

McGladrey & Pullen

Certified Public Accountants

DZ BANK Capital Funding Trust III

Financial Report

December 31, 2008

Contents

Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	2
Statements of Income	3
Statements of Changes in Shareholders' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 8

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Independent Auditor's Report

To the Board of Directors of
DZ BANK Capital Funding Trust III
New York, New York

We have audited the accompanying balance sheets of DZ BANK Capital Funding Trust III (the "Company") as of December 31, 2008 and 2007, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DZ BANK Capital Funding Trust III as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

New York, New York
February 27, 2009

DZ BANK Capital Funding Trust III

Balance Sheets

December 31, 2008 and 2007

(in Euros and thousands, except share and per share amounts)

	2008	2007
ASSETS		
Investment in Affiliated Company (Note 2)	<u>€ 351,207</u>	<u>€ 351,546</u>
Total assets	<u>€ 351,207</u>	<u>€ 351,546</u>
EQUITY		
Shareholders' Equity:		
Preferred securities, liquidation preference €1,000 per security; 350,000 securities authorized, issued and outstanding at December 31, 2008 and 2007	€ 350,000	€ 350,000
Common security, €1,000 par value; one security authorized, issued and outstanding, at December 31, 2008 and 2007	1	1
Retained earnings	<u>1,206</u>	<u>1,545</u>
Total shareholders' equity	<u>€ 351,207</u>	<u>€ 351,546</u>

See Notes to Financial Statements.

DZ BANK Capital Funding Trust III

Statements of Income

For the Years Ended December 31, 2008 and 2007

(in Euros and thousands)

	2008	2007
Dividend Income	€ 22,425	€ 19,852
Share in Undistributed Earnings of Affiliated Company	<u>(339)</u>	<u>296</u>
Net income	<u>€ 22,086</u>	<u>€ 20,148</u>

See Notes to Financial Statements.

DZ BANK Capital Funding Trust III

Statements of Changes In Shareholders' Equity For the Years Ended December 31, 2008 and 2007 (in Euros and thousands, except per share)

	<u>Preferred Securities</u>	<u>Common Security</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, January 1, 2007	€ 350,000	€ 1	€ 1,249	€ 351,250
Net income	-	-	20,148	20,148
Cash Dividends Declared:				
Trust Preferred securities (€56.72 per share)	-	-	(19,852)	(19,852)
Trust common securities (€56.72 per share)	-	-	-	-
Balance, December 31, 2007	350,000	1	1,545	351,546
Net income	-	-	22,086	22,086
Cash Dividends Declared:				
Trust Preferred securities (€64.07 per share)	-	-	(22,425)	(22,425)
Trust common securities (€64.07 per share)	-	-	-	-
Balance, December 31, 2008	€ 350,000	€ 1	€ 1,206	€ 351,207

See Notes to Financial Statements.

DZ BANK Capital Funding Trust III

Statements of Cash Flows

For the Years Ended December 31, 2008 and 2007

(in Euros and thousands)

	2008	2007
Cash Flows From Operating Activities:		
Net income	€ 22,086	€ 20,148
Adjustments to reconcile net income to net cash provided by operating activities:		
Undistributed earnings of affiliated company	<u>339</u>	<u>(296)</u>
Net cash provided by operating activities	<u>22,425</u>	<u>19,852</u>
Cash Flows From Financing Activity:		
Cash dividends paid	<u>(22,425)</u>	<u>(19,852)</u>
Net cash used in financing activities	<u>(22,425)</u>	<u>(19,852)</u>
Change in cash and cash equivalents	-	-
Cash and Cash Equivalents:		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>€ -</u>	<u>€ -</u>

See Notes to Financial Statements.

DZ BANK Capital Funding Trust III

Notes to Financial Statements

Note 1. Organization and Basis of Presentation

DZ BANK Capital Funding Trust III (the "Company") is a statutory trust under Chapter 38 of Title 12 of the Delaware Code formed on February 16, 2005 for the purpose of entering into various agreements, to issue and sell common and preferred securities, and to use the proceeds from the issuance of common and preferred securities to acquire, hold and distribute preferred securities issued by DZ BANK Capital Funding LLC III as defined in the "Amended and Restated Trust Agreement of DZ BANK Capital Funding Trust III" dated as of June 6, 2005 (the "Trust Agreement"). The Company's common security is owned by the Regular Trustees of the Company.

The Company was initially capitalized on June 6, 2005 with the issuance to the Trustees of one share of the Company's Common Security, €1,000 par value (the "Trust Common Security"), raising capital of €1,000. In June 2005, the Company commenced operations concurrent with the offering and issuance of 200,000 non-cumulative trust Preferred Securities, liquidation preference €1,000 per security, (the "Trust Preferred Securities") to various institutional buyers. The entire capital was used to acquire preferred securities issued by DZ BANK Capital Funding LLC III (the "LLC Preferred Securities"). DZ BANK Capital Funding LLC III in turn used the proceeds to acquire subordinated notes issued by DZ BANK AG ("DZ BANK"), a German banking corporation, rated A+ and A+ by Standard & Poors', respectively, at December 31, 2008 and 2007. In July 2005, DZ BANK AG issued an additional subordinated note in the amount of €100,000,000. Simultaneously, DZ BANK Capital Funding LLC III issued an additional 100,000 shares of LLC Preferred Securities. These LLC Preferred Securities were acquired by the Company and funded through an additional issuance of 100,000 shares of Trust Preferred Securities with identical terms to the authorized, issued and outstanding Trust Preferred Securities (first increase). In October 2005, DZ BANK AG issued a subordinated note in the amount of €50,000,000. Simultaneously, DZ BANK Capital Funding LLC III issued an additional 50,000 shares of LLC Preferred Securities. These LLC Preferred Securities were acquired by the Company and funded through an additional issuance of 500,000 shares of Trust Preferred Securities with identical terms to the authorized, issued and outstanding Trust Preferred Securities (second increase).

The Trust Preferred Securities are redeemable at the option of the Company, in whole but not in part, on the Initial Debt Redemption Date (June 6, 2012) or on any payment date thereafter, at the redemption amount in accordance with the Trust Agreement. Upon the occurrence of an early redemption event, as defined in the Trust Agreement as (i) a regulatory event, (ii) a tax event other than solely with respect to the Company or (iii) an investment company act event other than solely with respect to the Company, the Trust Preferred Securities may be redeemed in full at any time upon at least 30 days' prior notice to holders of the Trust Preferred Securities. There was no special redemption event as of December 31, 2008 and 2007, respectively.

The financial statements are presented in Euros which is the Company's and its Parent's functional currency since its operations is a direct and integral component or extension of the Parent company's operations.

Note 2. Summary of Significant Accounting Policies

Investment in Affiliated Company: LLC Preferred securities held in DZ BANK Capital Funding LLC III, an affiliated limited liability company created under the laws of the State of Delaware, represent preferred limited liability company interests in, and the preferred right to participate in the profits of DZ BANK Capital Funding LLC III. The LLC Preferred Securities are accounted under the cost of the acquired securities plus the attributable undistributed interest in DZ BANK Capital Funding LLC III's net income since acquisition of the LLC Preferred Securities. The undistributed interest in DZ BANK Capital Funding LLC III's net income represent dividend earned on LLC Preferred Securities. The LLC Preferred Securities are the Company's sole asset at December 31, 2008.

DZ BANK Capital Funding Trust III

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Dividend Distributions: The holders of the Trust Common Securities and the Trust Preferred Securities (together, the "Trust Securities"), are entitled to receive cash distributions when the Company receives distributions on the LLC Preferred Securities. These cash distributions are payable on a non-cumulative basis quarterly in arrears.

Distributions on Trust Securities will be calculated by the calculation agent on the liquidation preference of the Trust Securities on a quarterly basis for each distribution period on the applicable 3-month EURIBOR plus 1.5% and any additional adjustments, as defined in the Trust Agreement. The right of the holders of the Trust Securities to receive distributions is non-cumulative.

For the year ended December 31, 2008, the Company has made dividend distributions on Trust Preferred Securities and Trust Common Security of €22,424,500 and €64. For the year ended December 31, 2007, the Company has made dividend distributions on Trust Preferred Securities and Trust Common Security of €19,852,000 and €57.

Allocation of Net Income: Net income is allocated to Trust Common Security and Trust Preferred Securities as defined in the Trust Agreement. The undistributed retained earnings of €1,206,103 and €1,545,352 as of December 31, 2008 and 2007 respectively, will be allocated to the Trust Preferred Securities in their entirety.

Income Taxes: The Company expects to be treated as a grantor trust for U.S. Federal income tax purposes, and not as a business entity subject to tax as a corporation. For United States Federal income tax purposes, holders of the Trust Preferred Securities are considered the owners of the LLC Preferred Securities held by the Company. Each United States holder of Trust Preferred Securities is required to include in its gross income its distributive share of the gross income attributable to the LLC Preferred Securities. Accordingly, the Company has made no provision for income taxes in the accompanying Statement of Income.

Use of Estimates in the Preparation of Financial Statements: The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions, including those regarding financial instrument valuations, that affect the related amounts reported in the financial statements and accompanying notes. Actual results could differ materially from these estimates.

Statements of Cash Flows: For purposes of reporting cash flows, cash and cash equivalents include cash due from banks, and short-term investments with original maturities of three months or less. At December 31, 2008, the Company had no cash and cash equivalents.

Recent Accounting Pronouncements: In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition.

In May 2007, the FASB issued FASB Staff Position ("FSP") FIN 48-1, Definition of 'Settlement' in FIN Interpretation No. 48. This FSP amends FIN 48 to provide guidance on how an enterprise should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. The guidance in this FSP should be applied upon the initial adoption of FIN 48.

DZ BANK Capital Funding Trust III

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

In December 2008, the FASB provided for a deferral of the effective date of FIN 48 for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2008. The Company has elected this deferral and accordingly will be required to adopt FIN 48 in its 2009 annual financial statements. Prior to adoption of FIN 48, the Company will continue to evaluate its uncertain tax positions and related income tax contingencies under Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies* ("SFAS No. 5"). SFAS No. 5 requires the Company to accrue for losses it believes are probable and can be reasonably estimated. Management is currently assessing the impact of FIN 48 on its financial position and results of operations and has not yet determined if the adoption of FIN 48 will have a material effect on its financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. This statement clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. SFAS No. 157 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. SFAS No. 157 applies whenever other standards require assets or liabilities to be measured at fair value. This statement was effective in fiscal years beginning after November 15, 2007 and, therefore, the effective date for the Company was January 1, 2008. The Company's adoption of SFAS No. 157 on January 1, 2008 did not have a material effect on its financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. This statement permits companies to elect to follow fair value accounting for certain financial assets and liabilities in an effort to mitigate volatility in earnings without having to apply complex hedge accounting provisions. The statement also establishes presentation and disclosure requirements designed to facilitate comparison between entities that chose different measurement attributes for similar types of assets and liabilities. This statement was effective for fiscal years beginning after November 15, 2007. The Company's adoption of this statement did not have a material impact on its financial statements.

In October 2008, the FASB Staff Position ("FSP") issued Statement No. 157-3, *Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active*. This statement clarifies guidance on the application of SFAS No. 157, *Fair Value Measurements*. The Company's application of FSP 157-3 did not have a material effect on its financial statements.

Note 3. Shareholders' Equity

The Company's common security consists of one share authorized at €1,000 and outstanding at December 31, 2008 and 2007.

The Company's non-cumulative preferred securities consist of 350,000 shares authorized, issued and outstanding at December 31, 2008 and 2007, each having a liquidation preference, as defined in the Trust Agreement, of €1,000.

Note 4. Related Party Transactions

The Company's regular trustees, Dr. Florian Straßberger, Carl Amendola, Norah McCann and Tobias Sagan, are employees of DZ BANK NY, and act as managers, as defined in the Trust Agreement. DZ BANK NY provides administrative services to the Company. Currently, the Company does not reimburse DZ BANK NY for these services.

The activities are substantially governed by DZ BANK NY who provides ongoing administrative support. Therefore, the Company's financial condition and results of operations may not necessarily be indicative of those which would have resulted if the Company had operated as an unaffiliated company.