

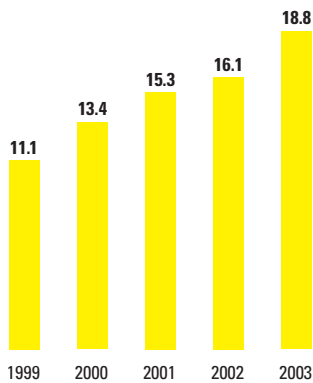


I N T E R I M   R E P O R T

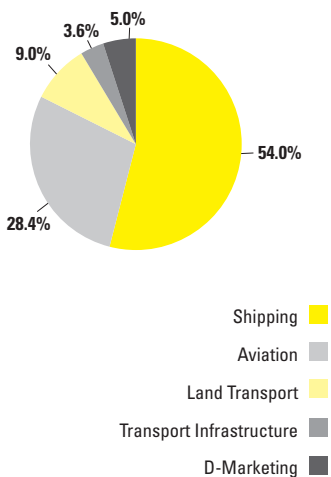


## Interim report in respect of the six months to 30 June 2003

Profits from ordinary activities as at 30 June (€ mn)



Customer lending in terms of divisions as at 30 June 2003  
Total portfolio €7.71 bn



Dear shareholders,

DVB Bank's **profits from ordinary activities** increased by 16.4% to €18.8 million during the first six months of 2003.

The various components of the mid-year profit outcome are as follows: **Ordinary income** registered a 10.7% decrease from €100.7 million to €89.9 million. **Net interest income** amounted to €46.7 million, a decline of 9.4% compared with the figure for the corresponding period of the previous year. Although DVB succeeded in increasing interest income in its core Transport Finance operations, through new higher margin business, such increases proved insufficient to fully compensate for the cessation of income from businesses which were discontinued during 2002. **Net commission income** fell 10.5% to €41.9 million compared with the first half of 2002. Similarly, although the Transport Finance business achieved a modest increase in commission income, fewer foreign currency exchange transactions at ReiseBank, reflecting the decline in tourist business, contributed to the reduction in net commission income. **Net profit on financial operations** fell from €2.4 million to €1.2 million. The net profit on financial operations has shown a constant decline in recent quarters as a result of the discontinuation of service functions for the "Sparda" banks, securities operations and trading in coins and precious metals during 2002. **General administrative expenses** decreased by 12.7% from €83.4 million to €72.8 million, reflecting the impact of CHANGE, our extensive cost savings programme. This programme encompasses measures linked to the discontinuation of businesses and other initiatives designed to create greater efficiency in respect of certain service functions. In the event, the **operating profit excluding loan loss provisions** registered an 11.1% increase from €16.7 million to €18.5 million. Again, no loan loss provisions were set aside in respect of the first half of 2003.

**Total assets** fell 3.8% from €9.30 billion to €8.94 billion. **Customer lending** contracted 3.8% from €8.02 billion to €7.71 billion. This was due to a lower currency conversion of loans denominated in US dollars reflecting the strength of the euro: DVB's base currency. Shipping represented 54.0% of the overall lending portfolio, Aviation 28.4%, Land Transport 9.0% and Transport Infrastructure 3.6%. The discontinuation of our non-transport business together with some aspects of our transport business that failed to meet our expectations has continued, reducing the proportion of our non-transport business in relation to the overall portfolio to 5.0%.

**DVB's own funds** were down 9.6% at the end of the first half from €786.5 million to €711.0 million. The **total capital ratio** declined from 10.4% to 9.5%, although the **core capital ratio** was maintained at 5.8%. The **cost/income ratio** was 76.9%, while the **return on equity** remained at 12.8%.

As the mid-year results for 2003 show, comparison of the figures with those for the corresponding period of the previous year is restricted due to the discontinuation of certain business activities during 2002. These developments reflect the total restructuring of the bank, an exercise which commenced five years ago. Management's strategic goal, from the outset, was to position DVB as a specialist bank focused on transport finance.

The scale of this project is illustrated by the fact that in 1998, revenues stemmed from a general lending business with medium-sized companies, which in many instances failed to cover the risk cost. The vast majority of this business has now been eliminated with the remainder designated as non-core business. The other profit components comprised the securities operations, trading in coins and precious metals and our service functions for the "Sparda" banks. All these non-sustainable activities have been steadily discontinued, culminating in the action taken during 2002. Management shunned the easy option, namely to layer new business on top of existing operations in order to appear a larger and arguably more profitable institution, and faced the challenge of steadily discontinuing those business activities which did not coincide with our long-term strategy.

Following the discontinuation of businesses, income for the first half of 2003 declined by €7 million compared with the outcome for the corresponding period of 2002. However, as a result of cost cutting measures associated with the discontinuation of certain operations we achieved savings in the region of €8 million.

DVB has now emerged as a unique and distinctive institution focused on the global transport industry. We are concentrating on 450 international clients, all of which are market leaders in their respective market segments.

We specialise in the provision of expert advisory services, innovative and tailor-made products encompassing financial structures and secured lending in respect of high-grade transport investments. The year 2003 heralds a new era for which we are well positioned.

Frankfurt/Main, August 2003

THE BOARD OF MANAGING DIRECTORS

# DVB Bank AG – Group

## Balance Sheet extracts

	30/06/2003	31/12/2002	Change in %
<b>Assets in € mn</b>			
Cash reserve	85.2	309.6	- 72.5
Placements, loans and advances with/to other banks	1,457.3	1,133.6	28.6
Loans and advances to customers	6,502.9	6,684.7	- 2.7
Financial assets	690.0	812.4	- 15.1
Fixed assets	149.4	166.2	- 10.1
Other assets	56.4	189.2	- 70.2
<b>Total assets</b>	<b>8,941.2</b>	<b>9,295.7</b>	<b>- 3.8</b>
<b>Liabilities in € mn</b>			
Liabilities to banks	4,464.1	4,855.1	- 8.1
Liabilities to customers	2,040.5	2,095.6	- 2.6
Certificated liabilities	1,478.8	1,489.0	- 0.7
Provisions	63.9	73.9	- 13.5
Other liabilities	147.6	44.1	234.7
Profit-participation certificates	164.5	164.5	0.0
Subordinated liabilities	202.3	202.5	- 0.1
Fund for general banking risks	8.4	8.4	0.0
Capital and reserves	371.1	362.6	2.3
Subscribed capital	154.5	154.3	0.1
Capital reserve	106.8	106.8	0.0
Retained earnings	96.7	96.7	0.0
Distributable profit	13.1	4.8	172.9
<b>Total liabilities</b>	<b>8,941.2</b>	<b>9,295.7</b>	<b>- 3.8</b>
<b>Customer lending in € mn</b>	<b>7,712.3</b>	<b>8,020.0</b>	<b>- 3.8</b>
<b>Benchmarks:</b>			
Total capital ratio	9.5%	10.4%	
Core capital ratio	5.8%	5.8%	
Cost/income ratio	76.9%	79.1%	
Return on equity	12.8%	15.9%	

## Profit and Loss Account

	30/06/2003	30/06/2002	Change in %
<b>Results in € mn</b>			
Ordinary income	89.9	100.7	- 10.7
Net interest income	46.7	51.6	- 9.4
Net commission income	41.9	46.8	- 10.5
Net profit on financial operations	1.2	2.4	- 50.0
General administrative expenses	- 72.8	- 83.4	- 12.7
Net other operating income and expenses	1.4	- 0.7	- 300.0
<b>Operating profit excluding loan loss provisions</b>	<b>18.5</b>	<b>16.7</b>	<b>11.1</b>
Loan loss provisions	0.0	- 0.9	- 100.0
Net other income and expenses	0.3	0.3	0.0
<b>Profits from ordinary activities</b>	<b>18.8</b>	<b>16.1</b>	<b>16.4</b>

DVB Bank AG, Frankfurt/Main, Germany

Board of Managing Directors: Wolfgang F. Driese, Chairman, Dagfinn Lunde, Rolf Michael Betz

**Publisher**

DVB Bank

Aktiengesellschaft

Corporate Communications –

Investor Relations

Friedrich-Ebert-Anlage 2 - 14

D-60325 Frankfurt/Main, Germany

Phone +49 (0) 69 9 75 04 - 3 29/- 4 49

Fax +49 (0) 69 9 75 04 - 3 33

[info@dvbbank.com](mailto:info@dvbbank.com)

[www.dvbbank.com](http://www.dvbbank.com)