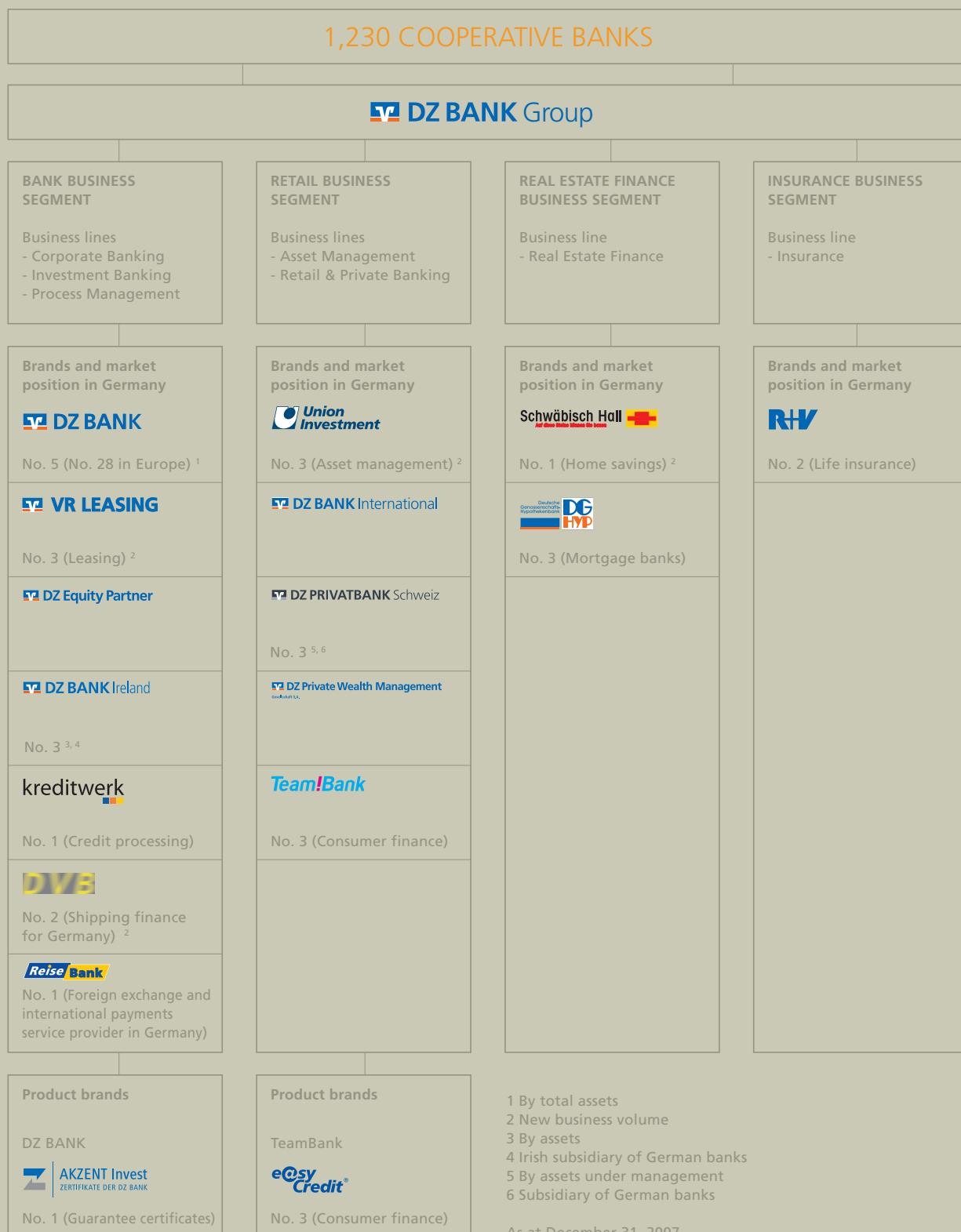


TAKING RESPONSIBILITY TOGETHER

2008 Sustainability Report



THE COOPERATIVE FINANCIAL SERVICES NETWORK:
THE LEADING FINANCIAL SERVICES PROVIDER IN GERMANY



OUR MISSION STATEMENT

As the central institution of the German cooperative banks, DZ BANK is bound by a long tradition that combines banking activities with social responsibility. This means that we use our financial products and services to generate added social value and to achieve commercial success on a sustainable basis.

This approach includes the provision of comprehensive support for our employees and the best possible level of protection for the environment. As part of society, we are also committed to assisting educational, cultural and social causes.

It is therefore our objective, in collaborative partnership with the cooperative banks, to satisfy the needs of our customers, business partners, and employees, both inside and outside Germany, and to contribute to a society in which it is worth living.

NOTES ON THE REPORT

This 2008 Sustainability Report is the first-ever comprehensive and detailed report by DZ BANK AG covering all issues relevant to sustainability in the company. We have therefore consciously set out to achieve even more transparency and further enhance the intensive dialogue with our stakeholders.

SCOPE OF THE REPORT

Unless stated otherwise, this report relates to DZ BANK AG, the registered office of which is situated in Frankfurt am Main. Details on employees include all DZ BANK AG offices and therefore all persons employed by DZ BANK AG. The environmental data relates to the Frankfurt offices. As part of the development of the environmental management system, it is our intention to ensure that our other offices are gradually included in our reports in future. There were no material changes during the period under review (2007/2008) and the data is therefore comparable with the prior period on a like-for-like basis.

GRI INDEX BASIS

The structure of the sustainability report is based on the current Global Reporting Initiative (GRI) guidelines. We are aware that in our first report we have not been able to cover the GRI criteria in full. Nevertheless, we have still decided to base our report on these internationally recognized guidelines and to use the index as a guide. Pages 62 and 63 show a summary of the GRI indicators used by us in this report.

We will continue to work on sustainability issues on an ongoing basis and will provide a status report in 2009 on progress and developments.

SELECTION OF TOPICS

The topics in this report are based on the GRI guidelines and have been determined in conjunction with the relevant divisions and departments in the company. Stakeholder interest in certain types of information has also been taken into account.

REPORT STRUCTURE

The report begins with a portrait of DZ BANK. The subsequent four sections cover the following areas relevant to sustainability: business, employees, society, and ecology. Each section starts with a description of a project that is representative of DZ BANK's commitment in the area concerned.

FURTHER INFORMATION

Further information on DZ BANK AG, the structure of the DZ BANK Group, and on the cooperative financial services network can be found in our annual report. We also update our website (www.sustainability.dzbank.com) on a continuous basis with information on current developments.

www.sustainability.dzbank.com

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Wolfgang Kirsch, Chief Executive Officer of DZ BANK AG



DEAR READERS

During the great food shortages of the nineteenth century, Friedrich Wilhelm Raiffeisen and Hermann Schulze-Delitzsch both had the same vision: farmers, factory workers and craftsmen should be aided by local credit unions and placed in a position where they could obtain small loans without constraints, enabling them to free themselves from poverty by dint of their own efforts. It was from this idea that the cooperative banks later emerged.

Today, there are around 1,230 cooperative banks in Germany and they are led by DZ BANK. Together with its sister bank, WGZ BANK, DZ BANK feels bound by this long tradition of social responsibility.

Since the nineteenth century, the challenges have changed considerably of course.

We are no longer living in the age of industrialization, but in that of globalization – with its own issues,

opportunities and problems. However, even today, companies do not operate in isolation from their social environment. Far from it: as part of society, they are reliant on this environment.

It is therefore a responsibility of companies, and in their own interests, to support society and conform to its standards of behavior. A stable social environment and the confidence of the population in its companies are indispensable for long-term economic success. In practice, this means that companies must allow themselves to be measured not only against financial targets, but also against social and environmental targets.

As the central bank for the local cooperative banks, we provide efficient, cost-effective support for these cooperative banks with customized products and services – and thereby provide around 30 million customers in Germany with an entire range of financial solutions. The high level of customer satisfaction and the multiple-award-winning quality of our cooperative

network products provide ample evidence that we carry out our economic responsibilities conscientiously and with dedication.

Our aim is to combine commercial success in our core business with ecological and social objectives. Our belief that commercial success and social responsibility are mutually complementary is also reflected in our approach to our employees. Our entire business model is based on their capabilities, their commitment and motivation. The provision of intensive support for employees, the payment of appropriate rewards for performance, and the protection of employee health are not simply questions of social responsibility; they also amount to a sensible business management policy.

However, there are also areas in which we are not pursuing simultaneous business objectives; we simply want to give something back to the society from which we benefit in any number of ways. One of these areas is our long-standing commitment to art. We have recently demonstrated the importance of this for the general public by moving over 200 important photographs to the Städel Museum in Frankfurt.

We have used the occasion of our 125th anniversary to publish a comprehensive sustainability report for the first time. This report provides detailed information on our business, employee, environmental, and social activities, and has been prepared using Global Reporting Initiative (GRI) guidelines. It is not our intention to use our corporate citizenship in order to sing our own praises. We simply wish to improve our dialogue with society by reporting as transparently as possible.

We understand sustainability as a process. This understanding is reflected in our communications-oriented approach. We are constantly learning something new. We are prepared to continue to make changes and also question established arrangements and behavior patterns.

I would like to highlight three events in 2008 that illustrate the seriousness of our intent and our ability to undertake continuous improvement. First, we introduced an environmental management system to

underpin our environmental activities over the long term. We are systematically working towards our demanding environmental objectives by adopting particular methods and setting specific targets.

In recognition of our family-friendly human resources policy, we were also awarded the “berufundfamilie” certificate by the non-profit-making Hertie Foundation. However, the certificate is not just an award: the recipient is under an obligation to implement a specific future action plan. We were happy to enter into this obligation.

Finally, we subjected our corporate Values to a Serious examination and together drew up a new mission statement. From now on, this new mission statement will form the basis for our activities, combining successful commercial enterprise with social responsibility.

In the future, we intend to continue our long tradition as a socially responsible company and stick rigorously to our chosen path of even greater transparency and openness embodied in this sustainability report. With this in mind, I would be delighted to hear from you if you have any comments, criticism, or suggested improvements.

Kind regards



Wolfgang Kirsch

As the bank at the head of the cooperative financial services network, DZ BANK is one of the leading financial services providers in Germany and has a long tradition of corporate responsibility.

A MODEL FINANCIAL SERVICES PROVIDER

The slogan “Achieving more together” sums up everything that DZ BANK stands for. It is also reflected in our organizational structure. DZ BANK AG forms part of the cooperative financial services network, which comprises around 1,230 local cooperative banks. The basic principles of the network are mutuality and partnership – principles that have been guiding us successfully for more than 125 years.

A particular feature of the cooperative financial services network is that more than half of its 30 million customers – around 16 million customers – hold shares in a cooperative bank. This means that, out of all the banking groups in Germany, the cooperative financial services network has by far the greatest number of shareholders. The network is therefore soundly established in the community and can rely on a broadly diversified base of support. In terms of total assets, the cooperative financial services network is one of the largest private financial services organizations in Germany.

THE BANK OWNED BY ITS CUSTOMERS

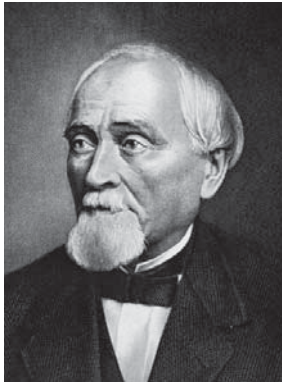
Within the network, DZ BANK AG acts as the central bank for the individual cooperative banks, which have 12,000 branches. They are both our customers and our shareholders. We are therefore the ultimate in private enterprise: a bank that is owned by its customers.

In this role, we see ourselves primarily as a partner providing customized, innovative, inexpensive financial products to support the individual banks in each locality and strengthen their position vis-à-vis the competition. We always apply the principle of decentralization in our partnership with the cooperative banks: Each partner in the network focuses on its primary tasks, reflecting its strengths. In this context, DZ BANK acts as an overarching unit supplying products and providing support for the local partners. We only assume responsibility for tasks that can be carried out better, faster and more efficiently on a centralized basis.

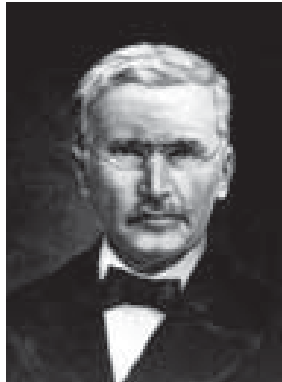
Our range of services includes structured investments, interest-bearing products, all aspects of securities trading and sales, fund solutions, issue of profit-participation certificates, and IPO support. With our “AKZENT Invest” brand, we are also on the way to becoming the market leader in the certificates business. In addition, we have achieved national and international success in the area of financing.

In addition to our activities as a central bank for the cooperative banks, we act as a commercial bank with an increasingly international outlook, particularly across Europe. Branches in New York, London, Hong Kong, Singapore, and, since 2007, in Milan reflect

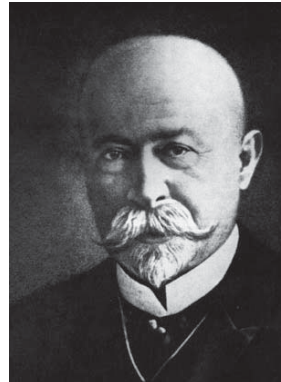
Hermann Schulze-Delitzsch



Friedrich Wilhelm Raiffeisen



Wilhelm Haas



the international nature of our business. We also have representative offices in nine other countries. These branches and offices enable us to directly access the knowledge of our experts in all major international financial centers and ensure that we can satisfy our high quality standards almost anywhere in the world.

THE DZ BANK GROUP

Over the course of our 125 year history, we have built up an unparalleled range of financial products and services. The companies in the DZ BANK Group, together with their strong brands, provide the cornerstones of this range. These companies include Bausparkasse Schwäbisch Hall, Deutsche Genossenschafts-Hypothekenbank (DG HYP), DZ BANK International, DZ PRIVATBANK Schweiz, R+V Versicherung, TeamBank, Union Investment Group, VR LEASING, and various other specialized institutions.

Collaboration between the companies in the DZ BANK Group facilitates optimization of the range of financial products and services that can be made available for sale by the cooperative banks. The specialized institutions in the DZ BANK Group provide top-class, highly competitive products at reasonable prices in their respective areas of expertise. This ensures that the cooperative banks in Germany are in a position to offer their customers a comprehensive range of outstanding financial services.

An overview of the DZ BANK Group and its four business segments (Bank, Retail, Real Estate Finance, and Insurance) can be found on the inside front cover of this report.

COLLABORATIVE PARTNERSHIP FOR 125 YEARS

The collaborative partnership with the cooperative banks is part of our tradition and goes back to the principles originally promoted by Hermann Schulze-Delitzsch, Friedrich Wilhelm Raiffeisen and Wilhelm Haas. As far back as the nineteenth century, they were convinced that a collaboration between like-minded persons would be more successful than individuals operating independently.

In 1883, Landwirtschaftliche Genossenschaftsbank AG was set up in Darmstadt to handle clearing between the cooperative banks. In 1895, Preussische Zentralgenossenschaftskasse was established in Berlin for the same purpose. Both banks formed the roots of DZ BANK. 1929 saw the merger of the Raiffeisen and Haas rural cooperative organizations to become the largest cooperative network in the world.

The establishment of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), the Federal Association of German Cooperative Banks, in 1972 brought together the Volksbank and Raiffeisenbank organizations.

COMMERCIAL SUCCESS

Although DZ BANK has undergone significant changes in the course of its history, there has been no change to the basic principle that challenges can be met more successfully by working together. Furthermore, the commercial success that we have enjoyed confirms that we should remain faithful to this basic principle in the future.

In particular, our business model as a financial services provider has shown itself to be resilient in the challenging economic environment presented by the crisis in the financial markets. We are benefiting from the intensive and successful collaboration within the cooperative financial services network.

RESPONSIBILITY DERIVED FROM TRADITION

There is a long tradition of corporate responsibility and sustainability at DZ BANK. The cooperative principle itself was based on the notion that economic and social problems should be resolved collectively. From the start, we therefore felt that we were part of society and were aiming to contribute to the success of that society.

THE COOPERATIVE IDEA

The starting point for the cooperative idea was the issue of environmental sustainability. To support rapid population growth in the nineteenth century, agriculture became more intensive, precluding natural regeneration of the land. The consequences were falling yields and crop failures, plunging large swathes of the rural population into bitter poverty.

Friedrich Wilhelm Raiffeisen, one of the originators of the cooperative idea, saw a solution in the provision of low-priced loans and advantageous investment opportunities for farmers. The aim was to enable farmers to purchase agricultural equipment, fertilizers and livestock. Raiffeisen established two charitable associations, within which wealthy citizens could make loans available to needy farmers. However, these associations did not provide charitable citizens with sufficient incentive to make a long-term commitment and the associations soon transformed into self-help organizations. The members then provided each other with mutual assistance. It was in this way that the idea of the modern cooperative found its way into rural communities. Hermann Schulze-Delitzsch had developed this idea a few years previously in order to assist craftsmen suffering from the impact of industrialization.

Subsequent years saw the establishment of further cooperative banks, which contributed to long-term

economic development among farmers, craftsmen, and other tradesmen. Farmers were able to purchase fertilizers to restore nutrients to the soil, and craftsmen and tradesmen received loans enabling them to invest in their businesses. The successful elimination of economic hardship on a long-term basis in these population groups was to be an important contributing factor in the resolution of the “social issue.”

SUSTAINABILITY TODAY

Today, the cooperative is a legally recognized business structure, characterized by particularly sustainable and long-term relationships involving its owners, customers, and investors. The purpose of a cooperative is to foster the well-being of its members on a permanent basis, not to maximize profits in the short-term. The members of a cooperative are both owners and customers, with the result that many of the conflicts of interest prevalent in other companies do not arise.

In the banking sector, it is precisely the fact that there are a large number of small, independent cooperative banks that contributes to the stability of the sector. In turn, this is a prerequisite for sustainable macro-economic development and a robust social framework.

IMPORTANCE OF CORPORATE RESPONSIBILITY

Our commitment to corporate responsibility means that our approach to our activities is influenced by social, environmental, and ethical criteria as well as economic criteria. We have therefore integrated corporate responsibility into our operating activities by structuring these activities as sustainably as possible and by continuously taking environmental and social issues into account in the further development of our business. Our commitment to society has also been evident for many years in our activities as a good corporate citizen.

SUSTAINABILITY AS A MODEL FOR SUCCESS

We are also convinced that social responsibility and commercial success are not mutually exclusive. In fact, quite the opposite is true: they complement and enrich each other. Our commitment to sustainability therefore contributes to our excellent reputation and

thereby makes it easier for us to recruit and retain highly qualified specialist personnel and managers. Furthermore, it also reduces our costs and risks in many areas of the business.

An example of the successful integration of the sustainability concept into our core business is the development of an entire range of sustainable investments. These investment opportunities allow the 30 million customers of the cooperative banks to combine high returns with ethical and ecological objectives.

COMMON VALUES AS GUIDING PRINCIPLES

Our responsible day-to-day business activities are based on our common values of drive, integrity and trust. These values are also embodied in our mission statement. They serve as our guiding principles in our dealings with each other, our partners in the network, and with our customers and suppliers.

- For us, *drive* means acting in a structured, responsible and creative manner. The objective is to implement needs-oriented solutions in line with the corporate strategy.
- For us, *integrity* means harmonising words, actions and our own personality.
- For us, *trust* means the positive anticipation of the future based on shared experience. We create trust on the basis of expertise, openness and fairness. With trust we reduce complexity in our cooperation and increase our ability to act.

We are convinced that common values form the basis for responsible business. For this reason, we did not simply specify these values; they were jointly developed and emerged from an elaborate discussion process. They provide a framework and each day are given new life – and within the framework there is no room for irresponsible activities or behavior. You can read more about our mission statement in the “Employees” section on page 32.

STAKEHOLDER DIALOGUE

We have a relationship with a variety of stakeholders arising from our business activities. We maintain a continuous dialogue with these stakeholders and take their interests and wishes very seriously. We are confident that this dialogue helps us to take appropriate decisions as well as to identify opportunities and risks at an early stage.

DIALOGUE WITH OUR PARTNERS IN THE COOPERATIVE FINANCIAL SERVICES NETWORK

The cooperative banks with which we are associated, numbering around 1,000 banks, are both our shareholders and our most important customers. We therefore operate an active network policy which involves the representatives of the cooperative banks in strategic decisions at an early stage.

The objective of our decentralized coordination model is to provide the cooperative banks with optimum support and to develop appropriate products and services in line with their needs. DZ BANK’s Banking Advisory Councils have proven themselves to be an important platform for sharing information with the cooperative banks. These four councils (each comprising around 40 board members from cooperative banks in the region concerned) provide advisory support to DZ BANK in matters concerning network strategy and the direction of business policy, and also fulfill an important function as multipliers and disseminators. Appointments to the four regional Banking Advisory Councils, which mirror the regional support structure and cover Baden-Württemberg, Bavaria, Central, and North/East regions, are made via a transparent nomination procedure based on the regional subdivision of the associations.

Apart from the Banking Advisory Councils, there are special Advisory Councils for the seven business lines (Corporate Banking, Investment Banking, Process Management, Asset Management, Retail & Private Banking, Real Estate Finance and Insurance). These business line councils deal with both operating and strategic issues and provide support for the development of products and services from a very early stage.

DIALOGUE WITH EMPLOYEES

We also maintain a continuous dialogue with our employees. In addition to extensive face-to-face communications, we are increasingly using the intranet for this purpose. The intranet is used to distribute information to all DZ BANK divisions. From the intranet, employees can also access the DZ BANK Group’s virtual portal and portals for the local cooperative banks. Our branches and representative offices abroad are of course also connected to these information platforms.

DIALOGUE WITH THE CAPITAL MARKETS AND OUR SUPPLIERS

We maintain an intensive dialogue with the capital markets. We not only publish an annual report, but also a semi-annual report as well as updates on our business performance, as required.








We believe that the greatest possible openness, transparency and fairness as the basis for long-term successful cooperation also applies in communications with our suppliers.

DIALOGUE WITH SOCIETY, ACADEMICS, AND POLITICS

As part of society, we are committed to social responsibility in many different ways and this results in a dialogue with a variety of quite different social groups. We view this dialogue as a form of enrichment that enhances our insight into the world beyond the area covered by our business and promotes mutual understanding of the economy and society. This applies particularly in the case of Frankfurt, because Frankfurt is the site of our head office and we therefore feel closely associated with the city.

We maintain partnerships with various universities and share a great deal of information with academics. In addition, we promote research and teaching, for example through the endowment of academic chairs directly related to the bank or the cooperative movement. Our dialogue with academics also includes joint events and the special promotion of excellence in academic work. Further information on our partnerships with universities can be found in the “Society” section on pages 47 to 50.

DECENTRALIZED COORDINATION MODEL

| Business segments | Bank | | Retail | Real Estate Finance | Insurance | | |
|--|---|---|---|--|---|---|---|
| | Business lines | | | | | | |
| Working groups | Corporate Banking | Investment Banking | Process Management | Asset Management | Retail & Private Banking | Real Estate Finance | Insurance |
| International coordination | • | • | • | • | • | • | • |
| Retail customers product and sales committee | • | • | • | • | • | • | • |
| IT, operations and resources | • | • | • | • | • | • | • |
| Human resources | • | • | • | • | • | • | • |
| Risk management | • | • | • | • | • | • | • |
| Control | • | • | • | • | • | • | • |
| Business line advisory council coordination |  |  |  |  |  |  |  |

PARTICIPANT IN THE UN GLOBAL COMPACT

Since 2008, DZ BANK has been a participant in the UN Global Compact, which was initiated in 2000 by the UN Secretary-General at that time, Kofi Annan. His vision was that businesses should play an active role in developing a more sustainable and more equitable global economy. DZ BANK would also like to have a part in this. We are therefore committed to the ten principles of the UN Global Compact. Under these principles, we will



1. respect internationally proclaimed human rights and promote compliance with these rights within our sphere of influence,
2. make sure that we are not complicit in human rights abuses,
3. uphold the right of our employees to freedom of association and the effective recognition of their right to collective bargaining,
4. eliminate all forms of forced and compulsory labor,
5. work with others to achieve the effective abolition of child labor,
6. eliminate any discrimination in respect of employment and occupation,
7. adopt a precautionary approach to environmental challenges,
8. undertake initiatives to promote greater environmental responsibility,
9. encourage the development and diffusion of environmentally friendly technologies,
10. work against corruption in all its forms, including extortion and bribery.

www.unglobalcompact.org

Together with other companies, we have assumed responsibilities under political objectives. An example of this is our participation in the Global Compact initiated by the United Nations. Under the Global Compact, we have undertaken to uphold ten principles in the areas of human rights, labor, the environment, and anti-corruption.

RESPONSIBLE CORPORATE MANAGEMENT

DZ BANK is committed to the principles of responsible corporate management, taking into account the special features of our cooperative financial services network.

INTERACTION BETWEEN BOARD OF MANAGING DIRECTORS AND SUPERVISORY BOARD

Our Board of Managing Directors manages the company and is responsible for the development of corporate strategy. It agrees this strategy with the Supervisory Board and then ensures that the strategy is implemented. In doing so, the Board of Managing Directors complies with all legal requirements and

ensures that these requirements are observed throughout the group. In addition, the Board of Managing Directors monitors a comprehensive risk management and control system enabling the risks for the group and its stakeholders to be assessed and reduced as far as possible. Further information on our risk management system can be found in the "Business" section, in the annual report, and in the regulatory risk report.

The Board of Managing Directors is monitored and advised by the Supervisory Board and its committees. The Board of Managing Directors and the Supervisory Board work in close cooperation for the benefit of the company. Among other things, this means that the Board of Managing Directors informs the Supervisory Board at an early stage of any relevant developments. Furthermore, transactions of fundamental importance require the consent of the Supervisory Board. The Supervisory Board has created committees to enable it to achieve the highest level of functional control. One example is the audit committee, which is responsible for accounting, risk management, and compliance issues.

The members of the Supervisory Board are elected by the Annual General Meeting, with the cooperative banks being both the largest shareholder group and the largest customer group. With nine representatives from the cooperative banks, the Supervisory Board therefore has top-class banking expertise at its disposal. In accordance with the German Codetermination Act, the members of the Supervisory Board also include ten employee representatives as well as one representative of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR)¹. When members of the Board of Managing Directors of DZ BANK leave this position in the company they are not permitted to transfer directly to the Supervisory Board. www.bvr.de

TRANSPARENT FINANCIAL REPORTING IN ACCORDANCE WITH IFRS

To ensure that we supply all our shareholders with information that is as comprehensive and transparent as possible, our consolidated financial statements and all interim financial statements comply with International Financial Reporting Standards (IFRS). The consolidated financial statements are prepared by the Board of Managing Directors and are then audited by an independent firm of auditors and reviewed by the Supervisory Board.

Although we comply with all legal requirements, our first priority is not to satisfy formal standards but rather to achieve a level of corporate management that is both long term and geared toward the creation of value. In future, we will therefore continue to enhance our corporate governance, an important contributing factor in maintaining and developing the trust of customers, owners, employees, and the general public.

¹ BVR is the central organization of the cooperative banking group in Germany. Its members include all the cooperative banks, the central cooperative banks, the companies in the cooperative financial services network and the auditing associations. It represents the interests of the German cooperative banking sector at both national and international levels.

COMPLIANCE IN ACCORDANCE WITH INTERNATIONAL STANDARDS

The legal provisions applicable to financial services constantly have to be adapted in line with new developments and products and are subject to increasingly frequent changes in order to protect investors and the financial industry. As the lead organization in Germany's cooperative financial services network, compliance with all domestic and international legal requirements is an integral part of our core set of beliefs. This does, however, also make significant demands of our Compliance Office.

THE COMPLIANCE OFFICE AND ITS TWO TEAMS

Our Compliance Office advises, monitors and controls our various business units with regard to compliance with all legal requirements.

It comprises two teams: Securities Compliance and Money Laundering Prevention. The responsibilities of the Securities Compliance team include advising specialist divisions and ensuring compliance with all securities trading regulations in these units, for example the prevention of insider trading and arrangements for private transactions by employees. To this end, it carries out checks, prepares internal policies, and provides training for employees on the relevant provisions.

The core responsibilities of the Money Laundering Prevention team include the development of appropriate principles and procedures to prevent both money-laundering and the financing of terrorist organizations. The team carries out monitoring activ-

ities and risk analyses and runs training sessions for bank employees.

The Compliance Office reports directly to the member of the Board of Managing Directors responsible for this area and organizationally forms part of the Legal Division. Branches outside Germany each have their own local Compliance Officer, who reports to both the branch manager and the manager of the Compliance Office of DZ BANK AG.

PROFESSIONAL WHISTLEBLOWER SYSTEM

In 2008, DZ BANK introduced a whistleblower system to prevent white-collar crime and protect employees from undue influence. Both employees and third parties may use the system to supply information on a confidential basis. One of the options is to approach the internal ombudsman. The ombudsman is obliged by an agreement under labor law not to disclose the identity of the informant and acts as the interface for the whistleblower. However, an attorney is also available as an external ombudsman. The attorney's duty to remain silent also guarantees confidentiality.

Apart from our own Compliance Office and a professional whistleblower system, the integrity of our employees also underpins the proper conduct of our activities. We have put in place mandatory rules and regulations to promote this integrity. Any breach of the rules will result in sanctions. In addition, we carry out training sessions to ensure employees are aware of legal requirements and the impact of these requirements on day-to-day work. In the past, we have satisfied all domestic and international compliance requirements and agreements and we will continue to do so conscientiously in the future.



DZ Bank is an economically powerful company and is a model for others in the way it achieves its success. We have a commitment to social responsibility in our core business, as a result of which others place their trust in us and we can then build on this trust.

SUCCESS WITH RESPONSIBILITY

The wind blows on nine days out of ten here: Klaus Treimer and Stefan Frahm, managing directors of Volksbank Ostholstein Nord, on the island of Fehmarn.



“Nowadays, you can achieve a very much greater output from fewer wind turbines over the same area. Not least because of this, we are involved in the refinancing of the repowering of wind power plants on Fehmarn.”

ALEXANDRA POHL, CORPORATE CUSTOMER ADVISER AND EXPERT
IN RENEWABLE ENERGIES AT DZ BANK

FACILITATING WIND POWER

Fehmarn is an island in the Baltic Sea and, with an area of around 185 square kilometers, is the third-largest island in Germany. On this island, the wind blows for nine days out of ten. It is therefore no coincidence that the story of the private use of wind energy in Germany began here more than 20 years ago.

The early wind power pioneers on Fehmarn even gave names to their turbines at that time. Manfred Wollin, a mechanical engineer, was the first to connect to the network in 1984 with a twin-blade wind turbine that he called “Flinke Marianne.” Its modest power output was around 50 kilowatts.

“State-of-the-art wind turbines today are many times more efficient,” according to Alexandra Pohl, corporate customer adviser and expert in renewable energies at DZ BANK. “Nowadays, you can achieve a very much greater output from fewer wind turbines over the same area. Not least because of this, we are involved in the refinancing of the repowering of wind power plants and are providing a whole range of tailor-made financing solutions.”

According to calculations by the German Wind Energy Institute (DEWI), the replacement of the first generation of wind power plants by more efficient installations would increase total annual wind power production from 30 billion kilowatt-hours to 90 billion kilowatt-hours. This is equivalent to roughly 15 percent of annual electricity consumption in

Germany. However, an estimated capital investment of €34 billion would be necessary to implement the replacement program.

On Fehmarn for example, the operators, primarily local farmers, not only had to manage the design for the creation of the new plant, but themselves had to organize the laying of a new underground cable to the mainland. This had become necessary because of the higher total output from the new plant. The cost of laying this new underground cable alone came to €17 million.

At DZ BANK, we see it is as our responsibility, as a strong, reliable financial partner, to facilitate the expansion of wind power and other renewable energies in Germany. In doing so, we work in close collaboration with the cooperative banks. They are in a position to respond quickly and flexibly to local needs. With DZ BANK at their disposal, they also have access to an experienced and financially strong partner.

On Fehmarn, together with our local partner, Volksbank Ostholstein eG, which was responsible for leading the consortium, we made a considerable contribution to the financing of both the underground cable installation and the construction of 64 state-of-the-art wind turbines, each with an output of 2.3 megawatts. The project was the largest repowering project in Germany. Most of the new turbines are now on stream, contributing to a quadrupling of total wind power output on Fehmarn.



DZ BANK takes into account sustainability criteria when it grants loans and develops investment products. We also facilitate many different kinds of renewable energy projects.

SUSTAINABILITY IN FINANCING AND INVESTING

As the central bank for the cooperatives, DZ BANK has achieved long-term commercial success with a coherent business model committed to its customers. DZ BANK provides the cooperative banks with effective and efficient support, primarily in the form of competitive products and services made available on a cost-effective basis. We maintain our relationship with the cooperative banks as a collaborative partnership, and this is a contributing factor in our commercial success. A more detailed profile of DZ BANK can be found in the "Portrait" section on pages 6 to 8. Our financial reports, in particular the annual report, contain comprehensive up-to-date information on the performance of the business.

COOPERATIVE FINANCIAL SERVICES NETWORK IS NUMBER ONE PRIORITY

As one of the main pillars of the cooperative financial services network, we see ourselves primarily as the professional service provider for the local cooperative banks. Together with the companies in the DZ BANK Group, our aim is to take an aggressive approach in positioning ourselves in the marketplace. This means that we are endeavoring to achieve long-term market-leading positions by retaining and expanding on our position in German retail banking and in the high-end retail customers segment. Another area on which we are focusing is transaction banking. In this case,

our objective is to develop our position as market leader in Germany and implement expansion elsewhere in Europe. In addition, we are striving to become a target-group-oriented corporate and investment bank for small and medium-sized German companies and for financial institutions.

To achieve these objectives, the highest priority is given to the cooperative financial services network, our strategic guiding principle being "Network first." In other words, the focus of our activities is to stabilize and reinforce the position of the local cooperative banks, and we specifically prioritize and coordinate human and financial resources in the group accordingly.

SATISFIED CUSTOMERS

We work on the basis of partnership and trust with our direct customers, the cooperative banks. Their satisfaction both ensures our success and reflects the high quality of our products and services.

POSITIVE RESULTS FROM CUSTOMER SURVEY

To obtain an unbiased, representative picture of the level of satisfaction among the cooperative banks, we carried out a customer survey in 2007 in cooperation

with forsa, the highly regarded market research organization. The survey covered customer satisfaction with DZ BANK as a whole and with individual divisions. The response rate of 72 percent was extraordinarily high and itself demonstrates the excellent degree of collaboration that we enjoy.

The most important finding from the survey was that 90 percent of the cooperative banks are satisfied with us. We see this broad overall level of satisfaction as a vote of approval for the work we perform and for our partnership approach to the relationship.

EXPLOITING POTENTIAL FOR IMPROVEMENT

We also see the results of the survey as an incentive for us to perform even better. We are confident that we can increase the proportion of “extremely satisfied” customers (currently 21 percent) even further.

Apart from these findings on overall customer satisfaction, the survey also highlighted the divisions that are particularly valued by our customers and those divisions in which there is still some potential for improvement. All the divisions involved prepared detailed analyses and, on the basis of these analyses, drew up action plans to achieve further improvements in customer satisfaction. In 2009, we will conduct a further survey. This will allow us to measure trends in customer satisfaction and respond accordingly.

In 2007, we initiated “Pro Customer”, a project to introduce a customer relationship management system. The objective of the system is to ensure that there is an even greater focus in our sales concept on the local banks. This includes greater collaboration between the divisions so that we can offer customers fully integrated solution packages. The process is supported by change management activities so that we can ensure rapid, systematic implementation of this new type of collaboration by our employees in practice.

HIGH DEGREE OF PRODUCT QUALITY AND SUCCESSFUL RANGE OF SERVICES

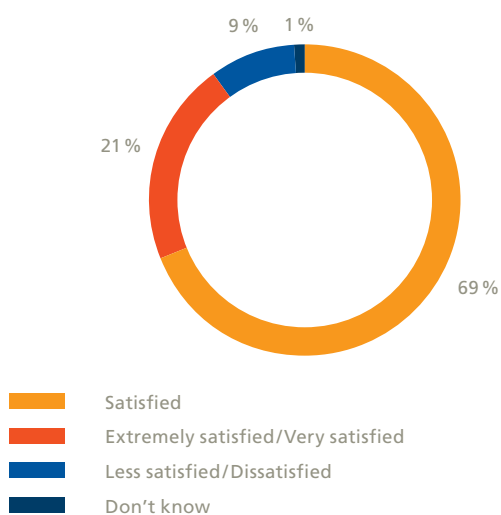
One of the reasons that our customers are satisfied is the high level of quality in our products and services.

This is highlighted by the fact that, in more than 90 percent of cases on average, the cooperative banks decide to use products offered by DZ BANK and its subsidiaries.

As far as services are concerned, the cooperative banks benefit from the sound analyses of equities carried out by our research department. These analyses are the prerequisite for long-term investment performance in equity markets. Each year, these analyses receive top ranking in many categories of the international analyst ratings carried out by “StarMine,” “AQ” and “ISFA,” the three most important agencies. Year after year, DZ BANK is also among the highest placed companies in Börsen-Zeitung’s “Equities analyst award” and in 2008 was the first recipient of the new “Continuity award.”

Our research department forms part of the development process certified by TÜV (German Technical Monitoring Association). The expertise of the research department is fed into the development of our retail certificates. Our retail certificates have also received a number of awards.

CUSTOMER SATISFACTION



Source: Customer satisfaction survey January/February 2007

PRIZE-WINNING RETAIL CERTIFICATES

DZ BANK has received a number of awards for its retail certificates. These include the following:

RETAIL CERTIFICATE ISSUER OF THE YEAR 2007

As in the previous four years, DZ BANK was again voted top issuer in a poll of the general public organized by Zertifikate-Journal, Die WELT, WELT am SONNTAG, and Deutsche Börse.

BEST ISSUER OF PARTIAL PROTECTION CERTIFICATES 2007

Focus Money awards this prize to providers of partial protection certificates that offer investors excellent, carefully targeted investments.

BEST ISSUER OF GUARANTEE CERTIFICATES 2008

Also decided by Focus Money in conjunction with Zertifikateweb and a jury of experts, this award is presented to the best guarantee certificate provider.

In addition to the quality of our products and services, another factor in the high degree of customer satisfaction is our partnership approach to our relationship with the cooperative banks. It goes without saying that this also includes the confidential handling of all data and the emphasis we place on data protection.

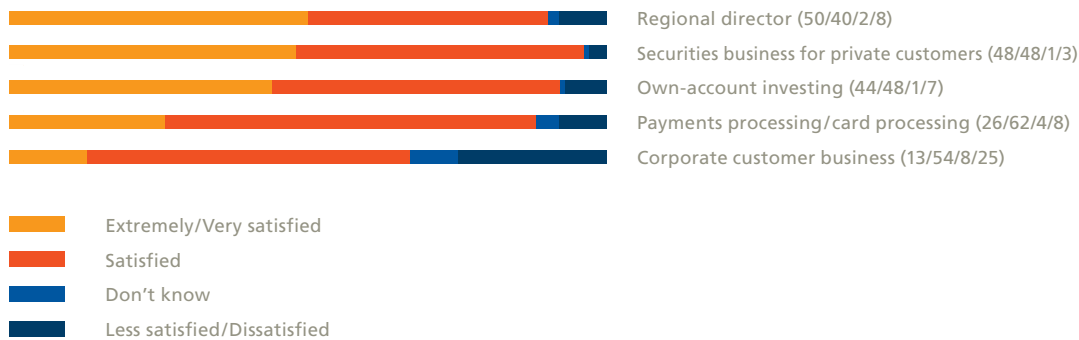
PARTNER FOR SMALL AND MEDIUM-SIZED ENTERPRISES

Small and medium-sized enterprises (SMEs) are considered to be the backbone of the German economy. More than 99 percent of all German companies are small or medium-sized. Around 70 percent of all employees paying social security contributions work in SMEs.

Regional marketing to SMEs is the responsibility of the local cooperative banks. Historically, these banks have become local corporate banks, a natural SME partner providing valuable services for the sector. In our definition of SMEs, we include not only small and medium-sized enterprises, but also larger companies with similar characteristics. In contrast to the restraints in corporate groups or branches of major banks, the entrepreneurial freedom enjoyed by local cooperative banks allows these banks to position themselves clearly in line with market requirements in the region concerned.

As a central bank, DZ BANK adheres strictly to the principle of decentralization. Under this principle, the central bank supports and promotes the corporate

CUSTOMER SATISFACTION WITH INDIVIDUAL DIVISIONS (%)



Source: Customer satisfaction survey January/February 2007

banking business of the local cooperative banks. To this end, it makes available, for example, a customized range of services aimed at efficient, comprehensive marketing and at the transfer of risk. The joint provision of loans within the cooperative financial services network allows the local cooperative banks to access customers who have a borrowing requirement that exceeds the risk-bearing capacity of an individual bank.

Apart from providing this core lending-business function, DZ BANK is also a solutions-oriented partner for all types of corporate customer business, allowing the banks to access a comprehensive range of services from a genuine financial services provider. DZ BANK categorizes its range of services in areas of expertise that complement the regional services offered by the local cooperative banks.

Our areas of expertise are financing solutions, risk management, investment concepts, international business, payment transaction solutions, and special SME-related issues. The local cooperative banks are therefore in a position to offer their customers a complete range of cutting-edge financial services and fulfill their role as an SME partner.

INDIVIDUAL FINANCING SOLUTIONS

The customized integration of development programs into corporate customer financing is an important element in the expertise offered and a significant distinguishing feature of the cooperative financial services network. DZ BANK supports the development loan business of the local cooperative banks by providing regionally-based experts. In the case of the ERP energy efficiency program from Germany's KfW development bank, our market share is approximately 50 percent. DZ BANK also enjoys a leading position in business with regional development banks.

In May 2008, DZ BANK entered into a global lending agreement with the European Investment Bank (EIB) with a total volume of €150 million. This is an attractive addition to the range of services provided by local cooperative banks and will strengthen their competi-

tiveness. The funds are intended to provide development assistance for companies – specifically SMEs – in the areas of research, development, innovation, education, and environmental protection.

AGRICULTURE/NATURE/ENERGY INITIATIVE

Another key area is the action jointly initiated with network partners to expand the traditional local cooperative bank business in the agriculture, nature, and energy sectors. The initiative aims to enhance the market shares of the cooperative financial services network in traditional agricultural business and expand expertise into new business areas. Particular emphasis is being placed on the financing of renewable energy projects (biogas, photovoltaics, and wind power). The DZ BANK contribution to the initiative is substantial, taking the form of the development of competence centers and sector-specific additions to the range of services on offer.

RESPONSIBILITY IN INVESTMENT BUSINESS

Social, environmental, and ethical criteria are playing an increasingly significant role in the selection of investment products. Not only is the social and environmental awareness of many investors increasing, it has also been recognized that sustainable investment does not in any way lead to inferior performance. Ethics and returns are not by any means mutually exclusive.

Growing demand for sustainable and ethical investment opportunities is also evident in the cooperative sector. For example, church banks organized along cooperative lines not only want to offer their customers ethically acceptable products, they also want to make sure that their own investments are structured in accordance with ethical criteria.

CUSTOMIZED SUSTAINABLE INVESTMENT PRODUCTS

DZ BANK promotes demand for ethical investment products in that it develops investment products

tailored to actual requirements from the cooperative banks and their customers. In 2008, we carried out a customer survey to determine this demand in line with our market-based approach.

In addition to customer-specified criteria for the selection of sustainable equities, we also obtain ratings on sustainable investments from established rating agencies. Based on this information, and depending on risk appetite, we can design retail certificates with a tailored risk/reward profile. We have already developed a whole range of sustainable investment products in this way. These include baskets of equities, climate

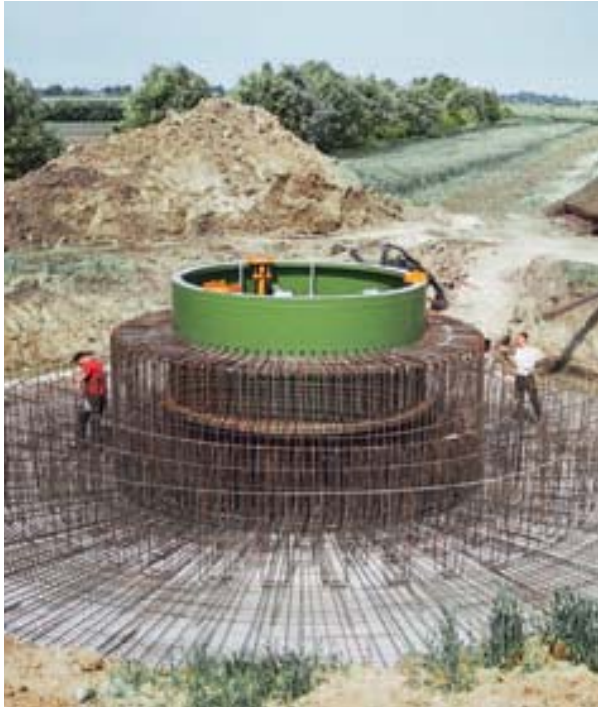
protection certificates, and microfinance products, all developed on the basis of ethical criteria.

Although some progress has been made in the last few years in the measurement of the social and environmental performance of companies, to date there has not been adequate systematic integration of ethical issues into financial analysis owing to a lack of quantifiable and comparable data. DZ BANK is therefore involved in a commission set up by the Society of Investment Professionals in Germany (DVFA) for the development of an up-to-date approach in this area.

SUSTAINABLE INVESTMENT PRODUCTS FROM DZ BANK

| Investment product | Description |
|---|---|
| Certificates based on a basket of selected ethical stocks (LIGA Bank Ethik VarioZins Garant, PlusZins, Ethik Garant, ZielZins, Ethik Garant Double) | The coupons achievable annually are linked to the performance of a basket of equities assembled on the basis of ethical criteria. |
| DZ NH BfOM Value Select Index | The index comprises 16 stocks from the Dow Jones STOXX 600 that meet the ethical, social, and economic requirements of the oekom research sustainability rating agency. The stocks must also stand up against the negative criteria of the Bank für Orden und Mission (BfOM). |
| BfOM Ethik Garant Alpha Deep | This certificate is based on the DZ NH BfOM Value Select Index. Investors benefit if the change in the DZ NH BfOM Value Select Index on one of the valuation days is a maximum of two percentage points weaker than the DAX performance index. |
| Klimaschutz Garant | The certificate coupon is linked to the performance of the Global Clean Energy Index which covers 30 companies in the clean energy sector. |
| WKN 80953 (Global Trend Stars) | This certificate is based on companies profiting from globalization. One of the core selection criteria is a sustainable corporate strategy. |
| Pax-Rural-Mikrofinanz-Zertifikat | This certificate combines social investment in the area of micro-financing with other reference investments relevant to the promotion of stable, sustainable, and equitable growth in individual countries. |
| Liga-Pax-Mikrofinanz-Zertifikat | This certificate combines social investment in the area of micro-financing with various funds that invest in equities from ethically oriented issuers. |
| DZ BANK Agrar TopSelect plus | This index comprises companies contributing to efforts to eliminate food scarcity. |

Construction of the foundations for a wind turbine:
The steel reinforcement is put in place prior to concreting.



The tower segments are installed using a special crane.



Repowering on the island of Fehmarn: The partnership between local cooperative banks and DZ BANK means that the cooperative financial services network is even capable of providing support for large-scale projects.



RESPONSIBILITY IN LENDING BUSINESS

DZ BANK is conscious of its social responsibility in its role as a central bank for German cooperative banks and as a bank with international operations. We attach great importance to the sustainability of our corporate activities and to the value added by these activities. This means that we aim to treat our borrowers fairly and strive for business relationships that are open and honest.

LENDING BUSINESS DIVISIONS

DZ BANK's lending business is covered by various divisions focusing on specific areas: VR-Mittelstand, Corporate Finance, Structured Finance, Capital Markets and Business Development, and Treasury.

The core task is to support the local cooperative banks in their corporate customer business with SMEs. Within DZ BANK, the VR-Mittelstand division is responsible for these activities. This division primarily supports and promotes cooperative bank business with SMEs. The product range is marketed and sold either directly by the local cooperative banks or jointly with DZ BANK. The product range is extremely varied and includes the provision of development loans, products for the management of interest rates and currencies, support for public private partnership projects, optimization of refinancing opportunities, and support for international business.

The Corporate Finance division handles lending and M&A business with direct customers of DZ BANK based in Germany. With its corporate finance advisory service, DZ BANK offers large SMEs and multinational concerns with their registered office in Germany the entire range of products available from today's corporate and investment banks. By offering bespoke finance solutions, we support and secure the long-term success of our customers' businesses.

The Structured Finance division is responsible for international financing. This division provides an entire range of products, including traditional export financing, structured trading and export financing, project and acquisition financing, and loan syndication.

The Capital Markets and Business Development division is responsible for bond issues and the structuring of equity, interest rate, loan, and currency products in the spot, derivatives, and structured products markets. The Treasury division handles some lending-related items, such as fixed-income securities, credit derivatives, and tranches from the securitization of lending or bond portfolios in various classes of receivable.

SUSTAINABILITY CRITERIA IN THE EXTENSION OF LOANS

DZ BANK is conscious that, through the granting of loans, it has an influence on the implementation of projects. We consider that we have a central responsibility in this regard. On the basis of the criteria used to decide on the extension of a loan, DZ BANK can contribute to sustainable development to a limited, but nevertheless significant, extent. In future, we intend to, and will, use and expand on this influence to an even greater degree.

In the past, we were already concerned not to become involved in any financing that would have a negative impact on our reputation. As a continuation of this approach, we are currently in the midst of a process aimed at revising our guidelines for the extension of loans. In future, greater consideration is to be given to social, environmental, and ethical criteria in the granting of loans, in addition to financial criteria, such as a risk-adjusted interest rate.

DZ BANK SUPPORTS THE SOCIAL COMMITMENT OF ITS EMPLOYEES

DZ BANK MICROFINANCE FUND

The DZ BANK microfinance fund, which was established by employees and is managed by them on an unsalaried basis, offers all employees of the DZ BANK Group the opportunity to make an ethical investment. To date, around 250 employees have invested in the fund. They use their expertise and financial resources to support microfinance organizations in the Third World.

Anyone wishing to establish a livelihood needs credit. However, if you are poor, commercial banks in many countries simply consider you not credit-worthy. Microfinance organizations grant small loans to poor individuals without any requirement for traditional collateral. In extending a loan, these organizations rely instead on the commitment and the creativity of the borrower. The customers use these loans to expand their small businesses, create productive jobs, and improve their lot by dint of their own efforts. Savings products also attract a great deal of interest, because customers can use them to make financial provision for emergencies, such as sickness or bad harvests.

With support from the DZ BANK microfinance fund, microfinance organizations can obtain re-financing loans from local commercial banks, which can then be used to expand the volume of small loans issued to customers. On behalf of the fund, DZ BANK has currently lodged three guarantees for microfinance organizations in Mali and Namibia. The guarantees for a total of €99,000 are backed by the DZ BANK microfinance fund.

FIDES microfinance institution in Mali:
Savings credit payout for customers.



PUBLIC PRIVATE PARTNERSHIP

A public private partnership (PPP) is a long-term contractual collaboration between public and private sectors to carry out a public service. The public service is not privatized. Instead, a contract for the performance of the service is awarded to a private company for a fixed period of time. Ultimately, it is a question of mobilizing private capital and expertise to ensure the continued delivery of public services to an adequate level, even when the public purse is under pressure.

ATTRACTIVE GROWTH MARKET

In the last few years, PPP has become an attractive growth market. Between 2002 and March 2008, 88 PPP contracts worth a total of €2.9 billion were awarded in Germany. Public private partnerships are becoming increasingly popular, primarily for transport and other public infrastructure projects, for example, the construction of hospitals, administrative buildings, and schools.

PROVIDING AN ECONOMIC STIMULUS

DZ BANK wants to provide a stimulus for the economy, particularly in the finance sector, that goes beyond its own business activities. We are therefore participating in various initiatives. These include:

INITIATIVE FINANZSTANDORT DEUTSCHLAND (IFD)

The objective of the initiative is to strengthen Germany as a financial center. It is developing specific products for this purpose and intends to use these products to provide new stimulus for the national economy. DZ BANK is one of the initiators and has 25 representatives on various working groups.

FRANKFURT RHINE-MAIN ECONOMIC INITIATIVE

This initiative from important, successful companies in the Rhine-Main area is intended to enhance the attractiveness and competitiveness of the Frankfurt Rhine-Main region.

FRANKFURT MAIN FINANCE

The primary objective of Frankfurt Main Finance is to position Frankfurt as a financial center as effectively as possible at an international level.

DZ BANK has dedicated itself to the PPP issue. With the intensive, highly efficient involvement of our specialized institutions, we are able to offer fully integrated solutions in support of the financial design and implementation of PPP projects. We have 19 employees in the PPP, infrastructure, and energy sectors at our offices in Frankfurt, Hamburg, and London, illustrating that we are already well positioned in this area of activity.

An example of our PPP activities is the financing of the school in Hamburg's Hafencity urban development zone. The school will include a child daycare center, an after-school care center, and an elementary school. The contract for the PPP project has been awarded to an SME and the finance of €17.4 million is being provided by DG HYP and DZ BANK.

RISK MANAGEMENT

The targeted assumption and control of risk is an integral part of corporate control at DZ BANK. In all its activities, DZ BANK abides by the principle of only taking on risk to the extent absolutely necessary to achieve business objectives.

RISK CATEGORIES AND RISK MANAGEMENT

The most significant risk for the DZ BANK Group is credit risk, i.e. the risk of a loss resulting from the failure of a customer to meet contractual obligations. The group is also exposed to market risks, investment risks and, as a result of the activities of R+V, actuarial risks. In addition, as in any other business activity, there is an exposure to liquidity risks, operational risks, and strategic risks.

DZ BANK has a groupwide risk management system based on the risk strategies approved by the Board of Managing Directors. The system consists of risk management, risk control, and internal audit. Risk management refers to the local operational implementation of the risk strategies in the risk-bearing business units. Risk control is responsible for the identification, measurement and assessment of risks, as well as for the monitoring of limits. Internal audit is responsible for monitoring and control tasks in all important group companies. Further details on risk categories and our risk management system can be found in our annual report and the regulatory risk report.

REPUTATIONAL RISK

Reputation means the good name of the company with customers, investors, and the general public. Reputational risk is the risk of damage to this good name. The risk is frequently underestimated because the consequences from a loss of reputation are ostensibly immaterial at first. However, the impact is felt in the long term and, in the worst case, can destroy confidence in a company.

The conduct, particularly of banks, is expected to be impeccably responsible and ethical. For this reason, in 2008, we specifically integrated reputational risk into the risk self-assessment process for operating risk. The objective of this process (which has not yet been completed) is to secure our excellent reputation over the long term and also construct an efficient management system.

KEY FIGURES FOR THE DZ BANK GROUP

| Key figures | 2006 | 2007 | June 30, 2007 | June 30, 2008 |
|---|---------|---------|---------------|---------------|
| € million | | | | |
| Operating income ¹ | 2,092 | 1,277 | 1,321 | 601 |
| Impairment losses on loans and advances | 335 | 209 | 71 | 105 |
| Total profit before tax | 2,067 | 1,068 | 1,250 | 496 |
| Total profit after tax | 1,859 | 897 | 945 | 388 |
| Total equity | 10,840 | 11,003 | 11,003 | 10,093 |
| Total assets | 421,684 | 431,337 | 431,337 | 429,865 |
| Average number of employees in the year | 24,055 | 24,210 | 24,186 | 24,355 |

¹ Operating income (total of net interest income, net fee and commission income, net trading income, net income on investments, other net gains and losses on valuation of financial instruments, net income from insurance operations, and other net operating income) minus administration expense.



Our business thrives as a result of the dedication and commitment of our employees. We therefore feel it is part of our business responsibility to work on behalf of our employees and support them throughout all the stages of their life.

FINDING A BALANCE

You can play in this office: Anna Luzia with her father, Peter Rippelbeck, Marketing Group Manager, in DZ BANK's parent-and-child office in Frankfurt.



“It is important for me that I don’t have to choose between children and an interesting job. At DZ BANK, there are a large number of opportunities for combining work and family. For example, I myself work from home two days a week so that I can be closer to my child.”

HEIKE HAUPTMANNL, LENDING GROUP MANAGER AT DZ BANK

EMPLOYEES ARE OUR MOST VALUABLE ASSET

Children or career? This is not a decision that Heike Hauptmannl, Lending Group Manager at DZ BANK, wants to have to make. For her, it is important that she does not “have to choose between children and an interesting job.” Thanks to the number of individual measures we have put in place to help reconcile work with family life, 42-year-old Heike has never had to face the decision, even when her pregnancy coincided with her promotion to Group Manager. The range of options includes flexible working hours, part-time working, extended parental leave, and sabbaticals, i.e. limited periods away from work.

Unlike many of her colleagues who decided in favor of a part-time solution, Heike Hauptmannl opted for the “alternating teleworking” model following detailed discussions with line managers, colleagues, and her family. Under this model, she returned to work on a full-time basis after three months maternity leave – but two days a week she works from home so that she can be closer to her child. Even with these arrangements, it is not always easy to reconcile the demands of family and job. However, DZ BANK provides support for its employees far beyond the flexible

organization working hours – for example, it not only provides financial support for normal childcare, but also offers emergency childcare and parent-and-child offices.

Why do we do all this? Just out of the kindness of our hearts? “Yes, but not just that,” says Albrecht Merz, member of the Board of Managing Directors responsible for human resources. He believes that a healthier balance between work and family life is not just necessary for social and demographic reasons, he is also convinced that the commitment is valuable for the bank itself. According to Merz, “It is precisely highly qualified and highly sought-after employees who are looking for an employer able to offer not only rapid career advancement but also the opportunity for fulfillment in an employee’s private life.”

DZ BANK meets these criteria: In recognition of our family-friendly human resources policy, we were awarded the “berufundfamilie” certificate by the non-profit-making Hertie Foundation. However, the certificate is not just a recognition of our efforts, it also obliges us to implement a specific future action plan. This is consistent with our claim that we are not standing still, but are continuing to make further progress with our policy of combining career and family.



DZ BANK offers various models to promote compatibility between work and family. Furthermore, we offer the strongest support to employees from the first to the last working day, provide appropriate rewards for their performance, and protect their health.

ACHIEVING MORE TOGETHER

“Achieving more together” – for us, this is far more than just an advertising slogan. It reflects our deeply held conviction that you can achieve much more when working together. It is only the commitment of our employees that has made us into the organization we are today: one of the largest private financial service providers in Germany.

We would like to create a situation where our employees are happy to come into the office and enjoy their work. Our appreciative and respectful treatment of each other is as much a contributing factor in this regard as our open corporate culture.

Overall, at the end of the third quarter of 2008, DZ BANK had a total of 4,258¹ employees worldwide, including roughly 500 foreign employees. Of this total, 3,907 employees were based in Germany and 351 elsewhere – including in North America, the United Kingdom, Singapore, Italy, and Russia. The international nature of the company is also reflected in the fact that around two thirds of senior managers at our offices abroad do not come from Germany.

UNITED BY COMMON VALUES

To strengthen and increase the sense of togetherness within the company, we have developed our values on the occasion of our 125th anniversary. Our values are as follows: drive, integrity, and trust.

This is not some rigid manifesto imposed from on high. We have taken the time to develop our values in several stages. And it was worth it: The very process of listening, discussing, and reflecting generated a strong sense of community.

Together with our employees, we are enshrining and continuously developing our values in the company by means of various activities. It is precisely in an environment that is becoming ever more complex that shared convictions form the basis for a trusting living and working relationship.

CAREER ENTRY AND DEVELOPMENT OF YOUNG TALENT

DEVELOPMENT OF YOUNG TALENT

We lay a great deal of emphasis on the development of our young talent. The newcomers of today are the employees and managers of tomorrow who will secure the long-term success of the bank. Since they represent our future, one of our most important objectives is to ensure that the best individuals from each year's intake commit to a career with the bank and that they are then provided with an optimum professional development program – covering all the phases of their subsequent development.

¹ Including trainees and temporary employees

INSIGHT FOR SCHOOL STUDENTS

Since 2005, we have participated in the annual Girls' Day/Boys' Day in Germany to provide schoolchildren of around age 11 and above with an insight into DZ BANK's work and the training opportunities offered by the bank. On these open days, companies open their doors to girls and boys to demonstrate at a practical level the large number of careers available.

The original idea was in fact a day specifically for girls to encourage them to consider careers in technology or science. However, the days are now also used to highlight new options and perspectives for boys in the planning of their lives and careers.

Girls' Day/Boys' Day: Young people are given an insight into the work of DZ BANK.



At the end of the third quarter of 2008, we employed a total of around 160 management trainees in Germany and abroad. This included 56 management trainees and 103 general trainees (100 in Germany, 3 elsewhere) and bachelor degree students. In addition, there were a number of interns, university students approaching graduation, postgraduate students, and participants in our various work and study programs. Our objective is to enable each management trainee to work within a training and professional development model matched to their individual talents and strengths.

VOCATIONAL TRAINING OR COMBINATION OF STUDIES AND TRAINING/PRACTICAL EXPERIENCE?

At DZ BANK, school leavers can receive training and obtain banking qualifications or office communication qualifications including or excluding additional training in foreign languages. However, we also offer various models that combine studies with training in the company. For example, school leavers can study for a bachelor of science degree in business informatics or business administration at Frankfurt School of Finance and Management (FS) and at the same time acquire practical experience within the bank. It is also possible to integrate practical experience with studies at a college of advanced vocational studies.

To generate an atmosphere of mutual support from the very beginning, our initial training starts with an induction week. During this week, trainers get to know the trainees and vice versa, and of course the trainees get to know each other. The week enables the participants to form important networks at an early stage and promotes loyalty to the company.

We know that the quality of training does not depend solely on a good atmosphere, but also on the conditions enjoyed by the individuals involved. We therefore support our trainees with a range of measures that we have specified in writing in a specially created "Training" company agreement. For example, we cover the cost of books, pay allowances for journeys to classes, and grant special study leave when trainees need to prepare for examinations.

PROGRAMS FOR STUDENTS AND GRADUATES

We offer a whole range of professional development programs for students and graduates. During their studies, students can join the bank on an internship and obtain an insight into our day-to-day business. Any student wishing to prepare a dissertation relating to banking practice may also participate in our program for students approaching graduation.

Outdoor exercise: DZ BANK trainees from the 2008 intake during their induction week.



Management trainees who have already completed their studies may opt for one of our 12-month to 24-month training programs in specialist areas, enabling them to complement their theoretical studies with practical training. Under these programs, trainees receive a comprehensive insight into the various tasks involved in a division and are then in the best possible position to decide where exactly they would like to begin their professional careers. Any student looking for a new academic challenge following undergraduate studies can gainfully combine theory and practice as part of our postgraduate program.

HIGH LEVEL OF TRAINING QUALITY

The high level of quality in our training and professional development programs has been confirmed by the results of an online survey of around 200 of our current and former management trainees who completed their training in 2006 and 2007. Over 70 percent judged the training to be “good” to “very good.”

However, in addition to inquiring about participant satisfaction with the training and professional development programs, the online survey also asked the participants whether any improvements could be made. At the suggestion of the participants, we will therefore in future introduce even greater integration between the various development programs and give greater emphasis to advisory support for the participants.

Apart from the survey, the regular awards presented by the Chamber of Commerce and Industry (CCI) for the best performers each year are also an indicator of the very high quality of our training. In 2008 alone, four of our trainees received awards from the CCI after they concluded their training with the top grade.

PERSONNEL DEVELOPMENT AND CAREER OPPORTUNITIES

Managers at DZ BANK regularly hold appraisal and development meetings with each of the employees for whom they are responsible. The discussion includes the future continuing professional development of the employee concerned. Employees have the opportunity to make their own suggestions. The customized professional development of employees is an essential element in the achievement of our corporate objectives.

CONTINUING PROFESSIONAL DEVELOPMENT FOR ALL EMPLOYEES

DZ BANK attaches a great deal of importance to continuing professional development (CPD). We recognize that the comprehensive expertise of our employees in all relevant areas of the business is a prerequisite for maintaining the performance of the company over the long term. We therefore invest in the skills of all our employees.

DZ BANK's CPD program has three cornerstones: internal training activities, divisional training, and external training. Our internal training comprises various training sessions covering banking and business administration, health management, project management, leadership, languages, communication, personality, and information technology. All training sessions are tailored precisely to the requirements and special characteristics of DZ BANK and are adjusted on an ongoing basis in line with changing needs. In addition, we offer our employees division-specific training tailor-made for the particular requirements of the specialist divisions. If there is any further CPD requirement that cannot be covered by the internal "Open Program" or the division-specific training, our employees also have the option of obtaining training from external sources.

DEVELOPING SPECIAL POTENTIAL

Our "Development program for potential" is an 18-month development program that we have been running since 2006 for selected employees deemed to

have special development potential. It is intended to provide specific preparation for demanding specialist tasks and management responsibilities. It comprises both fixed elements and other program elements customized in line with the requirements of the employees concerned.

By the end of the third quarter of 2008, a total of 72 employees had been through the program. Participants assessed the program positively, particularly in respect of the mentoring by a manager from a different department and the work on, and presentation of, an actual case study – both fixed elements in the program. Participants also highlighted the fact that the program offers enough room for individual development opportunities.

A further objective of the program is to ensure appointments to vacant positions as part of strategic succession planning and to increase employee retention.

It is our belief that the professional development of employees in support of corporate strategy is indispensable in enabling the bank to meet the challenges of economic growth and changes in the banking sector. The path that we have chosen to follow is therefore one of employee professional development derived from our corporate strategy.

EXECUTIVE MANAGEMENT DEVELOPMENT

We have implemented a two-year development program for department and group managers in cooperation with the prestigious Malik Management Zentrum St. Gallen. In this program, the participants learn to structure and manage their departments or groups even more effectively. The participants work all the time in a fixed group with other managers from the same level in the hierarchy, but from different divisions. This allows the participants to share information across divisions.

In 2007, we set up two courses for managers facing the challenge of a new management position. The "New to management" training course is aimed at

employees taking over a management position for the first time. The target group of the other training course consists of experienced managers moving from one management position to another. Both courses provide supervision and support for the participants during their first few months in the new position.

INTERCULTURAL TRAINING

We offer intercultural training, the purpose of which is to make it easier for specialist personnel and managers to communicate with partners from other cultures. It includes language training and training on international banking topics.

TRAINING FOR TRAINERS

In 2007, we ran a trainers' session to provide professional development specifically for DZ BANK employees working as trainers. This initiative was very well received. The invited participants were employees who present various topics as part of DZ BANK's internal continuing professional development program and employees working as trainers with other members of the cooperative financial services network. The participants were able to share information and attended work-shops where they could find out about new types of teaching and learning.

The high quality and high take-up of our CPD program is reflected in the overwhelmingly positive feedback. As at September 30, 2008, 1,226 out of this year's 1,291 participants from whom we had received feedback would recommend the training session they attended to others. Up to the same date, each employee had attended an average of 2.9 CPD days.

CPD¹ DAYS BY EMPLOYEE CATEGORY² (Days)



1 CPD – Continuing Professional Development
2 As at September 30, 2008. Basis of calculation: 3,882 core employees in Germany, including trainees, excluding temporary personnel

CHANGE MANAGEMENT

By change management we mean the use of various tools to structure and manage change and renewal processes. The objective is to structure cooperation and communications so that the relevant organizational units or project teams can operate successfully and efficiently.

There is heavy internal demand for change process support. Examples include the restructuring of a division to focus on a new customer group, or workshops to help newly assembled management teams find a common direction.

PERSONNEL MOVEMENT WITHIN THE DZ BANK GROUP

Within the DZ BANK Group, there are a large number of career routes open to our employees. Employees can move between a bank, a building society (Schwäbisch Hall), a real estate bank (DG HYP), an insurance company (R+V Versicherung), a fund management company (Union Investment), and a leasing company (VR LEASING).

We have introduced various measures to facilitate the movement of employees between entities within the DZ BANK Group so that our employees can make the most of these versatile opportunities. For example, given a choice of job applicants with the same skills and qualifications, persons already employed by a company in the group are given preference over an external applicant. Normally, employees can switch jobs in this way without a probationary period and regardless of other employment contract notice periods. Employees can also move to foreign branches and such a move will be supported by us.

AVERAGE YEARS OF SERVICE* (Years)



* As at September 30, 2008. Basis of calculation: 3,882 core employees in Germany, including trainees, excluding temporary personnel

A clear indicator of significant job satisfaction among our employees is our low staff turnover rate. In the first three quarters of 2008, this rate was 3.9 percent.

PERFORMANCE- AND RESULTS-ORIENTATED COMPENSATION

Through their efforts, our employees make an extremely significant contribution to our commercial success. It is our understanding of business responsibility therefore that we should reward these efforts appropriately. It goes without saying that equal salary opportunities are available to men and women in the same positions.

SECURITY THROUGH FIXED SALARIES AND EMPLOYEE BENEFITS

As far back as 2004, we introduced a compensation system that gave our employees security and at the same time repeatedly offered them new performance incentives. A portion of salary that is fixed allows our employees to plan for the long term and rely on a regular income.

We also offer comprehensive employee benefits to support work-life balance and the security of our employees. These include a company pension, subsidized

childcare costs, contingency benefits, group accident insurance, and financial support for surviving dependants in the event of an employee's death during his/her active working life.

INCENTIVES IN THE FORM OF VARIABLE SALARY ELEMENTS

Alongside these other benefits, variable salary elements provide an incentive for even better performance. The variable salary is calculated on the basis of individual performance appraisals. It is based on a target-setting meeting with the employee's immediate line manager, at which specific targets are agreed. These may also include sustainability targets.

The performance of the individual employee is then assessed on the basis of the degree to which the agreed targets have been met. However, the calculation of the variable salary element is not solely dependent on individual performance, it also depends on the performance of the entire company and that of the division concerned.

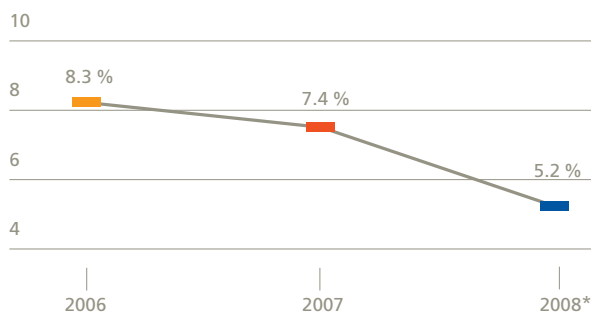
HEALTH

We also consider it to be part of our responsibility as an employer to protect the health of our employees. However, health is not only a benefit for the employee. Healthy employees are also a benefit for the company.

COMPANY HEALTH AND SAFETY PROTECTION

In addition to statutory health and eye examinations for certain groups of employees, we also regularly offer other types of benefit to our employees. This includes, for example, advice on workplace ergonomics, regular workplace health and safety inspections, presentations on nutrition and overcoming stress, and annual anti-influenza inoculations.

AVERAGE STAFF TURNOVER RATE



* For 2008, extrapolated to 12 months

Our employees may be affected by psychological as well as physical problems, hampering their ability to do their job. In such cases, they can turn to our company social counseling service. The use of the service is straightforward and unbureaucratic.

REDUCTION OF HEALTH RISKS

Since October 2007, DZ BANK has been a completely smoke-free zone. To improve the health of our employees, this change was accompanied by programs to help employees give up smoking. The programs were offered as part of our range of training options. In addition, in many offices, employees were able to have their lung capacity tested free of charge. In 2008, we also decided to support the “Smoke-free” campaign run by the German Cancer Research Center (DKFZ). The objective of this campaign is to encourage as many smokers as possible to go without tobacco for a minimum of four weeks.

Company sport has a long tradition at DZ BANK. Employees are offered the opportunity to remain fit and healthy together. Around 650 employees currently take advantage of this opportunity. The range of activities offered includes autogenic training, badminton, self-defense courses, sport climbing, and orthopedic back exercises.

In 2008, we also added the “Fit for Business” and “Mental Fitness” courses to our range of internal CPD courses. In “Fit for Business,” participants learn to pay more attention to themselves – for example, by taking more interest in issues such as nutrition or stress management. “Mental Fitness” deals with options for enhancing job performance by improving memory.

In 2007, we launched the “Reintegration” program to help employees who have come through a long period of sickness re-enter working life. The program also aims to support the creation of conditions, arrived at on a joint basis, that will help the employee remain healthy over the long term.

EQUAL OPPORTUNITIES FOR THE DISABLED

All our buildings are “barrier-free” so that we can offer equal opportunities to employees with a disability. Among other things, this includes the provision of elevators with voice activation function, sufficient disabled WCs, and automatic door openers on corridors.

As at September 30, 2008, we employed 142 severely disabled persons in Germany. This equates to 3.8 percent of the workforce. A representative committee for the severely disabled looks after the interests of this employee group.

EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT*



* As at September 30, 2008. Basis of calculation: 3,882 core employees in Germany, including trainees, excluding temporary personnel

BALANCE BETWEEN WORK AND FAMILY LIFE

Getting the right priorities between work and family life frequently amounts to a balancing act. DZ BANK has therefore created conditions that provide support for employees in their efforts to combine a successful job with fulfillment in their family life.

FAMILY-FRIENDLY WORKING-TIME MODEL

The various measures that we have put in place to create a healthy balance between work and family life include flexible part-time working models, parent-and-child offices, and the option for alternating teleworking. We also offer the option of sabbaticals, i.e. limited periods away from work.

AWARDS FOR EMPLOYER EXCELLENCE

TOP EMPLOYER 2008

DZ BANK is one of the 88 companies that in 2008 received a seal of approval from the Corporate Research Foundation (CRF) as a top employer. This means that DZ BANK is one of the most attractive employers in Germany.

“BERUFUNDFAMILIE” CERTIFICATE 2007

On August 27, 2007, DZ BANK was awarded the “berufundfamilie” basic certificate by the non-profit-making Hertie Foundation in recognition of the bank’s family-friendly human resources policy. The audit assessed the extent to which corporate policy balances both employer interests and the concerns of employees. The certificate also places DZ BANK under an obligation to initiate further action in the future to reconcile the demands of work and family. This action will be reviewed in the course of a new audit.



Alternatives to the 39-hour week have become well established at DZ BANK and this is also highlighted by the fact that all job vacancies are advertised as suitable for part-time employment. As at September 30, 2008, the proportion of our employees in Germany working on a part-time basis was 14.1 percent. The proportion of female employees with part-time contracts was 41.6 percent.

One of the keys to getting the right balance between work and family life is the availability of child care. In this regard, DZ BANK has significantly expanded the range of regular kindergarten and crèche places it can offer to its employees. Since 2007, it has also offered emergency care facilities for children between eight weeks and twelve years old. This service is available to employees for up to ten days a year free of charge.

“BERUFUNDFAMILIE” CERTIFICATE

In 2007, DZ BANK was awarded the “berufundfamilie” certificate by the non-profit-making Hertie Foundation in recognition of the bank’s family-friendly human resources policy. However, the certificate is not just an award: we are also under an obligation to work toward specific targets and implement specific action plans.

This includes an even more family-oriented approach to task planning and scheduling, for example the introduction of “family periods” – i.e. periods in which meetings and events are deliberately not scheduled.

ELDERCARE – SKILLS TRAINING FOR EMPLOYEES ACTING AS CARERS

Individuals who need to work and also care for elderly relatives can frequently feel helpless and overwhelmed. DZ BANK offers eldercare skills training to support employees faced with this kind of challenge. The first course of seminars began in October 2007 and was repeated during the fall of 2008. The seminars included:

- practical tips for caring for elderly relatives,
- early recognition of depression in the elderly,
- care-related financial and legal issues.

All participants valued the opportunity to share information on a confidential basis and judged the seminars to be extremely helpful. DZ BANK will also continue to expand its commitment to eldercare support in the future. Since July 2008, homecare and eldercare services have been accessible via the families service.

FAMILY AS A SUCCESS FACTOR

Together with 378 other companies, we are the first signatories to the “Joint declaration on the family as a success factor” in Germany. By signing this declaration on April 1, 2008, we committed the bank to family-conscious corporate management.

We are also actively communicating this commitment within the bank. Our objective is to raise the profile of the family within the company and ensure that managers in particular become even more conscious of this issue. This means that we have to bring about a healthy work-life balance within the context of existing structures rather than viewing it as something separate.

CARE FOR ELDERLY RELATIVES

Our definition of an employee family environment includes all relationships in which the persons involved assume long-term social responsibility for other people. Since an increasing number of people are caring for elderly relatives alongside their work commitments, we have introduced special skills training for employees who have to cope with this double burden.

DEMOGRAPHIC CHANGE

Demographic change represents a huge challenge facing not only society as a whole, but also individual companies. DZ BANK is conscious of this challenge and is going to great lengths to ensure it is properly prepared. The chart on page 41 shows the current age structure of our workforce.

REQUIREMENT FOR ACTION IN A VARIETY OF AREAS

We have prepared an age structure analysis to be used as the basis for further action. This analysis has enabled us to predict demographic trends at DZ BANK over the next ten years. It has shown that there is a requirement for action in a variety of areas, for example, in the recruitment of young talent, the transfer of knowledge between generations, and the range of CPD options that we offer.

RECRUITMENT OF YOUNG EXECUTIVE TALENT

To recruit young executive talent as early as possible, we work in cooperation with four business schools and universities: European Business School Oestrich-Winkel (EBS), European School of Business Reutlingen (ESB), University of Karlsruhe, and University of

IMPETUS FROM YOUTH

On April 22 and 23, 2008, a total of 120 DZ BANK trainees addressed the issue of the “demographic challenge.” The participants at the trainee conference, the fourth time this conference has been held, came from our training, study, and development programs. The objective of the event was to give the trainees the opportunity to consider in detail a non-bank-specific issue and to network with each other.

It was also intended that the wealth of ideas from the trainees should provide new impetus for the bank. Following an introductory address by Professor Meinhard Miegel on the challenges presented by demographic change, the trainees then broke into small groups to develop specific ideas – for example, new recruiting options or cooperation between older and younger employees. The ideas developed by the groups are being fed into the work on the bank’s basic concept, “Handling demographic change at DZ BANK.”

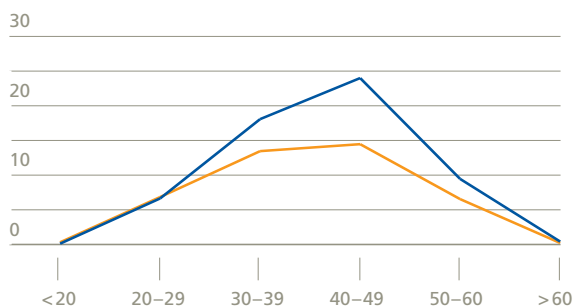
Bayreuth. At University of Karlsruhe, we even provide funding for our own finance-related academic chair. More information can be found in the “Society” section on page 48.

We also attend various job fairs and career events held independently of any particular university. This enables us to make contact with highly qualified students coming to the end of their studies and to present DZ BANK as an employer. We regularly and systematically check the effectiveness of our various activities to recruit young executive talent.

ON THE RIGHT PATH

Our multitude of activities in the areas of training, promotion and professional development, fair and performance- and results-orientated compensation, protection of employee health, and work/family balance make DZ BANK one of the most attractive employers in Germany today. This is also highlighted by our designation by Corporate Research Foundation (CRF) as a top employer in 2008. Nevertheless, we intend to expand on our commitment to employees still further. After all, they are our most valuable asset and the basis of our success.

EMPLOYEE AGE STRUCTURE* (percent)



| | <20 yrs old % | 20-29 yrs old % | 30-39 yrs old % | 40-49 yrs old % | 50-60 yrs old % | >60 yrs old % |
|-------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Men | 0,1 | 6,6 | 18,0 | 23,9 | 9,4 | 0,4 |
| Women | 0,3 | 6,8 | 13,4 | 14,4 | 6,5 | 0,2 |

* As at September 30, 2008. Basis of calculation: 3,882 core employees in Germany, including trainees, excluding temporary personnel



At DZ BANK, commitment to the common good forms part of our cooperative corporate philosophy. Our aim is to assume social responsibility by combining commercial success with dedication to the community.

COMMITMENT AS CORPORATE PHILOSOPHY

Art for everyone: Visitors at the "REAL" photography exhibition in Frankfurt's Städel Museum.



“We would like to place our art collection where it belongs: with the people. The best place for the general public to appreciate art is in a museum. We have therefore decided to move over 200 masterpieces from our art collection to the Städel Museum in Frankfurt – permanently.”

LUMINITA SABAU, MANAGER OF THE DZ BANK ART COLLECTION

ART FOR ALL

Opposite the desk of Wolfgang Kirsch, the Chief Executive Officer of DZ BANK, hangs a photograph by Jörg Sasse. It is a hazy photograph of a river or lakeshore where a large number of indistinct figures are lingering in bright sunshine. The work is almost Impressionist in tone and Kirsch repeatedly finds it to be an inspiring enigma, providing him with food for thought when he is not absorbed by work matters. “I find it entices me to investigate the shadowy figures and the location.”

This photograph, entitled “9961.” will soon be leaving its current position however. Together with around 200 other first-class works in our art collection, it will move in 2010 to Frankfurt’s Städel Museum – irrevocably. In this way, we will be making a significant portion of our internationally recognized corporate collection of photographs from famous artists, such as Richard Avedon, Andreas Gursky, and Andy Warhol, accessible to a wider public.

When we started to build up our own art collection in the early 1990s, we were the only company in

Europe specializing in a collection of contemporary photography. At that time, photography was by no means fully recognized as an established art form. However, Luminita Sabau, who has managed our art collection since 1992, was convinced that the dynamic trends in photography would be appropriate to the innovative, open culture at DZ BANK.

The collection now comprises over 6,000 photographs from more than 550 artists. You come across them at every turn in our office buildings – they have become a permanent feature of the company. Our horizon extends beyond the borders of our own cooperative network however. We would also like to use our art collection to give something back to the society of which we consider ourselves to be part. And with the transfer of 200 significant photographs to the Städel Museum, we will be breaking new ground in cooperation between business and the arts.

The Sasse photograph is now soon destined to leave the office and, to the delight of Wolfgang Kirsch, reveal all its power to a wider public. Even if, for him, it is a “sad farewell.”



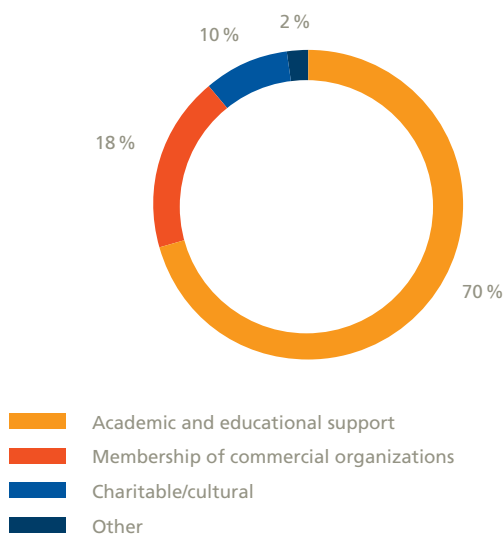
We are committed to art and culture, academic and educational support, and to society far beyond the reach of our business. We also support the myriad of voluntary activities undertaken by our employees.

PROMOTING VALUES

Friedrich Wilhelm Raiffeisen, who co-founded the German cooperative movement with Hermann Schulze-Delitzsch, once said, “What is impossible for the individual, can be achieved by many.” In the year of our 125th anniversary, we are convinced that this

idea, on which DZ BANK is based, is more relevant today than it has ever been. This applies both to the cooperation within our cooperative financial services network, and also to our commitment to society.

BREAKDOWN OF THE SOCIAL COMMITMENT OF DZ BANK AG BY AREA OF ACTIVITY*



* Additional financial assistance from national and international banking organizations amounting to €1.14 million (plus national cooperative associations)

CORPORATE CITIZENSHIP WITH TRADITION

In contrast to many other companies that have only gradually discovered the importance of corporate citizenship, at DZ BANK it has been part of our corporate philosophy from the very beginning. You could say it is in our genes.

A TRADITIONAL MODEL FOR THE FUTURE

The origins of the local cooperative banks in Germany, which later established DZ BANK, go far back to the era of industrialization – a period characterized by famine and social problems. The cooperative ideas put forward by Friedrich Wilhelm Raiffeisen and Hermann Schulze-Delitzsch were a significant contributing factor in the resolution of the social problems. According to these ideas, even farmers, factory workers, and craftsmen should be able to obtain small loans without restriction.

Nowadays, we face new social challenges. This includes the fact that the state is becoming less and less involved in certain areas. Committed citizens, organizations, and companies are therefore taking over tasks that form the foundations of our communities.

Our basic cooperative principles of mutuality and partnership, solidarity and self-determination form an excellent basis for our corporate citizenship activities. We combine commercial success with commitment to the common good and thereby assume responsibility for the structure of our society. This applies particularly to the city of Frankfurt, because Frankfurt is the site of the head office and we therefore feel closely associated with the city.

HUGE RANGE OF CITIZENSHIP ACTIVITIES

The model of local enterprise used by the cooperative financial services network is mirrored in our corporate citizenship: countrywide, regional, and local initiatives and ideas complement and inspire each other. DZ BANK focuses on countrywide issues, whereas the corporate citizenship activities of the local cooperative banks are more regionally oriented. In both cases, the core idea is helping people to help themselves.

In 2007 alone, DZ BANK allocated around €1.15 million to non-profit-making purposes. The key areas in receipt of this financial assistance were social/charitable, cultural, and academic/educational causes.

ACADEMIC AND EDUCATIONAL SUPPORT

We are convinced that an excellent education system and constructive sharing of information between industry and academia provide the best foundations for a secure future. Structural change in the economy and in financial markets requires an ongoing transfer of knowledge from universities to where it is needed in practice. In the other direction, the economy can contribute to the practical relevance of academic work by presenting current issues to universities for study.

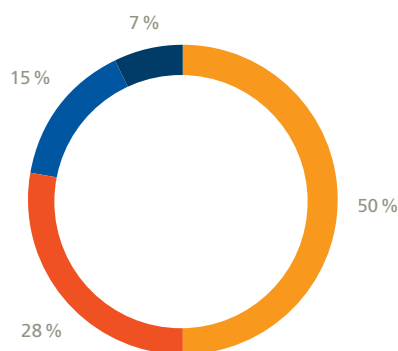
Financial assistance for education and academic work therefore represents a further key element in our social commitment.

DZ BANK FOUNDATION

The DZ BANK Foundation complements DZ BANK's corporate citizenship. Its purpose is to promote academic work, research, teaching, and learning. It has been created from the gradual amalgamation of four different foundations: the Arnold Kremer Foundation and GZB Foundation, which merged in 2000, and the Rudolf Hartmann Foundation and Georg Draheim Foundation, which were merged with the DZ BANK Foundation in 2004.

The DZ BANK Foundation supports the work of selected universities and in particular the members of the Working Committee of German Academic Institutes for Cooperative Studies (AGI). It primarily provides financial assistance for empirical research projects, promotion projects, and academic conferences. Since 2001, DZ BANK has donated an average of €0.5 million per year to the foundation, whose assets currently stand at €15.9 million.

KEY AREAS SUPPORTED BY THE
DZ BANK FOUNDATION (1985 – 2008)



Total sponsorship volume: approx. €10 million

- Cooperative movement
- Banking
- Other educational and academic development projects
- Credit unions

“SHARING OF INFORMATION AT A VARIETY OF LEVELS”

PROFESSOR DR. MARLIESE UHRIG-HOMBURG, CURRENT PROFESSOR OF FINANCIAL ENGINEERING AND DERIVATIVES AT THE UNIVERSITY OF KARLSRUHE, A CHAIR FINANCED BY THE DZ BANK FOUNDATION, ON THE PARTNERSHIP WITH DZ BANK.

PROFESSOR UHRIG-HOMBURG, HOW WOULD YOU DESCRIBE THE PARTNERSHIP BETWEEN THE UNIVERSITY AND DZ BANK?

First and foremost, it is only because of the financial support from DZ BANK Foundation that research and teaching in the area of financial engineering and derivatives is possible at all. It also facilitates the sharing of information at a variety

Professor Dr. Marliese Uhrig-Homburg



of levels. DZ BANK provides a valuable opportunity for dialogue and makes a significant contribution to the practical relevance of research issues. The associated access to current market data is also invaluable for the academic work involved.

HOW DO YOUR STUDENTS BENEFIT FROM THE PARTNERSHIP?

Many degree projects and PhD dissertations are carried out and written in collaboration with DZ BANK. In addition, internships allow students to gain an insight into the day-to-day work of the cooperative central bank. And then there is also the DZ BANK Career Prize, for which students can apply with their final-year projects.

AS THE INCUMBENT OF THIS CHAIR, WHAT DO YOU CONSIDER TO BE YOUR PRINCIPAL RESPONSIBILITIES?

Naturally, the study of the financial markets and the development of practical models, for example to measure interest rate or credit derivatives. However, I also think that one of the main tasks is to ensure that excellent training is offered to future employees of banks and companies. The trigger for financial crises is usually human failure at some point – and knowledge can provide some protection against this.

One of the key areas of sponsorship is the DZ BANK Foundation's support for the chair in financial engineering and derivatives established by the foundation at the Institute for Finance, Banking and Insurance at the University of Karlsruhe. You can read more details in the interview with the current incumbent of the chair, Professor Uhrig-Homburg

Apart from the endowed chair at the University of Karlsruhe, the DZ BANK Foundation also supports the European Business School in Oestrich-Winkel (EBS). EBS is the oldest and one of the most prestigious private business schools in Germany. The DZ BANK Foundation specifically works in cooperation with the EBS Foundation.

The DZ BANK Foundation also provides financial support for research projects covering banking and financial markets theory at other universities, e.g. at Frankfurt University.

However, the principal recipient of the DZ BANK Foundation's support is the area of cooperative studies: over half of the sponsorship volume over the last two decades has been invested in this area. A current example is the International Conference on Cooperative Studies. The objective of this conference, which takes place every four years, is to highlight the cooperative opportunities for companies in a dynamic international market. Since the first conference in 1954, it has become a global forum with participants from a large

EXAMPLES OF ACADEMIC ORGANIZATIONS OF WHICH WE ARE A MEMBER

STIFTERVERBAND FÜR DIE DEUTSCHE WISSENSCHAFT

Stifterverband für die Deutsche Wissenschaft, the German business community's innovation agency to support science in Germany, has set itself the task of identifying and resolving structural problems in scientific research and higher education in the country.

STIFTUNG MARKTWIRTSCHAFT

Stiftung Marktwirtschaft, a German market-oriented economic policy think tank, focuses on issues in the labor market, social security, and taxation.

DEUTSCHES AKTIENINSTITUT

The institute is active at all social levels and in the political arena to promote Germany as a financial center and the acceptance of equity as an investment and financing tool.

HOUSE OF FINANCE

The House of Finance brings together all Frankfurt University's various financial research, training, and consulting institutions. It aims to become a leading European center for finance.

number of countries around the globe. The DZ BANK Foundation not only supports the conference itself, but also finances two awards presented in conjunction with the conference for outstanding contributions to cooperative studies.

The preservation and widespread promotion of the cooperative principle, both in Germany and abroad, is the objective of numerous initiatives supported by the DZ BANK Foundation and DZ BANK. In addition to the publications from the sponsored research projects, these initiatives include, in particular, multilingual cooperative glossaries and the sole German-language journal covering the entire cooperative movement. For years, the DZ BANK Foundation and DZ BANK have supported the creation of cooperative studies archives. The collaboration with the foundation for the German Historical Information Center for the Cooperative Movement (GIZ) is particularly important in this regard: among other things, this center opens up historical sources for academic research purposes and helps to spread the cooperative principle through publications, presentations, and exhibitions.

THE DZ BANK GROUP CAREER PRIZE

Every year since 2001, DZ BANK has awarded the DZ BANK Career Prize in collaboration with the "Junge Karriere" recruitment and business magazine, "Handelsblatt" and "WiWiOnline.net". In 2009, for

the first time, we will be awarding the prize jointly as the DZ BANK Group. This means that DZ BANK AG, Bausparkasse Schwäbisch Hall, R+V Versicherung, Union Investment Group, DG HYP, Team-Bank, and VR LEASING will all be involved. The prize is awarded for the best degree dissertations in the area of banking and finance. The breakdown into the two categories of "master's degree dissertations (university/college)" and "bachelor's degree dissertations" is structured in line with the new two-stage higher education system.

With a total value of €24,000, the DZ BANK Group Career Prize is one of the highest endowed prizes for academic dissertations awarded by a German company. The recipients are selected by a top-class jury of nine academics and practitioners, ensuring that the prize-winning dissertations are of the highest possible standard.

In 2008, a total of 145 dissertations were assessed – 20 more than in the previous year. There has also been an increase in the profile of the award outside Germany, with submissions, for example, from participants in the Netherlands, Italy, and the USA. The recipients of the award benefit not only from the prize money, but also from the attention they receive from the industry as a whole.

STRONG ACADEMIC NETWORKING

Finally, we provide academic and educational support through our membership of various academic associations, foundations, and institutions.

COMMITMENT TO THE ARTS

We benefit from society in a huge number of ways and want to give something back over and above our own business activities. We have therefore made a long-term commitment to art and, over the years, have assembled a unique art collection, heavily biased toward photography. We make this collection accessible to the general public.

MAKING ART ACCESSIBLE TO ALL

Initially established in 1993, the collection now comprises around 6,000 works from over 550 artists from Richard Avedon to Andy Warhol. It includes portraits, cityscapes, architectural rendering, interiors, landscapes, genre and still life works, together with cinematic ideas, conceptual art, journalistic, and documentary photography.

DZ BANK would like to open up its art collection to other than just its own employees. Since 1996, we have therefore offered guided tours to visitors as well as to employees. In addition, we have regularly organized exhibitions such as “Das Versprechen der Fotografie” (The Promise of Photography), “Dialogues and Attitudes”, “American Dream” and “REAL.” to name just a few. These exhibitions have been held in Frankfurt, Berlin, Tokyo, Paris, New York, Moscow, Budapest, and elsewhere, making the collection accessible to people in very different parts of the world. We also regularly lend parts of our collection to prestigious institutions both in Germany and abroad.

In 2006, we established the DZ BANK Cultural Foundation under the umbrella of the DZ BANK Foundation. Its primary task is to bring the photographic collection to an even wider public.

The high point of this strategy to date has been the handover of 220 particularly important photographs to Frankfurt’s Städel Museum in the spring of 2008. The works have been transferred on a permanent basis to a limited company, half of which is owned by

the Städel Museum and half by DZ BANK, and will be exhibited from 2010 in the museum’s “DZ BANK Gallery.” We believe that this solution serves as a model for a fruitful partnership between business and the arts and hope that, in choosing this option, we can provide some impetus for similar projects.

PROMOTING AND ENJOYING ART

In September 2006, we also opened the DZ BANK ART FOYER. Each year, this space is the site for six public exhibitions, to which the artists themselves or a top-class art connoisseur are invited to present an introduction to the works on display. We are delighted that the ART FOYER in February 2009 will be accommodated in a new, larger space in the City-Haus I building. This will also enable us to host visiting exhibitions, potentially opening up new perspectives on artistic photography.

The DZ BANK Foundation also awards scholarships to students from Germany and elsewhere to allow gifted students to study at the Frankfurt University of Music and Performing Arts despite the high cost of living. The aim of this initiative is to support the development of talented students and promote Frankfurt as a cultural center.

SOCIAL COMMITMENT

DZ BANK supports the needy through a whole range of association memberships and donations. We also support the commitment of our employees to social causes and are dedicated to corporate citizenship outside the company.

SUPPORT FOR NEEDY CHILDREN

One of the charitable areas on which we concentrate is support for sick children and their relatives. For a number of years, we have made regular donations to the German Tuberculous Sclerosis Association set up in 1985 by parents of children affected by this disease. The association searches for suitable therapies and provides assistance for those in need as a result of this complex disease. We also support both “Hilfe für krebskranke Kinder” an organization providing help for children with cancer, and “Herzenswünsche e. V.” whose objective is to help critically ill children fulfill their favorite wishes.

IN SUPPORT OF ACTIVE CITIZENSHIP

Together with other companies in the DZ BANK Group, DZ BANK provides financial support to “Aktive Bürgerschaft”, an active citizenship association. This is an initiative of the cooperative financial services network begun in 1997. Under the patronage of the BVR, the central organization of the cooperative banking group. “Aktive Bürgerschaft” promotes the idea and concept of citizens’ foundations in Germany. Citizens’ foundations are foundations dedicated to promoting and undertaking practical initiatives for the common good in local areas.

PROMOTING EXCHANGE OF IDEAS

DZ BANK also regularly makes its offices available free of charge for other non-profit events. In 2008, it provided the location for the dialogue forum run by HLS, the Hessen state office for addiction issues. At the forum, representatives from politics, business, and not-for-profit institutions were able to share information on the options for preventing addiction. In 2007, DZ BANK hosted the “Inner Wheel” organization, among others. This women’s association is dedicated to social projects in the communities where its members live.

The 2007 Hessen charitable foundation conference, which promotes the continuing development of a charitable foundation culture in the German state of Hessen, was sponsored by DZ BANK for a second time. A total of 75 exhibitors and more than 1,000 visitors made the most of this opportunity to find out more about this type of social commitment.

CORPORATE VOLUNTEERING

In addition, DZ BANK provides support for its employees in their personal voluntary activities via the Social Day organized by the Order of Malta association in Frankfurt. Once a year, teams of employees from companies make their services available to social organizations for a whole day. In 2008, management trainees assisted in the renovation of the Konrad-Haenisch School in Frankfurt-Fechenheim. The school pupils themselves had previously run a project raising several thousand euros for the German Multiple Sclerosis Society.

During the Christmas period in 2007, our employees also helped to fulfill the wishes of children whose lives

are adversely affected by difficult situations. Wish notes handed in to the Frankfurt children’s office were hung from the Christmas tree in DZ BANK’s City-Haus II offices. Our employees quickly removed the notes – and ensured that the children received the corresponding gifts. The campaign was repeated and expanded in 2008.



are adversely affected by difficult situations. Wish notes handed in to the Frankfurt children’s office were hung from the Christmas tree in DZ BANK’s City-Haus II offices. Our employees quickly removed the notes – and ensured that the children received the corresponding gifts. The campaign was repeated and expanded in 2008.

Since 2005, DZ BANK has organized an annual Christmas charity auction at which our employees can bid for posters and works of art. The proceeds are always donated to charitable organizations. In 2007, the amount raised was around €6,500. DZ BANK increased this amount to €10,000 and donated the money to “Childaid Network.” This charity was created to provide new opportunities for children around the world who suffer from hunger and disease.

Since the beginning of the 1990s, more than 100 employees have also donated blood twice a year in a campaign run jointly with the Red Cross.

Environmental protection is given a high priority at DZ BANK. We have therefore integrated it into our day-to-day business and set ourselves ambitious, verifiable ecological targets for the next few years.

PROTECTING THE ENVIRONMENT

A facelift for the "Selmi tower:" Facility Manager Wolfgang Jahn and Site Manager Manfred Döring during the renovation of City-Haus I in Frankfurt.





“The critical factors in the modernization of the City-Haus I offices were environmental rather than aesthetic considerations. The new facade enables us to reduce energy consumption by more than 30 percent. CO₂ emissions are reduced by as much as 48 percent.”

WOLFGANG JAHN, FACILITY MANAGEMENT DEPARTMENTAL MANAGER AT DZ BANK

ECOLOGICAL PROGRESS, THERE FOR ALL TO SEE

When the City-Haus I building on Platz der Republik in Frankfurt was completed in 1974 it was the highest building in Germany with 42 floors and a total height of 143 meters. The building contractor and investor was Ali Selmi, an Iranian living in Frankfurt. “City-Haus I has historical recognition value,” according to Wolfgang Jahn, Facility Management Departmental Manager at DZ BANK. “Even today, many people in Frankfurt still call it the Selmi tower.”

In 2008, the building, which together with the neighboring City-Haus II and the Westend tower forms our head office on Platz der Republik and Mainzer Landstrasse, was given a new ultra-modern look. The glass facade, designed by renowned Frankfurt architect Professor Christoph Mäckler, gives an even clearer emphasis to the strengths of the tower, the timeless elegance more evident as a result of the subdivision of the panels beneath windows into broad silver-gray and narrow anthracite-colored bands. The overall impact is significantly more muted and more in harmony with the Frankfurt skyline.

“However, the critical factors in the modernization were environmental rather than aesthetic considerations,” according to Jahn, who has been with DZ BANK for 22 years and dealing with energy issues for some time. As a result of the new facade, the energy consumption of the City-Haus I building has been reduced by more than 30 percent. It is a

figure that not even Jahn had expected. The reductions in CO₂ emissions are even greater at 48 percent, a decrease of 570 tonnes per year.

Although the renovation was carried out while business continued as usual, the impact on employees was not particularly serious. “If works involved a great deal of noise, for example the removal of large glazing elements, we were usually able to schedule the work for the weekend. When employees came into the office again on Monday morning, they had no idea that any work had been carried out there at all,” according to Jahn.

The effect was all the more impressive for employees when the new facade had been completed. Whereas the old windows had a slight bronze tint, the new facade brings an impressive brightness and transparency. However, the impact from the stronger translucence is not just in terms of light. It also contributes to energy-saving, because less artificial lighting is needed during the day.

Overall, the facade modernization is a good example of how we are combining ecological with social and economic objectives. It is dramatically reducing energy consumption and CO₂ emissions, generating greater comfort for our employees, and also contributing to the long-term preservation of the value of the building – for example, by ensuring the energy efficiency requirements for modern buildings are met and the ancillary operating costs for the tenants are reduced. Perhaps it is this combination that has made the project so special for Wolfgang Jahn, our Facility Manager.



The introduction of our environmental management system allows us to implement our environmental objectives even more efficiently and resolutely in future. As a result of the comprehensive modernization of a building facade, we have also been able to achieve significant energy savings.

OUR ECOLOGICAL RESPONSIBILITY

Maintenance of the environment is the prerequisite for a high quality of life and, in the long term, also the basis for any business activity. It is therefore in all our interests to protect the environment.

There is now a broad scientific consensus that man has contributed to climate change and the conditions in which we live will be modified as a result of this change. One of the most urgent tasks faced by all parties involved in politics and industry, and by each and every individual, is to continue to enhance the protection afforded to the environment and the climate.

The direct impact on the environment is considerably lower in the case of a bank than in the case of a factory. However, this does not in any way diminish our shared responsibility for preserving the environment. Environmental protection is therefore given a high priority at DZ BANK.

ENVIRONMENTAL POLICY AND ENVIRONMENTAL MANAGEMENT SYSTEM

In 2008, we started to introduce a professional environmental management system at our main offices in Frankfurt to reduce as far as possible the effects of our business activities on the environment. As part of this process, we have come to an under-

standing on a committed environmental policy. The objective is to monitor environmental pollution on a systematic basis and continue to reduce it.

An example of how seriously we take our environmental policy is the modernization of our City-Haus I building. More than €30 million was spent in 2008 on the renovation of the facade alone. As a result, we have been able to achieve a considerable reduction in CO₂ emissions.

INDIRECT ENVIRONMENTAL IMPACT

We also bear ecological responsibility for damage caused indirectly to the environment in addition to the direct environmental impact from the consumption of electricity, heat, water, and paper. We therefore take ecological criteria into account, for example, in the granting of loans or the development of investment products.

INTRODUCTION OF AN ENVIRONMENTAL MANAGEMENT SYSTEM

In 2008, we started to introduce an environmental management system in order to put our environmental objectives into practice even more professionally and efficiently. As part of our overall management

OUR ENVIRONMENTAL POLICY

Responsibility for the environment is of central importance for DZ BANK AG. We have therefore undertaken to maintain our impact on the environment at the lowest possible level over and above any statutory requirements. We also include service providers, suppliers, and our employees in our target-setting. Our commitment to the principles of the UN Global Compact is a further expression of our dedication to preserving the environment.

As part of the introduction of the environmental management system (EMS), we are working continuously to avoid environmental pollution, or to reduce the level of pollution if avoidance is not possible. We are endeavoring to improve our

environmental performance on an ongoing basis. This also includes a regular review and ongoing development of the management system. Based on specific environmental targets, the EMS enables us to determine meaningful data and therefore undertake continuous monitoring of environmental pollution.

By means of practical suggestions, training sessions, and the provision of comprehensive information, we support autonomous, environment-related activities on the part of our employees. We report comprehensively on the implementation of our environmental protection measures, thereby ensuring the greatest possible level of transparency vis-à-vis the general public.

system, it ensures the smooth running of environmental protection measures within the company, stipulates procedures and responsibilities and enables the analysis of our environmental impact so that we can initiate further improvements based on this analysis.

IMPORTANCE OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

Our aim is to use the environmental management system to ensure that we are even better at meeting our responsibility to the environment. We are convinced that we will be able to enhance our contribution to environmental protection significantly with the help of the environmental management system.

The system will also enable us to raise the awareness of our employees about environmental issues. More information on the importance of environmental management systems in banks can be found in the statement from Professor Dr. Kerstin Kuchta, who supported us in the development of our environmental management system.

ISO 14001 BASIS

When introducing our environmental management system, we followed the globally recognized ISO 14001 standard. A core principle in the standard is that corporate environmental protection should be treated as a continuous improvement process. In the first step, an organization should define a binding environmental policy and set verifiable environmental targets. In the second step, these targets are implemented. The review is then carried out to establish whether and to what extent the targets have been achieved. Processes and workflows in the environmental management system are subsequently adjusted, if required.

The environmental management system was introduced initially at our principal offices in Frankfurt. Certification of the system by an external institute in accordance with the ISO 14001 standard is planned to take place by March 2009. In subsequent years, we would like to extend the environmental management system to our other offices as part of the continuous improvement process.

“THE INDIRECT IMPACT ON THE ENVIRONMENT IS THE MORE SIGNIFICANT”

PROFESSOR DR. KERSTIN KUCHTA, LECTURER IN ENVIRONMENTAL MANAGEMENT AT HAMBURG UNIVERSITY OF APPLIED SCIENCES, ON THE IMPORTANCE OF ENVIRONMENTAL MANAGEMENT SYSTEMS FOR FINANCIAL SERVICE PROVIDERS.

“As a professor and managing director of an environmental management company, I believe that environmental management systems must take into account both the direct and indirect effects of a company’s activities on the environment.

From my experience of financial service providers, I know that the direct impact of a bank’s core activities on the environment primarily arises from the consumption of energy for heating, air conditioning, information technology systems, and lighting. In addition, banks consume water and materials such as paper.

However, in the case of banks, I believe that the indirect impact on the environment is more significant. This includes the environmental effects resulting from financial advice or information and marketing services. Consideration of the ecological risks posed by companies has been an important

factor in lending decisions since even before Basel II. Ethical and ecological investment is also becoming increasingly significant. In this case, banks can offer appropriate types of investment, positioning themselves in the marketplace as ‘sustainability-oriented’.

I think that another aspect of financial service provider activities with an important indirect impact on the environment is the function of such providers as multipliers and disseminators. With approximately 7 million employees in a wide variety of organizations in Germany, banks and insurance companies are among the largest employers in the country.

In the course of the preliminary audit for the introduction of an environmental management system, I was able to establish that DZ BANK has excelled in implementing a huge range of projects to improve its ‘product ecology’. The environmental management system will provide DZ BANK with comprehensive support in its efforts to reduce risk, enhance its image, and exploit income opportunities.”

DEMANDING TARGETS TO BE ACHIEVED BY 2012

As part of the introduction of the environmental management system, DZ BANK has set itself ambitious targets to be achieved by February 2012. These include the targets set out below.

- Reduction in electricity consumption by 7.5 to 10 percent by turning off computers and office lighting to a greater extent when not in use.
- Reduction of 30 percent in climate-damaging energy use by increasing the use of renewable energies and even more efficient energy management.
- Improvement in waste separation, specifically an increase of 10 percent in sorted waste paper.
- Increase in the proportion of business trips using environmentally friendly modes of transport to at least 66 percent.

- Reduction in water consumption and increase in employee awareness regarding the use of water.

TRAINING FOR EMPLOYEES

One of our foremost environmental targets is to increase acceptance and awareness of our sustainability strategy among employees. Our plan is to push awareness of our environmental program to 100 percent by 2012. To this end, we will provide training for at least 20 percent of our employees at our Frankfurt sites. These employees will then act as multipliers and disseminators, communicating the importance and value of our environmental program throughout the company.

LESS WATER, HEATING, AND PAPER

Even before the introduction of the environmental management system we had been striving to keep the consumption of electricity, water, heating, and paper as low as possible. Over the last few years, we have already made significant progress in this regard.

Between 2005 and 2007, we managed to reduce heating consumption per employee by 7 percent, and water consumption by as much as 16 percent. However, the most significant reduction was in paper consumption per employee: between 2005 and 2007, this fell by 26 percent. This decrease was attributable primarily to the progress made in the implementation of a “paperless” office.

Unfortunately, there was also a slight increase of 2 percent in electricity consumption per employee between 2005 and 2007. This can be attributed to technical changes, for example, relating to hardware and the air-conditioning installation. The table below shows in detail the trend in our energy requirement, CO₂ emissions, water consumption, waste, and paper usage.

PUBLIC TRANSPORT AS FIRST CHOICE

For our employees, environmental consciousness begins in the morning on the way to work. At various offices of the bank, we have been subsidizing local travel cards for as long as ten years, making the use of local public transport inexpensive for our employees.

We also have an agreement with Deutsche Bahn AG under which employees who live outside local public transport zones can travel to work on an environmentally friendly basis and at reduced rates.

In our business travel policy, rail travel is the first mode of transport of choice for business trips. Seminar locations for DZ BANK training are always selected so that they are easy to reach by public transport. We also ensure that our company cars are equipped with the latest environmentally friendly technology, such as diesel particulate filters. In this way, we keep emissions as low as possible.

In 2008, we also took part in the “Cycle to work” campaign for the third time. The campaign is initiated by the AOK health insurance fund and ADFC, the German Cyclists’ Federation. In this campaign, teams or individuals can register to travel to work by cycle on a fixed number of days each year. The objective is to encourage employees to improve their fitness and use an environmentally friendly mode of transport.

ENVIRONMENTAL DATA COMPARISON¹

| Key figure | Unit | 2005 | 2006 | 2007 |
|---------------------------------|--------------------------|-----------------|--------|--------|
| Energy consumption | | | | |
| Electricity | kWh/p.p. ³ | 9,512 | 10,111 | 9,707 |
| Heating | kWh/p.p. | 4,077 | 3,951 | 3,776 |
| CO₂-emissions | | | | |
| Electricity | kg CO ₂ /p.p. | 5,669 | 6,026 | 5,785 |
| Heating | kg CO ₂ /p.p. | 983 | 952 | 910 |
| Water consumption | | | | |
| | m ³ /p.p. | 40.50 | 38.86 | 33.86 |
| Waste generated | | | | |
| Paper | kg/p.p. | 33 ² | 89 | 96 |
| Mixed packaging | kg/p.p. | 67 | 192 | 182 |
| Residual waste | kg/p.p. | 125 | 24 | 30 |
| Commercial waste | kg/p.p. | 47 | 29 | 30 |
| Paper consumption | | | | |
| Chlorine-free | Portion [%] | 80 | 95 | 98 |
| Printer and copier paper | kg/p.p. | 92.01 | 82.08 | 67.91 |
| Business travel | | | | |
| Total trips | Number | 19,721 | 15,458 | 17,420 |
| of which by rail | Percentage [%] | 28.25 | 38.78 | 33.92 |
| of which by air | Percentage [%] | 7.84 | 13.05 | 15.49 |

¹ Environmental data relates only to the Frankfurt offices. ² Excluding confidential shredded paper ³ p.p. = per person

Modernization of the facade at City-Haus I: The old bronze-tinted panels are replaced by bright, energy-efficient windows.



As a result of the new facade, the energy consumption of City-Haus I has been reduced by more than 30 percent.



ENVIRONMENTALLY-ORIENTED FACADE MODERNIZATION

2008 saw the completion of the modernization of the facade at the City-Haus I building which had been started in October 2007. Together with the City-Haus II building and the Westend tower, City-Haus I forms our head office in Frankfurt. The modernization will lead to significant savings in energy and CO₂.

Environmental considerations were the critical factor in the renovation. This was because the tower, which was originally completed in 1974, no longer met our demanding ecological requirements. For example, inadequate insulation meant that a great deal of energy was needed for heating in winter and cooling in summer.

ENVIRONMENTALLY FRIENDLY FACADE DESIGN

The new facade has been designed to facilitate long-term energy savings. For example, the lighter color means that the building heats up less in summer and less energy is therefore needed for cooling purposes. The facade also lets in considerably more light. With more daylight entering the building, there is a reduction in the need for electric lighting.

The opening windows are another energy-saving innovation. They can be controlled centrally and opened in the evening to allow the heat of the day to dissipate more rapidly. This enables us to significantly reduce air-conditioning settings and the resulting energy requirement.

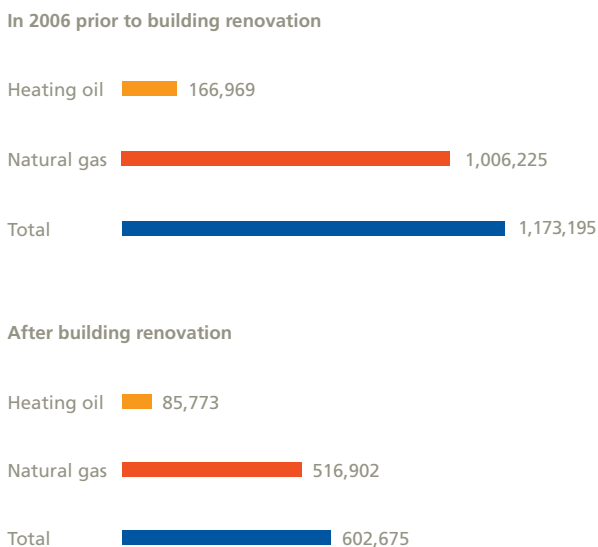
30 PERCENT LESS ENERGY REQUIRED

Overall, the new facade reduces the building's energy requirement by more than 30 percent. CO₂ emissions have been decreased by as much as 48 percent, equating to a reduction of 570 tonnes a year.

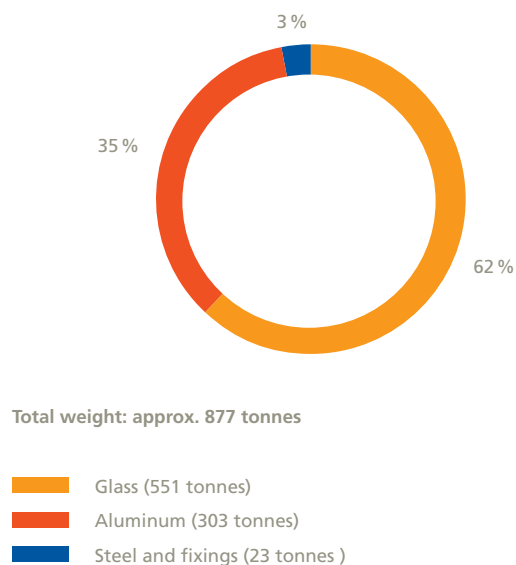
RECYCLING THE REPLACED MATERIALS AND COMPONENTS

We also complied with strict ecological standards in the removal of the old materials as part of the modernization of the facade. Components constructed from aluminum, steel or glass were recycled so that the materials could be reused. Problematic materials such as insulation or foam were disposed of or stored properly.

ENERGY REQUIREMENT (kg/year)



PROPORTION OF RECYCLED COMPONENTS IN TOTAL WEIGHT OF REPLACED MATERIALS



INDEX BY GRI G3 (GLOBAL REPORTING INITIATIVE)

The GRI Index shown below documents that DZ BANK has followed the Global Reporting Initiative standards. However, we have not yet been able to publish disclosures for all the indicators in accordance with the G3 criteria. The numbers indicated in the right-hand column refer to disclosures on the implementation of the ten UN Global Compact principles as part of a communication on progress (COP).

| Index by GRI | Page number | UN GC |
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| 1. Vision and strategy | | |
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| 2.3 Divisions and operational structure of the organization | C2, 10 | |
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| 2.7 Markets served | 18 et seq., AR | |
| 2.8 Scale of the organization | 27 | |
| 2.9 Significant changes to the organization or its ownership structure | Not relevant | |
| 2.10 Awards received | 19 et seq., 39 | |
| 3. Report parameters | | |
| 3.1 Reporting period | 2 | |
| 3.2 Publication of most recent previous report | Not relevant | |
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| 3.6 Boundary of the report | 2 | |
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| 3.8 Basis for reporting on joint ventures, etc. | Not relevant | |
| 3.9 Data measurement techniques and the bases of calculations | No information provided | |
| 3.10 Re-statements or changes in the presentation of information provided compared with earlier reports | Not relevant | |
| 3.11 Changes in the themes covered or the measurement methods applied | Not relevant | |
| 3.12 GRI index | 62 et seq. | |
| 3.13 External verification of statements | No disclosures available | No information provided |
| 4. Governance, commitments, and engagement | | |
| 4.1 Governance structure | 11 et seq. | |
| 4.2 Independence of the Chairman of the Supervisory Board | 12 | 10 |
| 4.3 Supervisory body or independent members of the organization's management body | 12 | 10 |
| 4.4 Mechanisms for shareholders and employees to provide recommendations to the Board of Managing Directors/Supervisory Board | 12 | |
| 4.5 Linkage between compensation for members of senior management with attainment of sustainability objectives | No information provided | |
| 4.6 Avoidance of conflicts of interest | 12 | |
| 4.7 Expertise of governing bodies in the area of sustainability | No information provided | 10 |
| 4.8 Corporate values and codes of conduct | 9 | |
| 4.9 Procedures at the level of the Board of Managing Directors/Supervisory Board for monitoring environmental, economical and social risks and opportunities | No information provided | |
| 4.10 Processes for evaluating the performance of the Board of Managing Directors | No information provided | |
| 4.11 Approaches for preventive action | 26 et seq. | 8 |
| 4.12 Participation in and support for external initiatives | 11, 50 et seq. | |
| 4.13 Memberships in associations and interest groups | 26, 49 | |
| 4.14 List of stakeholder groups engaged by the organization | 9 et seq. | |
| 4.15 Identification of relevant stakeholders for the organization | 9 et seq. | |
| 4.16 Approaches to stakeholder engagement | 9 et seq. | |
| 4.17 Statement on the key concerns of stakeholders | No information provided | |
| 5. Performance indicators | | |
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| EC3 The organization's defined benefit plan obligations | AR | |

| Index by GRI | Page number | UN GC |
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| EC4 Financial assistance received from government | No information provided | |
| EC6 Payments to locally based suppliers | No information provided | |
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| EC8 Infrastructure investments and services of primary importance for the public good | 46 et seqq. | |
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| EN3 Direct energy consumption | 59 | 8 |
| EN4 Indirect energy consumption | No information provided | 8 |
| EN5 Energy saved | 61 | 7,8,9 |
| EN8 Total water withdrawal by source | 59 | 7,8 |
| EN11 Biodiversity: land use in protected areas | Not relevant | |
| EN12 Impact on biodiversity in protected areas | Not relevant | |
| EN16 Direct and indirect emissions of climate-relevant gases | 59 | 8 |
| EN17 Other indirect greenhouse gas emissions | No information provided | 8 |
| EN19 Emissions of ozone-depleting substances | Not relevant | |
| EN20 NOx, SOx, and other significant emissions | Not relevant | |
| EN21 Water discharge by type and quantity | No information provided | 8 |
| EN22 Quantity of waste by type and disposal method | 59 | 7,8 |
| EN23 Release of contaminants | Not relevant | |
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| EN27 Percentage of products whose packaging can be recycled | Not relevant | |
| EN28 Fines for non-compliance with environmental laws and regulations | None | 8 |
| Social performance indicators – management approach | 32 et seqq. | |
| LA1 Workforce by employment type/region | 32 et seq., 38 | |
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| LA7 Injuries, absenteeism, and fatalities | No information provided | 1 |
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| LA10 Hours of training/continuing professional development by employee category | 36 | |
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| LA12 Performance appraisal and development planning | 35 | |
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| LA14 Remuneration by gender and employee category | No information provided | 1,6 |
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| HR2 Screening of suppliers for compliance with human rights | No information provided | 1-6 |
| HR4 Number of incidents of discrimination and actions taken | None | 1,2,6 |
| HR5 Freedom of association and freedom to undertake collective bargaining | No information provided | 1,2,3 |
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| SO4 Anti-corruption measures | 12 et seq. | 10 |
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| Product responsibility – management approach | | |
| PR1 Product safety | No information provided | |
| PR3 Identification of products and services | www | |
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| PR6 Marketing communications | No information provided | |
| PR9 Fines for infringement of laws and regulations | None | |

Notes:

UN GC = The numbers indicated refer to the corresponding items of the ten UN Global Compact principles

AR = 2007 Annual Report

www = www.sustainability.dzbank.com

C2 = Inside cover page

Additional indicators are highlighted in orange.

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The annual report explains the strategy, activities, business development, and performance of the DZ BANK Group.
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REGULATORY RISK REPORT

The regulatory risk report contains a detailed description of the risk management system and the current risk position in the DZ BANK Group.
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On our website you can find up-to-date information about the DZ BANK Group.
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SUSTAINABILITY PORTAL

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This printed matter has been printed on FSC-certified paper and we have compensated for the CO₂ emissions as part of the climate initiative of the German Printing and Media Industries Federation. We have therefore made an active contribution to climate protection. A wind power project in the Marmara region of Turkey, a "Gold Standards"-Project, is supported with the CO₂ Pt reduction certificate.



