DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

Directors' report and unaudited interim condensed financial statements

for the period from 1 January 2018 to 30 June 2018

DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

CONTENTS

DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

DIRECTORS' REPORT

The directors present their report together with the unaudited interim condensed financial statements of DZ BANK Perpetual Funding Issuer (Jersey) Limited (the 'Company') for the period from 1 January 2018 to 30 June 2018.

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 (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 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 Security. 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.

DIRECTORS' REPORT (continued)

Principal activities (continued)

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 interim condensed financial statements the Company has fully redeemed the Class X and Class II Notes.

Directors

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

Shane Michael Hollywood
Ariel Samantha Pinel

Secretary

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

Ocorian Secretaries (Jersey) Limited

Results and dividends

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

The directors have not paid interim dividends in respect of the period ended 30 June 2018 (31 December 2017: €nil).

In the period the directors paid a final dividend amounting to €nil in respect of the year ended 31 December 2017 (2016: €nil).

The directors do not recommend the payment of a dividend in respect of the period ended 30 June 2018 (31 December 2017: €nil).

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

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities with regard to the financial statements

The directors are required by the Companies (Jersey) Law 1991, as amended, to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company as at the end of the financial period 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 a 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 - Ocorian Secretaries (Jersey) Limited

Date: 25 July 2018

Registered office

26 New Street
St Helier
Jersey
JE2 3RA

DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The directors' responsibility statement has been included in the interim condensed financial statements pursuant to the requirements of Article 4(2)(c) of the Luxembourg law of 11 January 2008, as amended, relating to the transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

To the best of their knowledge, the directors confirm that the interim condensed financial statements for the period from 1 January 2018 to 30 June 2018, prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ('IAS 34'), 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 interim condensed financial statements for the period from 1 January 2018 to 30 June 2018 include a fair review of important events that have occurred during the period from 1 January 2018 to 30 June 2018 and their impact on the interim condensed financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the year.

Signed on behalf of the board of directors by:

Director - Ariel Samantha Pinel

Date: 25 July 2018

DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 January 2018 to 30 June 2018

	1 January 2018 to 30 June 2018	1 January 2017 to 30 June 2017
	€	€
Income	-	-
Profit for the period	-	-
Other comprehensive income	-	-
Total comprehensive income for the period	-	-

The notes on pages 10 to 15 form an integral part of these interim condensed financial statements.

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	Unaudited 30 June 2018 €	Audited 31 December 2017 €
Assets			
Current assets			
Cash and cash equivalents		2	2
Total assets		**2**	**2**
Equity attributable to the owners of the Company			
Share capital	6	2	2
Total equity		**2**	**2**

The interim condensed financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on 25 July 2018, and signed on its behalf by:

Director - Ariel Samantha Pinel

Director - Shane Michael Hollywood

The notes on pages 10 to 15 form an integral part of these interim condensed financial statements.

DZ BANK PERPETUAL FUNDING ISSUER (JERSEY) LIMITED

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY
For the period from 1 January 2018 to 30 June 2018

	Share capital €	Retained earnings €	Total €
Balance as at 1 January 2017	2	-	2
Profit for the period	-	-	-
Total comprehensive income for the period ended 30 June 2017	2	-	-
Transactions with owners:			
Dividends paid	-	-	-
Total transactions with owners	-	-	-
Balance as at 30 June 2017	2	-	2

	Share capital €	Retained earnings €	Total €
Balance as at 1 January 2018	2	-	2
Profit for the period	-	-	-
Total comprehensive income for the period ended 30 June 2018	2	-	-
Transactions with owners:			
Dividend paid	-	-	-
Total transactions with owners	-	-	-
Balance as at 30 June 2018	2	-	2

The notes on pages 10 to 15 form an integral part of these interim condensed financial statements.

UNAUDITED INTERIM STATEMENT OF CASH FLOWS
For the period from 1 January 2018 to 30 June 2018

	Note	Unaudited 1 January 2018 to 30 June 2018 €	Unaudited 1 January 2017 to 30 June 2017 €
Net cash flows generated from operating activities	8	-	-
Cash flows from financing activities			
Dividend paid		-	-
Net cash flows used in financing activities		-	-
Net decrease in cash and cash equivalents in the period		-	-
Cash and cash equivalents at beginning of the period		2	2
Cash and cash equivalents at end of the period		2	2

The notes on pages 10 to 15 form an integral part of these interim condensed financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the period from 1 January 2018 to 30 June 2018

1. General

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 interim condensed financial statements for the period from 1 January 2018 to 30 June 2018 on pages 6 to 14 have been prepared in accordance with IAS 34.

Basis of measurement

The interim condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended 31 December 2017.

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

The same accounting policies and methods of computation are followed in the interim condensed financial statements as used in the Company's annual financial statements for the year ended 31 December 2017.

Standards adopted for the first time

The following standard has been applied for the first time in these interim condensed financial statements;

- International Financial Reporting Standard 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018) ('IFRS 9');

IFRS 9 Financial Instruments: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

Recognition and measurement

The recognition and measurement of financial assets under IFRS 9 is built on a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cashflow characteristics. The recognition of financial liabilities under IFRS 9 carries forward the treatment of IAS 39, except that IFRS 9 does introduce new requirements for the accounting for and presentation of changes in the fair value of an entity's own debt when the entity has chosen to measure the debt at fair value using the fair value option. IFRS 9 requires that the changes in the fair value of an entity's own credit risk should be recognised in other comprehensive income other than the profit or loss.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the period from 1 January 2018 to 30 June 2018

2. Accounting policies (continued)

Standards adopted for the first time (continued)

Hedge accounting

IFRS 9 introduces a substantial revision to the hedge accounting requirements which will allow entity's to better reflect their risk management activities in their financial statements. The revision was issued in response to concerns of preparers of financial statements about the difficulty of appropriately reflecting management activities in financial statements, the changes also address concerns raised by users of the financial statements about the difficulty of understanding hedge accounting. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatory.

The directors note that the adoption of IFRS 9, has not had a significant impact upon the results of the Company. The Directors note that the Company is a special purpose vehicle whose obligations are limited in recourse and the Company is structure so as to be bankruptcy remote. After the assessment of the expected impact of de-recognition under IRFS9 the directors conclude that there is no significant impact on the financial statements as the Company also satisfies the de-recognition of the Company.

Standards, amendments and interpretations issued but not yet effective

The directors have reviewed and considered all standards, amendments and interpretations issued but not yet effective as at the date the interim condensed financial statements are authorised for use. 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 interim condensed financial statements of the Company.

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 period of assessment (2017: 0%).

4. Income receivable on the Preferred Securities

The income receivable on the Preferred Securities purchased by the Company is not recognised in the statement of comprehensive income as such income is due and payable to the holders of the Notes without material delay. The following information is presented in the interim condensed financial statements in order to provide information to the reader.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the period from 1 January 2018 to 30 June 2018

4. Income receivable on the Preferred Securities (continued)

	Interest rate	Unaudited 1 January 2018 to 30 June 2018 €	Unaudited 1 January 2017 to 30 June 2017 €
Class VI	3 month Euribor + 1.10%	175,500	179,100
Class VII	3 month Euribor + 0.80%	199,920	203,280
Class I	3 month Euribor + 1.00%	14,577	14,706
Class VIII	3 month Euribor + 0.80%	207,930	210,540
Class IX	3 month Euribor + 0.50%	34,800	36,800
		632,727	**644,426**

5. Preferred Securities

The Preferred Securities are not recognised in the statement of financial position. The following information is presented in the interim condensed financial statements in order to provide information to the reader and is based on the scheduled principal amount receivable at maturity. 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.

	Unaudited 30 June 2018 Cost €	Unaudited 30 June 2018 Fair value €	Audited 31 December 2017 Cost €	Audited 31 December 2017 Fair value €
Class VI Preferred Securities	45,000,000	39,600,000	45,000,000	37,800,000
Class VII Preferred Securities	84,000,000	73,920,000	84,000,000	70,560,000
Class I Preferred Securities	4,300,000	3,719,500	4,300,000	3,569,000
Class VIII Preferred Securities	87,000,000	76,125,000	87,000,000	73,080,000
Class IX Preferred Securities	40,000,000	28,620,000	40,000,000	33,600,000
	260,300,000	**221,984,500**	**260,300,000**	**218,609,000**

6. Share capital

	Unaudited 30 June 2018 €	Audited 31 December 2017 €
Authorised:		
2 ordinary shares of €1.00 each	2	2
Issued and fully paid:		
2 ordinary shares of €1.00 each	2	2

6. 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:

a. 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

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

7. Notes

The Notes are not recognised in the statement of financial position. The following information is presented in the interim condensed 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	Unaudited 30 June 2018 €	Audited 31 December 2017 €
Class VI	9 January 2006	45,000,000	45,000,000
Class VII	13 February 2006	84,000,000	84,000,000
Class I	17 March 2006	4,300,000	4,300,000
Class VIII	4 September 2006	87,000,000	87,000,000
Class IX	16 April 2007	40,000,000	40,000,000
		260,300,000	**260,300,000**

The Public Programme documentation prescribes that interest will be paid by DZB on the Initial Debt Securities held by the Funding Company. Such interest payments will, in turn, fund dividends paid by the Funding Company on the Preferred Securities held by the Company. Upon receipt, the Company has a contractual obligation to pay any cash flows received to the holders of the Notes without material delay under the terms of the relevant Notes.

Each class of Notes issued by the Company is referenced to and limited in recourse to the performance of the corresponding class of Preferred Securities. The amount distributed on the Notes is referenced to and limited in recourse to the receipt of income on the corresponding class of Preferred Security.

The distributions paid on the Notes have also been derecognised 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 International Financial Reporting Standard 9 Financial Instruments.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the period from 1 January 2018 to 30 June 2018

7. Notes (continued)

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 generated from operating activities

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

	Unaudited 1 January 2018 to 30 June 2018	Unaudited 1 January 2017 to 30 June 2017
	€	€
Profit for the period	-	-
Net cash flows generated from operating activities	-	-

9. Financial risk management

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

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

10. Ultimate controlling party

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

The Company is consolidated for accounting purposes with DZB. In the opinion of the directors the ultimate parent company is DZB. In accordance with International Financial Reporting Standard 10 Consolidated Financial Statements, 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 Ocorian Limited, including the provision of the Company secretary, Ocorian Secretaries (Jersey) Limited and the directors. Shane Michael Hollywood, and Ariel Samantha Pinel are directors of Ocorian Trustees (Jersey) Limited and Ocorian Secretaries (Jersey) Limited. Shane Michael Hollywood is also a director of Ocorian Limited. The directors' fees are included in the fee expense payable to Ocorian Limited.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the period from 1 January 2018 to 30 June 2018

11. Related party transactions (continued)

Total fees paid to Ocorian Limited during the period, by DZB on behalf of the Company, amounted to €17,667 (£15,688) (30 June 2017: €17,583 (£15,441)). No fees were payable to Ocorian Limited, by DZB on behalf of the Company, at the period end (30 June 2017: €nil)).

Legal services are provided to the Company by Bedell Cristin, from time to time.

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