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DVB Bank AG

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DVB Bank AG

Major Rating Factors

Strengths:

- Ownership support from the German cooperative banking sector
- Solid expertise and sound track record in transport lending
- Sound risk management and risk appetite

Counterparty Credit Rating

A/Stable/A-1

Weaknesses:

- DVB's inferior strategic importance to the cooperative sector compared with core members
- Pure concentration risk on worldwide cyclical dynamics of often correlating transport markets
- DVB's improving yet modest capitalization and earnings

Rationale

The ratings on DVB Bank AG (DVB) and other rated member banks of the German cooperative banking sector are based on the sector's solidarity and comprehensive protective scheme, which has prevented insolvencies of member institutions for almost 70 years, and reflect Standard & Poor's Ratings Services view of the sector as a single economic group. Standard & Poor's moderately differentiates the ratings on DVB from strategic core members of the sector to reflect its weaker strategic importance and limited business integration to its direct owner DZ Bank. Should it ever become necessary, however, Standard & Poor's trusts that the solidarity support of the cooperative sector would be forthcoming, provided through the ongoing 93% ownership by DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ BANK; A+/Stable/A-1) and DVB's membership of the cooperative sector protective scheme. (For more details on DZ BANK and the German cooperative sector see latest report on DZ BANK and the article entitled " Bank Industry Risk Analysis: German Banks Profit From Healthier Credit Environment," published on March 27, 2007, on RatingsDirect). Based on this support, the long-term ratings on DVB benefit from a three-notch uplift above the bank's stand-alone strength.

DVB is a Germany-based wholesale commercial bank exclusively active in the worldwide transport sector. Accordingly, its operations are subject to the cyclical dynamics of often correlating transport markets and their driving forces, such as GDP and trade volumes, which also often correlate to each other. Nevertheless, its asset quality is expected to remain sound in light of DVB's proven long-standing expertise, steadily improved sophisticated risk-management systems, sound credit and collateral guidelines, the highly cash-flow-based collateralized nature of transactions with reasonable LTV evaluations, and diversification by objects and regions financed.

DVB substantially improved its IFRS pretax income after risk to 94 basis points (bps) of risk-weighted assets (RWAs) by year-end 2006, based on strong business growth, increased fee-generating mandates, and low credit cost due to the currently ongoing cyclical upswing in many of its transport subsegments that should also lead to further strengthening of its loss absorption capacity. At March 31, 2007, net income after risk even reached 130 bps of RWAs, although this is strongly overstated as an indication of full-year results due to reported zero credit costs and a onetime gain in its financial result. However, DVB's profitability over a longer period confirm that its transformation to a pure transport bank more than compensates for less-efficient nonstrategic operations that were

discontinued by 2004. Nevertheless, operating earnings and capitalization are still moderate considering its level of concentration. Standard & Poor's expects DVB to further improve its resilience against cyclical business dynamics and margin pressures. This should be achieved through fee leveraging customer relationships and services, diversifying its transport assets and higher margin sub-niche activities, discontinuing infrastructure finance business, and strict cost containment to weather its rising investments in more sophisticated services, staff, and products.

Outlook

The stable outlook mirrors that of the cooperative sector and DVB's majority owner, DZ BANK. The stable outlook on the sector is based on our expectation that the recovery in the sector's earnings and asset quality is on a solid footing, and that solidarity within the sector to support troubled institutions will remain unchanged. Key elements for the development of the ratings on DVB are the German cooperative sector's strategic decisions to strengthen or lessen DVB's group role, changes to the sector's aggregate strength and solidarity for member institutions, and further improvements in DVB's stand-alone profile.

Profile: Asset-Based Transport Sector Lender And Servicer

DVB is a Germany-based wholesale commercial bank (€11 billion consolidated assets at March 31, 2007) that is exclusively active on the growing worldwide transport sector; accordingly about 90% of its customers are international. DVB's 390 staff and worldwide network services the upper tier of international and domestic customers (air, sea, railway, and road) with highly secured and diversified cash flow financings. To diversify earnings and to soften margin pressure, DVB continues to expand transport-related market sub niches, tailor-made services and products, and investment-banking and advisory fee services. Lacking critical mass, diversification, and asset mobility, DVB decided to discontinue its infrastructure finance business, although it had been profitable.

Table 1

DVB Bank AG--Financial Statistics By Segments						
	Average RWAs 2006		Y-o-y RWA Growth	Income after risk provisions		Pretax income of avg. RWAs
	(Mil. €)	(%)	(%)	(Mil. €)	(%)	(%)
Shipping	5,070	48.6	19.2	65.2	64.7	1.3
Aviation	3,072	29.5	19.8	43.7	43.4	1.4
Land Transport	867	8.3	5.0	8.9	8.8	1.0
Corporate finance & Capital Market Products	299	2.9	90.6	26.7	26.5	8.9
Others, Consolidation	591	5.7	(19.1)	(47.5)	(47.2)	(8.0)
Transport Infrastructure	529	5.1	11.7	3.7	3.7	0.7
Total	10,427	100.0	15.8	100.7	100.0	1.0

*Figures at Dec. 31, 2006. Figures according to IFRS accounting. RWAs--Risk-weighted assets.

DVB is now in its third year as a pure transport sector bank, after an efficiently and successfully managed wide-ranging transformation, which included key accomplishments such as:

- In 1998: A €1.4 billion loan portfolio acquisition (mainly international aircraft) from Long-Term Credit Bank of

Japan Ltd. (LTCB). Subsequently, International Transport Finance Ltd., London (ITFL) was established and put in charge of handling customer relationships in Japan, primarily aviation, and processing loans to Japanese leasing companies.

- In 2000: The 100% acquisition and consolidation of Nedship Bank N.V. (renamed into DVB Bank N.V. [DVB NV] by 2004), strongly complementing ship financing, an area where the DVB group claims to be among the 10 largest worldwide.
- In 2002: The transferal of its historical central bank function for 15 local cooperative banks (Sparda Banken) to DZ BANK, with the liquidity management for these banks retained until year-end 2004.
- In 2003: The sale of its subsidiaries, ReiseBank AG and CashExpress GmbH (exchange of foreign currency bills and travelers checks for retail customers) to DZ BANK.

Support And Ownership: Ratings Benefit From Three Notches Of Ownership Support

The long-term ratings on joint-stock company DVB benefit from a three-notch uplift above the bank's stand-alone strength based on implicit ownership support from the German cooperative banking sector. This reflects that DVB, like its 93% owner DZ BANK, is a member of the sector's guarantee system, which has prevented insolvencies of member institutions since its establishment nearly 70 years ago. However, Standard & Poor's moderately differentiates the ratings on DVB from strategic core members of the sector to reflect its weaker strategic importance, very limited integration, and untied businesses and clientele. Changes in DVB's protection scheme membership or to the ongoing commitment of and ownership structure by DZ BANK could have negative rating implications if the support incorporated in the ratings on DVB were not to be substituted accordingly, or if DVB were not able to improve its stand-alone strength. DVB's remaining shares are in free float.

DVB is not a systemically important commercial bank in Germany, reflecting its size, the nature of its activities, and that it lacks a retail customer base (for further information see article entitled "Western European Private Sector Banks Ratings And The Role of External Support," published on July 3, 2007, and "How Systemic Importance Plays A Significant Role In Bank Ratings," published July 3, 2007, on RatingsDirect).

Strategy: A Pure Transport-Segment Player

Standard & Poor's believes that DVB's management has successfully and efficiently positioned itself as a niche bank for the transport industry, in which DVB exclusively services structured finance and corporate advisory business to its selected worldwide clientele. Its local expertise and relationships are supported by its international presence and highly qualified international staff. To strengthen its resilience against cyclical transport markets dynamics and to soften margin and underwriting pressures, DVB plans to leverage customer relations with higher margins (after risk) and fee-generating additional services and products (such as advisory, syndication, arranger functions, M&A, and mezzanine finance). Moreover, Standard & Poor's expects DVB to further promote its name recognition and gain larger market shares, alongside cost containment and ongoing enhancements to sophisticated risk and collateral management systems.

DVB pursues an anti-cyclical approach to buffer highly volatile transport segments. This involves, for example, operating cautiously at present in overheating shipping segments; escaping price and underwriting competition; and building more robust customer relationships. Moreover, its selective ongoing business expansion continues to

diversify well its portfolios by type, region, size, age, and manufacturers, and moving it closer to a balanced target portfolio of 40% shipping, 40% aviation, and 20% land transport. Adhering strictly to its philosophy, DVB decided to exit its infrastructure segment--although it had been profitable--as it lacks critical mass and the nature of this business does not allow sufficient diversification for DVB's size and capital allocation. To soften margin and underwriting pressures in more traditional lending transactions, DVB constantly broadens its coverage in less competitive, higher margin sub-segments or products, such as the financing of offshore storage (since 2005); aircraft engines and cruisers (since 2004); or containers (since 2003). Moreover, it enhances its asset management and structured finance capabilities internally, but also with smaller acquisitions like an aircraft engine asset-management service provider (July 2007), and for tailor-made services, products, and advisory business.

Risk Profile And Management: High Cyclical Credit Concentration As A Niche Player

DVB's business risk profile is purely concentrated on worldwide transport market niches and their cyclical, correlations, and dynamics. This is mitigated, however, by DVB's proven long-standing expertise and sound underwriting, and steadily improved sophisticated risk-management systems. Interest rate risks are adequately managed.

Enterprise risk management: Adequately Managed

DVB's enterprise risk management (ERM) is adequate, reflecting its expertise in, and ongoing enhancements to credit-risk and collateral management techniques, and prudent underwriting policies that had always been strictly enforced in its transport business. Moreover, DVB developed an internal comprehensive risk-management system (VaR basis), with which it expects to report on a Basel II Advanced Internal-Rating-Based Approach (AIRB) compliant basis from 2008 onward, and under which it expects meaningful lower regulatory capital requirements when set Basel II floors phase out in 2009. Regulatory approval for AIRB compliance was achieved for DVB's aviation and shipping portfolios in 2006, and expected for land transport in autumn 2007. By January 2008, DVB expects more than 85% of its AIRB to be compliant, with the remainder to be implemented by 2009.

Credit risk: Sound asset quality and prudent underwriting in transport segments

DVB's asset quality is expected to remain sound in light of DVB's proven long-standing expertise, steadily improved sophisticated risk-management systems, sound credit and collateral guidelines, the highly cash-flow-based collateralized nature of transactions with reasonable LTV evaluations, and diversification by objects and regions financed. Although maintaining these prerequisites should allow DVB to keep loan losses manageable, DVB's asset quality will remain highly concentrated to worldwide dynamics of transport markets. The currently ongoing cyclical upswing in many of its transport subsegments should allow further strengthening of its loss absorption capacity and diversification within its transport portfolios and related services.

Shipping loans (50% of RWAs) benefit from the 99% collateralization by vessels; only 2.5% has LTV ratios of more than 85%; and the loans are well diversified by vessel type and regions. Aviation (30% of RWAs) is also well diversified by type of aircraft type, by regions, and by age. Of the aviation portfolio, 99% is collateralized by aircraft, and only 5.5% has LTV ratios of over 85%. Land transport (8% of RWAs) represents DVB's well-diversified traditional transport business (rail and road), and transport infrastructure (5% of RWAs) will be discontinued.

DVB's loan losses remained remarkably low despite severe stress-testing following the events of Sept. 11, 2001, but

the cyclical nature of this business might not be fully reflected in risk provisions, however, as loans are often renegotiated and restructured. Moreover, many transport market segments had already rebounded to favorable market conditions in 2003, particularly shipping (for more details see the article entitled " In European Transportation, Logistics Flies, Airlines Rise, But Shipping Slips," published June 13, 2007). However, overheating markets pose a particular risk as competition rises, and margins, covenants, as well as reliable asset valuations come under pressure. DVB is expected to be particularly resilient compared with many other market participants, based on its solid expertise, more selective underwriting, and an increasing share of tailor-made services and products for its clientele.

Table 2

DVB Bank AG--Net Credit Cost by Segments*				
	Net credit cost	Net credit cost	Net credit cost	Net credit cost as % of RWAs 2006
	2006	2005	2004	
Shipping	(8)	0.6	6.9	(0.15)
Aviation	(15)	(18)	(19)	(0.49)
Land Transport	0	0	0	0.00
Corporate finance & Capital Market Products	0	0	0	0.00
Others, Consolidation	(1)	2.4	(12)	(0.14)
Transport Infrastructure	0	0	(2)	0.00
Total	(24)	(15)	(26)	(0.23)

*Figures at year-end. All figures according to IFRS accounting. RWAs--Risk-weighted assets.

Liquidity risk: Soundly managed, but wholesale-funding reliant

DVB's liquidity management and risk appetite are sound, which mitigates a wholesale funder's relative weaknesses because diversification, access, and cost will be more susceptible to market perceptions than more diversified retail banks with a loyal retail customer base, which also constrains profitability. DVB's major funding source remains interbank funds (20% of liabilities at March 31, 2007). By year-end 2004, DVB also lost the liquidity management for the Sparda Banken, following its transferal to DZ BANK. While DVB has substituted this business with increased unsecured refinancings, conditions are less favorable with regard to a steady funding flow and costs. However, in times of stress, DVB's parent, DZ BANK, is expected to provide funds to bridge liquidity gaps if required. To broaden its international investor base and substitute funding needs, DVB has increasingly tapped the capital markets, and increased its issuance of structured products to reduce funding costs. Asset-liability management aims to ensure that DVB's liquidity ratio comfortably exceeds the regulatory minimum. In times of stress, DVB has back-up lines in place and should also be able to raise funds from sector members as long as it remains a group member.

Market risk: Prudently managed

DVB is expected to maintain its prudent stance toward interest rate risk, which it prudently manages and limits with a VaR approach for its trading and banking books. The combined VaR (99% confidence interval and one-day holding period) was less than 1% of adjusted total equity (ATE) on average in 2006, is closely monitored and limited, and regular back-testing ensures the soundness of the model. Overnight shifts are used for potential price movements to control its limited foreign exchange and equity positions. DVB's risk appetite is in line with its limited ability to absorb adverse market movements.

Accounting: IFRS Reporting Since 2005

DVB reported its consolidated full-year results for the first time under IFRS in 2005 (including IFRS restatement of 2004) without material implications for earnings or capital. Prior to this, DVB consolidated accounts according to German GAAP.

In its calculation of operating profit, Standard & Poor's adjusts significant onetime items such as gains from subsidiary sales, restructuring charges, and the change in taxed hidden reserves, and from goodwill depreciations under German GAAP until 2004. In its calculation of ATE, Standard & Poor's deducts intangibles, and hybrids that do not meet Standard & Poor's capital requirements, as well as revaluation reserves.

Profitability: Modest, Considering Cyclical And Correlating Concentration Risks

DVB substantially improved its IFRS pretax income after risk to 94 bps of RWAs by year-end 2006, based on strong business growth, increased fee-generating mandates, and cyclical, low credit cost due to overall healthy conditions in transport segments. Comparisons with results before 2004 have limited value, given that at that time reporting was under German GAAP, DVB was undergoing a transition to a pure transport set-up that included substantial onetime effects (investment sales) and discontinued business lines. Although at March 31, 2007, net income after risk had been boosted to 130 bps of RWAs, this is strongly overstated as an indication of full-year results, especially as zero risk net provisions costs do not reflect its normalized credit risk costs, and because the net of a sale of an investment fund and hedge-accounting effects lifted its financial result.

DVB's substantial profitability improvements affirm that its transformation to a pure transport finance bank more than compensates for discontinued less-efficient nonstrategic operations. Nevertheless, operating earnings are still moderate by international standards, considering its level of concentration in cyclical and correlating worldwide transport markets and customers, and given that credit costs are potentially much higher through the cycle. Standard & Poor's expects DVB to further improve its resilience against cyclical business dynamics and margin pressures by fee leveraging of customer relationships and services, diversifying its transport assets and higher margin sub-niche activities, discontinuing infrastructure finance business, and strict cost containment to weather its rising investments in more sophisticated services, staff, and products.

DVB's net interest margins continued to improve to 139 bps in 2006 due to its transformation, its solid risk pricing policy, and a favorable funding environment in capital markets. Higher market price levels followed the events of Sept. 11, 2001, improving margins for new business. Yet, in the meantime, pressures on margins and underwriting increasingly have returned as many recovered transport segments are attracting new lenders.

DVB Bank AG--Reported Margins

(%)	Avg. margin 2006	Avg. margin 2005	Avg. margin 2004	Change between 2006-2004
Shipping	1.35	1.39	1.44	(6.25)
Aviation	1.91	2.16	2.06	(7.28)
Land Transport	1.37	1.49	1.39	(1.44)
Transport Infrastructure	1.22	2.43	1.77	(31.07)

DVB's transport-related fee generation (28% of revenues)--which it increased by providing additional services (for example, arranging structured finance transactions) and syndications--continues to improve, but is also becoming more volatile. This development is important to diversify earnings and to use capital more efficiently, but will also remain more volatile due to large single transactions and customers. DVB's cost-to-income ratio temporarily deteriorated 230 bps to 55% at year-end 2006 due to repositioning costs for more sophisticated services, staff, products, and sub-niches. Moreover, DVB's had to pay higher staff bonuses due to its 2006 earnings improvements, and increased flexibility of staff compensation. Standard & Poor's expects that DVB's cost containment measures in combination with improving operating earnings will allow it to achieve DVB's targeted 50% cost-to-income ratio in the medium term. Net credit costs were cyclically down to only 24 bps of RWAs, due to favorable conditions in some transport segments.

Capital: Gradual Improvements From Modest Levels Expected

Based on improving earnings power and improving diversification within its niches, Standard & Poor's expects DVB's capitalization to gradually improve further from modest levels. Capitalization is constrained by cyclical business and earnings concentration; moreover, the amount of goodwill and dated hybrids are deducted from capital.

DVB's ATE-to-risk-assets ratio (which is the same as its ACE ratio due to the insufficient quality of hybrids) was 5.7% at March 31, 2006. This is up from 2.7% in 2002 due to substantial capital improvements by DZ Bank, and DVB's retention in previous years of gains from subsidiary sales, risk-downsizing of its exit portfolio, and through goodwill depreciations under German GAAP.

Table 4

DVB Bank AG--Balance Sheet Statistics													
(Mil. €)	--Year ended Dec. 31--						Breakdown as a % of assets (adj.)						
	2007*	2006	2005	2004	2003	2002	-	2007*	2006	2005	2004	2003	2002
Assets													
Cash and money market instruments	630	458	165	549	503	523	-	5.75	4.16	1.53	5.97	5.60	5.69
Securities	223	243	299	660	507	812	-	2.04	2.21	2.77	7.18	5.64	8.84
Trading securities (marked to market)	84	97	84	37	N.A.	N.A.	-	0.77	0.88	0.78	0.40	N.A.	N.A.
Nontrading securities	139	147	215	623	507	812	-	1.27	1.33	2.00	6.78	5.64	8.84
Loans to banks (net)	0	306	761	550	1,075	920	-	0.00	2.77	7.06	5.98	11.97	10.01
Customer loans (gross)	9,461	9,785	9,112	7,174	6,654	6,685	-	86.44	88.81	84.56	78.00	74.06	72.74
Public sector/government	N.A.	0	0	0	239	368	-	N.A.	0.00	0.00	0.00	2.66	4.00
All other loans	9,461	9,785	9,112	7,174	6,415	6,317	-	86.44	88.81	84.56	78.00	71.39	68.74
Loan loss reserves	125	124	121	111	107	118	-	1.14	1.13	1.12	1.21	1.19	1.28
Customer loans (net)	9,336	9,660	8,991	7,063	6,547	6,567	-	85.30	87.68	83.44	76.79	72.86	71.46
Earning assets	10,257	10,629	10,288	8,833	8,523	8,631	-	93.71	96.47	95.48	96.03	94.85	93.92
Equity interests/participations (nonfinancial)	123	123	135	123	57	71	-	1.12	1.12	1.25	1.34	0.64	0.77
Intangibles (nonservicing)	82	82	80	80	80	106	-	0.75	0.74	0.74	0.87	0.88	1.15
Fixed assets	18	18	14	17	38	60	-	0.16	0.16	0.13	0.18	0.43	0.66

Table 5

DVB Bank AG--Profit and Loss Statement Statistics													
(Mil. €)	--Year ended Dec. 31--						Adj. avg. assets (%)						
	2007*	2006	2005	2004	2003	2002	-	2007*	2006	2005	2004	2003	2002
Profitability													
Interest income	N.A.	671	549	424	383	449		N.A.	6.16	5.50	4.66	4.21	4.48
Interest expense	N.A.	526	447	331	294	360		N.A.	4.82	4.48	3.64	3.24	3.60
Net interest income	40	146	102	93	89	88		1.44	1.34	1.03	1.03	0.97	0.88
Operating noninterest income	26	98	81	68	106	107		0.94	0.90	0.81	0.75	1.17	1.07
Fees and commissions	11	68	61	45	88	93		0.41	0.63	0.61	0.50	0.97	0.93
Equity in earnings of unconsolidated subsidiaries	N.A.	19	20	13	1	2		N.A.	0.17	0.20	0.14	0.01	0.02
Trading gains	0	(1)	19	1	4	5		0.00	(0.01)	0.19	0.01	0.04	0.05
Gains/(losses) on liquidity portfolio securities	N.A.	0	0	0	0	0		N.A.	0.00	0.00	0.00	0.00	0.00
Other market-sensitive income	13	9	(23)	(6)	N.A.	N.A.		0.46	0.08	(0.23)	(0.06)	N.A.	N.A.
Other noninterest income	2	4	5	14	13	7		0.07	0.03	0.05	0.16	0.14	0.07
Operating revenues	65	244	184	161	194	195		2.38	2.24	1.84	1.78	2.14	1.95
Noninterest expenses	31	129	109	93	149	166		1.14	1.18	1.09	1.02	1.64	1.66
Personnel expenses	18	71	55	46	68	73		0.64	0.66	0.55	0.51	0.75	0.73
Other general and administrative expense	14	54	51	43	68	78		0.50	0.50	0.51	0.47	0.74	0.78
Depreciation and amortization-other	N.A.	3	3	4	13	15		N.A.	0.03	0.03	0.04	0.14	0.15
Net operating income before loss provisions	34	115	75	69	46	29		1.24	1.06	0.75	0.75	0.50	0.29
Credit loss provisions (net new)	N.A.	24	15	26	0	20		N.A.	0.22	0.15	0.28	0.00	0.20
Net operating income after loss provisions	N.A.	91	60	43	46	9		N.A.	0.84	0.60	0.47	0.50	0.09
Nonrecurring/special income	N.A.	13	0	0	90	39		N.A.	0.11	0.00	0.00	1.00	0.39
General banking risk provisions	N.A.	0	0	0	74	8		N.A.	0.00	0.00	0.00	0.81	0.08
Nonrecurring/special expense	N.A.	0	0	0	0	6		N.A.	0.00	0.00	0.00	0.00	0.06
Amortization of goodwill and intangibles	N.A.	3	1	1	0	0		N.A.	0.03	0.01	0.01	0.00	0.00
Pretax profit	34	101	59	42	41	34		1.24	0.92	0.59	0.46	0.45	0.34
Tax expense/credit	4	12	2	8	(31)	2		0.15	0.11	0.02	0.08	(0.34)	0.02
Net income before minority interest	30	89	57	34	72	33		1.10	0.81	0.57	0.38	0.79	0.33
Minority interest in consolidated subsidiaries	(0)	(2)	3	1	N.A.	N.A.		(0.01)	(0.01)	0.03	0.01	N.A.	N.A.
Net income before extraordinary	31	90	54	34	72	33		1.11	0.83	0.54	0.37	0.79	0.33
Net income after extraordinary	31	90	54	34	72	33		1.11	0.83	0.54	0.37	0.79	0.33
Core Earnings Reconciliation													
Net Income (before Minority Interest)	30	89	57	34	72	33							
- Nonrecurring/Special Income	N.A.	(13)	0	0	(90)	(39)							
+ Nonrecurring/Special Expense	N.A.	0	0	0	0	6							
+/- Tax Impact of Adjustments	N.A.	2	0	0	N.A.	2							
+ Amortization/ Impairment of Goodwill/ Intangibles	N.A.	3	1	1	0	0							

Table 5

DVB Bank AG--Profit and Loss Statement Statistics (cont.)												
+ General banking risk provisions	N.A.	0	0	0	74	8						
Core earnings	30	81	58	35	N.A.	9	1.10	0.74	0.58	0.39	N.A.	0.09
	2007*	2006	2005	2004	2003	2002						
Average balance sheet												
Average customer loans	9,498	9,326	8,027	6,805	6,557	6,712						
Average earning assets	10,443	10,458	9,560	8,678	8,577	9,637						
Average assets	11,063	10,977	10,067	9,172	9,180	10,134						
Average total deposits	6,235	6,329	5,921	5,657	6,420	7,539						
Average interest-bearing liabilities	10,091	10,022	9,305	8,627	8,710	9,709						
Average common equity	714	661	534	443	365	273						
Average adjusted assets	10,981	10,896	9,987	9,092	9,088	10,014						
Other data												
Number of employees (end of period, actual)	390	404	371	356	361	N.A.						N.A.
Off-balance-sheet credit equivalents	N.A.	2,006	1,755	1,317	1,264	1,530	N.A.					

*Data as of March 31, 2007. Ratios annualized where appropriate. N.A.--Not available.

Table 6

DVB Bank AG--Ratio Analysis						
	--Year ended Dec. 31--					
	2007*	2006	2005	2004	2003	2002
ANNUAL GROWTH (%)						
Customer loans (gross)	(13.22)	7.38	27.02	7.81	(0.45)	(4.21)
Loss reserves	1.93	2.73	8.92	3.54	(9.15)	(2.40)
Adjusted assets	(2.60)	2.24	17.15	2.36	(2.22)	(15.21)
Customer deposits	53.74	5.74	27.84	29.33	0.60	(22.68)
Total equity	13.22	13.20	38.22	3.26	48.61	16.46
Operating revenues	7.01	32.95	13.75	(17.00)	(0.42)	2.17
Noninterest expense	(3.33)	18.66	17.12	(37.62)	(10.40)	3.61
Net operating income before provisions	N.A.	53.74	9.20	50.46	56.61	(5.36)
Loan loss provisions	N.A.	59.73	(41.57)	N.M.	(100.00)	(27.37)
Net operating income after provisions	N.A.	52.25	39.30	(5.55)	396.48	176.37
Pretax profit	35.45	72.14	39.29	2.67	19.02	232.78
Net income	36.05	55.54	65.41	(51.96)	119.85	623.14
	2007*	2006	2005	2004	2003	2002
PROFITABILITY (%)						
Interest Margin Analysis						
Net interest income (taxable equiv.)/avg. earning assets	1.52	1.39	1.07	1.08	1.03	0.91
Net interest spread	1.52	1.17	0.94	1.05	1.08	0.94
Interest income (taxable equiv.)/avg. earning assets	1.52	6.42	5.75	4.88	4.46	4.65
Interest income on loans/avg. total loans	1.64	6.72	6.17	5.15	4.65	4.90
Interest expense/avg. interest-bearing liabilities	N.A.	5.25	4.80	3.83	3.38	3.71

Table 6

DVB Bank AG--Ratio Analysis (cont.)						
Revenue Analysis						
Net interest income/revenues	60.64	59.69	55.77	57.81	45.53	45.15
Fee income/revenues	17.15	27.94	32.95	27.94	45.42	47.62
Market-sensitive income/revenues	19.30	3.20	(2.02)	(2.60)	2.13	2.39
Noninterest income/revenues	39.36	40.31	44.23	42.19	54.47	54.85
Personnel expense/revenues	26.95	29.25	30.12	28.50	35.19	37.23
Noninterest expense/revenues	47.78	52.89	59.26	57.56	76.59	85.11
Noninterest expense/revenues less investment gains	59.20	54.94	52.66	55.66	76.67	85.11
Net operating income before provision/revenues	52.22	47.11	40.74	42.44	23.41	14.89
Net operating income after provisions/revenues	N.A.	37.36	32.63	26.64	23.41	4.70
New loan loss provisions/revenues	N.A.	9.75	8.12	15.80	0.00	10.19
Net nonrecurring/abnormal income/revenues	N.A.	5.12	0.00	0.00	8.37	12.91
Pretax profit/revenues	52.22	41.25	31.86	26.02	21.04	17.60
Tax/pretax profit	11.73	12.12	2.74	18.10	(75.04)	5.24
Core Earnings/Revenues	46.09	32.98	31.75	21.93	N.A.	4.68
	2007*	2006	2005	2004	2003	2002
Other Returns						
Pretax profit/avg. risk assets (%)	1.30	1.04	0.69	0.55	0.55	0.43
Revenues/avg. risk assets (%)	2.50	2.51	2.15	2.12	2.63	2.47
Net operating income before LLP/LLP	N.M.	483.19	502.01	268.63	N.M.	146.08
Net operating income before loss provisions/avg. risk assets (%)	1.30	1.18	0.88	0.90	0.62	0.37
Net operating income after loss provisions/avg. risk assets (%)	N.A.	0.94	0.70	0.56	0.62	0.12
Net income before minority interest/avg. adjusted assets	1.10	0.81	0.57	0.38	0.79	0.33
Net income/employee (€)	308,718	225,765	156,319	95,822	176,365	64,880
Non-interest expenses/average adjusted assets	1.14	1.18	1.09	1.02	1.64	1.66
Personnel expense/employee (€)	180,513	182,143	151,923	128,134	168,547	144,801
Cash earnings/avg. tang. common equity (ROE) (%)	19.45	16.84	13.62	10.78	31.01	31.79
Core earnings/average risk-weighted assets	1.15	0.83	0.68	0.46	N.A.	0.12
Core earnings/average adjusted assets	1.10	0.74	0.58	0.39	N.A.	0.09
Core earnings/ Average ACE (ROE)	20.35	14.56	13.24	10.39	N.A.	6.19
	2007*	2006	2005	2004	2003	2002
FUNDING AND LIQUIDITY (%)						
Customer deposits/funding base	41.70	36.30	35.24	31.27	24.70	23.59
Total loans/customer deposits	226.29	273.75	283.23	283.29	366.64	362.89
Total loans/customer deposits + long-term funds	108.68	126.80	132.28	120.49	148.91	175.93
Customer loans (net)/assets (adj.)	85.30	87.68	83.44	76.79	72.86	71.46
Parent Only Analysis						
	2007*	2006	2005	2004	2003	2002
CAPITALIZATION (%)						
Adjusted common equity/risk assets	5.65	5.66	5.74	4.52	4.41	2.41
Internal capital generation/prior year's equity	17.37	14.55	12.10	7.75	24.39	12.92

Table 6

DVB Bank AG--Ratio Analysis (cont.)						
	2007*	2006	2005	2004	2003	2002
Tier 1 capital ratio	6.70	6.80	6.80	6.70	6.80	5.80
Regulatory total capital ratio	9.40	9.70	10.20	10.70	11.10	10.40
Adjusted total equity/adjusted assets	5.42	5.35	4.79	3.96	3.53	1.99
Adjusted total equity/risk assets	5.65	5.66	5.74	4.52	4.41	2.41
Adjusted total equity plus LLR (specific)/customer loans (gross)	7.59	7.30	7.00	6.62	6.38	4.50
ASSET QUALITY (%)						
New loan loss provisions/avg. customer loans (net)	N.A.	0.26	0.19	0.37	N.A.	0.30
Net charge-offs/avg. customer loans (net)	N.A.	0.15	0.16	0.21	N.A.	N.A.
Loan loss reserves/customer loans (gross)	1.32	1.27	1.33	1.55	1.61	1.77
Credit-loss reserves/risk assets	1.19	1.19	1.34	1.38	1.49	1.56

*Data as of March 31, 2007. Ratios annualized where appropriate. N.A.--Not available. N.M.--Not meaningful.

Ratings Detail (As Of August 6, 2007)*

DVB Bank AG

Counterparty Credit Rating	A/Stable/A-1
Certificate Of Deposit	A/A-1
Commercial Paper	
<i>Local Currency</i>	A-1
Senior Unsecured	A
Subordinated	
<i>Local Currency</i>	A-

Counterparty Credit Ratings History

12-Dec-2006	A/Stable/A-1
23-Aug-2006	A-/Positive/A-2
29-Jul-2005	A-/Stable/A-2
24-Aug-2004	BBB+/Stable/A-2

Sovereign Rating

Germany (Federal Republic of)	AAA/Stable/A-1+
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Related Entities

DZ BANK AG Deutsche Zentral-Genossenschaftsbank

Issuer Credit Rating	A+/Stable/A-1
Certificate Of Deposit	A+/A-1
Commercial Paper	A-1
Junior Subordinated	
<i>Local Currency</i>	BBB+
Senior Secured	
<i>Local Currency</i>	AAA
Senior Unsecured	A+
Short-Term Debt	
<i>Local Currency</i>	A-1

Ratings Detail (As Of August 6, 2007)***(cont.)**

Short-Term Secured Debt

Local Currency

A-1+

Subordinated

Local Currency

A

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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