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Fundamental Credit Research

Rating Action

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MOODY'S CHANGES TO STABLE FROM NEGATIVE THE OUTLOOK FOR DVB BANK'S C- FINANCIAL STRENGTH RATING AND DZ-BANK'S RATINGS (A2/P-1/D) ARE AFFIRMED

Rating outlook change following the announcement of the sale of Reisebank (not rated) by DVB to DZ-Bank

Moody's Investors Service changed to stable from negative the outlook for DVB Bank AG's C- financial strength rating. DVB A3/P-2 long and short-term ratings remain with a stable outlook, reflecting both the majority ownership by DZ Bank (rated A2/P-1/C-), its membership in the support mechanisms of the German co-operative banking sector and the likelihood of support. DZ-Bank's ratings were affirmed. The rating outlook action followed the announcement that DVB Bank will be selling ReiseBank AG (not rated) and CashExpress GmbH (not rated) -- subsidiaries which are focused on currency exchange and cash transfer -- to DZ Bank due to take effect on December 31, 2003.

Commenting on the rating outlook change, Moody's said that through the sale of those non-core activities DVB Bank can enhance somewhat its financial fundamentals, especially its regulatory and economic capitalisation, and further focus its business model as an integrated transport finance specialist. The rating agency added that more importantly DVB Bank has shown in the last two years considerable resilience in an adverse market environment, when the aviation industry has been experiencing a downturn. Moody's said that it remains cautious about the ongoing deterioration in the international aviation industry and the potential negative affects on DVB Bank's asset quality. However, during this period of time DVB Bank has improved its risk absorbing capacity and incurred modest loses in its core businesses, despite the

fact that it was faced with exposures to troubled corporates.

The acquisition of Reisebank also reflects DZ Bank's intention to support DVB Bank's specialisation process and as an intra-group transaction neutral for DZ Bank Group's capitalisation, but also of a potentially more limited strategic value, at least in the first stage.

Headquartered in Frankfurt, DZ Bank Deutsche Zentral-Genossenschaftsbank AG (DZ Bank) is the sixth largest banking group in Germany and had total assets of around EUR 338 billion as at 31 December 2002. Headquartered in Frankfurt, DVB Bank is a specialised long-term lender to the international transport industry and had total assets of around EUR 11 billion as at 31 June 2003.

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