

DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

**Directors' report and audited financial statements
for the year ended 31 December 2013**

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

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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 2013.

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 have 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 only fully redeemed the Class X Notes.

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.

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.

Principal activities (continued)

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.

No Notes were redeemed in the year.

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 (appointed 26 February 2014)
Alasdair James Hunter (resigned 26 February 2014)

Secretary

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

Bedell Secretaries Limited

Results and dividends

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

In the year the directors paid a final dividend amounting to €1,000 in respect of the year ended 31 December 2012 (2012: €1,000 in respect of the year ended 31 December 2011).

The directors recommend the payment of a final dividend amounting to €1,000 in respect of the year ended 31 December 2013 (2012: €1,000).

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

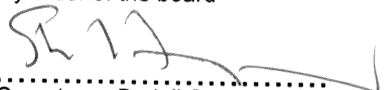
The directors are responsible for preparing the financial statements in accordance with applicable Jersey law and International Financial Reporting Standards ('IFRS').

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;
- 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 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 - Bedell Secretaries Limited

7 March 2014
.....
Date

Registered office

26 New Street
St Helier
Jersey
JE2 3RA

Statement of directors' responsibilities with regard to the financial statements

As the Company is listed on the regulated market of the Luxembourg Stock Exchange the company is required to include a directors' responsibility statement in the financial statements pursuant to the requirements of Article 3(2)(c) of the Luxembourg law of 11 January 2008 relating to the transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

To the best of their knowledge, the directors confirm that the financial statements for the year ended 31 December 2013, 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 financial statements for the year ended 31 December 2013 include a fair review of important events that have occurred during the year ended 31 December 2013 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 - Shane Michael Hollywood

7 MARCH 2014
.....
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 for the year ended 31 December 2013 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 pages 4 and 5, 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 Directors' 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 2013 and of its profit 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 (continued)**

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.

Christopher James Matthews, FCA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
Date: 10 March 2014

DZ BANK Perpetual Funding Issuer (Jersey) Limited
Audited statement of comprehensive income
31 December 2013

	2013 €	2012 €
Income		
Foreign exchange gain	<u>133</u>	<u>262</u>
Profit for the year	133	262
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>133</u>	<u>262</u>

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

DZ BANK Perpetual Funding Issuer (Jersey) Limited
Audited statement of financial position
31 December 2013

	Note	2013 €	2012 €
Assets			
Current assets			
Cash and cash equivalents		<u>1,730</u>	<u>2,597</u>
Total assets		<u>1,730</u>	<u>2,597</u>
Equity attributable to the owners of the Company			
Share capital	6	2	2
Retained earnings		<u>1,728</u>	<u>2,595</u>
Total equity		<u>1,730</u>	<u>2,597</u>

The financial statements on pages 8 to 17 were approved and authorised for issue by the board of directors on 7 March 2014, and were signed on its behalf by:



 Director - Shane Michael Hollywood



 Alternate director - Peter Byrne

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

DZ BANK Perpetual Funding Issuer (Jersey) Limited
Audited statement of changes in equity
31 December 2013

	Share capital	Retained earnings	Total
	€	€	€
Balance as at 1 January 2012	2	3,333	3,335
Profit for the year	-	<u>262</u>	<u>262</u>
Total comprehensive income for the year ended 31 December 2012	<u>-</u>	<u>262</u>	<u>262</u>
Transactions with owners:			
Dividends paid	-	<u>(1,000)</u>	<u>(1,000)</u>
Balance as at 31 December 2012	<u>2</u>	<u>2,595</u>	<u>2,597</u>
	Share capital	Retained earnings	Total
	€	€	€
Balance as at 1 January 2013	2	2,595	2,597
Profit for the year	-	<u>133</u>	<u>133</u>
Total comprehensive income for the year ended 31 December 2013	<u>-</u>	<u>133</u>	<u>133</u>
Transactions with owners:			
Dividends paid	-	<u>(1,000)</u>	<u>(1,000)</u>
Balance as at 31 December 2013	<u>2</u>	<u>1,728</u>	<u>1,730</u>

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

DZ BANK Perpetual Funding Issuer (Jersey) Limited
Audited statement of cash flows
31 December 2013

	Note	2013 €	2012 €
Cash flows from operating activities			
Net cash flows generated from operating activities	8	-	-
Cash flows from financing activities			
Dividends paid		(1,000)	(1,000)
Net cash flows used in financing activities		(1,000)	(1,000)
Net decrease in cash and cash equivalents in the year		(1,000)	(1,000)
Cash and cash equivalents as at the start of the year		2,597	3,335
Effect of foreign exchange rate changes		133	262
Cash and cash equivalents as at the end of the year		1,730	2,597

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 2013 on pages 8 to 17 have been prepared in accordance with accounting principles generally accepted in the island of Jersey, incorporating IFRS.

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. 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.

Adoption of new applicable standards

At the statement of financial position date, the following standards which have been applied in these financial statements, were in issue and effective:

- International Financial Reporting Standard 10 Consolidated Financial Statements (effective 1 January 2013) ('IFRS 10'); and
- International Financial Reporting Standard 13 Fair Value Measurement (effective 1 January 2013) ('IFRS 13').

The directors consider that the adoption of IFRS 10 and IFRS 13 has not had a significant impact on the financials statements of the Company.

2 Accounting policies (continued)

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 (no mandatory effective date) ('IFRS 9').

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

IFRS 9, as issued in 2010, reflects the first phase of the International Accounting Standards Board ('IASB')'s work on the replacement of International Accounting Standard 39 Financial Instruments: Recognition and Measurement ('IAS 39') and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39.

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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 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') to not recognise its principal financial instruments.

The Preferred Securities are not recognisable as financial instruments under IAS 39 as the Company has transferred the rights to the cash flows generated from the Preferred Securities under a pass-through arrangement. The Company has retained the contractual right to receive the cash flows generated from the Preferred Securities, but has assumed 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.

The financial liabilities relating to the Notes are not recognisable as financial instruments as the holders of the Notes are entitled to only 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.

2 Accounting policies (continued)

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 2013 the Company held no cash equivalents. Cash and cash equivalents are recorded at amortised cost.

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 period in which they arise.

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 (2012: 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	2013 €	2012 €
Class VI	3 month Euribor + 1.10%	597,150	1,098,865
Class VII	3 month Euribor + 0.80%	861,840	1,704,667
Class I	3 month Euribor + 1.00%	52,503	171,321
Class VIII	3 month Euribor + 0.80%	888,270	1,657,943
Class IX	3 month Euribor + 0.50%	287,600	774,917
Class II	12 month Euribor +3.25%	<u>9,934,507</u>	<u>12,574,316</u>
		<u>12,621,870</u>	<u>17,982,029</u>

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 2013 €	Fair value 2013 €	Principal amount 2012 €	Fair value 2012 €
Class VI	9 January 2006	45,000,000	31,500,000	45,000,000	22,500,000
Class VII	13 February 2006	84,000,000	58,800,000	84,000,000	42,000,000
Class I	17 March 2006	4,300,000	3,010,000	4,300,000	1,930,700
Class VIII	4 September 2006	87,000,000	60,900,000	87,000,000	43,500,000
Class IX	16 April 2007	40,000,000	28,000,000	40,000,000	20,000,000
Class II	24 September 2008	<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>	<u>228,750,000</u>
		<u>510,300,000</u>	<u>432,210,000</u>	<u>510,300,000</u>	<u>358,680,700</u>

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.

6 Share capital

	2013	2012
	€	€
Authorised:		
2 ordinary shares of €1.00 each	<u>2</u>	<u>2</u>
Issued and fully paid:		
2 ordinary shares of €1.00 each	<u>2</u>	<u>2</u>

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 2013 €	Fair value 2013 €	Principal amount 2012 €	Fair value 2012 €
Class VI	9 January 2006	45,000,000	31,500,000	45,000,000	22,500,000
Class VII	13 February 2006	84,000,000	58,800,000	84,000,000	42,000,000
Class I	17 March 2006	4,300,000	3,010,000	4,300,000	1,930,700
Class VIII	4 September 2006	87,000,000	60,900,000	87,000,000	43,500,000
Class IX	16 April 2007	40,000,000	28,000,000	40,000,000	20,000,000
Class II	24 September 2008	250,000,000	250,000,000	250,000,000	228,750,000
		<u>510,300,000</u>	<u>432,210,000</u>	<u>510,300,000</u>	<u>358,680,700</u>

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.

8 Cash flows from operating activities

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

	2013	2012
	€	€
Profit for the year	133	262
Foreign exchange gain	<u>(133)</u>	<u>(262)</u>
Net cash flows generated from operating activities	<u>-</u>	<u>-</u>

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

The Company is owned by Bedell Trustees Limited, in its capacity as trustee of the DZ BANK Perpetual Funding Issuer (Jersey) Charitable Trust.

In accordance with IFRS 10, the directors are of the opinion there is no ultimate controlling party.

11 Related party transactions

Corporate administration services are provided to the Company by Bedell Trust Company Limited, including the provision of the Company secretary, Bedell Secretaries Limited and the directors. Shane Michael Hollywood and Alasdair James Hunter are directors of Bedell Trustees Limited and Bedell Secretaries Limited and are partners of Bedell Group. Shane Michael Hollywood is also a director of Bedell Trust Company Limited. Ariel Samantha Pinel is also a director of Bedell Trustees Limited and Bedell Secretaries Limited. The directors' fees are included in the fee expense payable to Bedell Trust Company Limited.

Total fees paid to Bedell Trust Company Limited during the year, by DZB on behalf of the Company, amounted to €26,179 (£22,015) (2012: €44,883 (£36,428)). Fees were payable to Bedell Trust Company Limited, by DZB on behalf of the Company, in the sum of €2,739 (£2,286) as at the year end (2012: €1,236 (£1,009)).

Legal services are provided to the Company by Bedell Cristin, from time to time. Alasdair James Hunter is also a partner of Bedell Cristin.

Shane Michael Hollywood is also a director of the Funding Company. Alasdair James Hunter was a director of the Funding Company during the financial year but resigned from this position on 26 February 2014. Ariel Samantha Pinel was appointed on 26 February 2014 as a director of the Funding Company.