



I N T E R I M R E P O R T

Interim report for the six months to 30 June 2000

To all our shareholders:

As you will be aware we acquired all the share capital in Nedship Bank NV of Rotterdam as from 31 May 2000. The Profit & Loss Account for the first half of 2000 includes a contribution from DVB NedshipBank, while the assets and liabilities of the Group's new shipping finance arm have been fully consolidated in the balance sheet figures as at 30 June 2000. In view of this, the interim figures are not strictly comparable with those for the corresponding period of 1999 or the position as at 31 December 1999.

Pre-tax profits of the new DVB Group, which comprises DVB VerkehrsBank, DVB NedshipBank and ReiseBank, rose 20.2 per cent to Euro 13.4 million for the first six months of 2000. This favourable growth reflects the first contribution from DVB NedshipBank, with Deutsche VerkehrsBank AG absorbing the costs of the acquisition in respect of the expansion of equity and loan capital and the necessary investment in IT.

The 47.8 per cent rise in **interest surplus** is a direct result of DVB NedshipBank's activities in the field of shipping finance. Favourable growth in **commission surplus** (+ 13.7 per cent) reflected increased sales of securities, electronic-banking products and a strong performance by ReiseBank.

Trading profits are less than the previous year for all products concerned reflecting the decreasing activity in own account trading.

Administrative costs rose by approximately 26 per cent. This also reflects costs associated with the acquisition of DVB NedshipBank and investments in data processing. As in the previous year, even given the inclusion of DVB NedshipBank, we have only needed to give a budget forecast for risk provision in the first half year in the Profit & Loss Account.

The initial consolidation of DVB NedshipBank is fully reflected in the 21.7 per cent increase in the **balance-sheet total** to Euro 8.4 billion. A major factor influencing this figure is a Euro 2.5 billion increase to Euro 5.9 billion in **customer receivables** which reflects DVB Group's newly acquired international market position in shipping finance. This significant expansion in international customer business is shown on the debit side of the balance sheet. For purposes of refinancing, **payables due to lending banks**

Deutsche VerkehrsBank Group: Balance sheet extracts

	30 June 2000	31 Dec.1999	Change in %
Assets in Euro '000			
Cash on hand and at banks	80,736	1,013,058	- 92.0
Receivables due from banks	1,292,999	1,226,175	+ 5.4
Receivables due from customers	5,889,665	3,370,421	+ 74.7
Risk provision	-101,170	- 80,208	+ 26.1
Trading assets	7,224	26,638	- 72.9
Financial assets	1,034,070	1,167,591	- 11.4
Fixed assets	20,465	14,140	+ 44.7
Miscellaneous assets	143,820	137,138	+ 4.9
Total assets	8,367,809	6,874,953	+ 21.7

Liabilities in Euro '000			
Payables due to lending banks	4,773,374	3,969,968	+ 20.2
Payables due to customers	1,629,473	1,749,790	- 6.9
Liabilities in certificate form	1,243,477	688,487	+ 80.6
Provisions	41,026	40,555	+ 1.2
Miscellaneous liabilities	56,572	88,187	- 35.9
Profit-participation certificates	164,476	89,476	+ 83.8
Subordinated liabilities	125,126	63,322	+ 97.6
Equity capital	320,934	177,082	+ 81.2
Subscribed capital	154,194	57,418	+ 168.5
Capital reserve	106,470	59,394	+ 79.3
Profit reserves	60,270	60,270	0.0
Group profit	13,351	8,086	+ 65.1
Total liabilities	8,367,809	6,874,953	+ 21.7

BIS Equity ratio	9,2 %	8,6 %
------------------	-------	-------

Deutsche VerkehrsBank Group: Extract from Profit & Loss Account

Results in Euro '000	1 Jan. to 30 June 2000	1 Jan. to 30 June 1999	Change in %
Interest surplus	34,663	23,447	+47.8
Commission surplus	36,994	32,538	+13.7
Trading profit	4,397	5,448	-19.3
Administrative expenditure	-60,834	-48,302	+25.9
Miscellaneous operating revenue/expenditure	159	156	+1.9
Operating profit before risk provision	15,379	13,287	+15.7
Risk provision for loan business	-3,054	-1,674	+82.4
Balance of miscellaneous revenue/expenditure	1,026	-509	-301.6
Pre-tax profit	13,351	11,104	+20.2

Deutsche VerkehrsBank AG

Head office: Frankfurt am Main

Board of Managing Directors: Wolfgang F. Driese, Chairman

Klaus W. Heinemann

increased by 20.2 per cent to Euro 4.8 billion, while **liabilities in certificate form** rose 80.6 per cent to Euro 1.2 billion. These figures include the successful flotation of a US\$ 200 million bond issue under our new debt-issuance programme which amounts to Euro 3 billion.

The half-yearly accounts duly reflect the increase in **equity capital** referred to earlier in respect of the acquisition of DVB NedshipBank. Share capital increased 81.2 per cent to Euro 320.9 million; subordinated liabilities expanded 97.6 per cent to Euro 125.1 million and profit-participation certificates rose 83.8 per cent to Euro 164.5 million. Thus, despite the initial consolidation of DVB NedshipBank, the **equity ratio** improved from 8.6 per cent to 9.2 per cent.

The expansion of DVB Group will inevitably involve significant on-going investment during 2000 and the coming year. The DVB NedshipBank acquisition, the creation of an international refinancing structure, German branch rationalisation, the introduction of SAP-based IT systems and the implementation of staff share-participation programmes will all find reflection in run up costs, largely of an exceptional nature. The development of our core activities in respect of international transport finance will, in addition to the integration of DVB NedshipBank, involve further expansion of our two new divisions: Corporate Finance and Group Risk Management.

It is pleasing to report that, overall, DVB Group has made a good start to the year 2000. Taking into account the anticipated contribution from DVB NedshipBank, profits of DVB Group for the financial year to 31 December 2000 are expected to comfortably exceed those of the previous year. A strengthening of the bank's reserves by means of retained earnings is also on the agenda.

We are confident that the expansion programme outlined above will significantly improve DVB Group's competitive position and enable us to capitalise on the undoubted potential for future earnings growth in Germany and overseas.

Frankfurt am Main, August 2000

THE BOARD OF MANAGING DIRECTORS

Published by

Deutsche VerkehrsBank

Aktiengesellschaft

Corporate Communications

Friedrich-Ebert-Anlage 2 - 14

D-60325 Frankfurt am Main

Telephone (+49 69) 9 75 04 - 4 03

Facsimile (+49 69) 9 75 04 - 3 33

info@verkehrsbank.de