk relating to the Notes. In the directors' opinion, the Company does not retain any material adverse interest rate risk therefore no sensitivity analysis has been prepared.

(b) Credit risk

The Company is exposed to the following risks in relation to the financial instruments it holds:

The primary credit risk is the Company will not receive principal and interest on the Preferred Securities from the Funding Company. The maximum credit risk exposure at 31 December 2009 is €560,003,881 (2008: €560,003,587).

As at the date of signing these financial statements DZB has confirmed that it intends to continue to fulfil its obligations under the Programme.

With respect to each class of Preferred Securities, DZB has entered into a subordinated support undertaking with the Company. Therefore holders of each class of Preferred Securities are likely to lose all or part of their investment if an insolvent liquidation, dissolution or winding up of DZB occurs.

The Programme documents are structured such that the obligations of the Company are limited in recourse and the Company has the benefit of contractual bankruptcy remoteness provisions. The credit risk is transferred to the holders of the Notes who receive a reduced amount of interest and principal amount. Accordingly the directors are of the opinion that there is no residual credit risk to the Company.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company has no financial liabilities (given that the Notes are classified as equity under IFRS). The Notes are perpetual, with no scheduled maturity date and any payments on the Notes are made at the discretion of the directors of the Company.

The risk of illiquidity is reduced as the Programme documentation is structured such that the obligations of the Company are limited in recourse and the Company is structured so as to be bankruptcy remote. Therefore in the directors' opinion, as the Notes are perpetual the Company does not retain any liquidity risk and so no contractual maturity analysis has been prepared.

(d) Foreign exchange risk

All assets and liabilities (with the exception of cash and cash equivalents amounting to £3,471 (2008: £3,471) are denominated in Euros, the same currency as the currency of the operations of the Company.

The directors therefore believe there is no material exchange rate risk to the Company so no currency risk sensitivity table has been prepared.

11 Financial instruments (continued)

(e) Fair value estimation

The directors have considered the fair values of the Company's financial instruments. Due to their nature the directors consider that the fair value of the Preferred Securities approximates to the fair value of the Notes.

The fair value of the Notes with the exception of the Class II Notes is determined by the use of quoted market values. The Class II Notes are unlisted and their fair value is determined by the use of discounted cash flows. The discounted rates used for the Class II are imputed using inputs from the quoted market values of the listed Notes.

Underlying the definition of fair value (as defined by IAS39) is a presumption that the Company is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value is not, therefore, the amount that the Company would receive or pay in a forced transaction, involuntary liquidation or distress sale. However, fair value reflects the credit quality of the financial assets and liabilities measured. The objective of using this valuation technique is to establish what the transaction price would have been at the balance sheet date in an arm's length exchange motivated by normal business considerations.

Given the limited recourse nature of the Programme, any differences between fair value and book value of the financial instruments would have no net effect on the net position of the Company.

	Cost 2009 €	Fair value 2009 €	Cost 2008 €	Fair value 2008 €
Preferred Securities	560,000,000	444,950,000	560,000,000	340,900,000
Cash and Cash Equivalents	3,883	3,883	3,587	3,587
Total	560,003,883	444,953,883	560,003,587	340,903,587

(f) 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.

(g) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The financial instruments of the Company are susceptible to price risk arising from uncertainties about their future values.

The Notes issued by the Company are exposed to price risk. The obligations of the Company are limited in recourse and the Company is structured so as to be bankruptcy remote. The directors therefore believe there is no material price risk to the Company so no price risk sensitivity table has been prepared.

12 Ultimate controlling party

The Company is owned by Bedell Trustees Limited, in its capacity as trustee of the DZ BANK Perpetual Funding Issuer (Jersey) Charitable Trust. The directors of the Company consider Bedell Trustees Limited in its capacity as trustee of the DZ BANK Perpetual Funding Issuer (Jersey) Charitable Trust to be the ultimate controlling party of the Company.

13 Related party transactions

During the year, the Company received €31,474,825 from the Funding Company by way of income on the Preferred Securities, as set out in note 4 above (2008: €18,705,816).

The directors of the Company are the Company's only key management personnel. The directors of the Company are also directors of Bedell Trustees Limited and Bedell Secretaries Limited and partners of Bedell Cristin and Bedell Group. Shane Michael Hollywood is also a director of Bedell Trust Company Limited. During the year administration fees totalling £39,864 (€43,904) were paid to Bedell Trust Company Limited by DZB on behalf of the Company (2008: £29,353 (€37,097)). As at the 31 December 2009 administration fees totalling £750 (€839) were payable to Bedell Trust Company Limited by DZB on behalf of the Company (2008: £2,250 (€2,324).

The directors of the Company are also directors of the Funding Company.