DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

Audited financial statements

For the

year ended

31 December 2007

DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

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REPORT OF THE DIRECTORS

The directors herewith present the audited financial statements of DZ BANK Perpetual Funding Issuer (Jersey) Limited (the "Company") for the year ended 31 December 2007.

Incorporation

The Company was incorporated in Jersey, Channel Islands on 1 September, 2005, as a Public Company with limited liability.

Activities

The Company was incorporated as a special purpose vehicle for the purpose of participating in a structured Tier 1 capital financing programme (the "Programme"), arranged by and for DZ BANK AG Deutsche Zentral – Genossenschaftsbank, Frankfurt and 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 sale of Notes are used by the Company to purchase classes of preference shares (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 ("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 under 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.

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") and a fourth issuance of Notes was made on 4 September 2006, (Class VIII). The proceeds of these issues have been used to acquire further Preferred Securities from the Funding Company.

During the year the Company issued two further series. The fifth series was issued on 16 April 2007 ("Class IX") and the sixth series was issued on 4 September 2007 ("Class X").

Results

The results of the Company for the year ended 31 December 2007 are set out on page 6. The profit for the year was € 14,627,609 (2006 € 5,615,900).

The directors do not propose the payment of a dividend in respect of the ordinary shares (2006 €Nil).

REPORT OF THE DIRECTORS (continued)

Directors

The directors who held office during the year and subsequently were as follows:

Richard Charles Gerwat
Shane Michael Hollywood

None of the directors has any beneficial interest in the share capital of the Company.

Auditors

Ernst & Young LLP
Unity Chambers
28 Halkett Street
St. Helier,
Jersey
JE1 1EY

The auditors, Ernst & Young LLP, have expressed their 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.

Secretary

Bedell Secretaries Limited was appointed on 6 September 2005.

Registered office

26 New Street
St. Helier
Jersey
JE2 3RA

REPORT OF THE DIRECTORS (continued)

Statement of directors' responsibilities

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 (the "Law") 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; and
* prepare the financial statements on a 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Authorised Signatory
Bedell Secretaries Limited
Company Secretary

7 February 2008

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 2007 which comprise the Income Statement, Statement of Changes in Equity, Balance Sheet, Cash Flow Statement and the related notes 1 to 16. 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 2007 and of its profit 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: 8 February 2008

INCOME STATEMENT
For the year ended 31 December 2007

	Notes	2007	2006
		€	€
Income			
Income receivable from available for sale securities	*5*	14,628,000	5,610,900
Bank interest		29	-
Transaction fee	*6*	-	5,000
		14,628,029	**5,615,900**
Expense			
Exchange loss		(420)	-
Profit on ordinary activities for the year		**14,627,609**	**5,615,900**

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2007

	Share capital	Retained earnings	Available for sale ("AFS") deficit	Notes	Total
	€	€	€	€	€
Balance as at 1 January 2007	**2**	**5,000**	**(1,000,000)**	**260,000,000**	**259,005,002**
Profit for the year	-	14,627,609	-	-	14,627,609
Unrealised losses on revaluation of AFS securities	-	-	(13,200,000)	-	(13,200,000)
Distributions paid on the Notes	-	(14,628,000)	-	-	(14,628,000)
Issue of Notes	-	-	-	100,000,000	100,000,000
Balance as at 31 December 2007	**2**	**4,609**	**(14,200,000)**	**360,000,000**	**345,804,611**

The accompanying notes on pages 9 to 17 form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2007

	Notes	2007 €	2006 €
ASSETS			
Non-current assets			
Available for sale securities	8	345,800,000	259,000,000
Current assets			
Cash and cash equivalents		4,611	2
Debtors	9	-	5,000
		4,611	**5,002**
TOTAL ASSETS		**345,804,611**	**259,005,002**
EQUITY			
Share capital	10	2	2
Notes	11	360,000,000	260,000,000
Retained earnings		4,609	5,000
Available for sale reserve	12	(14,200,000)	(1,000,000)
TOTAL EQUITY		**345,804,611**	**259,005,002**

The financial statements were approved by the board of directors on 7 February 2008 and signed on its behalf by:

Director

Director

The notes on pages 9 to 17 form an integral part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 2007

	Notes	2007	2006
		€	€
Net cash flow from operating activities		**4,609**	**-**
Investing activities			
Investment in Preferred Securities	8	(100,000,000)	(260,000,000)
Income received on Preferred Securities	5	14,628,000	5,610,900
Net cash outflow from investing activities		**(85,372,000)**	**(254,389,100)**
Financing activities			
Issue of Notes	11	100,000,000	260,000,000
Distributions paid on the Notes	7	(14,628,000)	(5,610,900)
Net cash inflow from financing activities		**85,372,000**	**254,389,100**
Increase in cash during the year		**4,609**	**2**
Cash at beginning of year		2	-
Cash at end of year		**4,611**	**2**

Reconciliation of operating profit to net cash flow from operating activities

	2007	2006
	€	€
Operating profit for the year	**14,627,609**	**5,615,900**
Adjustments:		
Decrease in debtors	5,000	(5,000)
Income received on Preferred Securities	(14,628,000)	(5,610,900)
Net cash flow from operating activities	**4,609**	**-**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. General

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

The financial statements are prepared in Euro (€) which reflects the economic structure of the underlying events and circumstances relevant to the Company

Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2. Summary of significant accounting policies

The financial statements are prepared on a historical cost basis, except for available for sale investments that have been measured at fair value. The principal accounting policies are set out below:

The Company has adopted 'IFRS7 Financial Instruments: Disclosures' during the year. Adoption of this revised standard did not have any effect on the financial performance or position of the Company. It did however give rise to additional disclosures.

Adopted IFRS Not Yet Applied

The Company has not applied the following International Financial Reporting Standard that has been issued but is not yet effective. Any other standards issued but not yet effective are not listed below since they are not relevant to the Company.

IAS 1 Amendment- Presentation of Financial Statements

Income and expenditure

Income on the available for sale financial assets is recognised when the Company's right to receive payment of the Income is established.

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

Dividends

Under IAS 10 'Events after the Balance Sheet date', proposed dividends are not considered to be a liability until the dividends are approved by the directors of the company for interim dividends or the shareholders of the company, at the annual general meeting, for final dividends.

Under IFRS dividends are recorded in the period in which they are approved.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

2. Summary of significant accounting policies (continued)

Investments

The Preferred Securities are recognised as available for sale financial assets ("AFS"). AFS assets are measured at fair value with fair value gains or losses recognised directly in equity.

The Company has recognised the Preferred Securities as AFS as they 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 AFS are measured at fair value with unrealised gains or losses recognised directly in equity until the AFS is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss.

Cash and cash equivalents

Cash comprises cash on hand. Cash equivalents are short term, highly liquid investments convertible to known amounts of cash and subject to insignificant changes in value. As of 31 December 2007, the Company held no cash equivalents.

3. Taxation

Under Article 123A of the Income Tax (Jersey) law 1961, as amended, the Company has obtained Jersey exempt company status for the year and is therefore exempt from Jersey income tax on non Jersey source income and bank interest (by concession) upon payment of a £600 annual exempt company fee.

4. Audit fees

The audit fees in respect of the Company for the year are £9,010 (2006: total fees and disbursements of £8,500). These fees are borne by DZB with no recourse against the Company.

5. Income receivable from available for sale securities

	2007 €	2006 €
Class VI	2,500,500	1,476,500
Class VII	4,828,000	2,801,000
Class I	517,000	306,400
Class VIII	4,955,000	1,027,000
Class IX	1,166,000	-
Class X	661,500	-
	14,628,000	**5,610,900**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

6. Transaction fee

	2007 €	2006 €
Transaction fee	-	5,000

Pursuant to the dealer agreement, the Company was entitled to a one off transaction fee in return for agreeing to take part in the Programme.

7. Distributions paid on the Notes

	2007 €	2006 €
Class VI	2,500,500	1,476,500
Class VII	4,828,000	2,801,000
Class I	517,000	306,400
Class VIII	4,955,000	1,027,000
Class IX	1,166,000	-
Class X	661,500	-
	14,628,000	**5,610,900**

The amount distributed on these 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. The interest rates are based on 3 month Euribor plus the following margin.

	Margin
Class VI	+1.10%
Class VII	+0.80%
Class I	+1.00%
Class VIII	+0.80%
Class IX	+0.50%
Class X	+0.50%

The distribution of interest by the Company to the holders of the Notes is dependent upon the Company receiving the full amounts payable to it under the Preferred Securities. Such payments are non-cumulative.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

8. Available for sale securities

		2007 €	2006 €
	Original Cost	**Fair value**	**Fair value**
Class VI Preferred Securities	50,000,000	47,750,000	50,000,000
Class VII Preferred Securities	100,000,000	95,500,000	99,000,000
Class I Preferred Securities	10,000,000	9,550,000	10,000,000
Class VIII Preferred Securities	100,000,000	95,500,000	100,000,000
Class IX Preferred Securities	50,000,000	47,500,000	-
Class X Preferred Securities	50,000,000	50,000,000	-
	360,000,000	**345,800,000**	**259,000,000**

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

The fair value of these Preferred Securities is based on the quoted market prices of the Notes, due to the economic terms of these two instruments being identical.

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.

9. Debtors

	2007 €	2006 €
Transaction fee payable	-	5,000

10. Share capital

	2007 €	2006 €
Authorised:		
2 ordinary shares of €1 each	2	2
Issued and fully paid:		
2 ordinary shares of €1 each	2	2

10. Share capital- (continued)

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:

i) 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 he is a holder; and

ii) the right to receive dividends recommended by the directors and declared in a general meeting.

11. Notes

		2007	2006
		€	€
	Issue date		
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	-
Class X	4 September 2007	50,000,000	-
		360,000,000	**260,000,000**

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;
- Payments on the Notes are effectively made at the discretion of the directors of the Company where pass-through funds are not received from the Funding Company and are not available for distribution 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

11. Notes -(continued)

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

12. Available for sale reserve

	Investment revaluation
	€
Balance at 1 January 2007	**(1,000,000)**
Decrease in fair value of available for sale investments	(13,200,000)
Balance as at 31 December 2007	**(14,200,000)**

13. Collateral agreement

On 9 November 2005, pursuant to the collateral agency agreement ("CAA"), Deutsche Bank AG, London 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 investors in the Notes. Pursuant to the CAA, the Company has transferred for security purposes the relevant classes of Preferred Securities to the Collateral Agent (the "Collateral Security").

The Notes are limited recourse obligations of the Company. Holders of the Notes 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.

Any obligation to repay the principal amount of the Notes will be limited to the value of the Collateral Security. To the extent that there is a shortfall in the monies due to investors under the Notes, no debt will be owed by the Company, in respect of any shortfall remaining after realisation of the Collateral Security and application of the proceeds thereof in accordance with the terms of the CAA.
If the Notes are to be redeemed other than at the option of Company, such redemption will be carried out by transferring to the holders of the Securities *pro rata* Preferred Securities of the relevant class.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

14. Financial instruments risk

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

Credit risk

This is the risk that the Company will be unable to meet its commitment to the holders of the Notes. The primary credit risk is the Company will not receive principal/ interest on the Preferred Securities to meet it obligations under the Notes

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.

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 maximum credit risk exposure at 31 December 2007 is €362,640,457.

Currency risk

The Company's monetary assets and liabilities are denominated in Euros, the same currency as the currency of the operations of the Company. The directors therefore believe there is no exchange rate risk to the Company.

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. As the Company has no financial liabilities, (given that the Notes are classified as equity under IFRS) in the directors' opinion, the Company does not retain any material adverse interest rate risk.

The interest rate risks are borne by the noteholders. A change in interest rates would have no impact on profit and therefore no sensitivity analysis has been prepared.

14. Financial instruments risk (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. As the Company has no financial liabilities (given that the Notes are classified as equity under IFRS) in the directors' opinion, the company does not retain any liquidity risk. The holders of the Notes are exposed to any liquidity risk.

Market price risk

The Company is exposed to the market risks relating to currency risk and interest rate risk. The Company has the same market price risks as DZB. For DZB, market risk is generated primarily though the customer driven and proprietary trading activities as well as from lending real estate and insurance operations.

Loss of capital risk

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

Fair values

Set out below is a comparison of the carrying amounts and fair values of all the Company's financial instruments:

	Cost	Fair Value
	2007	**2007**
Financial assets	**€**	**€**
Preferred Securities	360,000,000	345,800,000
Cash and cash equivalents	4,611	4,611
	360,004,611	**345,804,611**

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 is determined by the use of market values.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

14. Financial instruments risk (continued)

Fair values (continued)

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.

15. 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.

16. Related party transactions

Corporate administration services are provided to the Company by Bedell Trust Company Limited. The directors of the Company are also directors of DZ BANK Perpetual Funding (Jersey) Limited, Bedell Trust Company Limited, Bedell Trustees Limited and Bedell Secretaries Limited and partners' of Bedell Cristin and Bedell Group.

During the year, the Company received €14,628,000 from DZ BANK Perpetual Funding (Jersey) Limited by way of dividends, as set out in note 5 above (2006: €5,610,900).

During the year €100,000,000 was paid to DZ BANK Perpetual Funding (Jersey) Limited as consideration payable for the purchase of various classes of Preferred Securities, as set out in note 8 above (2006: €260,000,000).