ANNUAL REPORT

DVB Group

DVB Group: An eventful year

Research studies

- 18 January: Press conference in London – "The Global Transport Market"
- 9 and 14 March: Press conferences in London and Frankfurt/Main – "The European Charter Airline Industry"
- 4 April: Corporate Finance publishes four investment research studies on maritime shipping
- 26 June: Press conference in Dresden – "The Global Air Cargo Industry"
- September: Land Transport/Infrastructure publishes a study on "Private Licences for Toll Roads in Germany"

Financial publications

- May/June: Publication of the German and English annual report
- August: Publication of the German and English interim report
- May/November: Announcements of "financials" for the first and third quarters

Investor Relations events

The DVB Group heightened its profile within the international financial community during road shows in Singapore (8 January), Dubai (7 February) and Tokyo (6 and 7 November). On 24 April, our first analysts conference was held in Frankfurt/Main, while our first international analysts conference was held in London on 24 August.

Co-operation agreements terminated

18 July: The 15 "Sparda" banks terminate the current co-operation agreements with DVB Group with effect from late 2002/03. We launch the CHANGE project to adjust to the new situation, in terms of both organisational structure and staffing levels.

Terrorist attacks trigger crisis on the aviation market

11 September: The terrorist attacks in the US lead to a crisis in the aviation market. Despite this we are able to maintain our excellent 15-year track record in Aviation Finance without loan loss provisions.

Lectures and conferences

- 7 September: Jan Hjellestad, Local Head/Shipping at DVB NedshipBank in Bergen, Norway, gives a lecture on "Commercial Realities in Industrial Shipping – a Banker's Perspective" during a maritime shipping seminar organised by Bulkforum
- 11 to 12 October: Klaus W. Heinemann, Member of the DVB Group Board of Managing Directors, gives a talk on "Growth in the air freight market" during the 12th international air freight trade fair in Frankfurt
- 17 to 19 October: Wolfgang F. Driese, Chairman of the Board of Managing Directors of DVB Group, gives a speech on "Infrastructure Finance" at the 18th German logistics conference in Berlin
- 22 to 23 October: Martin Metz, Global Industry Head/Rail, reports on "Developments in European Rolling Stock Financing" during the 11th International Rail Finance Conference in London
- 19 to 20 November: Klaus W. Heinemann, Member of the Board of Managing Directors of DVB Group, delivers talk on aircraft finance during the Freighters World Conference in Luxembourg

Shipping awards

13 to 14 November: Dagfinn Lunde, Chairman and CEO of DVB NedshipBank, gives a speech on "Financing the Cruise Sector" during the Ship Finance Conference 2001 in London, organised by Lloyd's Shipping Economist. Accepts another award, this time for "Best overall knowledge of the Tanker Sector".

DVB Group's new Internet presence

We have re-launched our Internet presence – the new site has gone live on 7 November, on www.dvbgroup.com.

Key figures

Deutsche VerkehrsBank Group (consolidated figures as from 1998)

€ mn	**2001**	2000	1999	1998	1997
Results: Five year record					
Net interest income	89.2	66.0	47.4	36.9	33.6
Net commission income	98.4	90.1	69.1	59.5	52.8
Net profit on financial operations	5.5	8.2	11.0	13.1	12.6
Administrative expenses (incl. depreciation)	157.6	131.5**	101.2	91.3	84.4
Operating profit before loan loss provisions	36.5	32.5	29.6	17.1	14.0
Net loan loss provisions	17.2	–1.1	7.0	8.3	39.9
Net income after taxes	4.5	19.1	15.5	5.0	0.0
Key indicators					
Return on equity (before taxes and excl. depreciation of goodwill)	6.8%	15.1%	13.4%	3.8%	–4.6%
Cost/income ratio (excl. depreciation of goodwill)	77.7%	77.9%	77.9%	85.0%	85.7%
Balance sheet data					
Business volume	13,242	11,410	8,041	7,577	6,164
Total assets	10,972	9,472	6,875	6,565	5,331
Loans and advances to customers	6,858	6,244	3,370	2,434	1,507
Liabilities to customers	2,710	2,496	1,750	1,869	1,377
Certificated liabilities	1,953	1,521	688	770	285
Capital ratios					
Core capital ratio (German Banking Act)	5.0%	5.7%	4.5%	5.2%	6.8%
Total capital ratio (German Banking Act)	9.5%	10.2%	8.6%	8.8%	9.3%
Information on the DVB Share (€)					
Dividend (excluding tax credit)	1.50	3.60	3.60	2.56	8.44*
Dividend (including tax credit)	–	3.82	5.14	3.65	12.05*
End-of-Year share price	90.00	102.00	94.50	86.40	86.90
Rating					
Moody's Investors Service Long-term/short-term rating/outlook Financial strength/outlook	A3/P-2/stable C-/negative	A3/P-2/stable D/stable	A3/P-2	–	–
Standard & Poor´s Long-term/short-term rating/ Outlook	BBB+/A-2 negative	A-/A-2 stable	A-/A-2 stable	–	–

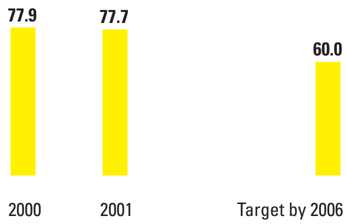
** Special distribution*

*** In 2000 €221,000 was transferred from Other taxes to Other administrative expenses*

In assessing the progress of our business development, we focus primarily on the cost/income ratio, the return on equity and the core capital ratio according to the German Banking Act.

Cost/income ratio

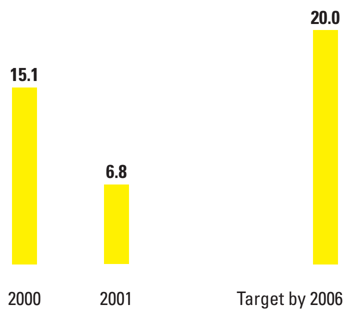
(%, excluding depreciation of goodwill)



The **cost/income ratio** is defined as the ratio of administrative expenses (including depreciation of fixed assets) and operating income, being the aggregate of net interest income, net commission income, net profit on financial operations and net other operating income/expenses. It expresses the level of expenditure required to achieve income and thus reflects the cost-efficiency of our operations. At 77.7%, the cost/income ratio (excluding depreciation of goodwill) for the 2001 business year showed a marginal decrease against the previous year, while at 81.2%, the cost/income ratio including depreciation of goodwill was unchanged. Our medium-term target is a cost/income ratio of 60.0% (excluding depreciation of goodwill).

Return on equity

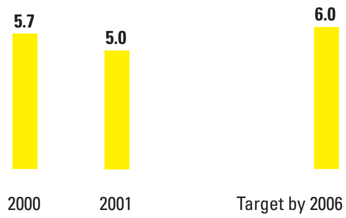
(%, excluding depreciation of goodwill)



Return on equity relates net income before income taxes to the average equity capital as shown on the balance sheet (issued share capital plus capital reserve and retained earnings). The ratio indicates the return achieved on the capital invested in the company. In 2001, the return on equity before taxes, excluding depreciation of goodwill, decreased to 6.8% and to 4.1% including depreciation of goodwill. Our medium-term target for return on equity before taxes, excluding depreciation of goodwill, is 20.0%.

Core capital ratio

(German Banking Act, in %)



We have published our **core capital ratio according to the German Banking Act,** i. e. the ratio of core capital (Tier I), to risk-weighted assets, since 2000. The ratio for the 2001 business year was 5.0%. Our medium-term target for this important indicator is an improvement to 6.0%. Targeted measures to achieve this objective include the securitisation of risk-weighted assets and an increase in our issued share capital.

2001

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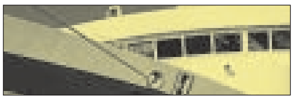

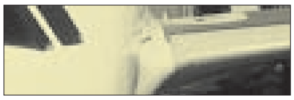
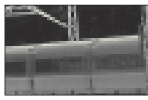

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Overview of selected charts and tables

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**from 31 May 2002 please see above mentioned New York address*

DVB Group – a unique institution

Our mission statement is no mere marketing ploy – it is our way of inviting you to familiarise yourself with a unique institution. Over the years we increasingly focused our financing activities on the international transport market: aviation, shipping, road, rail and associated infrastructure projects. As our focus sharpened, we developed a distinctive reputation of a dual nature: that of a specialist financier and that of a specialist advisor. We have long enjoyed a unique profile but it is our expertise, born of our focus on one industry, that differentiates us from our peer group. Today we are a leading advisor and provider of finance to clients that span the global transport industry: thanks to that expertise.

You may have thought that "relationship banking" had disappeared but you will rediscover it at DVB Group. We are a medium sized bank and we pride ourselves on our close relationships with our clients and our close association with their markets. Our presence in eleven international transport hubs underwrites our global commitment to our clients. Under DVB Group's umbrella, DVB NedshipBank specialises in Shipping Finance, while DVB VerkehrsBank is responsible for Aviation Finance, Land Transport Finance and Corporate Finance. In each of these sectors, DVB Group utilises its expertise to create and offer integrated financing solutions and advisory services.

Our aim is to become the premier financial specialist in international transport finance

Management reporting lines and marketing and service functions are all designed to maximise our focus on the transport industry. The synergies that result from this, supported by a streamlined organisation, facilitate our specialists in the creation of rapid, innovative solutions to our clients' complex financing needs – a calibre of service that gives us a strong competitive advantage.

Our decision to focus on the international transport market has proved highly successful and we will continue to pursue this well chosen path. We are confident that we will achieve our ambitious targets and that the strength of our diversified and strongly collateralised portfolio will underwrite our ability to offset the short-term volatility in individual transport sectors impacted by the current economic cycle.

Letter to our shareholders and business partners

Dear Ladies and Gentlemen,

The events of 11 September are at the forefront of our review of the year 2001. What was inconceivable became a tragic reality. Grief and anger are still in evidence today. Such events hit the economy at preciselythe wrong time – during a phase of weakness. We should, of course, not confuse the cause and the effect: although the aftermath of the terrorist attacks served to deepen and prolong the recession, they were not the cause of it.

This development has a twofold affect on our core business of international Transport Finance. On the one hand, the transport operators' propensity to invest has fallen and, consequently, the volume of demand for funding is lower. On the other hand, our broad exposure in the Aviation market emerged as a focal point of attention. Our portfolio duly withstood this extreme test and no risk provisioning was necessary. This was positive from a financial perspective and underlines the significance of our consistent strategic and operative focus. The combination of our specialists' expertise, a consistent selection of target customer groups and conservative security structures proved effective and helped to reinforce our strategic positioning, not only from our perspective but from the standpoint of those who analyse the bank's business.

The year 2001 proved exceedingly eventful in other areas. Our SAP platform had to be stabilised, albeit at high additional expense. In the event, we introduced additional functions to meet the requirements of the distinctive features of our international business. Current operations and constant change placed considerable demands on our resources. Within the scope of our preparations for the advent of the Basel II Accord, we developed an internal rating model (Advanced Approach) with the help of external support, which we implemented during the course of the year.

The group of "Sparda" banks terminated their long-standing co-operation agreement with DVB Group. As a result, we will discontinue various functions by the end of the year. However, every change presents an opportunity. We have reached a decision to close entire units covering specific products, services and settlement activities. This essentially concerns domestic and international mass payment services, securities trading on behalf of third parties and own-account, and maintenance of current accounts. This affects a significant number of staff at our Frankfurt head office. We deeply regret this and would like to take this opportunity to thank all staff and employee representatives for their understanding and cooperative conduct. By consistently discontinuing price-sensitive mass products and extensive settlement services, we are strengthening DVB Group's future potential as a specialist bank.

Rainer Irmen *Dagfinn Lunde* *Klaus W. Heinemann* *Wolfgang F. Driese*

The 2001 financial statements are therefore characterised by a series of special charges. Large-scale provisions were set aside for the future. Provisions were created in full for the social compensation plan that was concluded. In order to take the recessionary effects into consideration, we carried out another detailed review of our non-transport business, which is rapidly being reduced (by 28.4% from €0.67 billion to €0.48 billion in 2001) and made significant provisions. The risk and costs of our legal action against the EU were also accounted for in the profit and loss account. Growing the bank by placing the emphasis on quality requires investment in personnel in divisions with future potential such as Corporate Finance, Advisory/M&A and fund management. ReiseBank invested heavily to offset the impact on profitability of the physical launch of the euro. ReiseBank will also increase its focus on international business, with branches set to open in Austria and the Netherlands in addition to those in Switzerland and the Czech Republic.

We have made these provisions and investments at the expense of short-term results and value – the reality being that we must react quickly and decisively against competition. We deliberately deviated significantly from our financial objectives (return on equity, cost/income ratio) in order to underwrite the bank's second major restructuring phase.

Our endeavours remain focused on the upward progress of our operating income. Group operating profit before loan loss provisions improved by 12.3%, to €36.5 million. At €36.1 million, profits from ordinary activities marginally exceeded those for the previous year. In contrast, net income declined to €4.5 million as a result of extraordinary expenses of €19.0 million. We will propose a reduction in the dividend to €1.50 per share at the Annual General Meeting. We are, in effect, asking shareholders to contribute towards the aforementioned provisions for the future. The proposed dividend is in line with returns available in the German banking sector.

We look forward to another eventful year during which we expect to:

- Further reduce our non-core business including settlement activities following termination of the "Sparda" banks agreement

- Capitalise on the advisory potential of our Corporate Finance business

- Pursue an anti-cyclical stance in Transport Finance, particularly in Aviation

- Explore earnings potential of ReiseBank, via cross-border l expansion, and DVB Processing, through expansion of market share.

Dear shareholders and business partners,

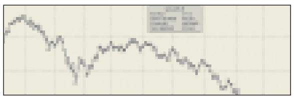
We have implemented many changes and much has been achieved. Our strategy is to continue to pursue the development of DVB Group as a specialist bank focused on the global transport industry. Our endeavours, on your behalf, will be to create a bank that is truly unique.

Wolfgang F. Driese

Klaus W. Heinemann

Dagfinn Lunde
(Member of the Board of Managing Directors since 22 February 2002)

Rainer Irmen



The DVB Share

The sustained decline in global economies had a negative impact on international stock markets in 2001. The terrorist attacks of 11 September triggered further sharp price falls on international exchanges although equity markets subsequently proved somewhat more resilient than anticipated.

Stock markets post a loss for second consecutive year

Sentiment on the world's major stock markets was unfavourable at the outset of a year that witnessed a collapse in hi-tech share prices in general and those of telecommunications companies in particular. As the earnings outlook for international Blue Chips deteriorated, so did equity prices, with Wall Street leading the way down. The "Fed" (Federal Reserve System) moved to counter and, in an attempt to instil confidence, implemented three interest rate cuts, in the space of as many months, totalling 1.5 percentage points. In the event, long-term capital market yields responded positively but the conviction that the US economy was on the retreat proved unshakeable and, as equities came under pressure, the Dow Jones index extended its decline. European Bourses took their cue and the reversal in share prices continued until late summer.

- The DAX mirrored the mood and by the end of March had fallen almost 15% from its high of 6,795.14 points on 31 January 2001 to 5,830 points.

- The terrorist attacks of 11 September brought about a dramatic short-term collapse in share prices. The DAX hit its year's low of 3,787.23 points on 21 September – a 40% fall compared with its January 31 high.

- The Fed and the ECB (European Central Bank) sharply reduced primary interest rates in order to mitigate the impact on capital markets. Overall, the Fed cut its key interest rate from 6.5% to 2.0% during 2001, while the ECB reduced its main refinancing rate from 4.75% to 3.25%.

- Equity prices rallied as stock markets responded to concerted action on the part of the central banks. Share prices thus proved more resilient than expected post September's resumption of trading on Wall Street. By mid-November the DAX had already broken back through the 5,000 barrier.

- At the end of 2001, the DAX was 20% down on the year. The last time share prices experienced a collapse of this scale was in 1990, while the last consecutive two year price decline occurred more than two decades ago.

2002 Calendar of events

17 April 2002
Balance sheet press conference

May 2002
Publication of quarterly report

May/June 2002
Publication of the 2001 Annual Report (in German and English)

13 June 2002
Annual General Meeting

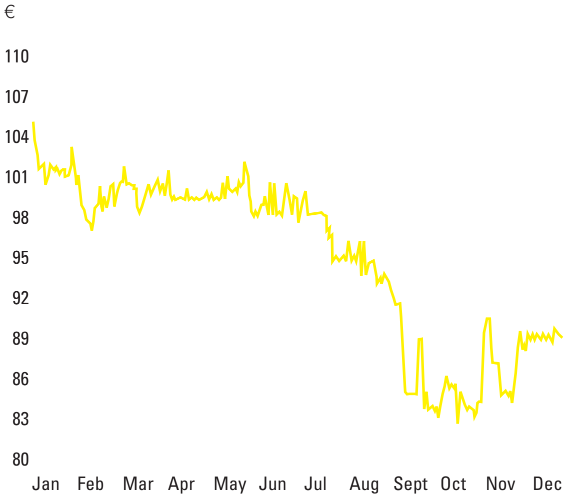
14 June 2002
Dividend payment

14 June/1 July 2002
Distributions on profit-participation certificates

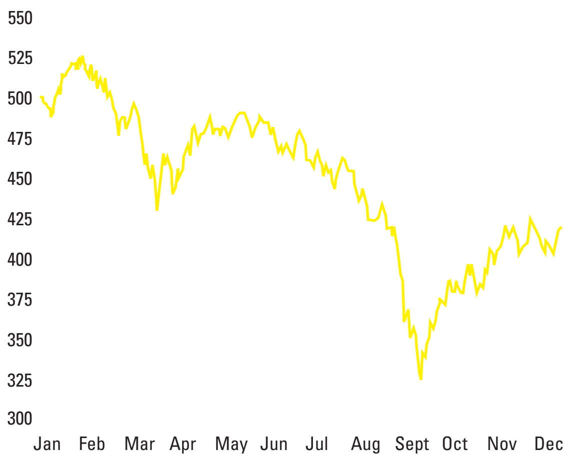
August 2002
Publication of the interim report for the first half of 2002 (in German and English)

October/November 2002
Publication of quarterly report

Performance comparison – DVB AG Share in 2001



CDAX-Banks index in 2001



DVB Group's Share performance

Against the background of high stock market volatility, the DVB Share price performance proved unspectacular although, in line with the stock market, the price rallied towards the end of the year. This relatively steady display reflects the stability of DVB Group's shareholder structure and the fact that only a small number of publicly-held DVB Shares are traded as free float on the stock exchange. The DVB Share recorded a high of €104 on 2 January 2001 and traded at a low of €84 on 23 October 2001. The year-end price was €90. In absolute terms, the DVB Share underperformed the CDAX Banks index in 2001. This index comprises 22 banking shares, the weightings of which vary greatly: Deutsche Bank's and HypoVereinsbank's shares, for example, are weighted at around 36% and 16% respectively. In contrast, the comparable DVB Share weighting is a mere 0.153%.

The DVB Group finds itself well positioned through having consistently focused on its core expertise in Transport Finance and the targeted expansion of its commission-based advisory business. On the basis of our expectations of improved results over the coming years, we regard the DVB Share as an attractive investment.

Dividend

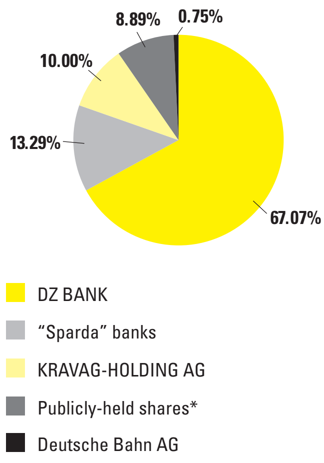
We will propose the payment of a dividend of €1.50 at the Annual General Meeting in 2002. On the basis of the year-end price of €90, this equates to a dividend yield of 1.67%. The dividend is in line with the German banking industry.

Resolutions of the 2001 Annual General Meeting

The Annual General Meeting of Deutsche VerkehrsBank AG was held on 13 June 2001 at the "Hermann-Josef-Abs Saal", in Frankfurt/Main. Shareholders unanimously approved the activities of the Board of Managing Directors and the Supervisory Board for the business year 2001. The authorisation to purchase treasury shares was extended until 31 October 2002. All resolutions were passed by either a 99.99% or 100% majority, with a 91.99% representation of the bank's share capital (2000: 87.55%).

A resolution was passed to change the method of calculating the return on equity (RoE) for the employee share ownership scheme "DVB shares". The depreciation of goodwill paid within the framework of the Nedship acquisition is no longer taken into consideration when calculating the RoE indicator.

Shareholder structure
at 31 December 2001



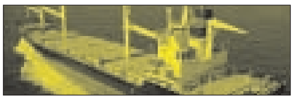
** This includes 7,081 shares held by employees, purchased through "DVB shares 2000 and 2001" (= 0.24% of issued share capital).*

Indicators on the DVB Share

in €	2001	2000	1999
Earnings per share (DVFA)	1.12	3.22	6.75
Dividend	1.50	3.60	3.60
incl. corporation tax credit	–	3.82	5.14
Dividend yield	1.67%**	3.75%*	5.4%*
2001 high	104.00	104.25	95.00
2001 low	84.00	87.59	73.67
Year-end price	90.00	102.00	94.50
Number of shares at year-end	3,003,224	3,000,000	2,246,000
Market capitalisation at year-end	270,290,160	306,000,000	212,247,000

* incl. tax credit
** excl. tax credit

Report on the activities of the DVB Group

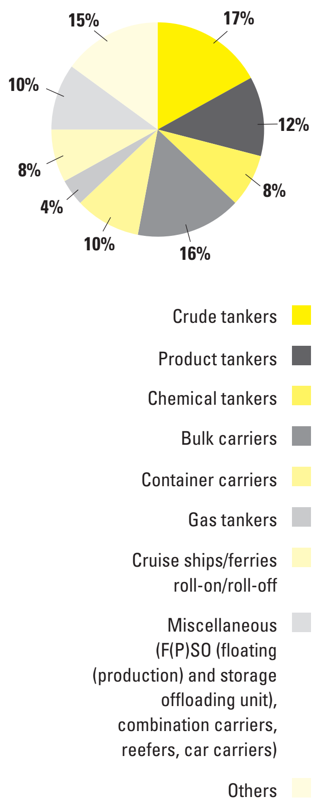


2001 Report on the activities of the DVB Group

The Report on the activities of the DVB Group highlights the core components of our international operations with the focus on global Transport Finance. To provide you with comprehensive information regarding our markets and business, we have prepared both a market review and a portfolio analysis in respect of each of the transport finance segments: Shipping, Aviation and Land Transport, the latter encompassing Rail, Road & Logistics and Infrastructure. In addition, we would like to introduce Corporate Finance to you, a key strategic segment within the DVB Group. We also focus on the considerable changes within our second division, Central Bank/Trading. Last but not least, we have included information concerning our portfolio of investments as well as our business divisions: Treasury, Human Resources, Communications and IT-Systems.

Transport Finance – Shipping

Financed vessel types



Review of the Shipping Market

Although all major shipping segments experienced their respective market cycles, the entire shipping industry witnessed a significant decline in freight rates during 2001. The general decline in freight rates provided sharp contrast to the boom market of 2000, which proved one of the most lucrative years for the shipping industry since the 1970s. Early last year it became evident that the US economy was slowing down as both corporate and consumer confidence in the world's largest economy weakened. Such sentiment quickly spread to Europe and Asia, where Japan was already in recession. At precisely the same time as it became clear that the economy was heading into a downward spiral came the events of 11 September 2001 which struck at the very heart of the global financial system: the World Trade Centre in New York. The repercussions for the cruise industry were immediate. Moreover, the slump in the global economy, which served to reduce demand for shipping, occurred at a time when a record number of new vessels were entering service, particularly in the tanker and container sectors. As 2001 drew to a close, global demand remained lacklustre, despite the actions of central banks to cut interest rates.

DVB's shipping portfolio is diverse in terms of the wide range of vessels that we finance. The following review will focus on the key shipping sectors which together cover the majority of the vessels financed by the DVB Group: crude tankers, product tankers, chemical tankers, bulk carriers and container carriers.

Crude Tankers (17% of the Shipping Portfolio)

Fears of economic slowdown, OPEC production cutbacks and the unpredictability of Iraqi exports, led to a jittery tanker market early in 2001 and shipping freight rates inevitably began to retreat. In response to the fall in crude prices, OPEC agreed a series of production cutbacks during the year in order to achieve the targeted price of $25bl (barrel). The reduction in OPEC production quickly translated into reduced demand for tankers.

Crude tanker freight rates experienced some of the sharpest falls during 2001, although average rates remained above the low levels reached two to three years previously. The VLCC-sector (very large crude oil carrier) witnessed the sharpest decline in freight rates. In December 2000, when ship owners operating on the spot market were reaping lucrative rewards, the average spot rate for the Persian Gulf to Japan route equated to around $81,000pd (per day). Freight rates held firm during January 2001 but soon began to decline and, by June, the Persian Gulf to Japan rates had fallen to a monthly average of $18,200pd. In November, the Persian Gulf to Japan rates plummeted to $15,900pd before registering a marginal improvement in December.

Suezmax freight rates also surged during 2000 with rates peaking in January 2001. However, during 2001 freight rates on the West Africa to North America trades fell from $68,600pd in January to $22,500pd in June. The West Africa to North America route has traditionally been the primary Suezmax trade, although the past two years have witnessed an increasing trade from the Persian Gulf to the Far East.

While not immune to the general tanker market downturn, Aframax freight rates fared better than other tanker sectors during 2001. Although rates fell during the early part of the year, Aframax earnings were generally maintained above the $30,000pd level. Cross Mediterranean rates were the hardest hit during the year as Iraqi production cuts reduced the volume of crude via the pipeline to Sidi Kerir in Turkey.

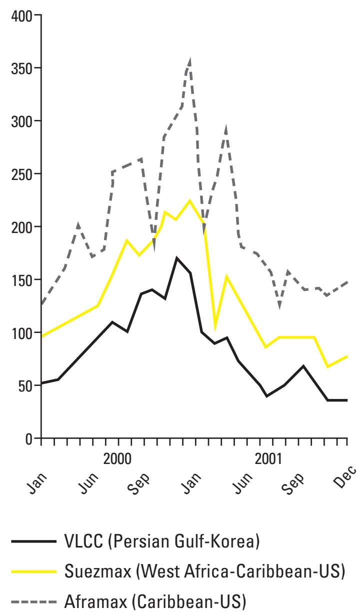
Product Tankers (12% of the Shipping Portfolio)

Due in part to the reverberations of the "Erika" accident, which prompted a number of companies to introduce 20-year age limitations on tankers, product tanker freight rates rose continuously through 2000 and the early weeks of 2001, as charterers battled to secure modern tonnage. It was not, however, the "Erika" factor alone that led to the high freight rates of 2000 and early 2001. The mounting demand for tonnage also reflected an increase in average voyage lengths (increase in tonne miles), e. g. from the Persian Gulf to the Far East.

There was also an increase in medium haul trades to the US, due to low stock levels in America. In terms of refined products, the tight inventory policy served to magnify the imbalances and hence exaggerate the upward trend. Freight rates rose continuously through 2000 and into the early weeks of 2001, at a time when charterers of clean products were also finding it difficult to secure modern tonnage. On the Caribbean-US-trade, rates had risen from WS (worldscale) 200 (tce (time-charter-equivalent) 9,600pd) to WS

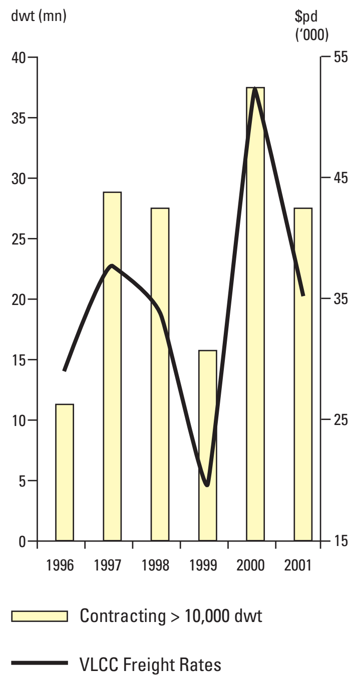
Spot Rates 2000-2001 – Crude Oil Tanker

WS (World Scale Index)



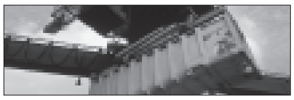
Source: Drewry Shipping Consultants Ltd.

Comparison of Tanker Contracting and VLCC Rates (Persian Gulf-Japan-trade)



Source: Drewry Shipping Consultants Ltd.





419 (tce 31,000pd) by January 2001. However, as the downturn in the global economy started to take its toll these freight rates proved unsustainable. Reduced demand for jet fuel, reflecting the aftermath of 11 September 2001, weakened the market further with Caribbean-US rates plummeting to $10,200pd by December 2001.

Chemical Tanker – Fleet & Orderbook

	Total Fleet	Over 20 years	Order-book
No Vessels	1,915	557	237
Dwt (mn)	26,167	5,404	6,358
% of Total Fleet (dwt)		21%	24%

Source: Clarksons Research Studies (October 2001)

The table represents vessels with chemical carrying capability. Vessels over 30,000 dwt represent around 50% of the total fleet (in dwt terms), although in reality a number of these vessels operate in the product trade.

Chemical Tankers (8% of the Shipping Portfolio)

In the chemical tanker markets, increased demand for quality tonnage due to more stringent vetting (in the wake of the incidents involving the "Ievoli Sun" in October 2000, the "Kristal" in February 2001 and the "Balu" in March) put upward pressure on rates. In addition, the strength of demand for clean petroleum products diminished the availability of so called swing tankers to the chemical market. The Persian Gulf market saw the most dramatic increases towards the end of 2000 with freight rates increasing into 2001 in line with vessel shortage. During the first quarter of 2001 it was estimated that contract renewals were agreed at a premium of 5% to 15% above the previous year's rates. However, the market softened during the second half of 2001, due in part to the economic slowdown. The chemical trades are dependent on manufacturing activity in the major industrial regions and the weakness of the economy adversely impacted demand and volumes.

Other Speciality Tanker Trades

The Liquid Petroleum Gas (LPG) market also benefited from the strength, in early 2001, of the clean petroleum product market which provided employment for a number of LPG carriers. Firmer demand, low stock levels and high domestic producer prices, particularly in the US, also supported the strong freight rates witnessed in the early part of 2001. However, as 2001 progressed, the LPG freight market weakened as demand wavered in the Far East, natural gas prices fell in the US and the clean petroleum market failed to buck the general downturn in tanker markets. Liquefied Natural Gas (LNG), one of the fastest growing energy sectors, held the spotlight throughout much of 2001. The relatively high costs of LNG carriers and the significant number of orders for such carriers attracted considerable press coverage. At the tail end of 2001, 49 LNG carriers graced shipyard order books. This will lead to a staggering 47% increase in the size of the fleet (from 128 vessels of 14.2 million cbm to 177 vessels of 20.9 million cbm) bearing in mind the fact that little or no scrapping is expected. Long-term changes in the LNG sector appear inevitable, due in part to the use of new technologies such as GTL (Gas-to-Liquid). GTL was initially developed in Germany some 70 years ago and majors such as Exxon, Shell and Chevron have been working on existing plants for some time. This new technology enables distillates to be produced directly from gas, one of the major advantages being that the distillates will be transported by conventional oil tankers as opposed to the costly cryogenic tankers required for LNG.

Bulk Carriers (16% of the Shipping Portfolio)

The dry bulk carrier markets fared even worse than the major tanker sectors in 2001 as spot market earnings revisited the lowly levels of 1998. There is a strong correlation between the respective growth rates in world industrial production and the seaborne dry bulk trade. Unsurprisingly, the slowing global economy sharply impacted this sector.

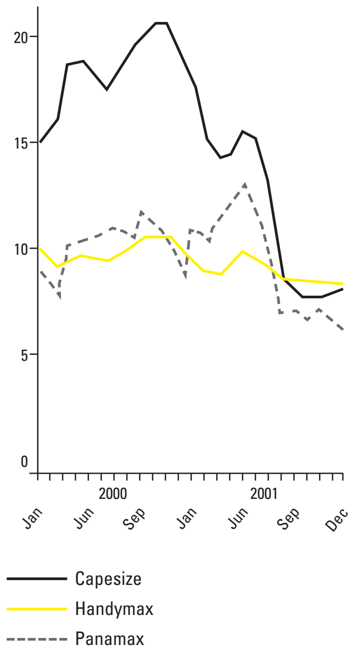
Because Capesizes are primarily used to carry iron ore and coking coal – the raw materials used in the production of crude steel – this market is particularly sensitive to changes in global steel production. In 2001, steel production declined in most countries, China being the exception. It was the combination of lower steel production and the arrival of a large number of newbuildings that brought about the collapse of the Capesize market in 2001. By the end of the year, rates had fallen from around $25,000pd to between $7,000pd and $8,000pd.

In 2000, Panamax freight rates benefited indirectly from the high crude oil prices that prompted a number of corporations and power stations to switch to steam coal for their energy requirements. This led to an increase in demand for Panamax tonnage, helped by the fact that Japanese power stations favour Panamaxes in view of their draught restricted ports. However, in 2001 the Panamax market paid the price for the record order levels of 1999 that finally translated into substantial deliveries. Panamaxes were also negatively impacted by reduced grain exports, particularly from the US. In the event, Panamax earnings were cut dramatically during 2001 with freight rates falling from around $12,000pd to nearer $5,000pd towards the end of the year.

The smaller Handysize and Handymax dry bulk sectors fared far better in 2001 than their Capesize and Panamax counterparts (despite the larger carriers' substantial delivery schedules). The key drivers behind the Handy markets were forest products together with steel and iron. Handysize carriers also enjoyed strong growth in the draught restricted coal and grain trades. Unlike the Capesize and Panamax sectors, the Handy carriers did not encounter any major change in trading patterns and thus proved less vulnerable to reductions in tonne mile trade.

Bulk Carrier – Spot Trip Charter Rates

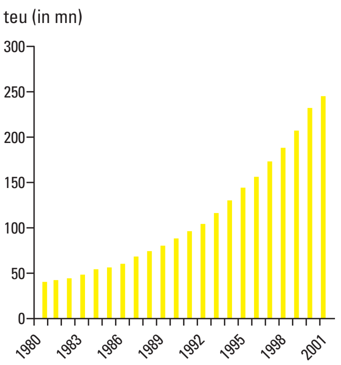
$/pd ('000)



(Capesize, Handymax and Panamax: Europe – Far East)

Source: Clarksons Research Studies

Total Container Port Handling
1980-2001



(teu: twenty foot equivalent unit)

Source: Drewry Shipping Consultants Ltd.

Container Carriers (10% of the Shipping Portfolio)

The growth in container trade has proved remarkable over the past two decades, helped by the increasing containerisation of commodities. A buoyant global economy in 2000 was mirrored by an astonishing 10% upsurge in container handling which heralded a record breaking year for the container/liner sector. By way of contrast, the reversal of the global economy in 2001 inevitably had a negative effect on container markets in terms of trading volumes. In the event, the timing of the economic slowdown could hardly have been worse as 2001-02 witnessing the largest delivery surge in the history of containerisation. The order book is dominated by post-Panamax carriers (around 40% in teu terms) and, with these vessels restricted to the trans-Pacific and Europe/Asia/Europe routes, the prospect of any short-term recovery on these trades would appear remote. In view of the additional capacity, container carriers clearly need to attract new cargoes, presumably at the expense of traditional carriers of dry bulk, chemical and refrigerated cargoes.

As the US cut back on imports during 2001, trading volumes slowed on the trans-Pacific route. Countries such as Taiwan, South Korea, Malaysia and Singapore, which rely heavily on the export of goods such as computer chips, communications and electronic equipment, were particularly hard hit. China, where exports remained largely resilient, was the exception. Likewise, growth rates on the Europe/Asia/Europe route slowed. The Transatlantic market performed better than the other major east-west routes, although a softening developed in mid 2001 in line with lower US export activity.

The events of 11 September 2001 served to accelerate the downturn of the global economy in general and the decline in the container/liner market in particular. As 2001 ran its course the global economic malaise and the influx of post-Panamaxes into the fleet led to a number of vessels being laid up. Indications, taking into account the current financial climate, are that the container/liner sector is set to undergo further rationalisation and consolidation.

The increasing containerisation of commodities has, in part, contributed to the collapse of the reefer sector which also proved a casualty of the eight-year 'banana war' waged between the WTO (Word Trade Organisation) and the US. In addition, logistical requirements brought about structural changes under which traditional owners effectively lost control of the sector. The outcome of this shake-out, now awaited in the reefer marketplace, could well herald the emergence of no more than a handful of major shipowners together with certain niche players.

Outlook for 2002

Expectations are that 2002 will prove a difficult year for the shipping industry. Although stock markets may choose to discount recovery there will be a lag time in terms of any significant improvement in world industrial production and the global economy may well remain in the doldrums for the best part of the year. This is clearly not good news for shipowners who also have to contend with capacity problems in the light of the significant expansion of the fleet, particularly in the tanker and container sectors. On the plus side, low freight rates will find reflection in higher demolition levels, a process that will hopefully be aided by the adoption of a commercial attitude towards quality tonnage on the part of charterers. In addition, IMO (International Maritime Organisation) regulations will ensure that a certain number of vessels are taken out of the tanker markets with effect from 2003. We are confident that the shipping industry will recover from the downturn witnessed at the end of 2001 but the timing of the recovery will differ for each shipping sector.

Crude Tankers

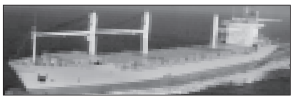
With a sizeable 2002 delivery schedule it is expected that the crude tanker fleet will grow considerably during the year. In view of the fact that further production cuts are likely, both from OPEC and non-OPEC exporters, the outlook for earnings in 2002 is poor. Beyond 2002, the pressure that will be brought to bear on earnings is highlighted by the heavy order book which represents around 23% of the present fleet. By 2003, IMO legislation regarding the phase out of single-hull tankers will take effect and will help to accelerate demolitions. However, expectations are that newbuilding deliveries over the next couple of years will exceed demolitions, despite IMO legislation.

Product Tankers

The surge of product tanker orders after the loss of the “Erika” will translate into supply side gains although this, in turn, means that the pressure on freight rates will remain for some time. Although caught up in the generally depressed tanker markets, the Long Range (60,000+ dwt) sector is expected to fare better than others and it is anticipated that freight rates will hold their own in 2002. Excluding seasonal variations, the general trend for 2002 is expected to be downward for Medium Range (30,000-60,000 dwt) tonnage.

Chemical Tankers

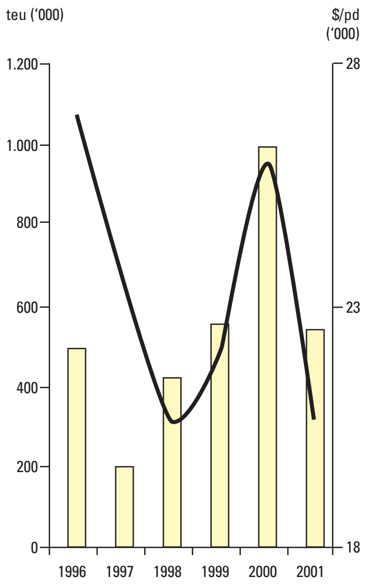
Due to the global economic reversal, the chemical market softened during the second half of 2001. During 2002, the effects of the economic slowdown combined with the increase in fleet size is expected to exert downward pressure on freight rates. Thereafter, 2003 through to 2005 may witness a modest improvement in chemical markets as the balance of supply and demand is redressed.



Bulk Carriers

Industrial production, courtesy of the worldwide economic downturn, is expected to decline in 2002. Seaborne dry bulk trade, which started to soften in early 2001, can also be expected to experience a similar downtrend. The order book indicates that a large number of vessels are scheduled to enter the dry bulk fleet in 2002, a factor that augurs ill for freight rates. Thereafter, the dry bulk market may turn the corner come 2003 and improvements in steel production will have a positive effect, particularly on the Capesize sector which may emerge from the downturn earlier than the other dry bulk sectors.

Comparison of Container Fleet Contracting and Panamax 3,500 teu Rates



Source: Drewry Shipping Consultants Ltd.

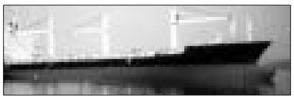
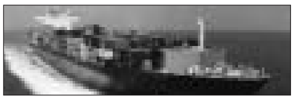
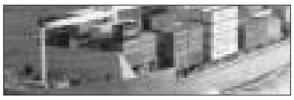
Container Carriers

The economic slowdown has occurred at a time when a record number of new container ships are entering service. At the end of 2001, the scale of the order book was equivalent to a third of the fleet in service with the majority of vessels due for delivery before the end of 2002. The liner/container industry is highly competitive and any crisis invariably heralds a further round of consolidation. Such consolidation can be expected to continue in 2002.

As mentioned earlier, post-Panamax carriers dominate the order book and, due to overcapacity on the trans-Pacific and Europe/Asia/Europe routes and the economic downturn, a number of vessels are being laid up.

The smaller sized Panamaxes, which are largely restricted to the principal east-west trades, can be expected to come under increasing pressure as more post-Panamaxes are introduced. These ships may well be re-routed to secondary east-west trades and into north-south routes. Charter owners may be in for a rough passage if their Panamax charters are up for re-negotiation in the near future.

Container vessels in the 1,500 teu to 2,500 teu range are also under threat of exit from the trans-Pacific and Europe/Asia/Europe trades. These ships, similarly, are likely be re-routed to the medium haul east-west trades and into north-south routes. This will inevitably threaten existing niches as such trades become increasingly competitive. In the longer term, the growth in overall trade volume is expected to generate large volumes on many secondary routes and necessitate direct services operated via medium-sized ships. High speed vessels may play an increasingly important role in these trades.

Portfolio analysis

Following the successful integration of Nedship Bank N.V. into the DVB Group in 2000, Shipping is now the largest division in Transport Finance with nine offices around the globe. Total customer lending in the shipping industry amounts to €4.76 billion.
This represents the aggregate of loans and advances to customers, guarantees and indemnities, irrevocable loan commitments and securities held as a result of customer business. Our strategy is to use our strong global representation and excellent client base to consolidate our position as one of the world's premier shipping banks. Although our asset position is of primary importance in such a capital intensive industry we place immense store in the importance of providing innovative solutions and advice to our clients, working hand in hand with specialists in our Corporate Finance division.

It is apparent that the regulatory and operational barriers to entry into the shipping arena, historically a highly fragmented industry, are constantly increasing. Most of our clients enjoy a corporate profile, and we note a strong trend towards consolidation, either in terms of ownership or marketing. Consequently, our Structured Finance and Derivatives and Advisory products are in strong demand. The fact that much of our business relates to corporations means that loan volumes are relatively large and are often syndicated to several banks. We increasingly adopt the roles of arranger and underwriter and, in 2001, we acted as agent for 40% of our new business.

Today we do business with 229 client groups worldwide. This represents a ratio of eight to nine accounts in respect of each of our commercial staff and, although we pursue carefully defined marketing exercises, it is our intention to remain highly focused on a distinctive clientele. Our optimal client base is 250 companies. The shipping markets were strong in 2000 and early 2001 but weakened significantly during the second half of 2001 due to faltering demand and over-capacity in certain sectors. In Shipping Finance we maintain our long-standing counter-cyclical philosophy. In strong markets this has found reflection in high credit and transaction standards and the rigorous testing of risk assumptions against historical averages. It is this approach that has endowed us with a strong portfolio to weather the downturn.

2001 Shipping Portfolio

Lending volume:
€4,759 mn

Loans drawn incl. guarantees and indemnities:
€3,978 mn

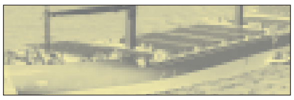
Average lending exposure:
€20.8 mn

Number of new transactions:
83

Number of clients:
229

Agent in terms of the overall portfolio:
20%

Agent in terms of new transactions in 2001:
41%



International teams of Shipping specialists are based in:

Rotterdam

London

New York (from the end of May 2002, before: Greenwich)

Singapore

Hong Kong

Bergen

Hamburg

Piraeus

Curaçao.

Market position

In portfolio terms we represent one of the top ten global shipping banks. This league is dominated by state owned banks that have traditionally supported local ship owners and/or shipbuilding yards. As one of the top five commercial banks, we generated new gross business before syndication of $2.03 billion and financed more than 200 ships and other projects in 2001. Our competitors are, for the most part, large general banks together with a handful of specialist lenders. Consolidation within the banking industry has, in recent years, served to reduce the number of players in the shipping finance industry.

Although such measures of scale serve to underwrite our position at the fore of the industry, these are not the sole criteria by which we would like to be judged:

In the first place, we pride ourselves on our ability to bring unique solutions to our clients. We are progressively positioning ourselves as a lead arranger of deals in all shipping segments while, at the same time, differentiating ourselves through tailor made financial products that utilise proprietary tax efficient structures. We are also able to offer specialist corporate advisory services to our clients through our Corporate Finance specialists. Furthermore, we wish to distinguish ourselves as a "Shipping Expertise Bank" rather than a mere Shipping Bank. Thus, in 2001, we established Research and Strategic Planning (RASP), a special in-house research department which ensures that both our marketing and portfolio management teams are responsive to industry developments and trends. The purpose of RASP is not only to centralise the valuable knowledge that exists within the bank but to aid the flow of information throughout the DVB Group. Our colleagues on the RASP team have been drawn from the shipping industry and bring with them a wealth of hands on experience embracing shipowning, shipmanagement, operating, ship broking, sale and purchase, ship surveyors and research. In 2000 we were named the "Most Innovative Shipping Finance Institution Worldwide" by Lloyds Shipping Economist and we received a Lloyds Shipping Economist Award in 2001, naming us the "Most Knowledgeable Bank in Tankers".

2001 was a successful year for us.We acted as arranger or underwriter of loans with a total value of €2.03 billion, of which €498 million was syndicated to other banks. Our total lending volume increased 24.9% from €3.81 billion to €4.76 billion. This reflects the financing of newbuilding ships, where 18-month pre-delivery commitments are typical. As already mentioned, we acted as agent in respect of 41% of our new business. This role consolidates our "house bank" role for key clients and our priority provision of specific financial solutions. Average exposure has risen from €17.8 million to €20.8 million per customer, a reflection of our increased focus on meeting the special requirements of larger clients. The portfolio remains highly diversified, spread across more than 20 industry sectors, each with different characteristics, discrete supply and demand determinants and cargoes that range from crude oil to consumer goods.

Our roots are in mortgage lending and 88% of our portfolio is currently secured by ship mortgages. Of the balance, the majority relates to loans to investment grade companies or equivalent non-rated companies which are either unsecured or secured by charges or pledges other than mortgages. Security is very closely monitored. Most loan agreements are subject, at the least, to annual valuations by external appraisers. Based on these valuations, 77% of our ship mortgage portfolio is below 80% finance, a conservative level at today's values. In general, our more highly leveraged transactions combine ship mortgage security with recourse to large corporate guarantors or quality long term employment for the asset.

In addition to formal valuations on the part of external appraisers we are developing a system to facilitate regular value estimates in respect of the more standard collateral vessels through a download of data from one of the leading shipbroking and research houses.

The geographic distribution of our portfolio reflects the global network of the shipping industry. Loans are classified according to economic risks, the source of the cash-flow, the location of the asset, any recourse and the quality of management. In general, however, our borrowers, regardless of nationality or management location, are engaged in international trading, earning fully convertible currencies with assets that enjoy a global market.

Landmark Shipping deals in 2001:

SK Shipping
Financing of three VLCC (Very Large Crude Carrier) newbuildings. Value: $158 million. DVB acted as arranger.

Seaspan Container Lines
Financing of four Panamax container newbuildings to be chartered to China Shipping Group. Value: $176 million. DVB acted as co-arranger.

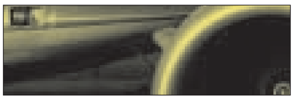
Stelmar Tankers
Financing of two Aframax tanker newbuildings. Value: $72 million. DVB acted as co-arranger. .

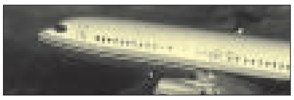
Viken Shipping AS
Financing of the acquisition of six Products tankers chartered to Shell. Value: $134 million. DVB acted as co-arranger and agent.

Teekay
Financing of a Floating Storage and Offloading vessel (FSO). Value: $34 million. DVB acted as arranger and agent.

Sovcomflot
Financing of a Suezmax tanker new-building. Value: $36.4 million. DVB acted as arranger and agent.

Eletson
Financing of two coated Aframaxes newbuildings by Hyundai. Value: $60 million. DVB acted as co-arranger.





Transport Finance – Aviation

Markt review

2001: A crisis year for air traffic.

Slowdown of the world economy

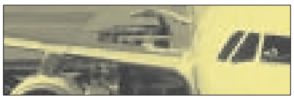
Analysts and leading economic research institutes, having expressed cautious optimism at the outset of 2001, were constantly forced to downgrade their forecasts for the world economy in response to mounting uncertainties. Air traffic experienced a considerable slow down during the second quarter of the year when US carriers suffered their worst quarterly results since 1992. This development largely reflected a decline in business trips. In the event, the resultant impact on profits was exacerbated by cost pressures in respect of wage agreements, some of which were entered into at relatively high levels. Moreover, despite having fallen below the previous year's levels, fuel prices remained high until mid-2001. Fuel price hedges served to provide only partial cover against higher prices. Initially, several US airlines were burdened by wage disputes, partly involving pilots, partly mechanics and flight attendants. During the first half of 2001 this development spread to Europe and resulted in industrial action being taken, e.g. by the pilots of Lufthansa. The eventual settlement in respect of the pilots proved controversial for other categories of Lufthansa personnel. At this point, certain airlines started to limit or reduce flight capacity due to the deteriorating economic outlook. The economic slowdown also had an adverse effect on air freight, particularly in terms of traffic to and from North America.

Terrorism's catastrophic impact on air traffic

The slowdown in air traffic continued through the third quarter with the terrorist attacks on the US occurring at a time of mounting economic uncertainty. The events of 11 September 2001 had an immediate and catastrophic effect on air traffic. Terrorists had turned civil aeroplanes into weapons – a hitherto unknown phenomenon – and as passenger numbers slumped, airlines were confronted with a crisis which threatened their very existence. As it turned out, several airlines that had encountered financial problems prior to the events of 11 September failed to survive the aftermath.

Airlines in crisis

The most spectacular airline failure came in the shape of SAir Group's collapse. It should be noted, however, that SAir Group's financial situation had significantly deteriorated prior to the events of 11 September. This was partly due to SAir Group's expansion policy: the airline had attempted to compete with the major airline alliances through the acquisition of stakes in various European carriers. On 2 October 2001, Swissair was forced to suspend all flight operations. Swiss banks took over SAir Group's interest in Crossair (around 70%), in order to use the regional carrier as a platform to create a new international airline. To this end, the decision was taken to gradually transfer routes and aircraft to Crossair. Meanwhile, it was agreed that Swissair flight services would continue with



government support until the routes could be transferred to Crossair, for which a more stable future is projected. As a result of SAir Group's collapse, Sabena, the Belgian carrier, bowed to its excessive level of debt and initiated insolvency proceedings at the beginning of November. German charter carrier LTU, another SAir Group participant, also came under threat but was saved by the extension of a state guarantee coupled with new loans from the State of North Rhine Westphalia and concessions on wages and salaries made by LTU personnel. French AOM/Air Liberté, yet another SAir Group participant, had suspended flight operations as early as June 2001 but was back in business in August, thanks to the implementation of a restructuring operation. There were other airline casualties. Midway Airlines of the US ceased flight operations on 12 September, having operated under 'Chapter 11' protection since August. Ansett Australia suspended all flights in mid-September. The losses sustained by Air New Zealand in the two-stage take-over of this Australian carrier eventually forced the New Zealand Government to take a stake in the flag carrier that it had privatised in 1989. The last carrier to surrender, at least for the time being, was Canada 3000 which was forced to cease flight operations in early November. In contrast, Ryanair and easyJet, together with certain regional US airlines, not only weathered the storm but succeeded in bucking the trend.

Mergers and acquisitions in air traffic

M&A activity among airlines occurs where it is politically acceptable: either on a national level or within the European Union. Beyond this, the scope for cross-border mergers in global air traffic is largely restricted, reflecting the linkage of traffic rights to the nationality of the owners. In the US, the take-over of TWA by American Airlines came into effect following the bankruptcy of TWA in January 2001. In contrast, the proposed merger of US Airways and United Airlines was prohibited the following July after extensive examination of the merger plans which had been announced in 2000. Japan Airlines (JAL) and Japan Air Systems (JAS) announced their merger plans at the end of the year. Scandinavian Airlines (SAS) raised its stake in Spanair, the Spanish carrier, to 74%, while Marsans, a Spanish travel operator, acquired the ailing Aerolineas Argentinas. Although the privatisation of Spanish flag carrier Iberia in April attracted significant publicity, the IPO (initial public offering) was overshadowed by the general weakness of stock markets, with the proceeds failing to meet the government's initial expectations. The privatisation of Air India was halted at the end of the year.

Measures taken by airlines in response to the crisis

In contrast to the situation that followed the outbreak of the Gulf crisis, the airlines, this time round, immediately reacted to falling passenger numbers by reducing capacity in order to cut costs. Almost all US carriers promptly announced a reduction of capacity by up to 20%. These measures related predominantly to older types of aircraft which had been in service for 20 years or more. DVB Group has no exposure to such aircraft. Reductions in fleet capacity were accompanied by redundancy announcements on a similar scale. Such measures are reflected in American airline statistics from September until December 2001. Although the recovery in demand was slow, certain airlines managed to achieve high levels of capacity utilisation in November, reflecting the adjustments in the capacity on offer. According to various airlines, air traffic on Thanksgiving at the end of November reached similar levels to those experienced in November 2000. This was all the more remarkable in view of the fact that US air traffic had been hit hard yet again by the crash of a plane shortly after takeoff in New York on 12 November 2001. Fears of another terrorist attack were quickly ruled out with technical problems found to be the cause of the crash.

Prospects for air traffic

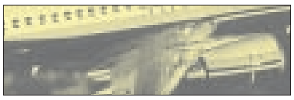
At the turn of the year, the air traffic crisis had yet to be overcome. It will clearly take some time before the capacity that has been shut down re-enters the market, a prerequisite to the resumption of new aircraft orders. Although this primarily concerns Airbus Industries and Boeing, producers of regional aircraft are also affected. Against this background there have been significant increases in insurance premiums. Following decisions by insurance companies to terminate existing third-party policies at short notice, in order to re-negotiate risk cover in respect of terrorist attacks and acts of war, some governments have assumed such risks until new arrangements are finalised. The issue as to what extent governments should become involved in air traffic returned to the spotlight, particularly after the US Government granted $ 15 billion worth of financial aid, some in the form of loans, to national airlines. Meanwhile, the situation remains critical for those airlines that operate relatively old fleets and failed to take measures to modernise them – or set aside appropriate reserves – during the boom years. In view of the fact that the residual value of older aircraft falls faster than the overall market in times of crisis, these airlines no longer have the option to partly finance fleet renewals through profits realised on disposals of used planes.

The impact of kerosene prices

During the second half of 2001, airlines benefited from a decrease in kerosene prices as world prices for crude oil established lower levels than those for the corresponding period of 2000. The economic slowdown implied less consumption of crude oil. At the same time, fewer aircraft were in operation. Essentially, the use of kerosene is directly linked to the number of aircraft in operation. Because airlines initially deactivated their oldest aircraft, which use more fuel than newer models, total consumption decreased more sharply than transportation capacity. In the event, the alliance of governments in the battle against terrorism served to stave off extreme volatility in the global oil markets. At the year-end, the world price for crude oil was approximately $20 per barrel.

Outlook 2002

There is little reason to doubt that air traffic will resume its upward trend after the industrial downturn, currently affecting major economies, gives way to a new era of growth. Air traffic remains a cyclical sector: losses suddenly incurred in a slowdown will eventually be compensated by profits that rise equally suddenly in a boom.




Portfolio analysis

DVB Group is a leading provider of financial services to the aviation industry. The aviation division endeavours to combine its unique network of relationships and knowledge of the industry with corporate finance expertise in order to provide its customers with value-added solutions. We have, over the years, built a highly diversified lending portfolio with strong collateral in the shape of modern aircraft. We are confident that this strategy leaves us well positioned not only to ride out the storm in the industry that has followed the tragic events of 11 September but to capitalise on the next cycle.

2001 Aviation portfolio

Lending volume:
€2,077 mn

Loans drawn incl. guarantees and indemnities:
€1,820 mn

Average lending exposure:
€27.0 mn

Number of new transactions:
19

Number of clients:
77

Agent in terms of the overall portfolio:
38%

Agent in terms of new transactions in 2001:
46%

Global presence ensures competitive advantage

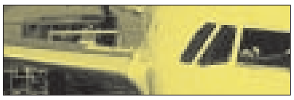
DVB Group's international network of branch offices ensures a presence, in the major centres and time zones, for aviation finance. Specialist aviation units are based in London, New York and Singapore. Such global coverage ensures a significant competitive advantage, particularly in terms of business origination. The London branch services aviation clients in Europe, the Middle East and Africa. The New York representative office plays a key role in marketing and transaction negotiation in North and South America, principally on behalf of the London branch. DVB Group Merchant Bank (Asia) Ltd, Singapore-based, is responsible for business development in Asia, Australia and New Zealand.

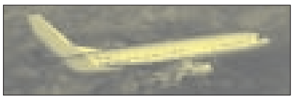
Access to the important Japanese aviation market has been strengthened through the efforts of our subsidiary International Transport Finance Ltd. (ITFL), and its branch in Tokyo. As well as maintaining an active dialogue with airlines and aircraft leasing companies, the Tokyo office also supports the marketing to Japanese target clients in Shipping and Land Transport. In November the office held its second annual reception for the Japanese transportation finance industry. Such presence in Japan has enabled DVB Group's aviation team to grow its activity in the important Japanese Operating Lease ("JOL") market: notable JOL transactions were concluded with Icelandair and SAS Scandinavian Airlines System, with DVB Group in each case acting as debt arranger and agent. Importantly, there exists a healthy pipeline of potential new business for 2002, a feature which is expected to continue as the DVB Group name becomes increasingly known in the Japanese financial community.

2001 – a challenging year in the aviation sector

In the year 2001 new transactions with aviation clients were realised, with an underwriting and lending volume of €520 million and €370 million respectively. We acted as agent in respect of 46% of this newly acquired business. The majority of new business has been concluded with existing clients, and in doing so we have strengthened our existing business relationships with clients such as FedEx Corporation, Alaska Airlines, Pembroke Capital and Singapore Airlines.

In anticipation of the recessionary environment which was to affect most airlines by mid-2001, the aviation division adopted a conservative approach to loan asset growth, given its firm expectation that lending margins (as well as terms and conditions in general) would significantly improve in the short-term. Nevertheless, DVB Group maintained a





healthy presence in the aviation lending market, as the division, working in conjunction with the Syndication & Distribution team of Corporate Finance, closed in the first-half a number of notable syndicated facilities led and underwritten by DVB Group.

Transaction volume was inevitably affected by the events of 11 September and the singularly adverse impact of such events on many of DVB Group's aviation clients. A great deal of attention and internal resource was necessarily diverted to the close monitoring of the division's portfolio of assets, in particular the watch-list and five non-performing loans. To facilitate this we established a work-out team, managed by a specialist solicitor, whereby the existing portfolio was thoroughly checked with our Board of Managing Directors on a weekly basis. We were delighted to respond to airlines and third parties that wished to avail themselves of our special expertise which enabled us to familiarise them with various measures in terms of possible restructuring options.

Where appropriate, we have taken the necessary steps to safeguard our position as secured lender, benefiting from a first-priority mortgage over relevant aircraft to secure our loan commitment(s). Due to our restrictive lending policy as well as the chosen transaction structures we were able to minimise the risks in our Aviation portfolio. We are confident that the three remaining non-performing loan assets, as at 31 December 2001, will be successfully re-structured/reorganised, taking appropriate advantage of the (aircraft) security afforded to the banks. No loan loss allowance was necessary for Aviation in 2001.

Portfolio development

The total aviation finance portfolio showed a modest increase to €2.1 billion at the end of 2001. The portfolio is geographically well diversified (in terms of economic risk), as between North America (43.0%), Europe (30.3%) and Asia (17.8%).

The collateralised portfolio represents 88.8% of total assets. Collateral is predominantly 96.3% Boeing/McDonnell Douglas and Airbus jet aircraft, 91.8% of which are 1991-2001 vintage.

The portfolio is also well diversified in terms of clients. A total of 77 aviation clients equates to an average exposure per client of €27 million. The division's largest individual client exposure currently stands at €118.8 million, and only 15 clients account for a committed exposure of more than €50 million.

Landmark Aviation deals 2001:

Northwest Airlines
Loan facility in relation to the financing of two Boeing 757-200. DVB Group was arranger and agent.

Singapore Airlines
Limited-recourse financing in relation to the sale-and-lease-back of one B747-400. DVB Group arranged the non-amortising tranche, recourse only to future proceeds from sale of the aircraft.

SAS Scandinavian Airlines System
Japanese operating lease financing ("JOL") of one B737-800. DVB Group's subsidiary office in Tokyo was debt arranger.

The CIT Group
Limited-recourse debt facility in relation to one A321-100 on long-term lease to Asiana Airlines (Korea). DVB Group acted as arranger and agent.

Atlas Air
Letter of Credit facility in support of the US leveraged lease ("USLL") financing of one B747-400 Freighter. DVB Group was arranger and sole provider of the L/C.

ACA Atlantic Coast Airlines
Loan facility in relation to the USLL financing of one CRJ-200ER. DVB Group acted as arranger and agent.

2002: Opportunities ahead

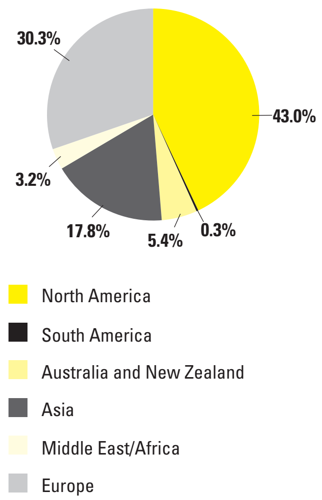
Well before the events of 11 September 2001 it had become apparent that the airline industry was entering a period of consolidation that would result in fewer airlines and that aspects of capital expenditure had been deferred. In the prevailing climate, competition with regard to aviation finance is expected to involve fewer banks than has historically proved the case and less collateralised capital market activity (EETC/Enhanced Equipment Trust Certificates). As a result, the margins of those banks who have remained in the market have increased. Aircraft manufacturers, for their part, can be expected to increase the scale of their participation in financial transactions.

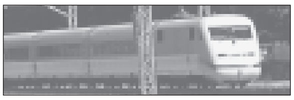
Against this background we envisage market conditions that will favour specialised financial institutions such as DVB Group and, taking into account our counter-cyclical approach, we are budgeting for significant growth in our aviation portfolio for 2002.

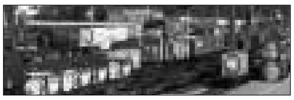
In addition to our traditional business which ranges from collateralised loans and guarantees and other credit lines to the provision of straight debt, finance lease and operating lease structures, we plan to expand our aviation activities in other product/service areas. These will include capital market products and structured derivatives, equity and junior/mezzanine lending investments and the buying/selling of secondary debt instruments. There will also be considerable focus on the further expansion of our (pure) fee-based business which represents an increasingly important aspect of the aviation division’s revenue. In addition to underwriting/syndication and loan agency activities, DVB Group will remain active in structuring optimised tax and/or off-balance sheet leases as our global aviation client base take advantage of our bespoke advisory services.

Our expectation is that industry and market conditions will favour experienced and specialised institutions during 2002 and, with this in prospect, we look to the future with confidence.

Geographical breakdown of Aviation portfolio







Transport Finance – Land Transport/Rail

Market review

The year 2001 heralded many interesting developments, particularly in respect of the European railway sector.

Germany – new track access arrangement introduced by DB Netz

A new track access arrangement (TPS 01) was implemented by DB Netz, the network operation of Deutsche Bahn, the major German railway operator, as of 1 April 2001. This change had become necessary for reasons of competition law.

Germany – "Future of Rail Transport" task force

In March 2001, the Federal Minister of Transport established the "Zukunft der Schiene" (Future of Rail Transport) task force to explore and implement the segregation of operations and the railway network. The goal was "to examine in an open process, without predetermined outcome, which organisational models would best ensure the traffic policy objective of an independent railway network which is also necessary from an EU policy point of view". In autumn 2001, the report containing the results was submitted with the recommendation to establish a track access agency within the Federal Railways Office (Eisenbahnbundesamt), "responsible for ensuring that both the track access arrangement and the allocation of railway infrastructure capacity are implemented in a non-discriminatory manner".

Europe – separation of railway network and operations

There is a growing number of private providers within the European rail freight traffic market whose successes go far beyond a certain succès d'estime. During 2001, the willingness to co-operate increased significantly on the part of both state-owned railway companies and private operators.

The White Paper on the future of European transport policies drawn up by the European Commission strongly supports the promotion of rail transport. Above all, the expansion of rail transport is intended to cope with the strong increase in traffic volumes projected as a result of EU expansion into the East. The EU Directives 2001/12 and 2001/14 therefore consistently reflect the spirit of non-discriminatory access to the existing rail network and international co-operation.

United Kingdom – Railtrack goes into Administration

The UK's railway network was privatised during 1996 in the form of the stock exchange-listed company Railtrack plc. In the wake of several railway accidents, serious omissions in terms of maintenance and management subsequently became apparent. Railtrack's business problems and its mounting dependence on financial aid from the state resulted in the company being put into Administration in October 2001. The government now plans to transfer the rail network operations to a non profit-making enterprise.

US – consolidation continues

Against the background of a moratorium for the merger of "big" railway companies, the consolidation process within the railway industry continued in the US. Canadian National Railway, for example, received approval for the take-over of the smaller company, Wisconsin Central Transportation.

Shanghai – the Transrapid and its future

Rail transport remains an important and forward-looking mode of transport worldwide. China, for instance, is constructing a magnetic levitation train track between Shanghai and the city's international airport Pudong, using German Transrapid technology. The award of this contract also boosted existing plans for the construction of a Transrapid route in Germany between the city and the airport of Munich, and a Metrorapid line in the "Ruhr" region between Dusseldorf and Dortmund. A decision to go ahead in principle with these proposals was taken in February 2002.

Portfolio analysis

Transport Finance/Rail enjoyed a highly successful year in 2001. We have been able to exploit significant synergies through merging our domestic and global financing activities. This has created the platform for our heightened profile in the international market, not only in terms of lead-management deals but also at a bilateral level and through participating interests.

2001 Rail portfolio

Lending volume:
€578 mn

Loans drawn incl. guarantees and indemnities:
€486 mn

Average lending exposure:
€11.1 mn

Number of new transactions:
10

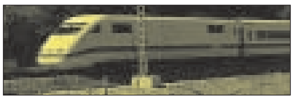
Number of clients:
52

Focus on the European and Anglo-American markets

Our financing activities were once again concentrated on the railway markets in continental Europe, the UK, the US and Canada, and we were able to considerably strengthen our relationships with existing clients in the US, Scandinavia, the UK and Central Europe. In North America, we have gained a reputation as reliable and professional partners, particularly with regard to transactions with major wagon leasing companies. Our endeavours to establish a local presence in Japan have proved challenging due to the country's ongoing economic difficulties. In all regions we faced increased competition from international banking organisations and investment banks but, thanks to our market know-how and the selection of suitable partners, we were able to project our own profile to good effect.

Our clients – established companies with excellent strategic positions

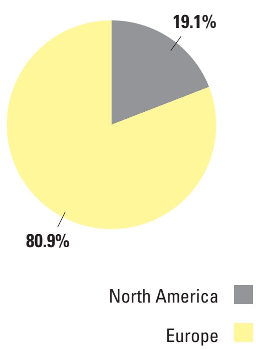
Our client companies, such as Bombardier Capital Rail, Transwaggon and Angel Trains, are long-standing participants in the railway industry and are extremely well positioned. During the course of the year we reviewed a growing range of financing structures including US leveraged leases, operating leases, cross-border leases, bridging finance and direct lendings for the financing of rolling stock. Our financing activities have focused primarily on rail-bound local public transport and the freight car leasing business. Performance benefited from rising interest margins and commission-based business. In addition, we maintained a high profile at the "11th Annual International Rail Finance Conference" in London.



The DVB Group as arranger – focus on railway equipment
Another pillar of our business is the investment financing of railway equipment. Strategic milestones in this area are: the ongoing development of our high-quality portfolio, further expansion of our roles as co-arranger, joint arranger and sole arranger, and greater geographic diversification. Our target markets are Europe, North America, Mexico, Japan and Australasia.

Optimising our portfolio
In parallel with our strategic orientation we consistently review our portfolio in order to optimise opportunities, the vital factors being collateralisation and returns. We also apply such criteria to our short-term financing business. During 2001 we effectively leveraged secondary market liquidity in order to complement our activities on a permanent basis.

Geographical breakdown of Rail portfolio

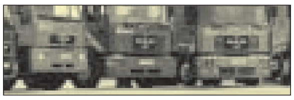


Our successes – our vision
We intend to profile ourselves, in the medium term, as an innovative partner in all major railway transport markets. At the same time we are looking to develop, offer and successfully implement effective structures to facilitate the complex financing requirements of our clients. We enjoy close working relationships with Corporate Finance which will serve to generate further momentum. In the wake of a number of successful transactions in the North American railway market we have strengthened our presence in the US and significantly expanded our financing activities for rolling stock. In line with this, our New York office is deploying appropriate resources to support our Transport Finance/Rail activities.

Transport Finance – Land Transport/ Road & Logistics

Market review
In 2001 three topics featured in the debate surrounding road haulage of goods: "Route-based toll for trucks as of 2003", "Transition from tax-based funding to user pays" and "The implications of Basel II".

Route-based toll for trucks as of 2003
It is the Federal Minister of Transport's declared goal to introduce a route-based toll charge for trucks within Germany with effect from 2003. The average toll charge is envisaged at 15 cents per kilometre. Road haulage companies affected by the toll wish to clarify to what extent the government proposes to grant relief in terms of vehicle tax. In the event, this was the dominant debate of 2001.



Transition from tax-based funding to "user pays"

In September 2001, the European Commission presented the long awaited White Paper on European transport policies until 2010. In terms of transport infrastructure, the White Paper also proposes the transition from a tax-funded structure to a "user pays" system. In addition, the Commission has once again advocated the inclusion of external costs into the determination of future expenses which would primarily place the burden on heavy goods traffic. This met with objections from road transport associations and the companies affected.

The implications of Basel II

The comprehensive review of the capital adequacy requirements of banks (Basel II Accord) in 2001 suggests that medium-sized companies in the road transport and logistics industry face a general increase in credit costs and more stringent credit restrictions. Due to their thin equity cover, these companies are required to resort to bank loans in order to fund investments and further development. Although Basel II will only come into force in 2005, the possible implications have been discussed in detail. DVB proved a much sought after participant in discussions concerning this issue.

Movement in the M&A market

The results generated by forwarding companies and logistics services providers reflect the fact that the international road & logistics business is feeling the impact of the weakened global economy. Although M&A activity recorded a modest decline during 2001, there was no lack of developments in the international forwarding and logistics market where the majority of corporate acquisitions were designed to close supply gaps.

Portfolio analysis

We have consistently focused on international market leaders in the logistics and local public transport industries. Our success in capturing high volume business in terms of property-related logistics and bus fleet financing in Germany and Europe owed much to the use of tailor-made funding models. In this segment, we increasingly concentrate on collateralised investment finance for mobile commercial goods and real property assets. Exhaustive discussions with clients enable us to identify suitable financing structures for the specific transactions they have in mind.

2001 Road & Logistics portfolio

Lending volume:
€522 mn

Loans drawn incl. guarantees and indemnities:
€478 mn

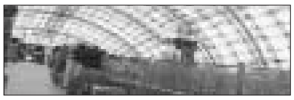
Average lending exposure:
€1.4 mn

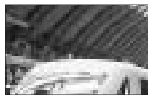
Number of new transactions:
16

Number of clients:
379

Our team of experts has adopted both an industry and country-oriented approach. Two London-based members, for example, provide dedicated services directly to the North European markets. It is this dual approach that enables us to take an active role in the industrial concentration process and continuous internationalisation experienced by our clients.

Customer demand for comprehensive financing solutions to fund complex projects increased significantly during 2001. Our response to this challenge is to:





- Focus on market leaders in Europe
- Expand product and market know-how within the Road & Logistics team
- Maximise benefits of co-operation with other internal Transport Finance teams
- Encourage banks to participate in underwriting

As a result of these policies we anticipate an expansion of our international business during 2002.

Transport Finance – Land Transport/Infrastructure

Market review

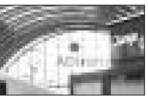
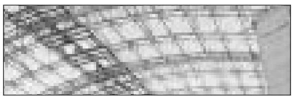
In many countries, private infrastructure financing in respect of road construction projects has proved advantageous. This approach is far more effective than the awards of public contracts for planning, construction, operation and maintenance; in addition, it reduces the government's financial and risk burden. In Latin America in particular, the transport infrastructure has been substantially improved through the private financing of toll roads. Similarly, numerous toll road projects are underway in Europe, e. g. in Portugal, Spain, France, Italy and Hungary. So far, privately funded motorways in the UK have largely been operated on the basis of the so-called "shadow-toll principle". The first genuine toll road project in the UK was embarked on in 2001: the Birmingham Northern Relief Road in the British Midlands.

Project "Albaufstieg"

In 2001, the South German State of Baden-Württemberg started work on upgrading the "Albaufstieg" section of the A8 motorway to six lanes: the first privately funded motorway section subject to a toll charge. This model was designed to eliminate the chronic traffic bottleneck by 2008 despite the scarcity of public funds. The forerunners of this project are the privately funded tunnels under the river Warnow in Rostock, Germany, and the river Trave in Lübeck, Germany (construction commenced on 15 October 2001). In addition, technical preparations for the introduction of route-based toll charges for heavy trucks in Germany, to be charged electronically from 2003 across the entire German motorway network, continued.

11 September – impact on airport expansion

In the wake of the events of 11 September 2001, numerous airport expansion projects worldwide were put on hold. The expectation, however, must be that a resumption of the expansion and modernisation of airports will be seen in the medium-term, subject to passenger numbers and freight volumes returning to or exceeding the levels that reigned prior to Autumn 2001.

Listing of Fraport AG's shares

The privatisation of airports made further strong headway in 2001. Investment requirements (synonymous with capital requirements that can no longer be satisfied by public lenders alone) remain the driving force behind this trend. In this regard, the stock exchange listing of Fraport AG, the Frankfurt airport operating company, represented one of the most important capital market deals of 2001.

The future of seaports – private capital the key to success

Recent growth forecasts have served to stimulate the construction of new cargo handling capacity in seaports, together with the expansion of existing facilities. For several decades, both the construction and the operation of international harbours have been state-funded. It is inevitable, however, that private companies will increasingly take advantage of such business opportunities and will eventually assume responsibility for wholly state-operated harbour projects. It is a sign of the times that at least 50% of the construction of the new JadeWeserPort deep-sea harbour in the Lower Saxony town of Wilhelmshaven will be financed through private capital. In the event, private operators of special terminals are currently achieving significant increases in global market share.

Portfolio analysis

The market for private transport infrastructure finance yet again recorded considerable growth during 2001. DVB Group reaped above-average benefits from this trend by way of a €121 million increase in Infrastructure lending volume to €189 million (2000: €68 million). The six new loan commitments embraced both the road and airport sectors. In addition, we acted as an arranger for airport financing projects in Central America (the underwriting of the "B loan" facility for World Bank subsidiary IFC) and South East Asia as well as one toll road in Portugal, operated in accordance with the so-called "shadow-toll principle".

2001 Infrastructure portfolio

Lending volume:
€189 mn

Loans drawn incl. guarantees and indemnities:
€84 mn

Average lending exposure:
€17.2 mn

Number of new transactions:
6

Number of clients:
11

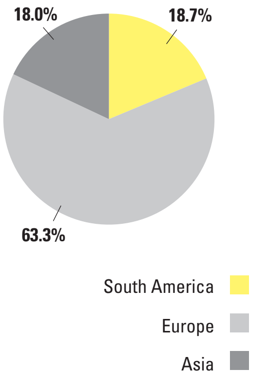
Balanced risk diversification – 11 September has had no impact on revenues

When selecting projects, we place a premium on balanced risk diversification and adequate interest margins in relation to the risks taken. All our projects in progress proceeded according to schedule. The events of 11 September had no impact on the profitability of our Infrastructure unit during 2001. However, in terms of the basis of our planning for airport projects, we have lowered our traffic volume forecasts for the next two to three years. In the review of our business plans, we also took the significant increase in insurance premiums into account. All in all, our projects remained comfortably within their planning corridors, particularly given the fact that a recovery in passenger numbers in all transport sectors is to be expected over the medium-term.

Thriving advisory business

Based on the successes of previous years, we continued to further develop our advisory business while at the same time stressing its importance by establishing a Financial Advisory team of experts within Infrastructure. Once again, we completed a consultancy assignment from the Federal Minister of Transport, Building and Housing in connection

Geographical breakdown of Infrastructure



with the German Act on Private Financing of Motorway Construction (Fernstraßenbau-privatfinanzierungsgesetz). In its capacity as arranger and underwriter, our Financial Advisory unit designed a special finance package for a German industrial blue-chip client to fund an overseas dock project. For the initiator, which prepares its accounts in accordance with US GAAP, this represents off-balance sheet finance. Further advisory projects with regard to the private funding of federal roads and the commercial development of railway stations are currently in preparation.

During the course of 2002, DVB Group's intention to expand Land Transport/Infrastructure in a targeted manner will find clear reflection in the appointment of additional personnel to our team of financial experts. We expect significant portfolio growth during 2002, while Infrastructure's profit contribution is set to increase even further.

Transport Finance – Corporate Finance

Our Corporate Finance operations are located in London and Rotterdam. Since 2000, Corporate Finance has played a key role in DVB Group's strategy, the principal objective being the provision of bespoke financial solutions for the often complex transactions carried out by our clients. Corporate Finance, which works in close coordination with our Transport Finance units, also serves to realise value added synergies for clients. Corporate Finance comprises five business units: Corporate Advisory, Structured Asset Finance, Structured Derivatives and Capital Market Products, Syndication & Distribution and Group Investment Management.

Corporate Advisory

The key objective of the Corporate Advisory team is to support the bank's core businesses with its Advisory and Merger & Acquisition competence, in order to provide clients with a complete range of products and services. The main focus of the Advisory Team is on advising transportation companies with regard to buying, selling or merging assets, branches, divisions or companies. Other activities include:

- Corporate advice (general advice in all matters pursuant to corporate strategy)
- Private placements (raising private equity)
- Financial engineering (re-engineering the funding structure of the balance sheet)
- Assisting in arranging alternative sources of capital
- Fairness opinions (valuation of companies and assets including the pricing of equity)

The M&A advisory market is highly competitive. We are not only competing with other investment banks but also with consultancies, brokers and accountancy firms. DVB Group's in depth expertise and international client network, together with our focus on transportation and logistics, provides a key competitive edge. Following completion of the expansion of our Advisory Team in September 2001, we have secured a sufficient number of mandates to stretch our current capacity. In the event, our team is pursuing several promising leads in respect of the coming fiscal period. All our activities are fee-based which creates additional income for DVB Group on the existing equity base.

Structured Asset Finance

The DVB Group maintains Structured Asset Finance teams in Rotterdam and London who arrange lease transactions, as is customary in this business, that provide clients with attractive funding levels and the required balance sheet treatment of their assets. The transactions often involve tax-based structuring techniques and multiple foreign jurisdictions. Our specialised knowledge of the specific operational and regulatory requirements of the respective industry enables these teams to design tailor-made solutions for clients. Having been actively involved in British, American, Japanese, German and other cross-border-products as well as in leasing transactions, we have developed multiple specific structures and various proprietary products for our core clients. Due to our international client base, this innovative range of products has been applied to numerous jurisdictions world-wide including Norway, Iceland, Belgium, the People's Republic of China, Australia, Malaysia, South Korea and South Africa.

Our tailor-made and cross-border-solutions in respect of the majority of transactions require specific knowledge of, and experience and expertise, in:

- Multiple tax, legal and accounting jurisdictions
- A wide range of structuring techniques
- Operational and regulatory issues and
- Underlying asset finance techniques

In order to intensify the cross fertilisation of experience with other Corporate Finance units and the Transport Finance teams, our Structured Asset Finance teams have established an ongoing dialogue with these units. This facilitates efficient distribution of the various products available, mutual awareness of current market developments and the early identification of potential transactions. In Structured Asset Finance transactions, legal implications and legal requirements are of crucial importance. In structured asset transactions, documentation requirements are, for the most part, more strict than is the case with lending transactions. Therefore, we select highly qualified, premier law firms as advisors. Together with the Group Risk Management team in our headquarters, our Structured Asset Finance team has established a reporting and monitoring procedure to cover structural and documentation risks. Compliance issues in all relevant jurisdictions are closely coordinated with the appropriate DVB Group entity.

Structured Derivatives and Capital Market Products

The Structured Derivatives and Capital Market Products team was established in 2001 in line with our existing business activities and is now in a position to engage in DVB Group's medium-term business planning.

In 2001 the team's primary focus was on the delivery of tailor-made solutions to our clients in respect of market risk management through the use of financial derivative instruments and capital market products. Several hybrid structures were created and particular effort was made to ensure that our clients benefited from the low interest rates that prevailed during the year. In a pilot transaction, our Structured Derivatives and Capital Market Products team successfully linked and executed an interest rate derivative and credit derivative to enable the client to take advantage of opportunities in the fixed income market. The development of this product, in anticipation of a continuation of low interest rates in 2002, augurs well for both our clients and the DVB Group.

Other projects currently being undertaken by the team include the development of securitisation transactions. Due to significantly higher growth rates over the years, there is clearly considerable potential for specific assets to be securitised. Resources will continue to be allocated to the research and development of such products in order to ensure that the DVB Group will be well positioned with clients when interest in the investment market revives.

Syndication & Distribution

The key objective of the Syndication & Distribution team is to support the DVB Group's core businesses through the structure and placement of asset-backed debt.

The focus is on three key product areas:

- Syndication of primary debt transactions
- Private placement of asset-backed debt products and
- Development of new markets, products and structures to facilitate alternative manners of distribution for the DVB Group

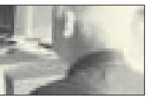
Team members, able to draw on their experience and knowledge of the transportation business, are experts in the underlying industry and the structures required in respect of market placements. The team liase regularly with DVB Group's other Corporate Finance units and Transport Finance teams and, ultimately, transaction teams are formed in order to create pro-active solutions for clients.

During 2001, our main focus has been on the structuring and successful placement of primary bank debt transactions and the broadening of our placement power in this area. This has been achieved, in certain cases, by tranching transactions. The team is actively marketing the use of credit-enhancement techniques in order to restructure and optimise the capital weighting applicable to specific transactions. In addition, we are evaluating securitisation as an additional aspect of our existing portfolio together with methods of structuring and placement transactions in order to provide our clients with bespoke solutions. Since 11 September 2001, we have witnessed a growing interest and we expect to close a number of deals in the coming fiscal period.

Group Investment Management

Group Investment Management, established as part of Corporate Finance during the last quarter of 2001, is responsible for the development of DVB Group's fund management business. In the transportation business we have a prior market coverage with corresponding research capabilities and analytical skills which, in the main, are used to analyse and evaluate long-term financing opportunities. Capitalising on this expertise in respect of higher risk investments such as equity investments, mezzanine finance or high yield bond purchases creates additional value for ourselves and our clients. In order to facilitate the participation of external investors, a fund structure for such added value investments was put in place. Two investment funds were created, the focus being on the aviation business (Deucalion Limited) and the shipping business (Navigation Finance Corporation).

The target for both funds is to use the investment capital provided by DVB Group and its partners to build up a track record as an investor and fund manager in transportation projects in order to attract more external investors. Typically, a project should have a tenure of three to seven years and generate minimum returns of 17% p.a. for equity, 12% p.a. for mezzanine finance and Libor plus 4% p.a. for bond investments. Deucalion is structured as an independent company based in the Cayman Islands. The DVB Group, via Corporate Finance, is acting as adviser to the company, identifying and analysing investment opportunities in the aviation business and presenting them to the Board of Deucalion. After approval by the Deucalion Board, DVB Group monitors the investments on behalf of Deucalion. Navigation Finance Corporation (NFC) was established in 1999 as an investment company in the shipping business. NFC is a joint venture between DVB Group and Northern Navigation Inc., a holding company representing private investors in the shipping market. The capital invested to NFC is $60 million. In 2001, NFC invested in four different shipping projects which generated an average return of 17% p.a.



Discontinuation of non-transport business

In order to fully implement DVB Group's focus on Transport Finance we have been reducing the non-transport aspect of our business portfolio, namely our "D-Marketing" units for North and South Germany, since late 2000. During the period under review, our loan experts were able to reduce the portfolio faster than anticipated, i.e. by 28.4% from €0.67 billion to €0.48 billion. We expect this reduction process to continue systematically until the end of 2002. Our expectation is that our deposit operations in relation to non-transport business will be completely discontinued by mid 2002. Our plan is to discontinue our lending business in this area over the next two years.

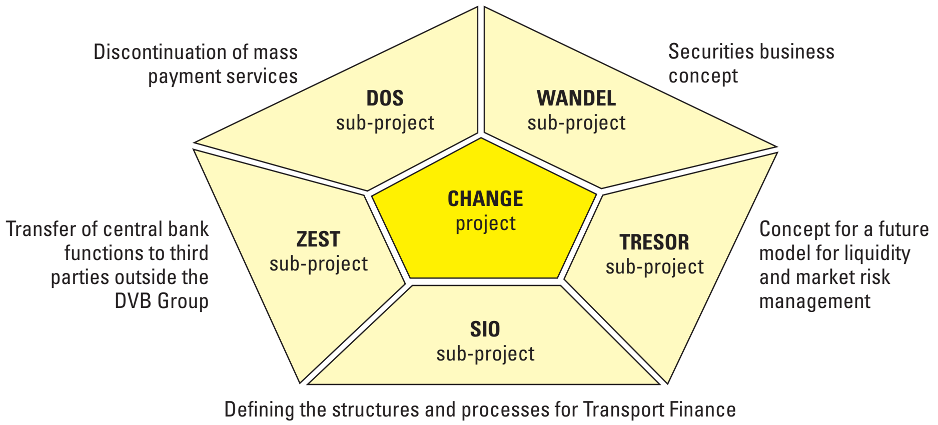
Central Bank/Trading

The co-operation agreements between "Sparda" banks and the DVB Group were terminated on 18 July 2001. In the event, the termination of these former arrangements lends itself to DVB Group's key strategic objectives, namely the expansion of Transport Finance and the divestment of non-transport oriented assets. Many of our historic responsibilities will be transferred to "Sparda" banks' future service providers by the end of 2002/03.

CHANGE project

In the light of this we initiated the CHANGE project in order to ensure that all business and settlement divisions are geared up to meet the future requirements of Transport Finance, and to take an active role in the migratory process to the "Sparda" banks' new service providers. In addition to the co-operation areas with the "Sparda" banks, five sub-projects will comprise a review of payment services, securities trading and settlement, money market/foreign exchange trading and Treasury, as well as processes in Transport Finance.

CHANGE project



Central Bank/Trading in the business year 2001

Regardless of these change processes, we maintained our broad-reaching function as central institution to the "Sparda" banks and included them in our securities, money market, foreign exchange and derivatives trading activities. DVB Group also acted as a partner for the cooperative banking sector for trading in foreign notes and coins/precious metals.

Central bank – co-operation in a transition phase

Once again we offered our proven securities services to the "Sparda" banks: advisory, specialist conferences and workshops, particularly "Technical Analysis of Securities Markets", met with a positive response by "Sparda" bank specialists.

The "Sparda" banks' securities business with customers was influenced by the extreme volatility of equity markets, although the decline in business was less dramatic than that experienced in the market overall. At the same time we had some room for manoeuvre in terms of own-account investments which, in the event, resulted in a modest increase in securities trading activity compared with 2000. Positions here totalled €6.1 billion, and turnover rose 23% to €3.8 billion. Within the framework of our function of providing and balancing liquidity, aggregate volume of deposits taken from the "Sparda" banks amounted to €3.4 billion at year-end.

Net profit on financial operations lower than 2000

The trading activities of the DVB Group in 2001 served largely to support and complement Transport Finance. Overall, the net profit on financial operations fell from €8.2 million to €5.5 million. With regard to money-market and foreign exchange trading our liquidity management benefited from the substantial interest rate cuts introduced by the US and European central banks. Management of short-term interest rate risk and equally efficient management of liquidity in euros and other foreign currencies made a considerable contribution to results. In contrast, securities trading experienced a significant decline in the volume of transactions with fund management companies, which impacted on the securities business's trading profits. Derivatives were traded largely on behalf of customers. The lion's share of this business comprises interest rate swaps, which we also use for our own interest rate risk management activities.

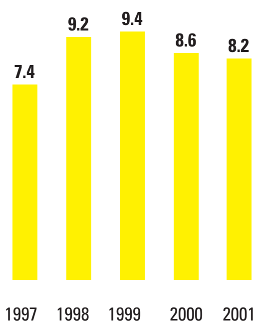
Trading in foreign notes and coins/precious metals

Trading in foreign notes and coins recorded a marked increase of 40% in purchases during 2001. In addition to the broader customer base, reflecting the acquisition activities of recent years, the impact of the physical introduction of the euro on 1 January 2002 was positive. The accompanying repatriation of euro currencies increased significantly in the second half of the year. In contrast, sales, fell by around 18%. This was largely attributable to the strength of the dollar and sterling exchange rates, the BSE and foot-and-mouth crises in the UK, the Netherlands and France, the increasing use of ec-cards as a means of payment, and a fall off in travel as a result of the events of 11 September. Results from trading in foreign notes and coins were almost identical to the year 2000, while trading in precious metals posted an increase in earnings despite the difficult environment. Although demand for precious metals fell by around 17% compared with 2000, the decline slowed from the previous year's 30% retreat. The return of foreign notes and coins to the market, which has been ongoing for the past 18 months, suffered a similar decline. Nervous equity markets and the events of 11 September led to a temporary surplus of demand in the third quarter. Although the acts of terrorism did not trigger a trend turnaround in investor behaviour, it is however interesting to note that the previous great number of small orders were replaced by larger-sized transactions.

"Sparda" banks' marketing strategy paid off in the year 2001. They attracted 123,000 new members and increased their aggregate total assets by €3.4 billion, to €40 billion.

We processed securities trades with a market value of €1.3 billion on behalf of "Sparda" bank customers. The volume of securities under management fell by 4.9% to a total of €8.2 billion.

Securities business with "Sparda" banks; securities under management (€ bn)



Participating interests – DVB Holding GmbH

On 31 December 2000, we combined our two subsidiaries, ReiseBank AG and CashExpress GmbH, under the umbrella of the joint holding company: DVB Holding GmbH. Both ReiseBank AG and CashExpress GmbH are specialist companies offering all travel-related financial services including "bureau de change" where they have been market leaders in Germany for many years. By expanding their strategic position in Europe through the inclusion of innovative products in their offer as early as 1999, ReiseBank and CashExpress have duly prepared themselves for the loss of revenue projected for the industry due to the introduction of euro notes and coins.

Strategic positioning within Europe, based on a consistent approach and clear objectives

To compensate for the effects of the introduction of euro notes and coins, ReiseBank and CashExpress have moved on from being the German market leader in bureau de change services to being a pan-European player. This success is based on the following keystones:

1. The **expansion of the international branch network** in selected neighbouring countries served to strengthen the two companies' respective market positions in their traditional core business: bureau de change services. It is expected that, as from 2002, more than 100 branch offices will be offering up to 120 different currencies (including "exotics") and travellers' cheques.

2. Our successful range of products and services (bureau de change, ATMs and Western Union Money Transfer services) has been expanded to include clearly defined **travel-related services** (last-minute offers, consolidator, charter and regular flights as well as travel insurance packages).

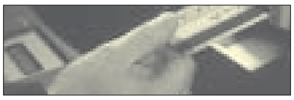
3. A further aspect of our strategy is the **increased co-operation with partners from other industries** (such as automobile associations) who can explore and secure new distribution channels for our products.

4. In co-operation with Western Union we will be expanding both our **global cash service** and our **mail order business**.

5. The strong orientation of many products towards specific target groups and the resulting **cross-selling effects** form the basis for further growth in profitability during 2002. In this regard, our subsidiaries will heighten the focus on a targeted customer approach and customer loyalty.

As experts in all travel-related financial services, ReiseBank and CashExpress operate 80 branch offices on a local, national and international level. In 2002, the branch network in Germany and the neighbouring countries of Austria, Switzerland, the Netherlands and the Czech Republic will be significantly expanded.

Thanks to their innovative creativity, ReiseBank and CashExpress will be able to master the challenges arising from the continued change in travel markets and generate growing revenue streams.




ReiseBank AG – a successful 2001

During 2001, ReiseBank once again increased its net commission income, by 14.9% to €60.6 million. Consolidated total assets rose 12.2%, from €56.6 million to €63.5 million. In line with the existing profit transfer agreement, €17.5 million were transferred to Deutsche VerkehrsBank AG. ReiseBank continued to improve its profitability through strict disciplines in terms of cost and an increase in the proportion of processes handled with IT support.

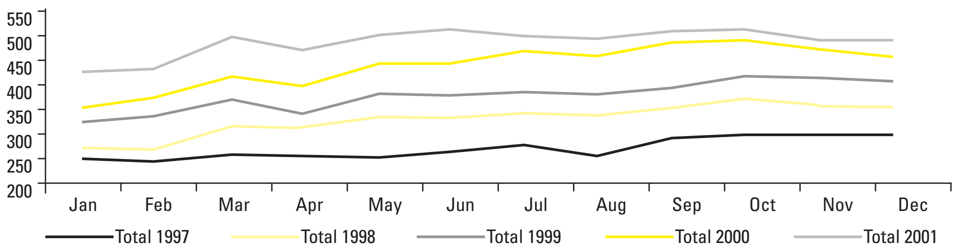
Transactions in foreign notes and coins – positive trend continues despite euro introduction

Despite the impending introduction of euro notes and coins, dealings in foreign notes and coins once again recorded improved results during 2001. The number of transactions rose by 20.8%. Income from exchange rate margins and commissions increased by 16.7%, to €31.9 million. The measures outlined above are designed to compensate for any decline in income in the foreign notes and coins business incurred as a result of the introduction of euro notes and coins in 2002.

ATMs – ongoing expansion

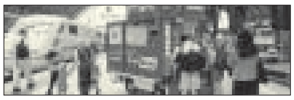
With its 143 **ATMs** (2000: 134), ReiseBank processed more than 6.0 million transactions (2000: 5.3 million), with an aggregate value of €712 million (2000: €650 million). Commission income totalled €11.7 million (2000: €10.5 million), with this increase primarily reflecting the installation of additional ATMs. Mobile ATMs, used during major events, provide a flexible response to customer demand on site. Given the current situation, we expect further positive development of this aspect of our business during 2002.

ATM transactions 1997-2001 ('000)



Through its 50 **POS cash card** ("GeldKarte") charging terminals, ReiseBank processed 8,724 charging transactions, thereby outperforming the previous year's result by just under 300 – an excellent outcome given the generally poor acceptance of the "GeldKarte". Market surveys carried out by banking associations forecast increased usage of the "GeldKarte" following the introduction of the euro, a trend that will benefit the ReiseBank terminals.

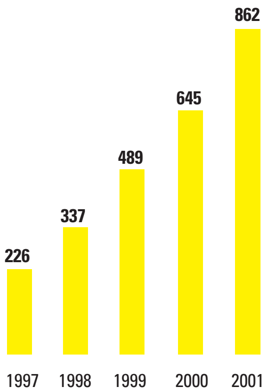
As part of a marketing test, ReiseBank set up two **telephone-card vending machines** for the purchase of prepaid calling cards from mobile phone providers Deutsche Telekom/ T-Mobile, Vodafone, E-Plus, Viag Interkom and Median. Following a successful test phase,



ReiseBank initially installed four vending machines in shopping malls during 2001. In agreement with Deutsche Bahn AG, 17 machines will be installed in highly frequented railway stations as from early 2002, with the installation of 30 additional telephone-card vending machines planned. In addition, the introduction of own co-branding prepaid calling cards (targeted towards ReiseBank's individual customer groups) has resulted in significant increases in turnover and earnings. These telephone cards can be used in Germany and more than 90 countries worldwide to make inexpensive phone calls.

Turnover 2001: €406 mn (2000: €307 mn), an increase of 32.3%

Transactions with Western Union ('000)



Increase of 33.6% in 2001

Western Union – enhanced profile for global cash service

In co-operation with Western Union, we continued to successfully expand our global cash service. Improvements in the services provided by branch offices, more direct contact with customers and special marketing activities led to an enhanced profile of the global cash service and a pronounced expansion of business volumes. Eight ReiseBank branch offices, all specifically focused on Western Union products, were opened during the fourth quarter. ReiseBank's German money transfer service also recorded a significant increase in income of 16%, or €0.5 million, compared with the previous year.

Expansion of product range

ReiseBank opened 13 **last-minute travel shops** within its branches during 2001. These shops offer late availability trips and stand-by tickets from "5vorFlug" and other tour operators as well as regular airline tickets. In addition, a wide range of tour offers may be booked on-line via the www.reisebank.de travel portal, or in conjunction with a call centre. The profile of these end-consumer products has been further raised by newspaper advertisements and floor graphics in railway station peripheries.

The **mail order process for foreign notes and coins and travellers' cheques** developed by ReiseBank is targeted towards other banks. In late 2001, as many as 70 partner banks were supplying their customers with foreign currencies and travellers' cheques via ReiseBank. On the day after the order is placed, the relevant form of payment is delivered to the end-consumer at any address by courier. In late 2001, this service was expanded to include a return service. As an accelerating demand in the current year illustrates, the use of this innovative service by the partner banks has increased post the introduction of the euro, reflecting the fact that, for many banks, dealing in foreign notes and coins is no longer profitable. Through this new product, ReiseBank has further solidified its market leadership in the foreign notes and coins business.

Costs in relation to expansion

Administrative expenses (including depreciation/write-offs of intangible and fixed assets) totalled €23.3 million in the business year under review. Staff costs amounted to €19.0 million, while other operating expenses totalled €0.6 million. These cost increases resulted primarily from ReiseBank's expansion strategy outlined above.

As at year-end 2001, ReiseBank employed 393 staff (65 more than year-end 2000) across 74 branch offices. This also reflects the aforementioned expansion strategy. These personnel were employed in:

- The Frankfurt/Main head office
- 60 local branch offices throughout Germany
- Three CashMobiles (mobile outlets at Munich airport, the Frankfurt/Main railway station and the Ostbahnhof Berlin railway station)
- One CashCar (a bus used nationwide for major events) and
- Three foreign branch offices and six agencies in Switzerland

During 2002, ReiseBank's branch network in Germany, Austria and Switzerland will continue to expand. Seven new branch offices were inaugurated in Austria in January 2002.

CashExpress GmbH's expansion yields positive results

With six branch offices, CashExpress Gesellschaft für Finanz- und Reisedienstleistungen mbH engages in customer business and provides marketing and purchasing services for ReiseBank. Turnover in foreign notes and coins amounted to approximately €28 million, while the total number of transactions decreased by 1.5% to 244,000 compared with the volume in 2000. Commission income rose 13% to €2.1 million.

CashExpress employs 18 staff (2000: 33 staff) at the head office and the four German branches. The branch offices in Furth, Schirnding and Kiefersfelden, on the German/Austrian border, that were particularly affected by the introduction of euro notes and coins, have been closed down. By way of contrast, CashExpress opened a branch office in Rotterdam to take advantage of the business potential in the Netherlands. During 2002, CashExpress plans to open additional branch offices in the Netherlands and the Czech Republic via its subsidiary, CashExpress CZ s.r.o.

Participating interests – DVB Processing GmbH

In 1996 the DVB Group received approval as a network operator from the German Central Loans Committee ("Zentraler Kreditausschuss", a committee of German banks) and has since been processing cashless payment flows generated by ec cards and credit cards in every-day transactions via modern EFTPOS systems. The network operator debits the cardholder's bank account and then credits the retail outlet.

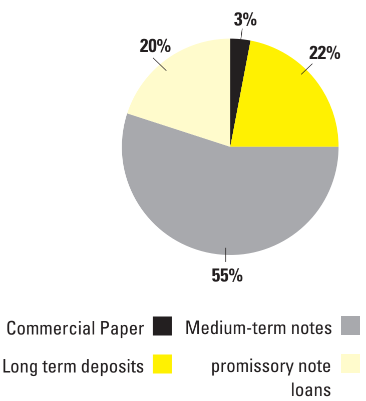
Due to our focus on Transport Finance, we have effectively spun off our "ec cash" network operation. In October 2000 we formed DVB Processing GmbH which commenced business on 1 January 2001 and absorbed all existing activities and staff. In March 2001, Deutsche Postbank AG acquired a 51% shareholding in DVB Processing.

DVB Processing's first business year proved exceedingly successful with the number of terminals managed doubling to 72,000. The number of transactions processed rose 53%, from some 15 million in 2000 to more than 23 million in 2001. Pre-tax profits achieved an increase of approximately 60% over the levels seen in 2000. These results fully lived up to expectations and have served to consolidate our market position.

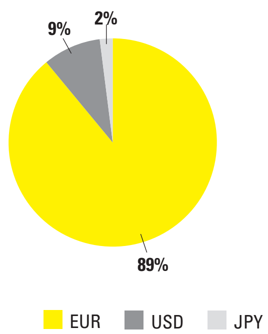
We are confident that our strategic partnership with Deutsche Postbank AG, the majority shareholder, will contribute to a further significant expansion of DVB Processing's market position during 2002.

Treasury

Breakdown of issues in 2001 by product group



Breakdown of issues in 2001 by currencies



The expansion of our core business Transport Finance requires the strengthening of both our equity base and our funding base.

Total capital – expanded by supplementary capital

To optimise our total capital, we increased our supplementary capital by €40.2 million, from €320.1 million to €360.3million, via the issuance of subordinated debt securities. As at year-end 2001, this amount included subordinated liabilities totalling €207 million (2000: €139.4 million) and profit-participation certificates amounting to €164.5 million. The favourable market conditions in August were beneficial for capital raising.

Funding base – strengthened by an expansion of certificated liabilities

The overall **funding volume** over the medium and long-term ranges amounted to €994 million in 2001.

Our funding activities focused on the further **expansion of certificated liabilities**. Approximately 58% of our entire funding volume was based on the issue of commercial paper, medium-term notes and traditional bearer bonds. As with 2000, the key instruments for our issue-based funding activities were medium-term notes launched within the scope of our debt issuance programme. Debt securities of €545 million (predominantly floating rate notes within a two-year maturity range) were issued under this programme. The outstanding volume of debt securities floated under this programme amounted to €1,078 million at the end of the reporting period. Traditional funding instruments, such as **promissory note loans and longer term deposits**, also contributed significantly to a balanced long-term funding base. In total, long-term funds in the amount of €420 million were raised through these instruments; this corresponds to 42% of all funds raised.

Together with **short-term deposits**, liabilities to banks grew by €0.71 billion, from €4.71 billion to €5.42 billion. Similarly, the liabilities to customers rose by €0.21 billion, from €2.50 billion to €2.71 billion.

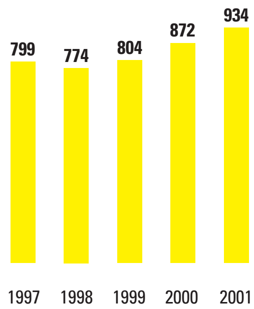
Employees

Internationalisation, an integral aspect of DVB Group's culture, impacted on human resources management as Transport Finance, our principal business, expanded the staffing of its global branch network. The implementation of the CHANGE project, with significant implications for future staff numbers, was introduced at the Frankfurt head office during the second half of the year.

Employees must adopt an international approach to effectively meet the globalisation of our business

Staff numbers increased by 62 to 934 during 2001, driven by the increase in personnel in our international units and at ReiseBank's newly opened branches. The globalisation of our business is also reflected in the diverse nationalities of our employees. At the end of 2001, Transport Finance's worldwide employee count totalled 231, of which almost 60% were non-German.

Development of DVB Group staffing levels 1997-2001



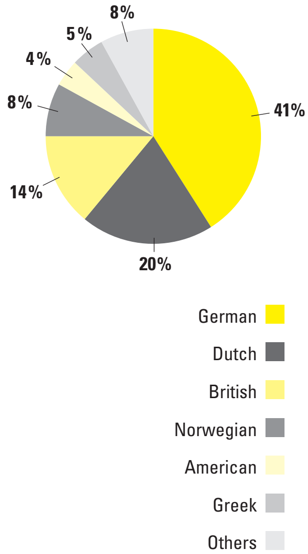
The current co-operation agreement with the "Sparda" banks will be terminated at the end of 2002/2003. In addition to organisational adjustments, personnel adjustments will also have to be made, the extent of which had yet to be finalised at the end of 2001. Having drawn up the restructuring concept, we were able to reach mutually acceptable arrangements, on an amicable basis, that encompassed a social compensation plan. This was achieved through the trust and co-operation of the representative committee of executive staff, the Group Works Council and members of employees' councils, all of whom helped to ensure a fair balance of interests.

Use of uniform instruments in human resources management

DVB Group's internationalisation calls for the development and use of uniform instruments, an invaluable asset in terms of human resources management, designed to accommodate the varying requirements of various locations. The principal areas of focus in 2001 were integrated personnel marketing and a remuneration concept that fully embraces current market practice. It is our investment in these building blocks that enables us to attract and retain the quality of expertise and calibre of management that is vital to our Transport Finance and Corporate Finance operations.

In order to facilitate the bank's strategic realignment we embarked on an **integrated personnel marketing** exercise. Job advertisements were placed in the national print media and in specialist international publications. We also took advantage of the Internet where we simultaneously placed advertisements in the job centre on DVB Group's homepage and in internationally accessible job centres. Interested parties were thus able to avail themselves of up-to-date information regarding employment opportunities and were also

Transport Finance –
employee nationalities



offered the facility to apply by e-mail. In the event, we accelerated the recruitment process, reduced the related expenses and, at the same time, attracted a record number of applicants.

At the end of the year, more than 8% of our internationally employed staff worked outside their country of residence. In the light of this, we developed remuneration guidelines in respect of short- and long-term secondments in order to standardise remuneration under these circumstances and ensure that we remain internationally competitive. Market practice and salary ranges within the host country represent the key elements of the global remuneration structure. These same elements are equally applicable as a general guideline for staff recruitment. The importance of the **global remuneration structure** is reflected in the fact that approximately 30% of newly-appointed international employees do not originate from the country of employment. Furthermore, we developed a variable remuneration system designed to incentivise key players within our international subsidiaries. The scheme involves a variable bonus, in addition to salary, linked to the accomplishment of agreed objectives. This serves to underwrite the maxim: management by objectives.

Personnel development and training

Constant liaison with the relevant universities during 2001 attracted qualified candidates to our 18-month training programme, the structure of which we have revised to take account of the current and prospective challenges that our employees face.

Training costs of €1.05 million in 2001, which equate to some €2,000 per employee, illustrate the importance we attach to appropriate qualifications. To support DVB Group's focus on international Transport Finance, we arranged training courses on relevant topics including legal aspects of the shipping, airline and rail transport sectors. We placed considerable emphasis on the development of our employees' foreign language skills. During 2001 we achieved a significant improvement in linguistic competence through various in-house language courses and intensive courses in English-speaking countries (cost: €235,000).

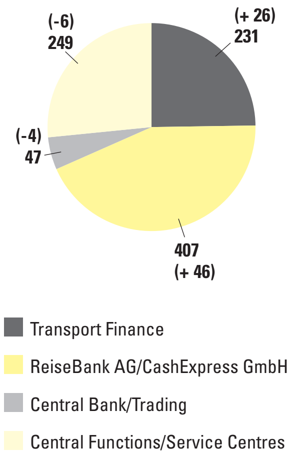
„DVB shares 2001"

The creation of the stock option programme "DVB shares" was designed to enable all DVB Group employees to participate in the bank's success. In addition to facilitating the purchase of DVB shares at a discount, the scheme also involves the granting of free options. Once again more than 60% of DVB Group executives participated in the programme. This illustrates not only the popularity of the programme but also the loyalty that the DVB Group commands. In the wake of this response we remain committed to annual launches of new share tranches. Employee participation will serve to encourage long term commitment which, in turn, adds value to the DVB Group.

Company pensions

In addition to supplementing national pensions, Deutsche VerkehrsBank pension fund (Pensionskasse der Deutschen VerkehrsBank VVaG) provides cover against occupational disability. However, given that it is a relatively small insurance company, it can afford neither the administrative expense nor the disclosure and advisory obligations necessary for a legally required certification, and therefore does not qualify as a company pension scheme that is eligible for state subsidies (so-called "Riester-Rente" schemes). Within the framework of compulsory membership set out in the employment contract, members and the bank contribute one-third and two-thirds of contributions respectively. At the end of 2001, 503 former employees received benefits in the form of old-age, disability and surviving dependant's pensions. We ensure that our employees working abroad, irrespective of location, are adequately provided for in terms of pension and disability benefits in line with relevant local practice.

Employee distribution according to business divisions of DVB Group (changes on previous year in parentheses)



Corporate Communications

"DVB Group is unique" – the principal responsibility of corporate communications is to project our distinctive profile as an international Transport Finance advisor and financier to the relevant audiences. For this purpose, we have enforced a series of new, more communicative measures, while continuing to pursue tried and tested ones.

Competence of Press Relations and Industrial Research highlighted

Significantly higher press release activity, which in turn led to an increase in the number of articles and references in the transport and financial press, bear witness to the various events of the business year under review. Our Industrial Research publications met with a particularly favourable response. The first Industrial Research study presented to the public in December 2000 was followed by five further market studies in 2001 on European charter aviation, electronic ticketing systems, the global air freight market, international cruise shipping and toll road financing in Germany. Specialist seminars served to complement our Industrial Research.

Website and Customer Relations – contemporary design and concise information

Since November, our relaunched web presence has presented clearly structured and more detailed information on the DVB Group. The user benefits from improved navigation and opportunities to download various documents. Furthermore, the transition to a content management system ensures quicker presentation of up-to-date corporate information. Simultaneously, we changed our URL to www.dvbgroup.com. Customer Relations further enhanced our dialogue with clients, not only via special client events but also through our participation in international industry events. These included the "Air Finance Forum" in Geneva in March, the "Euromoney Rail Finance Conference" in London in October and the "Ship Finance Conference" organised by Lloyds Shipping Economist in November, also held in London.

Investor Relations – established internationally

The Investor Relations unit, established at the end of 2000, focuses on the diverse audiences within the international financial community: investors, rating agencies, analysts and the financial press. Using specific channels of communication, we maintain existing relationships and lend support to the Board of Managing Directors in establishing relevant contacts. This support comprises roadshows, one-to-one meetings or round-table discussions for which we prepare appropriate presentations. In 2001, Investor Relations was responsible for projects that occur on an annual basis, such as press conferences that accompany DVB Group's interim and preliminary results, the production of interim and annual reports, preparation for the Annual General Meeting and the rating follow-ups with Standard & Poor's and Moody's Investors Service. For the first time we invited international financial analysts to our analyst conferences in Frankfurt and London.These gatherings are designed to ensure that key opinion formers within the international financial community are fully conversant with DVB Group's specialist activities in the global transport market.

Internal Communication – event concept realised

With a far-flung staff, based in 11 locations worldwide, our ability to communicate is inextricably linked to the bank's international profile. Such communication engenders understanding, acquaintanceships and a constant exchange of information, thus facilitating mutual implementation of international advisory and financing projects. In addition to "DVB News", the staff magazine which was published on a bi-monthly basis last year, we conducted several management and team conferences, in certain instances through cost-effective teleconferences. Towards the end of 2001 we embarked on preparations for the development of an Intranet platform. This will inevitably serve to disseminate information to all employees but, equally, will act as a catalyst in terms of internal communication.


Information technology

Focusing on our core expertise in Transport Finance required us to optimise our IT-platform through the installation of SAP and the utilisation of specific portfolio management applications developed in-house. We thus restructured the previously heterogeneous IT-environment.

SAP – successful stabilisation and consistent focus on core expertise

Operation of our SAP platform commenced on 2 January 2001. The former host-based systems were switched off and the bank's own processing centre was wound up. Furthermore, we outsourced the operation of our SAP platform to a service provider. During the introductory stage, we added a stabilisation project for the SAP application, to enable us to achieve and permanently maintain the anticipated process and data quality. We also carried out further improvements for international Transport Finance: a large part of the business processes of the Hamburg, London and New York offices were linked to SAP and our portfolio management system, developed in-house, was optimised.

IBM – our choice of future service provider for the IT-infrastructure

Having posted an invitation for tender and subsequently compared the offers, we selected IBB, a wholly-owned subsidiary of IBM, as the future service provider for our SAP and IT-operations. The service level agreement comprises the operation of wide-area and local-area networks (WAN/LAN), servers, clients and the user help desk. The operation, and the six employees involved, were transferred to IBB with effect from 1 December 2001. The transformation of operations, and the definition and implementation of optimised service processes, are scheduled for completion by 30 June 2002.

2002 core project – Customer Relationship Management

A core IT-project planned for 2002 will be to implement a customer relationship management system. This will provide us with direct access to all information relevant to customers and business, thus reducing our administrative expenses and further increasing the speed with which we react to competition in international Transport Finance. The Shipping division will assume the pilot function for this project.

Management Report

Management Report (DVB Group and Deutsche VerkehrsBank AG)

The year 2001 confirmed the success of DVB Group's focus on international Transport Finance. Despite a global economic slowdown and the events of 11 September, the Group was able to increase operating profit before loan loss provisions by 12.3%, from €32.5 million to €36.5 million. This was attributable, in particular, to our successful lending business with corporate clients in Transport Finance.

At €36.1 million, profits from ordinary activities were slightly higher, but remained in line with last year's level (2000: €35.7 million). This result was burdened by the net loan loss provisions, which increased significantly over the previous year from – €1.1 million to €17.2 million, whereby the largest proportion was attributable to our remaining non-core business with non-transport customers.

Extraordinary expenses of €19.0 million accounted for the notable 76.4% decrease in net income from €19.1 million to €4.5 million. Provisions were required for the social compensation plan, which has become necessary due to the abolishment of service functions (partly as a result of the developments regarding the co-operation with "Sparda" banks), and in relation to the legal dispute with the EU Commission. Net income will be fully distributed without retention. At the Annual General Meeting a cut in the dividend to €1.50 per unit share will be proposed.

Key corporate events in 2001

We consistently pursued DVB Group's strategy to focus on its core strengths in international Transport Finance in the business year 2001.

- The Transport Finance division now comprises the following units – Shipping, Aviation, Land Transport and Corporate Finance, whereby Land Transport includes Road & Logistics, Rail and Infrastructure. This structure resulted in a noticeable improvement in efficiency and quality and forms the basis for our customer-focused and profit-oriented management approach.
- At the end of the year under review, Transport Finance enjoyed a presence in Frankfurt/Main, London, Rotterdam, New York, Hamburg, Bergen, Piraeus, Curaçao, Hong Kong, Singapore and Tokyo.

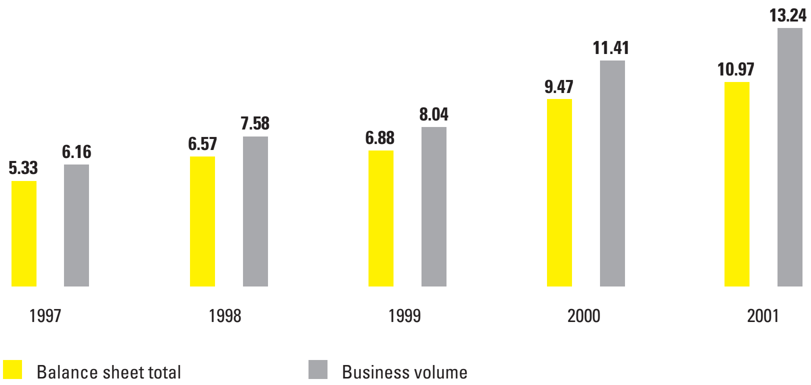
- Nedship Bank N.V., Rotterdam, which was acquired as at 31 May 2000, was successfully integrated into the DVB Group. It was consolidated in the Group's financial statements, with full contribution of profits, for the first time in 2001. Having expanded our market position in Shipping Finance significantly, we are now one of the leading shipping financiers worldwide.
- On account of the growth potential in advisory services to our global Transport Finance clientèle, we invested heavily in increasing the number of Corporate Finance staff.
- Conversely, in line with our strategy, we reduced the volume in non-transport business by 28.4%, from €0.67 billion to €0.48 billion.
- The co-operative "Sparda" banks terminated the co-operation agreement with DVB Group on 18 July 2001, thus ending the collaboration in its current form at the end of 2002/03 at the latest. As a result, we decided to end price-sensitive businesses and complex settlement services within the framework of the CHANGE project.

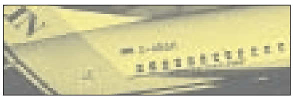
Business development

Assets

At €13.24 billion, **business volume** (the aggregate of total assets, guarantees, indemnities, irrevocable loan commitments and derivatives) exceeded the previous year (€11.41 billion) by 16.0%. The DVB Group **balance sheet total** posted a 15.8% increase from €9.47 billion to €10.97 billion. The growth was largely driven by further expansion in Transport Finance (+16.2%) and onward placements of short-term interbank deposits.

Balance sheet total business volume of DVB Group (€ bn)

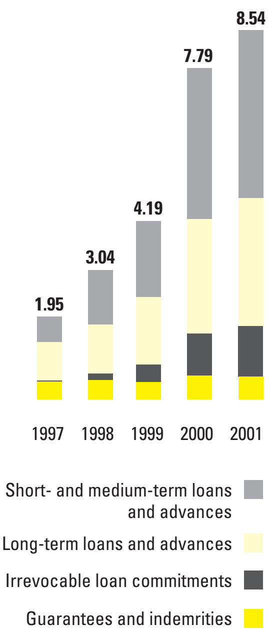




Lending volume, which rose overall by 17.4% from €10.92 billion in 2000 to €12.82 billion in the year under review, comprises the following items:

	2001 € bn	2000 € bn	Change %
Placements with, and loans and advances to other banks (incl. balances held with central banks)	2.56	1.84	39.1
Loans and advances to customers	6.86	6.24	9.9
Securities (incl. participating interests)	1.13	0.90	25.6
Guarantees and indemnities	0.54	0.56	–3.6
Irrevocable loan commitments	1.14	0.99	15.2
Derivatives	0.59	0.39	51.3
Lending volume	**12.82**	**10.92**	**17.4**

Partial view of lending volume
(€ bn)



The notable 39.1% rise, from €1.84 billion to €2.56 billion, in **placements with, and loans and advances to other banks**, (including balances held with central banks), was attributable to an increase in short-term deposits taken from "Sparda" banks towards the end of 2001, which were invested on a short-term basis in the interbank market. **Loans and advances to customers** increased by 9.9% over the previous year, from €6.24 billion to €6.86 billion. Short-term investments towards the year-end lead to a sharp increase of 25.6% in **securities** held (including participating interests), from €0.90 billion to €1.13 billion. **Guarantees and indemnities** fell by 3.6% to €0.54 billion (2000: €0.56 billion), while in contrast, **irrevocable loan commitments** rose by 15.2%, to €1.14 billion (2000: €0.99 billion). Due to business development and based on the valuation of open positions, the volume of **derivatives** grew by 51.3%, from €0.39 billion to €0.59 billion.

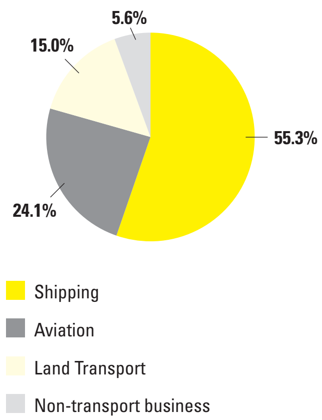
The chart outlines a portion of the lending volume – the development of short-/medium-term and long-term loans and advances to customers, guarantees and indemnities and loan commitments, which on aggregate posted a 9.6% increase, from €7.79 billion to €8.54 billion. **Short- and medium-term loans and advances to customers**, which also include receivables arising from freight netting, rose from €3.55 billion to €3.84 billion (+8.2%) at year-end, while **long-term loans and advances** to customers climbed 12.3%, from €2.69 billion to €3.02 billion.

The following table displays total **lending volume** on a **five-year period**:

€ bn	2001	2000	1999	1998	1997
Placements with, and loans and advances to other banks (incl. balances held with central banks)	2.56	1.84	2.15	3.14	2.90
Loans and advances to customers	6.86	6.24	3.37	2.43	1.51
Securities (incl. participating interests)	1.13	0.90	1.19	0.88	0.79
Guarantees and indemnities	0.54	0.56	0.41	0.43	0.41
Irrevocable loan commitments	1.14	0.99	0.42	0.16	0.03
Derivatives	0.59	0.39	0.26	0.57	0.51
Lending volume	**12.82**	**10.92**	**7.80**	**7.61**	**6.15**

The significant two-thirds growth in DVB Group lending volume from €7.80 billion to €12.82 billion in the period from 1999 to 2001 is attributable, in particular, to the acquisition of DVB NedshipBank in 2000. The volume of loans and advances to customers between 1997 and 2001 more than quadrupled on account of our market position in international Transport Finance.

Customer lending
in terms of divisions



Customer lending (the aggregate of loans and advances to customers, guarantees and indemnities, irrevocable loan commitments and securities held as a result of customer business) of DVB Group's corporate clients in Transport Finance, and non-transport clients, rose by 12.4% from €7.66 billion in 2000 to €8.61 billion. Customer lending is divided into the following portfolios: Shipping Finance accounted for the largest share of 55.3%, or €4.76 billion. In spite of adverse economic conditions and the effects of the events of 11 September in the US, Aviation Finance grew to €2.08 billion (2000: €1.90 billion), which equated to a portfolio share of 24.1%. At €1.29 billion, or a portfolio share of 15.0%, Land Transport was unchanged from last year. Non-transport business, which fell 28.4%, from €0.67 billion to €0.48 billion, accounts for only 5.6% of customer lending.

Cautious lending principles form the basis on which loans are granted in the Transport Finance sector. The **average lending volume** per client was €20.8 million in Shipping, and €27.0 million in Aviation. The relation between loans granted and market value of the financed item (loan-to-value-ratio) in Shipping was 69.9%. The loan-to-value-ratio in Aviation was 69.5% prior to 11 September 2001, subsequently rising to 85.0% at year-end.

	Aviation portfolio	Shipping portfolio
Average lending volume per client	€27.0 mn	€20.8 mn
Loan-to-value ratio	69.5%*	69.9%
Loan-to-value ratio	85.0%**	

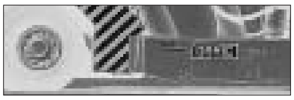
** prior 11 Sep 2001*
***post 11 Sep 2001, to year-end*

We set aside a total of €27.4 million in **new net loan loss provisions** in 2001, €21.3 million (77.7%) of which was for non-transport exposures. In contrast, our Transport Finance portfolio required minimal loan loss provisions of only €6.1 million (22.3%), of which Shipping accounted for €5.4 million and Land Transport for €0.7 million. Similar to previous years, no loan loss allowance was necessary for Aviation in 2001. The loan loss allowances in 2001 also reflect the correct strategy adopted by focusing on Transport Finance while simultaneously reducing our exposure to non-transport business.

In the 2001 business year, freight and similar payments to the sum of €3.66 billion were settled in **freight netting** executed by DVB VerkehrsBank, similar to last year's level. In line with our practice of previous years, we offered our customers **interest rate derivatives** again in 2001, also using these instruments to hedge our own interest rate exposure. The nominal volume held in these transactions at year-end amounted to €15.64 billion across the Group, which at 0.9% only slightly exceeded the previous year's level. The rise was due, in particular, to an increase in foreign exchange forwards and interest rate swaps. **Risk-weighted credit equivalent value** as at 31 December 2001 amounted to €591 million (2000: €391 million).

Liabilities

The expansion of international Transport Finance also reflects the performance of the liabilities on our balance sheet: **liabilities to banks** rose across the Group by 15.1%, from €4.71 billion to €5.42 billion. These included short-term deposits taken around the year-end, and offset by way of short-term interbank placements. **Certificated liabilities**, which increasingly comprised issues within the scope of the €3 billion debt issuance and commercial paper programmes, increased by 28.3%, to a total of €1.95 billion (2000: €1.52 billion). **Liabilities to customers** climbed from €2.50 billion to €2.71 billion (+8.4%). Group liabilities thus increased by 15.5% to €10.08 billion (2000: €8.73 billion).

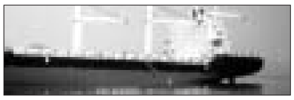


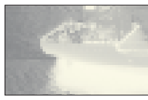
In the past, we had largely **refinanced** our business through interbank deposits mainly taken from the co-operative “Sparda” banks and booked with Deutsche VerkehrsBank AG. Since we increasingly placed the focus in funding long-term Transport Finance loans through bond issues, certificated liabilities have represented a growing proportion of our refinancing activities. For this purpose, we increasingly targeted international capital markets and a broader range of investors by issuing commercial paper and debt instruments, including US dollar-denominated issues. In addition to the central management of currency and interest rate positions, our Treasury division has assumed funding responsibility for the entire DVB Group. The development of a long-term, constant capital base is essential for developing our lending business in the long-term range.

At €76.8 million, **issued share capital** was almost unchanged from the previous year. The slight increase of €0.1 million is explained by the exercise of options granted to employees within the framework of our "DVB shares” employee share participation scheme.
At €175.3 million, **reserves** marginally exceeded the previous year’s level (€175.1 million).
We expanded **subordinated liabilities** by 48.5% to €207 million (2000: €139.4 million).
Profit-participation certificates, as a long-term component of our funding structure, were in line with last year (€164.5 million). DVB Group’s **core capital** (including reserves) therefore totalled €408.0 million, while the 12.6% increase in **supplementary capital** from €320.1 million to €360.3 million was attributable to the build-up of subordinated liabilities. **Total capital**, in accordance with the German Banking Act, thus posted a marginal 2.9% increase to €771.4 million (2000: €749.3 million).

Liquidity Principle 1, in accordance with sections 10 and 10a of the German Banking Act, was consistently met. In spite of the increase in total capital, the **total capital ratio** fell marginally from 10.2% to 9.5% at year-end. This was mainly attributable to the increasing volume of customer lending and the effect of the development in the US dollar exchange rate, since the majority of international Transport Finance loans are US dollar-denominated. Our objective for 2002 is, on the one hand, to increase this figure to the level achieved in 2000 and, on the other, to substantially improve our return on equity. We have planned the following measures in order to achieve these objectives:

- increasing our capital base
- expanding our Corporate Finance business, which yields significant commission income but does not tie up equity capital and
- additional suitable measures such as the securitisation of risk-weighted assets



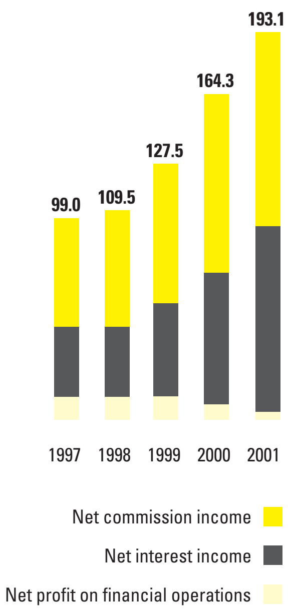


The following table illustrates the development of DVB Group's **total capital** over time:

€ mn	2001	2000	1999	1998	1997
Issued share capital	76.8	76.7	57.4	51.0	51.0
Reserves	175.3	175.1	119.7	100.2	100.2
Silent partnership certificates	77.5	77.5	–	–	–
Reserves eligible for inclusion in accordance with section 340 g of the German Commercial Code and adjustments in accordance with the German Banking Act	78.4	99.9	–	–	–
Core capital (TIER I)	**408.0**	**429.2**	**177.1**	**151.2**	**151.2**
Subordinated liabilities	207.0	139.4	62.1	43.5	–
Profit-participation certificates	164.5	164.5	89.5	89.5	38.3
Reserves eligible for inclusion and adjustments in accordance with the German Banking Act	–11.2	16.2	13.1	18.7	18.7
Supplementary capital (TIER II)	**360.3**	**320.1**	**164.7**	**151.7**	**57.0**
Tier III funds	3.1	–	–	–	–
Total capital in accordance with the German Banking Act	**771.4**	**749.3**	**341.8**	**302.9**	**208.2**

Development of the ordinary income

(€ mn)



Earnings development

Development of operating profit before loan loss provisions

Operating profit before loan loss provisions rose by 12.3%, from €32.5 million to €36.5 million.

Ordinary income, comprising net interest and commission income, and net profit on financial operations, posted a favourable increase of 17.5%, to €193.1 million (2000: €164.3 million). The remarkable rise of 35.1% in **net interest income**, from €66.0 million to €89.2 million, was largely attributable to volume growth in Transport Finance. Furthermore, the fact that DVB NedshipBank was fully consolidated in the DVB Group results for the first time in 2001 was also apparent. **Net commission income** also performed favourably: following the profitable year 2000 (€90.1 million), we posted a 9.2% increase to €98.4 million in 2001, contributed to by both commission income from ReiseBank/CashExpress and by loan commissions in Transport Finance, in particular from syndicated deals in Shipping and Aviation. Net commission income therefore rose by a notable 42.4% during the period from 1999 to 2001. At €5.5 million (-32.9%), **net profit on financial operations** could not match the results of 2000, thus continuing the development of the past three years. This is in line with our strategy. Given the ongoing reduction in business with "Sparda" banks, last year's results in foreign exchange and securities trading could not be sustained. The special effect of the increased return flow of the euro's legacy currencies impacted positively on trading in foreign notes and coins/precious metals.

At €157.6 million, **administrative expenses** in 2001 (including depreciation) across the Group exceeded the previous year (€131.5 million) by 19.8%. Full integration of DVBNedshipBank, for the first time, proved a significant factor in terms of staff and other administrative expenses. Increased investment in qualified international Transport Finance and Corporate Finance staff contributed to the 9.7% **rise in staff expenses**, from €60.0 million to €65.8 million. The 28.4% rise in **other administrative expenses** (including depreciation) from €71.5 million to €91.8 million was due to an increase in the need for consultancy services, arising from the implementation and stabilisation of our SAP platform, further IT outsourcing and legal advice from international law firms for our Transport Finance business. The expenditure factors referred to above are essential to ensure the continued enhancement of quality in our advisory and financing businesses, and thus safeguard our international competitive edge.

The increase in the **net other operating income/expenses** to €1.0 million (2000: € –0.3 million) is attributable to the release of provisions which were no longer needed.

	2001	2000	Change	
	€ mn	€ mn	€ mn	%
Net interest income	89.2	66.0	23.2	35.1
Net commission income	98.4	90.1	8.3	9.2
Net profit on financial operations	5.5	8.2	–2.7	–32.9
Group administrative expenses (incl. depreciation)	157.6	131.5	26.1	19.8
Staff expenses	65.8	60.0	5.8	9.7
Other administrative expenses	75.0	61.0	14.0	23.0
Depreciation	16.8	10.5	6.3	60.0
Net other operating income/expenses	1.0	–0.3	–	–
Operating profit before loan loss provisions	**36.5**	**32.5**	**4.0**	**12.3**
Net loan loss provisions	–17.2	1.1	–	–
Net other income/expenses	16.8	2.1	–	–
Profits from ordinary activities	**36.1**	**35.7**	**0.4**	**1.1**
Extraordinary expenses	–19.0	–	–19.0	–
Taxes	–5.8	–11.5	5.7	–
Return on capital contributions from silent partners	–6.8	–5.1	–	–
Net income	**4.5**	**19.1**	**–14.6**	**–76.4**

Profits from ordinary activities

Taking loan loss provisions into consideration, **profits from ordinary activities** amounted to €36.1 million, thus marginally exceeding the previous year (2000: €35.7 million). In spite of a significantly increased burden of net loan loss provisions, this was virtually compensated by a favourable increase in other income.

Our **loan loss allowance** totalling €117.9 million at the end of 2001 (2000: €115.7 million) comprises specific loan loss provisions of €114.9 million and general loan loss provisions of €3.0 million. Gross **additions** of €34.3 million and total releases of €17.1 million resulted in **net loan loss provisions** of €17.2 million.

Net other income and expenses rose from €2.1 million to €16.8 million: here, income was generated, in particular, through the sale of a 51% stake in DVB Processing GmbH and the increased valuation of DVB Group's remaining interest, and the sale of our shareholding in Deutsche Börse AG. In contrast, expenses were incurred on own-account securities holdings.

Risk provisions	2001 € mn	2000 € mn
Additions to loan loss provisions	34.3	26.4
Amounts released	–6.9	–18.0
Net new loan loss provisions	**27.4**	**8.4**
Release of provisioning for potential risks	–10.2	–9.5
Net loan loss provisions	**17.2**	**–1.1**
Revaluation results of securities held in the liquidity portfolio	–1.0	–1.3
Risk provisions reported in the profit and loss account	**16.2**	**–2.4**

Cost/income ratio

Increased costs were absorbed by higher income. At 77.7%, the cost/income ratio excluding depreciation of goodwill decreased slightly from the previous year (77.9%), while at 81.2%, the cost/income ratio including depreciation of goodwill was unchanged. We aim to improve this indicator over the years to come and envisage a reduction of the cost/income ratio (excluding depreciation of goodwill) to below 60%.

Net income and appropriation of profits

Conversely, **net income** posted a substantial 76.4% decline, from €19.1 million to €4.5 million. The 2001 financial statements were characterised by one-off special factors which represented a burden of €19.0 million in extraordinary expenses. Provisions were set aside for the social compensation plan agreed upon in the course of the CHANGE project, and for the pending legal dispute regarding the fine imposed by the EU.

No profits were retained in the 2001 financial statements. At the Annual General Meeting of Deutsche VerkehrsBank AG, a **cut in the dividend** to €1.50 per share will be proposed, which corresponds to a **dividend yield** of 1.67% on the basis of the year-end price of €90. The dividend is in line with the German banking industry. The **return on equity** (RoE) before taxes and excluding depreciation of goodwill fell from 15.1% to 6.8%, while including depreciation of goodwill, it fell from 13.5% to 4.1%. On a medium-term horizon, we are targeting a return on equity of 20% before taxes and excluding depreciation of goodwill for the DVB Group.

Development of DVB's ratings

On 30 August 2001, Standard & Poor's (S&P), the rating agency, downgraded their rating of DVB Group (long-term) from A- to BBB+, with a negative outlook. The main reasons cited by S&P were a reassessment of the DZ BANK Group and the uncertain strategic role of DVB Group within the co-operative banking sector in the future. S&P simultaneously confirmed the A-2 rating for the short-term.

On 25 September 2001, Moody's changed the outlook for its C financial strength rating from "stable" to "negative". The rating for the long- and short-term remained unchanged at A3/P-2, with a stable outlook.

Risk Report

It is the objective of DVB Group to generate optimum added value for our shareholders. This can only be achieved by taking risks within the context of set rules for such risk-taking. Our long-term success in international Transport Finance therefore depends greatly on a strictly organised risk management regime that needs to be optimised to match the requirements of our business. This is why we have developed an integrated risk and portfolio management system. Within this framework, a ground-breaking core process during 2001 was the development of a tailor-made internal rating model, which meets with the requirements set out by the Basel II Accord and supports the allocation of our equity capital among the different types of risk, and among business divisions.

Integrated risk management

Our focus on international Transport Finance resulted in the simultaneous market-oriented realignment of our organisational structures, whereby we also reviewed our risk management processes, and optimised both efficiency and effectiveness of risk management by clearly assigning responsibilities. Our risk management is based on the functional organisation of our risk management process and the co-operation of various Group divisional units within the framework of their respective responsibilities. Within this integrated structure, the Board of Managing Directors, under the auspices of its company policy objectives, determines the risks which are acceptable for DVB Group. Treasury, Controlling and in particular Group Risk Management (GRM), which was established in the second half of 2000, support the Board in carrying out this task. By monitoring the Group's loan portfolio and developing methods and models used to manage the entire bank's risk, GRM provides an important basis on which decisions are taken.

Types of risk

We classify the main types of risk under counterparty risk, market and liquidity risks, and operational and strategic risks.

Counterparty risk

This describes the risk of a partial or total default of a business partner's contractual payment obligations. Comprising lending, issuer, counterparty and country risks, it represents for us the most significant risk by far – in particular with regard to lending. We therefore optimised our risk management further in this sector during the year under review.

We manage or limit our **willingness to assume counterparty risk** as follows:

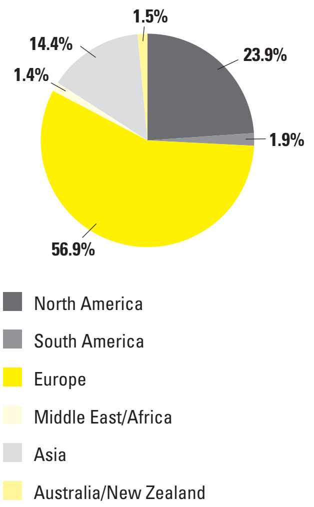
- The industry-specific lending policies defined by our Board of Managing Directors for our Transport Finance units, Aviation, Shipping and Land Transport, in conjunction with the corresponding limits, form the basis for appropriate risk assessment and portfolio development with respect to individual transactions.
- Within these lending policies, additional qualitative restrictions are applied to lending decisions, which are met jointly by the heads of the credit and loans departments and market divisions and, if they exceed a certain volume, by the Board of Managing Directors.
- We allocate the overall volume of risk-weighted assets, as approved by the Board of Managing Directors, among the individual portfolios.

Cautious lending principles form the basis on which credit is granted in Shipping, Aviation and Land Transport, whereby, as a matter of course, transactions are backed by collateral (aeroplanes, shipping vessels, train engines or carriages, heavy goods vehicles, buildings, etc.) and the term of the loan is limited in accordance with the relevant assets to be financed. Furthermore, the market value must significantly exceed the amount of credit of the asset to be financed, and the loan-to-value-ratio must decline over the term of the loan.

The **credit risk management structure** is in line with our business focus. An independent credit/risk management division is assigned to each of the three Transport Finance units, in order to ensure the necessary functional separation of marketing and lending. The responsibilities of the Frankfurt-based credit and loans units for Aviation and Land Transport include analysing clients' balance sheets and creditworthiness, and determining or verifying the plausibility of ratings. Proposals on decision-making, including the final assessment, are drawn up jointly with the relevant marketing division. Employees in the London and New York offices are also responsible for Aviation, while our risk management department in Rotterdam assumes the credit/risk management responsibilities for Shipping. All heads of the three credit/risk management units report directly to the Board of Managing Directors.

The significance of appropriately **determining and managing country risks** with regard to the international emphasis of our lending business is gaining constantly in importance. We plan and limit the country risks within the scope of overall management of the bank and in accordance with the country limit planning of the DZ BANK Group. For risk analysis purposes, in addition to own evaluations, we also use the analyses of DZ BANK's Economics Department and the current findings of the country-review committee, to which we have appointed one representative. The Board of Managing Directors reaches decisions on setting limits and their allocation within the DVB Group. Country limits are granted on the basis of uniform and conservative criteria, where we orient ourselves on the requirements and risk indicators which are used for subsidiaries in the DZ BANK Group. Country limits, which determine the framework for international business, are developed in a multi-stage process, whereby each country's risk is assessed under consideration of our ability to carry risk and our business strategy.

Breakdown of country risk



Loans are generally only granted to borrowers with **impeccable credit rating and against project-related collateral**. In international business, financing is generally secured by registered liens or assignment of interest in the respective project company, to ensure priority above other creditors in the event of liquidation. Furthermore, depending on the nature of individual transactions, the financing solutions are often structured to include additional agreements for the purpose of avoiding transfer and conversion risks, to ensure the payment and provision of, for example, an off-shore shipping financing loan.

Market risks

Market risks can arise from price fluctuations in the interest rate, equity and foreign exchange markets. Unfavourable changes to these parameters may impact negatively on the value of the bank's portfolio, thus resulting in a setback in profitability. The type and extent of the corresponding activities are limited and therefore deliberately involve a low level of risk. The existing conservative risk quantification and limitation structure takes this situation into account.

The Treasury division is responsible for managing the market risks in the investment portfolio. Trading portfolio risks are the domain of our money market, foreign exchange and securities trading desks. The asset-liability-management (ALM) steering committee, comprising the Chairman of the Board of Managing Directors and divisional heads of Treasury, Trading, GRM and Accounting, meets fortnightly. The committee appraises the market risk across the entire bank and reaches basic decisions on future risk orientation.

As determined in the Minimum Requirements for the Trading Activities of Credit Institutions issued by the German Federal Financial Services Supervisory Authority, a neutral trading control unit establishes market risks on a daily basis and checks compliance with the set limits. Defined procedures for escalation and the consideration of trading results (which are also determined on a daily basis) in setting limits for market risks ensure that potential risks can be identified at an early stage. Furthermore, trading control reports on a daily basis to the Board of Managing Directors, in accordance with the Minimum Requirements.

Treasury uses an asset/liability management system which compiles all the bank's necessary business data to carry out its management duties. This system also forms the basis for monitoring market risks, in that the risk-point-system incorporated determines the potential risk which could arise for the trading and investment portfolio across the bank, on the basis of the set volatilities for the relevant risk factors and resulting scenarios for interest rate fluctuations. We want to replace the existing market risk management approach, which is based on a scenario analysis, with a value-at-risk approach. This will measure the maximum potential future portfolio losses under actual market conditions during a set time period and with a specific degree of probability. We will jointly establish profits and market risk for each portfolio in future.

Liquidity risk

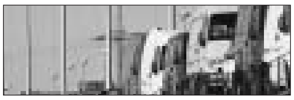
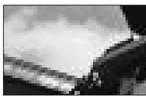
This comprises the possibility that current and future payment obligations may not be met within the specified time, or to the specified extent. It comprises potential additional refinancing expenditure, resulting from the necessity to borrow at interest rates which exceed the prevailing market level. Our liquidity risks are analysed and managed centrally. This is supported by Treasury guidelines laid down by the Board of Managing Directors, with responsibility held by Treasury, which reports to both the ALM steering committee and the entire Board of Managing Directors. Resolutions on particular refinancing projects are passed by the steering committee.

Anticipated cash flows are calculated, aggregated and offset by relevant money market counter-transactions on the basis of permanently updated plans for liquidity flows and cash flow forecasts. Liquidity planning is supported by a liquidity management and information system which integrates our various organisational units. The position limit system, which is designed in accordance with the liquidity ratio according to the German Banking Act, ensures that timely and appropriate corrective measures can be taken. Ample access to short-term money market liquidity, and extensive liquidity provisions and stand-by limits with renowned banks ensure adequate liquidity reserves. Extensive medium- and long-term refinancing measures strengthened the bank’s structural liquidity position further. The Liquidity Principle according to the German Banking Act was consistently adhered to during 2001.

Operational risks

These risks comprise potential capital depreciation through inadequate internal controls, processes and systems, through technical or human failure, operational interruptions and external events. In view of the new Capital Adequacy Directives, which are expected to come into force in 2006 and which anticipate capital backing for operational risks, these risks will represent a challenge for the years to come. Our corporate operational risks are managed by the relevant units responsible for operations, or are assessed and monitored by experienced external support within the framework of special projects such as SAP implementation. GRM is responsible for centrally coordinating and developing a system which applies across divisions and departments in order to continuously record and evaluate these risks. This system will represent a key issue in the year 2002.

As a significant part of corporate risks, operational risks will be reduced through increased automation and constant control of workflows, security provisions and not least, by qualified staff. The main priority in limiting operational risks is to constantly monitor workflows and adjust them according to structural changes within the Group. Our qualified staff, whose specific training ensures constant awareness and implementation of current developments, contribute substantially to eliminating risk. We also address this type of risk through substantial investment in new data processing systems, and the ongoing development of our IT infrastructure. A certain proportion of the risks are systematically covered through insurance within the framework of the DVB Global Insurance Programme.

The implementation of SAP on 2 January 2001 replaced our previous heterogeneous IT structure with a uniform data platform, with the objectives including increasing operational safety and meeting international requirements. During the course of SAP implementation, all settlement units were integrated in the Operations & Services division, and the responsibilities of existing settlement units were restructured to achieve consistent overall process control. This new structure should lead to a clear improvement in efficiency of workflows and to increased transparency of operational risks. Adjustment and optimisation processes, some of which were extensive, had to be carried out in 2001.
The stabilising phase was completed in the fourth quarter of 2001. Against the background of pending issues and projects for 2002, the planned implementation of SAP in DVB NedshipBank was postponed. DVB NedshipBank's system and platform used for Shipping Finance business activities will be used until SAP implementation at a later date.
To further improve our company security, we concluded a global IT outsourcing agreement with a renowned market leader in the IT sector as at 1 December 2001. The service level agreement comprises, in particular, our global and local networks, server management, client services and user help desk. IT strategy, IT management, IT project management, and management and support of all bank-specific applications will continue to remain in the bank's domain.

We will minimise any risks which are associated with the acquisition of DVB NedshipBank as a legally independent bank, by integrating them closely in the control mechanisms of DVB Group. We implemented the final necessary integration steps within the framework of the post-merger adaptation project quickly and in a targeted manner. All processes will be checked throughout the entire Group so as to optimise the effectiveness and efficiency of the workflows.

Legal risks arise from contractual agreements or legal frameworks, for example where claims against counterparties cannot be enforced or where the Group finds itself placed under an unintentional obligation. Careful reviewing of the contractual framework minimises this risk. Co-operation with internationally recognised and experienced law firms provides expertise in dealing with the extremely complex legal issues of international business.

In December 2001, the European Commission imposed penalty notices against Deutsche VerkehrsBank and four other German banks, because of alleged agreement in determining charges for exchanging euro zone currencies. A €14 million fine was imposed on Deutsche VerkehrsBank. We have filed an action at the European Court of First Instance in Luxembourg and are confident of winning the case.

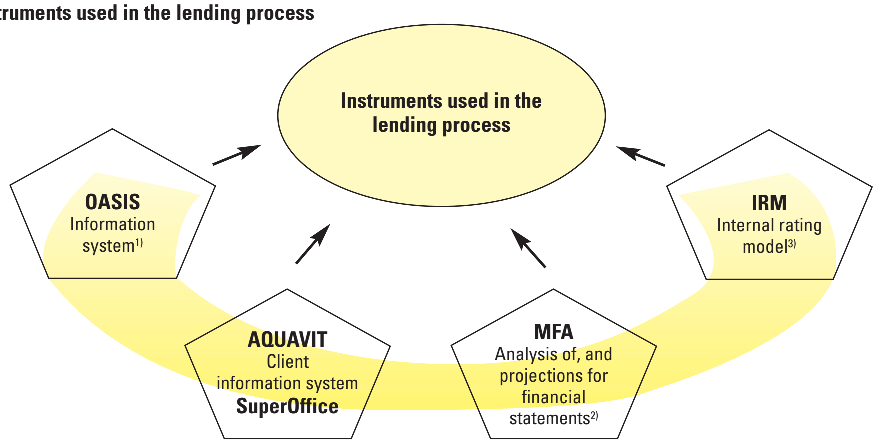
Strategic risks

These describe the risks of strategic positioning in a changing environment, including changes affecting the market, the clients we deal with, our competitors, the political/legal environment and changes in the laws applicable to our corporate structure. Strategic decisions control the orientation of DVB Group. Such decisions involve risks which could have a negative impact on the performance of our assets and business. Decisions of this dimension, for whom the entire Board of Managing Directors and, if applicable, the Supervisory Board are responsible, are met on the basis of in-depth analysis within the framework of closed-door strategy meetings or panels of experts.

The physical introduction of the euro on 1 January 2002 has had an immediate impact on ReiseBank's retail business in foreign notes and coins. The abolition of twelve European currencies will cause a setback in earnings. ReiseBank will compensate for this through strategic changes. ReiseBank and CashExpress, for example, are expanding their core expertise in retail trading of foreign notes and coins through new distribution channels (mail-order, Internet), new branches in countries at the periphery of the euro zone, and through a diversified product range.

Following the termination of "Sparda" banks' co-operation agreement with DVB Group on 18 July 2001, parts of the existing co-operation will therefore be transferred to other service providers. We initiated the CHANGE project at an early stage to ensure the transfer of these activities to service providers instructed by "Sparda" banks on the one hand, and the structural adjustments within DVB Group on the other. The project team is drawing up the necessary adjustment measures, in co-operation with the divisions involved. We are currently negotiating an agreement regarding the migration of functions to new service providers, whilst retaining the liquidity balancing function for "Sparda" banks at DVB Group on a medium-term horizon.

Instruments used in the lending process



[1)] Object Finance Administration and Security Information System
[2)] Moody's Financial Analyst replaces as an integrated platform existing applications across the Group as from 1 January 2002
[3)] Project (currently in the acceptance phase) which will replace the BVR rating system used at present during 2002

DVB Group portfolio management and control

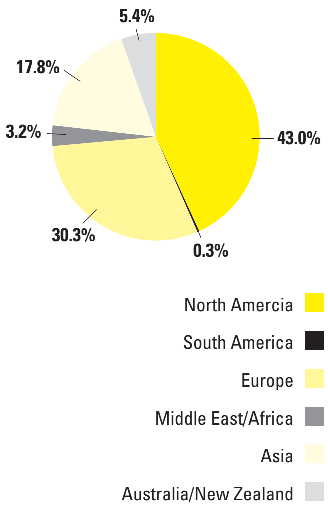
The OASIS (**O**bject Finance **A**dministration and **S**ecurity **I**nformation **S**ystem) database application, which was developed in-house, provides us with a tailor-made tool to analyse and manage our loan portfolio. OASIS allows us to compile all quantitative and qualitative data of all project-related loans necessary for managing the portfolio, enabling evaluation of the loan portfolio at very short notice. Also, information relevant to the portfolio is readily available so as to structure risk-reducing measures (e. g. asset-backed securitisations). OASIS is the key source of information for our internal rating model and, in conjunction with it, forms the basis for developing a portfolio model and implementing the RORAC approach (**R**eturn **O**n **R**isk **A**djusted **C**apital). Furthermore, by way of integration in the loan approval and administration processes, the system contributes substantially to minimising operational risks. Our aim is to also implement OASIS in DVB NedshipBank.

Aviation portfolio

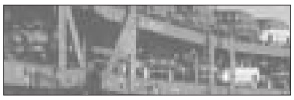
The year 2001 was characterised by falling growth rates worldwide, initially in the US and subsequently also in Europe and Asia. The events of 11 September 2001 came as an additional shock to markets that were already slightly recessionary at that point in time. The aviation market was affected immediately and quite severely, with airlines reducing capacity and cutting their staff levels. In addition to the immediate impact on international airlines, the secondary market values of aircraft were also subject to significant markdowns. Depending on the type and vintage of aircraft, these ranged between 10% and 50%.

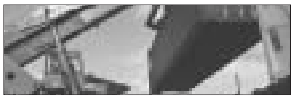
We established a task force immediately after the terrorist attacks, in order to come to terms with the individual risks associated with this situation in the Aviation division. We appointed an experienced specialist lawyer and skilled client and lending advisors to this "Aviation Restructuring Unit". In addition to checking risk, its role is to provide alternatives for restructuring loans or, in so far as it is necessary in individual cases, to pursue the realisation of collateral with a view to covering the loan and associated costs.

Geographical breakdown
– Aviation portfolio



Despite of the difficult economic environment and the state of emergency in air traffic, no loan loss provisions were necessary for our Aviation portfolio in 2001, in line with previous years. This favourable result reflects the consistent implementation of our restrictive lending policy. A decisive factor in recent years has always been to restrict our lending to marketable, modern aircraft with loan-to-value-ratios which provide sufficient reserves to cover a loss in value also in adverse market situations. We also continued to prefer syndicated loans which regularly involved several risk-bearing parties in the transactions. Guarantors or equity providers with impeccable credit rating have allowed us to preserve the low-risk structure of the portfolio, in particular with respect to transactions with airlines that have a weaker overall standing. Furthermore, our clients were able to weather the difficult market circumstances by reducing their capacity: in doing so, they shut down aircraft that were unencumbered or had largely been amortised already.



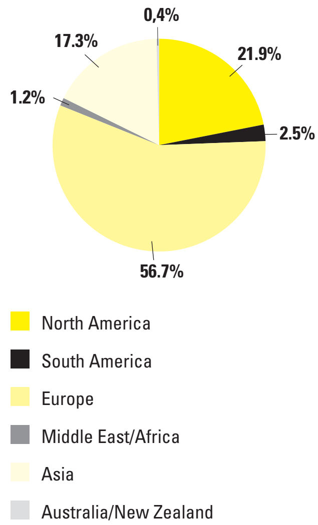


Shipping portfolio

Even before the terrorist attacks, shipping was severely burdened by very high levels of new deliveries, especially for tankers and container ships. This imbalance in supply and demand resulted in a marked decline in freight rates. A substantial slowdown for all types of ships was notable in 2001, although one must differentiate immensely between the individual segments of the shipping industry which follow their very own market cycles. The general decline in freight rates was in marked contrast to the record rates achieved in the previous year – 2000 was the shipping industry's best year since the 1970s.

We use an extensive early warning system to cover our exposure in the shipping sector. This defines requirements for the continuous review of lending exposure at reasonable intervals, for example, through differentiated risk classifications. Independent shipping valuation agencies value the bulk of the financed fleet on a regular basis. As a matter of routine, the transaction documentation comprises value maintenance clauses which, in the event that the provision of collateral falls below a reference value, we have a right to early partial repayments or extended provision of collateral. Despite the general slowdown in the shipping industry, the declining value of the global fleet and the accompanying downgrades of some companies' ratings, the proportion of DVB Group's lending volume that is exposed to risks is low, at less than 6% of aggregate lending in the Shipping portfolio.

Geographical breakdown – Shipping portfolio

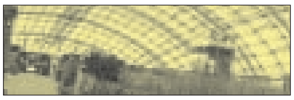


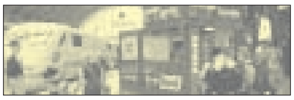
Land Transport portfolio

Thanks to its diversified portfolio structure, our Land Transport finance business was affected to a much lesser extent by the previously mentioned events. The effects were not felt on a global scale, nor were entire sectors burdened. In additional to general economic weakness, the most significant factors were those concerning partial sectors or regions.

Reduction of non-transport business

The scheduled 28.4% reduction to date of business with non-transport clients, from €0.67 billion to €0.48 billion, carried out by our so-called "D-marketing" teams based in Stuttgart and Berlin, should have progressed far enough by the end of 2002 that the settlement of remaining exposures can be merged at our Frankfurt/Main head office. Experienced credit and loans managers head both teams which are integrated through the close risk monitoring and management of DVB Group. Given that around 77.7% of our net loan loss provisions in 2001 was set aside for the legacy business with non-transport customers, our strategic orientation and efforts confirm our intention to reduce lending exposure outside our strategic focus as quickly as possible. The Special Credits Group, which is a part of the GRM unit, is developing restructuring concepts for lending exposures which are at risk of default, or have assumed the settlement of exposures which have already defaulted. Within the framework of an advisory approach, establishing a so-called watch list committee enabled us to engage restructuring specialists in good time. This allowed us to react quicker and more effectively when picking up warning signals.





Core process: developing an internal rating model for improved counterparty risk management

We paid particular attention to developing risk monitoring further in 2001. In addition to the measures described for individual types of risk, with the help of internationally experienced consultancies, we drew up the concept of an internal rating model which will be put to the test in the first half of 2002. A roll-out is planned for 2003 at Group level, providing us with a quantitative statistical model to determine lending and counterparty risks, which meets the requirements set out in the Basel II Accord.

The tailor-made internal rating model meets the challenges of the requirements of the Basel consultation papers and defines a standard for measuring risk in international Transport Finance.

The objectives are as follows:

- optimising counterparty risk management
- improving the assessment of clients' creditworthiness prior to approving loans
- gaining a competitive edge through lending conditions which are transparent and adequate in terms of risk and
- calculating the "credit value at risk" to enable the entire bank to be managed with a focus on profitability and risk

The model can be used to help set up a rating classification, determine adequate future capital backing requirements in line with the risks taken, and calculate anticipated losses. The rating-based default risk valuation facilitates the determination of "pure" rating levels based on considerations of creditworthiness alone, as well as a transaction-based rating. The calculation of anticipated losses results in a detailed profit contribution analysis, and will be included as a risk premium when setting margins.

Against the background of the approaches described in the Basel consultation papers (Standard, Foundation and Advanced Approach), given our focus on asset and project funding and the frequent absence of external client ratings, we decided to develop our own Advanced Approach. The Advanced Approach takes into consideration all types of collateral, for which we can provide valid evidence of realisation proceeds. Since our historical data does not allow us to determine the default probabilities adequately, the internal rating levels are matched against the external rating levels of an internationally renowned rating agency, which enables the determined default probabilities to be used (averages of the relevant rating classes) and provides access to a broader statistical basis. The new rating system is oriented on the provision set out in the Basel consultation papers, which require at least six good (performing) and two bad (non-performing) rating classes.

The model uses a bayesian belief network ("BBN" – a special application of probability theory) and discrimination analysis (DA) to determine the rating class. Both approaches use the most selective and accurate financial indicators. The quantitative results can then be modified by qualitative aspects (soft facts). The estimate of the loss given default (LGD), in other words the severity of the loss in the event of a borrower defaulting, is based on simulation calculations, which mainly use external expert ratings of the relevant financed object as the basis, and take into consideration the average loss in value and its fluctuation range. Within the framework of a cautious approach, the lower limit of a set confidence interval is used, which is derived from a large number of simulations. The exact method for calculating the LGD is specific to each business division and depends on the availability of external expert data. For this purpose, for example, various mark-up and discount factors may be taken into consideration. The most important methods are based on the discounted cash flow, which takes into consideration discounted income from leasing payments throughout the item's total useful life, and on the simulation of market value, which directly estimates the development of the item's value.

We will gather initial experience in the first half of 2002 through extensive production testing, during which the new rating approach will be used in parallel to existing rating systems, allowing us to build up corresponding data as early as January 2002. Ratings are determined by central units within the Transport Finance segments in close co-operation with GRM. Following an appropriate transitory period, the new DVB Rating will replace the existing rating systems across the entire Group. Regarding the necessary approval by the regulatory authorities, we have already established contact with the German Federal Financial Services Supervisory Authority, and the Bundesbank. The rating model was first presented to representatives of both regulatory authorities at the end of 2001 and was greeted with a positive response. The discussion with the regulatory authorities should continue this year, whereby we are aiming for speedy approval of our model. DVB Group will continue to invest further to develop its risk monitoring systems in the future, to refine both the internal risk management support for all types of risk and to safeguard the implementation of broader legal requirements, which arise in particular from the new capital adequacy rules for banks.

Corporate Governance

On 26 February 2002, the government commission set up by the German Federal Ministry of Justice in September 2001, presented the "German Corporate Governance Code". The purpose of the Code is to enhance transparency regarding German regulations in respect of company management and monitoring on behalf of domestic and international investors.

The code deals with the following five criticisms regularly voiced regarding the governance and legal structure of German companies:

- lack of emphasis on shareholders' interests
- the dual structure of corporate governance comprising a Board of Managing Directors and a Supervisory Board
- insufficient transparency of German corporate governance
- the lack of independent members of German Supervisory Boards, and
- limited independence of auditors

The "Code of Best Practice" comprises 50 internationally recognised standards of conduct and obligations of disclosure. As a self-regulatory "soft law", it complements the so-called "comply-or-explain" provision rule in the Transparency and Disclosure Bill, which is expected to come into force during this legislative period. Once enacted, the law obliges each company, which does not intend to adhere to the rules of the code in the future, to expressly restate its intentions each year and to give specific reasons to both investors and the general public.

The new code comprises in the main, the following recommendations:

- Remuneration of members of the Board of Managing Directors and the Supervisory Board should be based on the company's financial success.
- The Supervisory Board committees should convene more frequently.
- All shareholders should receive equal rights, i. e. ceilings for voting rights and multiple voting rights would therefore be abolished.
- The Internet should be used increasingly for the preparation and conduct of Annual General Meetings.
- Investors should be notified immediately of new facts communicated to financial analysts.

The following details outline the fact that we already meet many of the requirements which will apply in the future. Our Board of Managing Directors reports regularly on all company-related matters in the form of annual and interim reports, as well as press releases. We immediately publish – through ad-hoc disclosures – current facts that are likely to significantly influence the market price of our share. In this context, an extensive compliance system ensures that insider issues and conflicts of interest are dealt with appropriately. Our extensive financial reporting in the Annual Report comprises information on our shareholdings, charitable donations, members of the Board of Managing Directors' and the Supervisory Board's shareholdings in Deutsche VerkehrsBank AG and the total remuneration of the Board of Managing Directors, broken down into fixed and variable components. We have incorporated the necessary additions in the consolidated financial statements as outlined in the legal amendment for reporting in accordance with the German Commercial Code (HGB) as standard information for many years. We included the cash flow statement in the 1998 Annual Report and have provided segment reporting since 1999. The information mentioned is also available this year, in the Notes to the Financial Statements.

Much of this information is also available in real time on our website www.dvbgroup.com. Under the heading "Investor Relations" we provide current data in respect of the DVB Group, the financial calendar, the DVB share and DVB Group's activities in the financial markets. Information regarding financial analysis carried out by international rating agencies is also available together with details of preparations for our Annual General Meeting. We also offer a broad selection of files for download.

Events after 31 December 2001

New appointment to the Board of Managing Directors

At its meeting on 22 February 2002, the Supervisory Board of Deutsche VerkehrsBank AG appointed Mr Dagfinn Lunde as fourth member of the Board of Managing Directors of Deutsche VerkehrsBank AG, with effect from the same day.

New agreement with "Sparda" banks under negotiation

The co-operative "Sparda" banks terminated the previous co-operation agreement with DVB Group on 18 July 2001. We are currently negotiating a new agreement with the 15 "Sparda" banks, represented by their association (Verband der Sparda-Banken e.V.), regarding the migration of functions to new service providers, while maintaining the liquidity balancing function for "Sparda" banks at DVB Group in the medium term.

Termination of trading in foreign notes and coins/precious metals

Negotiations with DZ BANK Deutsche Zentral-Genossenschaftsbank AG regarding the re-transfer of trading operations in foreign notes and coins/precious metals to DZ BANK were unsuccessful. Therefore, this business unit is expected to be shut down in the course of 2002.

Other events

There were no other issues of material importance to the assessment of the income and financial situation of Deutsche VerkehrsBank AG and the Group after the 2001 year-end. Business development in the first months of 2002 is in line with the statements made in “Outlook”.

Outlook

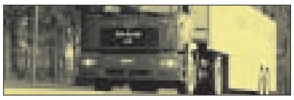
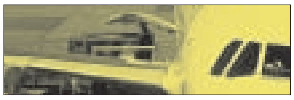
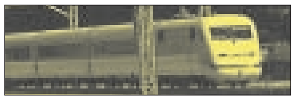
Prospects for international transport markets in 2002

Overall we expect 2002 to signal a return of the global economy to its long-term growth trend and a consolidation of the markets in which we operate.

There are indications that the **aviation market** will stabilise further in 2002. It is evident that a number of airlines, having shed capacity, are currently achieving normal passenger loads, a factor which will inevitably find reflection in operating results. Meanwhile, we expect financial markets to maintain their interest in specialised banks. Against this background our Aviation division is well positioned to expand its lending portfolio in a potentially favourable margin climate. No loan loss allowance was required for Aviation in 2001 and we are confident that our conservative lending policy, supported by low-risk financing structures, augurs well for 2002.

Our expectations that the **shipping market** will witness an increase in the decommissioning of older vessels are based on the prospect of low freight rates and the impact of the new IMO regulations (designed to heighten security and improve environmental protection) scheduled to come into effect in 2003. On the other side of the coin, however, a significant number of large container ships will come into operation in 2002: capacity that may well exceed demand. In view of the fact that we do not anticipate lower loading capacity across all shipping segments, we are no more than cautiously optimistic regarding the outlook for the shipping sector against the current economic background.

A trend in **Land Transport** that can be expected to continue during 2002 is the mounting disparity, in terms of profitability, between those companies that provide pure transport services and those that provide added value services such as high-quality logistics. Meanwhile, the financial sector is set to play an increasingly significant role in the funding of privately-owned land transport. New financing instruments and solutions will be required to facilitate the scale of investment that will be required in new infrastructure projects, new transport technology and new logistics concepts. We look forward to meeting these challenges.



DVB Group outlook for 2002

Particular attention will be paid to **stabilising and improving our ratings** by Standard & Poor's and Moody's. To this end we will take appropriate measures to increase our capital base while, at the same time, pressing ahead with the securitisation of our risk-weighted assets. Furthermore, we will also focus on the improvement of our return on equity.

DVB Group's **projected earnings growth** for the year 2002 represents qualitative growth rather than quantitative expansion of the portfolio. Our intention is to maintain our risk-weighted assets at similar levels to those that prevailed in 2001, rather than further expand our lending volume in Transport Finance. We are, however, aiming for a considerable increase in ordinary income. We expect **net interest income** to benefit from heightened focus on profit margins, while **net commission income** should grow significantly through our lead activities in syndicated loans and an increased number of Corporate Finance mandates. The development of the product range and branch network of ReiseBank and CashExpress will serve to compensate for the loss of commission income in the foreign notes and coins business incurred as a result of the introduction of the euro. Discontinuation of the historic arrangements with the co-operative "Sparda" banks will find reflection in a lower **net profit on financial operations**. This is in line with strategy. Taking into account our new IT-platform, launched in 2001, and the expansion of our overseas activities, **administrative expenses** may well show an increase. All in all, we expect **profits from ordinary activities** to remain at last year's level. In view of the fact that one-off extraordinary expenses will no longer apply, **net income** will increase accordingly. Our medium-term objective is to reduce the **cost/income ratio** (excluding depreciation of goodwill) to below 60%, while we are targeting a **return on equity** (before taxes and excluding depreciation of goodwill) of 20%.

Chairman's report on relations with affiliated companies in accordance with section 312 of the German Stock Corporation Act

Pursuant to sections 15 and 18 of the AktG, Deutsche VerkehrsBank AG is affiliated to DZ BANK Deutsche Zentral-Genossenschaftsbank AG and its Group companies. As at 31 December 2001, Deutsche VerkehrsBank AG has been included in the consolidated financial statements of DZ BANK Deutsche Zentral-Genossenschaftsbank AG. In accordance with section 312, subsection 3 of the AktG, the Board of Managing Directors has disclosed to the Supervisory Board the extent of the relationship with affiliated companies: "Adequate consideration was received by our company, in line with circumstances in which reportable transactions were carried out, of which the Board of Managing Directors were aware of at the time. During the year under review, the Board of Managing Directors did not agree on or neglect any reportable measures."

Balance Sheet, Profit and Loss Account

Assets (€ '000)				2001	2000
1. Cash reserve					
a) Cash on hand			69,394		80,087
b) Balances with central banks			132,864		39,497
Including: with Deutsche Bundesbank	131,842				39,497
c) Balances with Postbank			24		1,591
				202,282	**121,175**
2. Debt instruments of public-sector entities and bills of exchange eligible for refinancing at central banks					
a) Treasury bills, non-interest-bearing treasury notes and similar sovereign debt			—	—	—
Including: eligible for refinancing with Deutsche Bundesbank	—				—
b) Bills of exchange			—	—	49
Including: eligible for refinancing with Deutsche Bundesbank	—				49
					49
3. Placements with, and loans and advances to, other banks					
a) Payable on demand			521,519		88,562
b) Other placements, loans and advances			2,038,795		1,754,990
				2,560,314	**1,843,552**
4. Loans and advances to customers				**6,857,719**	**6,243,787**
Including: Secured by mortgage charges	—				—
Loans to local authorities	268,012				299,052
5. Bonds and other fixed-income securities					
a) Money market instruments					
aa) Public-sector issuers		—			—
ab) Other issuers		—	—		—
b) Bonds and notes					
ba) Public-sector issuers		20,664			19,844
Including: Securities eligible as collateral with Deutsche Bundesbank	7,790				
bb) Other issuers		850,512	871,176		627,916
Including: Securities eligible as collateral with Deutsche Bundesbank	370,590				
c) Own debentures			—		—
Nominal amount	—				
				871,176	**647,760**
6. Equities and other non-fixed income securities				**233,244**	**234,066**
7. Participating interests					
a) Participating interests			21,297		17,105
Including: Interests in banks	296				296
b) Members' capital contributions in co-operative societies			39		29
Including: Co-operative banks	36				26
				21,336	**17,134**
8. Interests in affiliated companies				**5,010**	**1,290**
Including: Interests in banks	1,226				
Including: Interests in financial services providers	1,063				
9. Intangible assets				**133,446**	**129,714**
10. Fixed assets				**49,240**	**21,387**
11. Treasury shares				**152**	**131**
Nominal amount	43				35
12. Other assets				**31,164**	**201,383**
13. Deferred items				**7,182**	**10,181**
Total assets				**10,972,265**	**9,471,609**

Liabilities and capital (€ '000)				2001	2000
1. Liabilities to banks					
a) Payable on demand			2,430,365		1,735,968
b) With agreed term or period of notice			2,987,302		2,973,307
				5,417,667	**4,709,275**
2. Liabilities to customers					
a) Savings deposits					
aa) With agreed period of notice of three months		—			—
ab) With agreed period of notice of more than three months		—	—		—
b) Other liabilities					
ba) Payable on demand		1,033,496			1,064,879
bb) With agreed term or period of notice		1,676,717	2,710,213		1,430,628
				2,710,213	**2,495,507**
3. Certificated liabilities					
a) Bonds issued			1,924,947		1,505,898
b) Other certificated liabilities			28,367		15,000
				1,953,314	**1,520,898**
Including: Money market instruments	28,367				15,000
Including: Own acceptances and promissory notes outstanding	—				—
4. Other liabilities				**107,525**	**44,834**
5. Deferred items				**5,101**	**5,118**
6. Provisions					
a) Provisions for pensions and similar obligations			8,567		8,164
b) Tax provisions			11,565		10,013
c) Other provisions			48,539		31,148
				68,671	**49,325**
7. Special item with partial reserve character				**524**	**524**
8. Subordinated liabilities				**210,523**	**141,576**
9. Profit-participation certificates				**164,476**	**164,476**
Including: Maturing within two years	—				—
10. Fund for general banking risks				—	—
11. Capital and reserves					
a) Subscribed capital					
aa) Issued share capital		76,776			76,694
ab) Silent partnership certificates		77,500			77,500
			154,276		154,194
b) Capital reserve			106,639		106,470
c) Retained earnings					
ca) Legal reserve		1,790			1,790
cb) Reserve for treasury shares		152			131
cc) Statutory reserves		—			—
cd) Other retained earnings		66,670			66,691
			68,612		
d) Distributable profit			4,724		10,800
				334,251	**340,076**
Total liabilities and capital				**10,972,265**	**9,471,609**
1. Contingent liabilities					
a) Liabilities on guarantees and indemnity agreements			534,932		562,610
				534,932	**562,610**
2. Other commitments					
c) Irrevocable loan commitments			1,143,893		986,130
				1,143,893	**986,130**

€ '000				2001	2000
1. Interest income from					
a) Lending and money market business		486,534			370,221
b) Fixed-income securities and government debt		43,051	529,585		43,020
2. Interest expenses			451,666		365,599
				77,919	**47,642**
3. Current income from					
a) Equities and other non-fixed income securities			7,969		15,639
b) Participating interests and capital contributions in co-operative banks			1,238		596
c) Interests in affiliated companies			2,126		2,183
				11,333	**18,418**
4. Commission income			109,566		105,457
5. Commission expenses			11,188		15,347
				98,378	**90,110**
6. Net profit on financial operations				**5,557**	**8,236**
7. Other operating income				**3,743**	**3,364**
8. Income from the reversal of special items with partial reserve character				**0**	**2,305**
9. General administrative expenses					
a) Staff expenses					
aa) Wages and salaries		54,622			48,021
ab) Compulsory social security contributions and expenses for pensions and other employee benefits		11,219	65,841		11,959
Including: Retirement benefits	4,200				5,077
b) Other administrative expenses [1)]			75,018		61,032
				140,859	**121,012**
10. Depreciation/write-offs of intangible and fixed assets				**16,773**	**10,534**
11. Other operating expenses				**2,770**	**3,686**
12. Depreciation/write-offs on claims and certain securities, additions to loan loss provisions (2000: income)			16,207		2,363
				16,207	**2,363**
13. Income from write-ups to participating interests, shares in affiliated companies and securities held as fixed assets (2000: depreciation/write-downs)			15,757		1,480
				15,757	**1,480**
14. Profits from ordinary activities				**36,078**	**35,726**

€ '000			2001	2000
15. Extraordinary expenses			**19,000**	**0**
16. Income taxes			**5,752**	**11,447**
17. Other taxes not reported under item #11 [1]			**24**	**12**
18. Profits transferred under a profit pool, profit transfer agreement or partial profit transfer agreement			**6,797**	**5,125**
19. Net income			**4,505**	**19,142**
20. Profit carried forward			**219**	
21. Transfer to retained earnings				
a) Amounts transferred to other retained earnings		0		8,342
			0	**8,342**
22. Distributable profit			**4,724**	**10,800**

[1] *In 2000 €221,000 was transferred from Other taxes to Other administrative expenses.*

Assets (€ '000)				2001	2000
1. Cash reserve					
a) Cash on hand			21,960		33,306
b) Balances with central banks			131,691		39,292
Including: with Deutsche Bundesbank	131,691				39,292
c) Balances with Postbank			—		—
				153,651	**72,598**
2. Debt instruments of public-sector entities and bills of exchange eligible for refinancing at central banks					
a) Treasury bills, non-interest-bearing treasury notes and similar sovereign debt			—	—	—
Including: eligible for refinancing with Deutsche Bundesbank	—				
b) Bills of exchange			—	—	49
Including: eligible for refinancing with Deutsche Bundesbank	—				49
					49
3. Placements with, and loans and advances to, other banks					
a) Payable on demand			561,190		110,805
b) Other placements, loans and advances			4,978,220		3,995,127
				5,539,410	**4,105,932**
4. Loans and advances to customers				**3,724,070**	**3,397,440**
Including: Secured by mortgage charges					
Loans to local authorities	268,012				299,052
5. Bonds and other fixed-income securities					
a) Money market instruments					
aa) Public-sector issuers		—			—
ab) Other issuers		—	—		—
b) Bonds and notes					
ba) Public-sector issuers		20,664			19,844
Including: Securities eligible as collateral with Deutsche Bundesbank	7,790				
bb) Other issuers		835,149	855,813		609,096
Including: Securities eligible as collateral with Deutsche Bundesbank	370,590				
c) Own debentures			—		—
Nominal amount	—				
				855,813	**628,940**
6. Equities and other non-fixed income securities				**233,244**	**234,066**
7. Participating interests					
a) Participating interests			17,858		11,810
Including: Interests in banks	296				296
b) Members' capital contributions in co-operative societies			39		29
Including: Co-operative banks	36				26
				17,897	**11,839**
8. Interests in affiliated companies				**454,958**	**445,553**
Including: Interests in banks	371,976				352,299
Including: Interests in financial services providers	82,881				75,259
9. Intangible assets				**5,747**	**6,173**
10. Fixed assets				**6,650**	**7,506**
11. Treasury shares				**152**	**131**
Nominal amount	43				35
12. Other assets				**23,748**	**191,442**
13. Deferred items				**4,725**	**5,478**
Total assets				**11,020,065**	**9,107,147**

Balance Sheet of Deutsche VerkehrsBank Aktiengesellschaft at 31 December 2001

Liabilities and capital (€ '000)				2001	2000
1. Liabilities to banks					
a) Payable on demand			2,406,670		1,735,826
b) With agreed term or period of notice			3,087,861		2,647,256
				5,494,531	**4,383,082**
2. Liabilities to customers					
a) Savings deposits					
aa) With agreed period of notice of three months		—			—
ab) With agreed period of notice of more than three months		—	—		—
b) Other liabilities					
ba) Payable on demand		1,004,606			991,780
bb) With agreed term or period of notice		1,638,043	2,642,649		1,415,187
				2,642,649	**2,406,967**
3. Certificated liabilities					
a) Bonds issued			1,924,947		1,505,898
b) Other certificated liabilities			28,367		15,000
				1,953,314	**1,520,898**
Including: Money market instruments	28,367				15,000
Including: Own acceptances and promissory notes outstanding	—				—
4. Other liabilities				**90,545**	**30,342**
5. Deferred items				**4,377**	**4,119**
6. Provisions					
a) Provisions for pensions and similar obligations			8,474		8,102
b) Tax provisions			2,209		2,966
c) Other provisions			41,098		23,664
				51,781	**34,732**
7. Special item with partial reserve character				**524**	**524**
8. Subordinated liabilities				**210,523**	**141,576**
9. Profit-participation certificates				**164,476**	**164,476**
Including: Maturing within two years	—				
10. Fund for general banking risks				**79,390**	**86,652**
11. Capital and reserves					
a) Subscribed capital					
aa) Issued share capital		76,776			76,694
ab) Silent partnership certificates		77,500			77,500
			154,276		154,194
b) Capital reserve			106,639		106,470
c) Retained earnings					
ca) Legal reserve		1,278			1,278
cb) Reserve for treasury shares		152			131
cc) Statutory reserves		—			
cd) Other retained earnings		60,886			60,906
			62,316		
d) Distributable profit			4,724		10,800
				327,955	**333,779**
Total liabilities and capital				**11,020,065**	**9,107,147**
1. Contingent liabilities					
a) Liabilities on guarantees and indemnity agreements			874,581		1,042,432
				874,581	**1,042,432**
2. Other commitments					
c) Irrevocable loan commitments			2,172,062		2,100,985
				2,172,062	**2,100,985**

€ '000			2001	2000
1. Interest income from				
a) Lending and money market business	403,420			284,206
b) Fixed-income securities and government debt	42,062	445,482		41,545
2. Interest expenses		418,916		309,611
			26,566	**16,140**
3. Current income from				
a) Equities and other non-fixed income securities		7,969		15,639
b) Participating interests and capital contributions in co-operative banks		1,238		596
c) Interests in affiliated companies		28,036		25,983
			37,243	**42,218**
4. Income from profit pools, profit transfer agreements and partial profit transfer agreements			**17,797**	**13,438**
5. Commission income		35,185		39,763
6. Commission expenses		10,973		14,233
			24,212	**25,530**
7. Net profit on financial operations			**6,516**	**8,478**
8. Other operating income			**12,469**	**24,865**
9. Income from the reversal of special items with partial reserve character			**0**	**2,305**
10. General administrative expenses				
a) Staff expenses				
aa) Wages and salaries	31,107			28,444
ab) Compulsory social security contributions and expenses for pensions and other employee benefits	5,687	36,794		6,209
Including: Retirement benefits 2,158				2,299
b) Other administrative expenses [1)]		45,414		40,067
			82,208	**74,720**
11. Depreciation/write-offs of intangible and fixed assets			**6,278**	**3,596**
12. Other operating expenses			**2,476**	**2,770**
13. Depreciation/write-offs on claims and certain securities, additions to loan loss provisions		7,602		11,277
			7,602	**11,277**
14. Depreciation of, and write-downs on participating interests, shares in affiliated companies and securities held as fixed assets (2000: income)		2,269		67,379
			2,269	**67,379**
15. Expenditure for assumption of losses			**0**	**49**

Profit and Loss Account of Deutsche VerkehrsBank Aktiengesellschaft for the period from 1 January to 31 December 2001

€ '000			2001	2000
16. Income from amounts released from the fund for general banking risks (2000: transfer to fund for general banking risks)			**7,261**	**86,652**
17. Additions to special items with partial reserve character				**0**
18. Profits from ordinary activities			**31,231**	**21,289**
19. Extraordinary expenses			**19,000**	**0**
20. Income taxes			**929**	**2,806**
21. Profits transferred under a profit pool, profit transfer agreement or partial profit transfer agreement			**6,797**	**5,125**
22. Net income			**4,505**	**13,358**
23. Profit carried forward			**219**	
24. Transfer to retained earnings				
a) Amounts transferred to other retained earnings		0		2,558
			0	**2,558**
25. Distributable profit			**4,724**	**10,800**

[1] In 2000 €221,000 was transferred from Other taxes to Other administrative expenses.

Notes to the Financial Statements

Notes to the Financial Statements of DVB Group and Deutsche VerkehrsBank AG as at 31 December 2001

Preliminary remarks

The annual financial statements of Deutsche VerkehrsBank AG and the consolidated financial statements for the 2001 business year were prepared in accordance with the provisions of the German Commercial Code (HGB), the German Accounting Directive for Banks (RechKredV) and the regulations of the German Stock Corporation Act (AktG).

The notes to the Financial Statements of DVB Group and Deutsche VerkehrsBank AG have been combined. Unless indicated otherwise, the explanatory notes apply to both sets of financial statements. The subdivisions required for co-operative central institutions are also included in the balance sheet structure. As a general rule, explanatory notes to both the balance sheet and the profit and loss account have been included in the notes.

The possibilities of set-off permitted by the provisions of the German Commercial Code and the German Accounting Directive for Banks have been utilised.

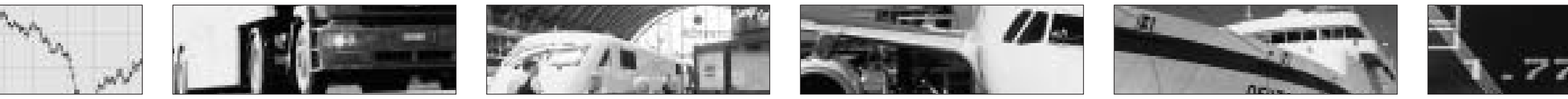
Consolidated group of companies

The consolidated group of companies in accordance with section 294 of the German Commercial Code comprises the majority stakes of Deutsche VerkehrsBank AG which fall under unified management, i. e. DVB Holding GmbH, Frankfurt/Main, International Transport Finance Ltd. (ITFL), London, and Nedship Bank N.V., Rotterdam, as well as these companies' subsidiaries (see overview of affiliates on pages 96-98). All of the above companies are wholly owned by Deutsche VerkehrsBank AG.

Majority stakes which do not fall under unified management, have not been included. Likewise, in accordance with section 296 (2) of the German Commercial Code, companies of minor importance have also not been included in the consolidated financial statements.

Consolidation policies

The financial statements of the companies included in the consolidated financial statements have been prepared as per the Group balance sheet date.
Capital was consolidated at book value. Any shareholders' equity acquired on a pro-rata basis is set off at cost at the time of acquisition. Positive goodwill is disclosed under intangible assets and depreciated over its useful life.
All claims and liabilities as well as income and expense existing between enterprises included in the consolidated financial statements have been set off. Intra-group profits were eliminated in line with section 304 of the German Commercial Code.



Accounting and valuation principles

The financial statements of all companies included in the consolidated financial statements have been prepared in accordance with the uniform accounting and valuation principles of Deutsche VerkehrsBank AG.

Receivables (asset items 3 and 4) are reported at their nominal values. A sufficient risk provision has been set aside for receivables vulnerable to default. Based on the credit event ratio experienced over the past five financial years, we have set aside general loan loss provisions for potential lending risks. Premiums paid and discounts received are carried as prepaid expenses/deferred income and are recognised as income or expense over the capital commitment period on a pro-rata basis (previous year: straight line method).

Fixed-income securities held as investments or as part of current assets (asset item 5) and **special funds** (asset item 6) are valued at the lower of cost or market at their historical cost or lower market value. The requirement to reinstate original values (pursuant to the German Tax Relief Act 1999/2000/2002; section 280 (1) of the German Commercial Code) has been complied with. **Participating interests** (asset item 7) are carried at historical cost or fair value (if lower). Stakeholdings resulting from contributions are carried at their fair value on the date the contribution was made.

Fixed assets (asset item 10) are carried at purchase or production costs reduced by depreciation on a pro-rata basis. Additions to moveable assets have been depreciated using the declining balance method. Any moveable assets added in the first half of the year have been depreciated at the full annual amount, whereas any such assets added in the second half have been depreciated at half the annual amount. Low-value assets are written down in full in the year of acquisition.

A fixed value was set for the **inventories of forms.**

Liabilities (liabilities items 1 and 2) are carried at the amounts to be repaid. Any discounts paid are carried as prepaid expenses and written back over the capital commitment period on a pro-rata basis (previous year: straight line method).

Provisions for pensions (liabilities item 6) are calculated on the basis of an actuarial opinion and valued by way of the cost ("Teilwert") method. The calculations are based on the actuarial tables of 1998, published by Dr Klaus Heubeck, applying an interest rate of 6.0% p.a. In agreement with the HFA statement 3/98 of the German Institute of Auditors (IDW) the Bank increased its pension provisions during the 2001 business year by a further 25% of the balance (€140,000) resulting from the calculation carried out for the previous business year based on the obsolete actuarial tables of 1983. The other provisions are measured in such a way as to account for all identifiable risks.

The provisions for anniversary celebrations are allocated at tax-allowable values.

The translation of receivables, liabilities, securities and interests and tangible assets held in **foreign currency** as well as pending cash transactions is carried out at the spot rate in accordance with statement 3/1995 issued by the Banking Committee of the German Institute of Auditors (BFA) while the translation of pending forward contracts is carried out at the relevant forward rate. Any currency translation gains arising from collateralised items are identified in the profit and loss account. To the extent that these positions are not specifically covered, any gains are set off against translation losses in the same currency.

Foreign subsidiaries of Deutsche VerkehrsBank AG that carry out currency transactions are refinanced using liabilities with matching maturities. Any interests held are therefore identified in the subsidiary's functional currency and valued at current exchange rates. The results of foreign subsidiaries and the bank's own foreign branches are translated at average monthly rates.

Derivative financial instruments are valued at the principles set out in the statements 2/93 and 2/95 issued by the Banking Committee of the German Institute of Auditors, applying section 340 h of the German Commercial Code accordingly. Using objective criteria, valuation units have been created among both this product group and with selected traditional financial instruments. Collateralised items are valued in accordance with the principle of loss-free valuation.

Foreign notes and coins are valued at the bid rate for banks.

The annual results of any subsidiaries in which the bank holds a majority interest are allocated to Deutsche VerkehrsBank AG within the relevant periods by way of a profit and loss transfer or corresponding shareholders' resolutions.

Explanatory notes to the individual balance sheet items

Other placements with, and loans and advances to banks with an agreed maturity or period of notice (asset item 3b) have a residual term of:

	2001		2000	
€ mn	**DVB AG**	**Group**	DVB AG	Group
Less than three months	3,523.2	1,675.9	2,838.3	1,255.2
Minimum of three months but less than one year	1,094.0	156.5	837.0	228.2
Minimum of one year but less than five years	239.8	115.7	164.9	145.5
Five years or longer	121.2	90.7	154.9	126.1
Total	**4,978.2**	**2,038.8**	**3,995.1**	**1,755.0**

The total amount of other placements with, and loans and advances to banks for both DVB AG and the Group also comprises loans and advances to affiliated enterprises totalling €3,273.5 million within DVB AG (Group: €230.5 million) including €2,997.4 million to Nedship Bank N.V., €228.0 million to DZ BANK Deutsche Zentral-Genossenschafts-bank, Frankfurt/Main, €45.2 million to ReiseBank AG, Frankfurt/Main, and loans and advances to affiliated "Sparda" banks totalling €345.2 million.

There are no claims to companies in which a participating interest is held.

An amount of €1,180.9 million has been invested in form of secured lending agreements.

DVB AG holds subordinated claims totalling €61.8 million (Group: €5.1 million).

Loans and advances to customers (asset item 4) have a residual term or period of notice of:

	2001		2000	
€ mn	**DVB AG**	**Group**	DVB AG	Group
Payable on demand	176.4	172.5	150.0	127.8
Less than three months	398.0	430.8	479.5	575.1
Minimum of three months but less than one year	223.5	509.1	238.3	525.6
Minimum of one year but less than five years	1,210.7	2,725.1	971.7	2,322.4
Five years or longer	1,715.5	3,020.2	1,557.9	2,692.8
Total	**3,724.1**	**6,857.7**	**3,397.4**	**6,243.7**

Of the total DVB AG amount, €251.5 million is related to loans and advances to affiliated companies and €17.7 million to companies in which a participating interest is held. At a Group level, €27.3 million is related to loans and advances to affiliated companies. The item loans and advances includes subordinated shareholder loans to subsidiaries totalling €4.2 million.

The item **bonds and other fixed-income securities** of DVB AG (asset item 5) includes securities negotiable at a stock exchange of €820.7 million and €35.1 million securities not negotiable at a stock exchange. Of the total securities €761.5 million are exchange-listed. These securities are valued at the lower of cost or market.

Bonds and other securities to the tune of €155.3 million (nominal value) will mature in 2002.

This includes €25.4 million for bonds and notes from affiliated companies.

The item **equities and other non-fixed income securities** of DVB AG (asset item 6) totalling €233.2 million includes proprietary interests from three special funds included in the fixed assets.

Group companies and other interests held by Deutsche VerkehrsBank AG

KRAVAG Holding AG, Hamburg, holds a 10% interest in Deutsche VerkehrsBank AG, Frankfurt/Main. This cross-shareholding is held as part of a co-operation agreement.

	Interest in % of capital	Book value of investment in €	Net profit/ loss in €	Equity in €
I. Companies included in consolidated financial statements				
Deutsche VerkehrsBank AG, Frankfurt/Main		–	–	–
DVB Holding GmbH, Frankfurt/Main	100	79,237,323		10,455,782
ReiseBank AG, Frankfurt/Main [1)]			17,523,681	10,624,211
Cash Express GmbH, Frankfurt/Main [1)]			273,547	242,864
International Transport Finance Limited, London [2)]	100	16,434	1,971,046	1,987,480
Nedship Bank N.V., Rotterdam [2)]	100	371,976,419	24,129,117	263,647,613
Nedship Shipping B.V., Rotterdam	100	2,144,510	14,677	2,129,833
Shipping Capital B.V., The Hague	100	5,865,281	394,155	5,471,126
Hollandse Scheepsbank Hypotheekbank N.V., Rotterdam	100	664,932	30,462	634,470
Illios Tourist Houses Development Ltd., Piraeus	100	1	0	1
Nedship Merchant Bank (Asia) Ltd, Singapore	100	72,822,048	7,342,229	65,479,819
Nedship Financial Consultants E.P.E., Piraeus, Greece	100	573,797	137,821	435,976
Nedship International Inc., Greenwich, CT 06830/USA	100	1,300,943	244,242	1,056,701
Nedship Bank (America) N.V., Curaçao	100	113,574,151	6,733,171	106,840,980
Nedship Participation (Norway B.), Rotterdam	100	509,346	89,496	419,850
Infifon XI B.V., The Hague	100	26,268	–1,874	28,142
Participate Maatschappij Majestic B.V., Groningen	100	22,689	106,398	–83,709
Scheepvaart Maatschappij Peter B.V., Rotterdam	100	45,378	–207,773	253,151
Infifon 111 B.V., The Hague	100	635,292	56,341	578,951
Sea Sparrow Shipping Co., Nicosia	100	0	0	0
Everhard Beleggingen B.V., Rotterdam	100	907,560	48,172	859,388
Scheepvaart Maatschappij Ewout B.V., Rotterdam	100	13,855	648	13,207
Nedship Scheepvaarthuis B.V., Rotterdam	100	–590,044	–160,220	–429,824
Beheer-en Beleggingsmaatschappij Elrosa B.V., Rotterdam	100	16,897	816	16,081
Shipping Capital Antilles N.V., Curaçao	100	19,822,606	1,005,717	18,816,889
N & M ONE N.V., Curaçao	100	157,013	5,096	151,917
AER Holdings N.V., Curaçao	100	23,413	–7,364	30,777
Loryma Navigation Ltd., Cyprus	100	0	0	0
Marigenia Shipping Comp. Ltd., Cyprus	100	0	0	0
Oscar Express Ferries Ltd., Cyprus	100	0	0	0
Marelite Marine Comp. Ltd., Cyprus	100	0	0	0
Navyarrow Shipping LIMITED, Nicosia	100	0	0	0
Elisabeth Navigation Ltd., Cyprus	100	0	0	0
Laura Shipping Ltd., Valetta	100	0	0	0
Beheer-en Beleggingsmaatschappij Holuco B.V., Utrecht	100	–63,365	–2,661	–60,704

	Interest in % of capital	Book value of investment in €	Net profit/ loss in €	Equity in €
Caseforum Holding Ltd., Nicosia	100	0	0	0
Kalydna Compania Naviera S.A., Panama	100	0	0	0
Seaspectrum Shipping Ltd., Nicosia	100	0	0	0
Netherlands Shipmortgage Corporation Ltd., Hamilton	100	0	0	0
Navy Arrow Shipping Ltd., Nicosia, Cyprus	100	0	0	0
II. a.) Affiliated companies not included in the consolidated financial statements				
DVB LogPay GmbH	100	100,000		3)
Zweite GfW Gesellschaft für Waggonleasing mbH & Co.KG, Hamburg	99.50	5,087		3)
DVL Deutsche Verkehrs-Leasing GmbH, Eschborn	39.00	1,001,406		3)
CashExpress, Prague	100	56,105		3)
Sextant Finance (Holding) Ltd., Brit. Virg. Isl. (Navigation)	50.00	1,226,192	999,100	227,092
Union-Fonds-Holding AG, Frankfurt/Main	2.114	2,620,949		3)
II. b.) Companies not included in the consolidated financial statements				
DVB Processing GmbH, Frankfurt/Main	49.00	8,817,656	1,439,382	61,250
LDZ Weil am Rhein, Finanzberatung GBR, Weil/Rhine	33.30	256		3)
Crosby Court GmbH & Co. KG, Eschborn	100.00	102,258	3,294,427	0
Liquiditäts-Konsortialbank GmbH, Frankfurt/Main	0.23	295,743		3)
Münchener Hypothekenbank eG, Munich	500 shares	35,000		3)
Neerlandic B.V., Groningen	25.00	1	0	1
C.V. Scheepvaartondememing Neerlandic, Groningen	25.00	0	–342,150	1
West Supply III AS, Haugesund	22.22	63,614	0	63,614
West Supply III KS, Haugesund	22.22	535,820	0	535,820
B.V. Majestic, Rotterdam	25.00	–1	0	0
C.V. Scheepvaartondememing Majestic, Groningen	25.00	622,204	154,379	467,824
C.V. Motorschip "Sunreef", Rotterdam	45.00	285,169	–75,841	361,011
Ship Investment, Curaçao	33.33	0	174,787	–174,787
Navalight Shipping Limited (Leandros), Cyprus	25.00	181,512	–45,378	226,890
Sascha Investissement SAS, Paris	50.00	1,477,510	202,683	1,274,825
Anna Elisabeth B.V., Veere	20.00	17,785	0	17,785

	Interest in % of capital	Book value of investment in €	Net profit/ loss in €	Equity in €
Anna Gabriele B.V., Veere	20.00	17,785	0	17,785
Anna Catharine B.V., Veere	20.00	17,785	0	17,785
Anna Constance B.V., Veere	20.00	17,785	0	17,785
Navigations Finance Corp. N.V., Brit. Virgin Islands	100.00	0	0	0
Diving Workovers Contractors Amethyst N.V., Curaçao	11.11	1	–2,720,852	2,720,852
Oceanline Shipping Limited, Cyprus	50.00	0	0	0
Oceanterm Shipping Limited, Cyprus	50.00	0	0	0
Buccaneer Navigation Ltd., Bahamas	100.00	0	0	0
Port Caroline SCS, Paris	73.50	0	0	0
Rederij M.S. Prins Alexander, Rotterdam	5.00	0	–93,874	93,874
Gemeenschappelijk Belang "Scheepvaart" C.V., Breskens	33.33	0	0	0
Motorship European Express C.V., Breskens	30.65	0	0	0
C.V.M.S. "Inger", Delfzijl	10.00	173,991	–7,521	181,512
Carisbrooke Shipping CV 2, Rotterdam	0,69	13,830	–1,431	15,261
Carisbrooke Shipping CV 3, Rotterdam	0.69	13,830	–1,568	15,399
Leuvestein V.O.F, Rotterdam	33.33	0	0	0
Subsea & Workover Contractors B.V., Rotterdam	22.22	0	0	0
III. Other investments of economic importance [3]				
KRAVAG-HOLDING AG, Hamburg	10.00	8,634,697		

1) There is a profit and loss transfer agreement with Deutsche VerkehrsBank AG

2) Net profit distributed to Deutsche VerkehrsBank AG within the relevant period

3) The option given in section 286 (3) sentence 1, no. 1 of the German Commercial Code was utilised with regard to the figures for the net profit/loss and equity capital.

Fixed assets and non-trading assets

DVB AG investment overview

	Purchase/production cost 01 Jan 2001 €'000	Additions €'000	Disposals €'000	Exchange rate changes €'000	Reclassi-fications €'000	Total write-ups €'000	Write-ups for the business year €'000	Accumu-lated depre-ciation/ amorti-sation €'000	Depre-ciation/ amortisa-tion in the business year €'000	Residual book value 31 Dec 2001 €'000
Securities held as fixed assets	253,011	12,200	5,110	0	0	5,974	799	16,253	7,173	249,822
Participating interests and capital contri-butions in co-operative banks	12,520	208	347	0	6,197	0	0	681	0	17,897
Investments in affiliated companies	445,553	5,100	9,177	19,679	–6,197	0	0	0	0	454,958
Land and buildings	700	186	0	0	0	0	0	445	13	441
Office and operating equipment	21,596	4,879	3,541	0	–84	0	0	16,641	5,443	6,209
Fixed assets	22,296	5,065	3,541	0	–84	0	0	17,086	5,456	6,650
Intangible assets	6,173	395	0	0	84	0	0	905	821	5,747
Total	**739,553**	**22,968**	**18,175**	**19,679**	**0**	**5,974**	**799**	**34,925**	**13,450**	**735,074**

Group investment overview

	Purchase/production cost 01 Jan 2001 €'000	Additions €'000	Disposals €'000	Exchange rate changes €'000	Reclassi-fications €'000	Total write-ups €'000	Write-ups for the business year €'000	Accumu-lated depre-ciation/ amorti-sation €'000	Depre-ciation/ amortisa-tion in the business year €'000	Residual book value 31 Dec 2001 €'000
Securities held as fixed assets	269,592	12,200	9,316	1,648		7,159	169	16,252	7,173	265,031
Participating interests and capital con-tributions in co-operative banks	17,667	791	2,873	–43	–2,560	9,325	9,177	972	292	21,335
Investments in affiliated companies	1,290	1,210	64	14	2,560	0	0	0	0	5,010
Land and buildings	6,378	221	333	237	0	205	2	845	280	5,863
Office and operating equipment	39,059	19,500	3,936	-66	–84	365	0	29,616	0	25,222
Fixed assets	45,437	19,721	4,269	171	–84	570	2	30,461	280	31,085
Leased assets	0	17,707	0	448	0	0	0	0	0	18,155
Goodwill	127,242	5,179	0	5,754	150	0	0	10,626	6,774	127,699
Software	6,173	395	0	0	0	0	0	821	821	5,747
Payments on account	66	0	0	0	–66	0	0	0	0	0
Intagible assets	133,481	5,574	0	5,754	84	0	0	11,447	7,595	133,446
Total	**467,467**	**57,203**	**16,522**	**7,992**	**0**	**17,054**	**9,348**	**59,132**	**15,340**	**474,062**

Of the **participating interests** (Group and DVB AG) (asset item 7), interests in the amount of €11.3 million are negotiable at a stock exchange but not listed. Of the total **interests in affiliated companies** (asset item 8) held by DVB AG, interests to the tune of €371.9 million are negotiable at a stock exchange but not listed.

Both DVB AG's commercially used building (€441,000) and the commercially used building of Nedship Bank N.V. are used by the owners themselves. The premises are partially let to third parties.

An aircraft acquired from ITFL Ltd., London, at the end of the year as part of a sale and lease-back arrangement, is carried under the Group's **leased assets.** There were no depreciation or write-ups related to this item during the year under review.

The primary components of the total amount of **intangible assets** (Group: asset item 9) of €133.4 million comprise the goodwill of Nedship Bank N.V. of €122.0 million (amortised over its useful life of 20 years), the take-over of eight branch offices from the insolvent estate of Austrian RIEGERBANK of €4.9 million, the "Basel Autobahn" branch to the amount of €0.6 million and SAP software costs to the amount of €5.7 million.

The **other assets** of the Group (asset item 12) totalling €31.2 million include precious metal bullion and gold and silver commemorative coins in the amount of €10.0 million, tax claims of €2.3 million and option premiums of €7.7 million.

€ mn	**2001**		2000	
	DVB AG	**Group**	DVB AG	Group
Option premiums	7.7	7.7	12.3	12.3
Precious metal	10.0	10.0	12.2	12.2
Taxes	2.3	2.3	4.1	4.1
Currency valuation	0.0	0.0	160.8	160.8
Other assets	3.7	11.2	2.0	12.0
Total	**23.7**	**31.2**	**191.4**	**201.4**

The **deferred items** (asset item 13; Group: €7.2 million, DVB AG: €4.7 million) include capitalised discounts in line with section 268 (6) of the German Commercial Code of €1.7 million (AG: €1.7 million) and premiums recognised in line with section 340 e (2) of the German Commercial Code of €3.8 million (AG: €1.3 million).

Liabilities to banks with an agreed maturity or period of notice (liabilities item 1b) have a residual term of:

€ mn	2001		2000	
	DVB AG	Group	DVB AG	Group
Up to three months	1,057.5	846.2	887.3	1,052.7
Over three months but less than one year	305.0	415.8	306.6	467.2
Over one year but less than five years	1,255.9	1,255.9	980.1	980.1
Over five years	469.4	469.4	473.3	473.3
Total	**3,087.8**	**2,987.3**	**2,647.3**	**2,973.3**

€1,081.6 million is related to DVB AG's uncertificated liabilities to affiliated companies. This amount includes liabilities to DZ BANK Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main, of €278.7 million, to DZ BANK International S.A., Luxembourg, of €343.2 million and to Nedship Bank N.V. of €418.0 million. There are no uncertificated liabilities to companies in which a participating interest is held.

The total amount for DVB AG also comprises liabilities to affiliated "Sparda" banks totalling €3,391.9 million.

On the balance sheet date there were no liabilities for open-market transactions collateralised by securities.

Other liabilities to customers with an agreed maturity or period of notice (liabilities item 2bb) have a residual term of:

€ mn	2001		2000	
	DVB AG	Group	DVB AG	Group
Up to three months	277.1	280.0	396.5	398.6
Over three months but less than one year	33.5	58.4	19.9	22.8
Over one year but less than five years	354.8	365.6	277.3	287.7
Over five years	972.6	972.7	721.5	721.5
Total	**1,638.0**	**1,676.7**	**1,415.2**	**1,430.6**

On the balance sheet date, liabilities from the freight equalisation procedure totalled €118.8 million (31 December 2000: €170.4 million).

Of this total amount, €5.3 million is related to uncertificated liabilities to affiliated companies and €6.9 million is related to companies in which a participating interest is held.

Of the total **certificated liabilities** (liabilities item 3) for both the Group and DVB AG, amounting to €1,953.3 million, €1,924.9 million is related to bonds issued and €28.4 million to money market securities. Of this total, a nominal amount of €343.7 million will fall due in the following year and €28.4 million are mature in the next three months.

The bonds issued are bearer securities. The total amount also comprises liabilities to affiliated companies (DZ BANK Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main) with a nominal value of €377.3 million and $62.7 million.

The Group's **other liabilities** (liabilities item 4) totalling €107.5 million include, inter alia, interests on profit-participation certificates and on silent partnerships (€18.3 million) as well as premiums received for caps and floors (€7.4 million).

€ mn	2001		2000	
	DVB AG	Group	DVB AG	Group
Currency valuation	63.0	63.0	0.0	0.0
Option premiums	7.4	7.4	12.2	12.0
Interests on profit-participation certificates	11.5	11.5	10.1	10.0
Interests on silent partnerships	6.8	6.8	5.1	5.1
Other commitments	1.8	18.8	2.9	17.6
Total	**90.5**	**107.5**	**30.3**	**44.7**

The Group's **deferred items** (liabilities item 5) totalling €5.1 million also include discounts from purchased or directly extended loans in the amount of €3.6 million.

Provisions (liabilities item 6) were set aside in the total of €68.7 million (Group) and €51.8 million (DVB AG), respectively. The other provisions comprise the following items:

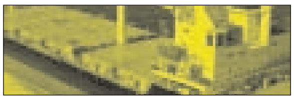
€ mn	2001		2000	
	DVB AG	Group	DVB AG	Group
Credit risks	10.0	10.0	10.0	10.0
Staff remuneration	6.5	10.1	5.5	8.2
Other commitments	24.6	28.4	8.1	31.1
Total	**41.1**	**48.5**	**23.6**	**49.3**

Provisions for taxes totalled €11.6 million on Group level and €2.2 million on DVB AG level.

Other liabilities include provisions for extraordinary measures:

The European Commission is currently investigating several European banks due to unlawful agreements on the fee structure for transactions in foreign notes and coins. ReiseBank AG is affected by these investigations, but in our opinion the facts do not indicate anything that is liable for prosecution. For this reason, we have only set aside provisions to cover any legal costs and for an unfavourable result of the proceedings.

The bank has planned and implemented various restructuring measures in connection with the strategic reorientation of its business. The termination of the agreement on DVB's central bank function by the association of "Sparda" banks in 2001, and the termination of its function to effect mass payment transactions have resulted in significant staff cuts, for which the bank's Board of Managing Directors passed a social compensation plan. Based on this social compensation plan, the bank calculated payment commitments for all of the employees affected and set aside provisions accordingly.

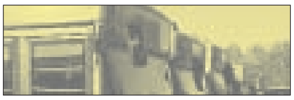
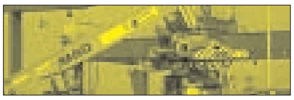
 

Subordinated liabilities of DVB AG and the Group (liabilities item 8) totalling €210.5 million include the following issues:

Amount in €	Amount in €	Currency	Interest rate in %	Due date for redemption
2001	2000	2001	2001	
Bearer debentures				
57,500,000.00		€	6.00	17,08,2011
Promissory note loans				
49,926,245.32	47,285,134.74	$	3.00	31/05/2005
10,225,837.62	10,225,837.62	€	5.24	20/10/2008
10,000,000.00	10,000,000.00	€	5.12	24/03/2009
10,000,000.00	10,000,000.00	€	6.50	04/11/2008
5,112,918.81	5,112,918.81	€	5.14	16/09/2008
5,112,918.81	5,112,918.81	€	5.12	16/09/2008
5,112,918.81	5,112,918.81	€	5.23	10/09/2008
5,112,918.81	5,112,918.81	€	5.24	20/10/2008
5,000,000.00	5,000,000.00	€	6.70	02/08/2010
5,000,000.00	5,000,000.00	€	6.71	16/08/2012
5,000,000.00	5,000,000.00	€	6.68	13/10/2010
5,000,000.00		€	6.32	15/08/2011
3,500,000.00	3,500,000.00	€	5.55	24/06/2011
2,556,459.41	2,556,459.41	€	5.06	26/11/2008
2,556,459.41	2,556,459.41	€	5.15	10/09/2008
2,556,459.41	2,556,459.41	€	5.18	08/09/2008
2,556,459.41	2,556,459.41	€	5.01	22/09/2008
2,556,459.41	2,556,459.41	€	5.01	22/09/2008
2,556,459.41	2,556,459.41	€	5.08	23/03/2009
2,500,000.00	2,500,000.00	€	6.67	04/02/2010
2,500,000.00		€	6.26	17/08/2011
2,300,813.47	2,300,813.47	€	5.05	23/03/2009
2,000,000.00	2,000,000.00	€	6.53	21/06/2010
500,000.00	500,000.00	€	6.53	21/06/2010
255,645.94	255,645.94	€	5.05	23/03/2009

The total amount includes subordinated funds from affiliated companies (R+V Allg. Vers. AG, Wiesbaden, Germany), with a total nominal value of €3.5 million. With regard to subordinated liabilities, Deutsche VerkehrsBank AG is under no obligation to redeem securities prior to maturity. In the event of bankruptcy, liquidation or composition proceedings, any claims from these liabilities including interest claims will be subordinated to all unsubordinated claims by any of the issuer's creditors. There is no agreement on the conversion of these liabilities to equity capital or any other form of debt. These liabilities therefore meet the requirements of supplementary capital as set out in section 10 (5a) of the German Banking Act (KWG).

During the business year, expenses amounting to €9.4 million were incurred in relation to the liabilities reported under this item.

DVB AG's **profit-participation certificates** (liabilities item 9) of €164.4 million include the following issues:

Amount in € mn 2001	Amount in € mn 2000	Listed	Interest rate in %	Due date for redemption
38.3	38.3	DM	6.750	2004
51.1	51.1	DM	6.270	2007
75.0	75.0	€	7.585	2009

The profit-participation certificates approved by resolutions of the General Meetings in 1993, 1998 and 2000 meet the requirements of section 10 (5) of the German Banking Act (KWG) for supplementary capital. The total amount of these certificates may be used to cover losses. Interest payments cannot exceed any distributable profit. The redemption rights of the profit-participation certificate holders are subordinated to the entitlements of other creditors.

In the year under review, expenses in the amount of €11.5 million were related to interest payments on profit-participation certificates and reported under "Other liabilities".

At the end of 2001, the Group's **capital and reserves** (excluding distributable profit; liabilities item 11) totalled €329.5 million.

The **subscribed capital** comprises the bank's issued share capital of €76.8 million plus contributions from silent partnerships totalling €77.5 million. The **issued share capital** of €76.8 million is divided into 3,003,224 unit shares. Of this total, 3,224 shares were subscribed to by employees as part of a stock option plan. The issued amount was allocated to issued share capital in the amount of €82,200 and to the capital reserve in the amount of €169,000. DZ BANK Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main, holds 67.07%, the "Sparda" banks hold 13.29%, KRAVAG-HOLDING AG holds 10.00% and Deutsche Bahn AG holds 0.75% of the issued share capital. The remaining shares are held in free float.

Silent partnerships account for capital contributions of €77.5 million. In line with the approval by the Extraordinary General Meeting on 8 March 2000, the bank has concluded agreements on the establishment of silent partnerships – partial profit transfer agreements within the meaning of sections 292 and 293 of the German Stock Corporation Act (AktG) – with five shareholders. In accordance with section 10 (4) of the German Banking Act (KWG), any capital contributions by silent partners are added to the bank's core capital and are therefore subject to the following restrictions:

- The total amount of capital contributions is used to cover losses incurred by the bank. In the event of losses, no profits will be distributed to silent partners in the relevant business year.
- In the case of insolvency proceedings with respect to the bank's assets or liquidation of the bank, these capital contributions will be repaid only after all creditors have been satisfied and rank pari passu with the repayment claims of other silent partners whose capital contributions also count towards the bank's total capital.
- The capital contribution may not be repaid during the entire term (until 31 December 2010).
- Termination of the silent partnership is excluded for the entire term.
- Any losses which reduce the silent partner's repayment claim during the term of the capital contribution may be compensated for only through the use of profits arising prior to the silent partner's withdrawal.
- The loss-sharing arrangement cannot be subsequently changed to the detriment of the bank, nor can the subordination be subsequently limited or the term or period of notice shortened.

With regard to **further capital adjustments,** the Board of Managing Directors holds the following authorisations:

- Subject to approval by the Supervisory Board, the company is authorised to increase the issued share capital by up to a total amount of €25.0 million by issuing new shares for a contribution in cash up to 7 March 2005.
- Special-purpose authorisations for the increase of issued share capital to cover any commitments that may arise from stock option plans.
- Authorisation effective until 22 September 2003 to issue profit-participation certificates on one or several occasions up to a total amount of €38.3 million with subscription rights granted to shareholders as a general rule.
- Authorisation effective until 7 March 2005 to issue profit-participation certificates on one or several occasions up to a total amount of €25.0 million with subscription rights granted to shareholders as a general rule.

Furthermore, the bank was authorised by the Annual General Meeting on 21 June 2000 to purchase own shares for trading purposes pursuant to section 71 (1) No. 7 of the German Stock Corporation Act. This is subject to the proviso that the trading portfolio of shares purchased under this authority may not exceed 5% of the bank's issued share capital at the close of each day. The price for which treasury shares may be purchased must not fall below the price fixing for the relevant shares at the Frankfurt Stock Exchange on the trading day prior to the purchase, less ten per cent. The highest price for treasury shares must not exceed the price fixing plus ten per cent. On the balance sheet date, the bank held treasury shares in the amount of €151,600. The lowest price we recorded in our trading activities was €84.00 per share, the highest was €104.00 per share. During 2001, we purchased a total of 64,000 unit shares of Deutsche VerkehrsBank AG at an average purchase price of €99.60. 63,666 unit shares were sold at an average selling price of €90.61. Price gains of €5,500 and losses of €574,600 were realised during these activities. During 2001, the maximum holding of treasury shares on any one day was 61,684 unit shares; this corresponds to 2.06% of our share capital. At year-end, DVB AG's trading portfolio contained 1,684 unit shares (asset item 11) at a book value of €151,600. A reserve for treasury stock was formed in the same amount pursuant to section 272 (4) of the German Commercial Code. An amount of €20,000 was transferred from the other revenue reserves in the 2001 business year. Companies included in consolidated financial statements do not hold shares in the parent company.

The Group's liable capital is reinforced by capital reserves recognised for regulatory purposes. The capital reserves counting towards the liable capital in accordance with section 10 (2b) sentence 1 No. 6 in conjunction with section 10 (4a) sentence 1 of the German Banking Act amount to €2.0 million (DVB AG and Group). Capital reserves within the meaning of section 10 (2a) sentence 1 No. 7 totalled €106.9 million.

The Group's **contingencies** include €534.9 million in guarantees and indemnity agreements. DVB AG has pledged €315.3 million as collateral for subsidiaries' liabilities.

The **other liabilities** totalling €1,143.9 million consist of irrevocable loan commitments for aviation, shipping and railway finance.

Contingent liabilities not recognised on the balance sheet

An obligation to provide extra funds of up to five times the value of the interest held (31 December 2001: €2.3 million) exists with regard to Liquiditäts-Konsortialbank GmbH, Frankfurt/Main. In addition, the bank holds an interest in Münchener Hypothekenbank eG, Munich, for which the obligation to provide extra funds totalled €0.1 million as of 31 December 2001.

Other information

Deutsche VerkehrsBank AG is a member of the deposit insurance scheme of the Federal Association of German Credit Unions and Rural Banking Co-operatives (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken).

Moreover, Deutsche VerkehrsBank AG is a member of the Pensions-Sicherungs-Verein a. G.; this organisation levies a contribution from all of its members.

The bank operates a retirement fund in the legal form of a mutual insurance association (V.V.a.G.) and is subject to the obligation of paying premiums for all staff insured.

During 2001, Deutsche VerkehrsBank AG donated approximately €19,000 to various organisations. The main recipients included the Funds 11 September (€10,000), Stiftung phönikks (€2,500), Verein Viitor (€1,500 million), and the British & International Sailors' Society (€1,700).

The consolidated balance sheet includes assets denominated in foreign currency to the equivalent of €6,020.6 million (DVB AG: €5,974.2 million) and liabilities to the equivalent of €1,846.2 million (DVB AG: €1,818.0 million).

The market risk is largely hedged by spot purchases of currencies to the tune of €3.7 million and currency forward purchases totalling €122.1 million as well as spot sales of currencies in the amount of €18.9 million and currency forward sales of €4,339.8 million as well as cross currency swaps of €273.2 million. Holdings of foreign notes and coins to the equivalent value of €19.1 million remain unhedged due to the sustained holding of cash balances, provided that such holdings remain within tolerable ranges.

Explanatory notes for the individual profit and loss account items

The Group's **interest income** (item 1) totalling €529.6 million includes income from bank balances (€218.1 million), fixed income securities (€43,1 million) and from loans to customers (€268.4 million). From business with clients trading on an international scale, the London-based subsidiary of Deutsche VerkehrsBank AG's London branch generated interest income of €91.1 million, Nedship Bank Group reported interest income of €182.7 million and the subsidiary ITFL Ltd. recorded interest income of €36.3 million.

The Group's **commission income** (item 4) in the amount of €109.6 million includes items such as loan commissions and income from administrative and brokerage services in the depositing and securities business, for associated "Sparda" banks and for mutual funds and special funds. Of this total amount, commission income of €60.9 million was recorded by ReiseBank, which mainly comprises commissions from transactions in foreign currencies, income from ATMs (Automatic Teller Machines), Western Union global cash transfers, the sale of "vignettes" (prepaid motorway fee coupons, e.g. in Austria or Switzerland), payment fees on credit cards and other commission income. This income was almost exclusively recorded by German branches.

The Group's **net profit on financial operations** (item 6) of €5.6 million includes items such as income from trading foreign notes and coins, precious metals and numismatics (€5.5 million) and trading securities (€0.1 million). This income was almost exclusively generated by German branches.

Other operating income totalling €3.7 million (Group: item 7) or €12.5 million (DVB AG: item 8), generated almost exclusively in Germany, is broken down as follows:

€ mn	2001		2000	
	DVB AG	Group	DVB AG	Group
Release of provisions	0.8	1.6	0.8	1.6
Tax refund claims	0.9	0.9	0.8	0.9
Rental income	0.1	0.1	0.4	0.5
Income from the disposals of fixed assets	0.0	0.0	17.8	0.1
Income from intra-group services	10.5	0.0	4.9	0.0
Other income	0.2	1.1	0.2	0.3
Total	**12.5**	**3.7**	**24.9**	**3.4**

General administrative expenses (Group: item 9, DVB AG: item 10) comprise staff expenses and other administrative expenses. They are broken down as follows:

Staff expenses:

€ mn	2001		2000	
	DVB AG	Group	DVB AG	Group
Wages and salaries	31.1	54.6	27.9	47.4
Social security contributions	3.5	7.0	3.9	6.9
Expenses for pensions	0.8	1.2	0.7	2.5
Retirement fund	0.9	2.4	1.6	2.6
Early retirement	0.5	0.6	0.5	0.6
Total	**36.8**	**65.8**	**34.6**	**60.0**

Other administrative expenses:

€ mn	2001		2000	
	DVB AG	Group	DVB AG	Group
Occupancy expenses	6.2	14.8	5.9	12.7
Joint Fund for Securing Customer Desposits	4.5	4.5	3.2	3.6
Operating costs	8.8	18.9	10.2	16.1
External services	24.9	34.4	19.7	25.5
Other operating expenditure	1.0	2.4	0.8	2.9
Total	**45.4**	**75.0**	**39.8**	**60.8**

Depreciation/write-offs of intangible and fixed assets (Group: item 10, DVB AG: item 11) is broken down as follows:

€ mn	2001		2000	
	DVB AG	Group	DVB AG	Group
Office furniture and equipment	5.45	8.90	3.59	6.64
Land and buildings	0.01	0.28	0.01	0.14
Intangible assets	0.82	7.59	0.00	3.75
Total	**6.28**	**16.77**	**3.60**	**10.53**

Goodwill is subject to scheduled amortisation over its useful life.

Other operating expenses (Group: item 11, DVB AG: item 12) totalling €2.77 million (Group) or €2.48 million (DVB AG) which relate to German operations are broken down as follows:

€ mn	2001		2000	
	DVB AG	Group	DVB AG	Group
Losses from the disposals of assets	0.26	0.26	0.10	0.10
Expenses for intra-group services	0.90	0.00	0.00	0.00
Provisions for ATMs and refunds	0.00	0.00	0.00	0.10
German Remembrance Fund	0.00	0.00	0.20	0.20
Staff expenditure	0.52	0.92	0.47	0.60
Other expenses	0.80	1.59	2.00	2.70
Total	**2.48**	**2.77**	**2.77**	**3.70**

As in the previous year, other operating expenses do not include any significant amounts which should be attributed to other business years.

Extraordinary expenses (Group: item 15, DVB AG: item 19) totalling €19.0 million (DVB AG and Group) mainly include transfers to provisions due to measures required by the European Commission as well as to personnel-related measures.

Segment reporting

Segment reporting illustrates how the individual business divisions contribute to the Group's overall results. It is based on the internal management reporting system. This plays a key role as a forecasting, management and control instrument within DVB Group's divisional structure. DVB Group was realigned at the end of 2000 in line with its strategic orientation. This realignment aimed to highlight the Group's focus on its core competence – Transport Finance – on the basis of transparent figures.

The reporting segments are divided into Transport Finance, Central Bank/Trading/Treasury, ReiseBank and the non-core business. A further segment is Other/Reconciliation/Consolidation.

- **Transport Finance** includes the bank's activities in the fields of Aviation, Shipping and Land Transport including all Corporate Finance operations.
- The **Central Bank/Trading/Treasury** division includes own-account trading in money, foreign exchange, securities, foreign notes and coins and precious metals, consulting and support services for "Sparda" banks and central Treasury functions of the DVB Group.

- **ReiseBank** comprises the results generated by the subsidiaries ReiseBank AG and CashExpress GmbH.
- The **non-core business** includes the remaining results from business operations from which the bank plans to separate in the near future, in particular non-core domestic corporate customer business (non-transport business).
- The segment **Other/Reconciliation/Consolidation** comprises the results that do not fall under the individual business divisions' areas of responsibility. This also includes adjustments that are necessary in order to reconcile the management figures from internal accounting, which are shown in the segment reporting of the operational business units, to the corresponding data from external accounting. This segment includes both costs for strategic multi-business division projects as well as income from balance sheet items not allocated to specific business lines, as well as the costs of service and settlement units. Expenditure for property and equipment in this segment also include the amortisation of goodwill from the acquisition of DVB NedshipBank.

The success of the Group and the individual segments is measured on the basis of the profits from ordinary activities and the return on equity and cost/income ratio:

- **Return on equity** is calculated as the ratio of net income before taxes to the average invested equity capital, and reflects the return on the capital used in the business unit. Over the medium term, the Group aims to achieve a sustained RoE of 20% before taxes.
- The **cost/income ratio** reflects the quotient of administrative expense including the depreciation of fixed assets and operating income before loan loss allowances. It reflects the cost effectiveness of the individual divisions. The Group has set itself a medium term target of 60% for the cost/income ratio.

The figures in the segment report reflect the operating activities. In so doing, as a rule both income and expenses are shown at market prices and allocated to the business division responsible. The net interest income is calculated on the basis of market rates. In addition, this item also includes the return on the capital allocated to the business division. The imputed allocation of equity is in line with Liquidity Principle I of the German Banking Act and is based on the calculated average risk assets and the amounts to be included for market risks (risk asset equivalents). Administrative expenses include the costs of internal services as well as the directly allocated components of staff expenses, other administrative expenses, amortisation and depreciation. Internal services are invoiced to the recipient of the services, thus reducing the burden on the party providing the services. Risk provisions include both new net transfers to loan loss provisions for credit risks as well as payments on receivables that had already been written off and general loan loss provisions. Taxes are not currently allocated to the business divisions.

When combined, the individual segments’ earnings total the Group’s profits from ordinary activities of €36.1 million.

€ mn	Group		Transport Finance		Central Bank/ Trading/ Treasury		ReiseBank		Non-core Business		Other/Con-solidation/ recon-ciliation	
	2001	**2000**	**2001**	**2000**	**2001**	**2000**	**2001**	**2000**	**2001**	**2000**	**2001**	**2000**
Net interest income	89.2	66.0	63.1	48.8	17.2	7.0	–1.7	–1.6	1.0	10.7	9.6	1.2
Net commission income	98.4	90.1	27.5	23.1	5.2	8.0	63.0	52.9	9.4	7.2	–6.7	–1.1
Net profit on financial operations	5.5	8.2	0.1	0.1	7.3	8.3	0.0	0.0	0.0	0.0	–1.9	–0.2
Net other operating income/expense	1.0	–0.3	0.5	0.0	0.0	0.0	0.0	–0.1	0.0	0.0	0.5	–0.2
Total income	**194.1**	**164.0**	**91.2**	**72.0**	**29.7**	**23.3**	**61.3**	**51.2**	**10.4**	**17.9**	**1.5**	**–0.3**
Staff expenses	65.8	60.0	20.6	18.7	3.7	3.8	20.0	17.6	3.1	4.5	18.4	15.4
Other administrative expenses incl. amortisation/depreciation [1]	91.8	71.5	18.4	12.6	7.2	5.9	21.9	18.5	6.0	4.9	38.3	29.6
Internal services	0.0	0.0	2.1	1.2	6.0	7.4	1.2	1.4	1.6	1.1	–10.9	–11.1
Administrative expenses incl. depreciation/amortisation	**157.6**	**131.5**	**41.1**	**32.5**	**16.9**	**17.1**	**43.1**	**37.5**	**10.7**	**10.5**	**45.8**	**33.9**
Operating profit before loan loss provisions	**36.5**	**32.5**	**50.1**	**39.5**	**12.8**	**6.2**	**18.2**	**13.7**	**–0.3**	**7.4**	**–44.3**	**–34.2**
Net loan loss provisions	17.2	–1.1	6.1	–13.8	0.0	0.0	0.0	0.0	21.3	12.7	–10.2	0.0
Net other operating invome/expense	16.8	2.1	5.6	0.0	–3.2	0.0	–0.1	0.0	0.0	0.0	14.5	2.0
Profit from ordinary activities	**36.1**	**35.7**	**49.6**	**53.3**	**9.6**	**6.2**	**18.1**	**13.7**	**–21.6**	**–5.3**	**–19.6**	**–32.2**
Extraordinary expenses	19.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.0	0.0
Taxes	5.8	11.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.8	11.5
Partial profit transfer agreements	6.8	5.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.8	5.1
Net income	**4.5**	**19.1**	**49.6**	**53.3**	**9.6**	**6.2**	**18.1**	**13.7**	**–21.6**	**–5.3**	**–51.2**	**–48.8**
Risk assets (average)	8,238.3	6,102.4	6,529.0	4,855.2	849.3	721.0	0.0	0.0	289.5	440.2	570.5	86.0
Capital (average)	251.4	226.8	199.2	180.4	25.9	26.8	0.0	0.0	8.8	16.4	17.4	3.2
Cost/income ratio [2]	**77.7 %**	**78.0 %**	**45.1 %**	**45.1 %**	**56.8 %**	**73.4 %**	**70.3 %**	**73.3 %**	**103.2 %**	**58.4 %**		
Return on equity before taxes [2]	**6.8 %**	**15.1 %**	**24.9 %**	**29.5 %**	**37.2 %**	**23.2 %**			**–244.6 %**	**–32.2 %**		

[1] incl. amortisation of goodwill
[2] excl. amortisation of goodwill

The result enables to propose to the Annual General Meeting of Deutsche VerkehrsBank AG a **dividend** of €1.50 per unit share.

General explanations

The bank enters into **forward transactions** to hedge its own currency and interest-rate exposure as well as in trading with its customers.

The primary purpose of **foreign exchange forwards and option contracts** is the hedging of foreign currency loans and deposits and of holdings of foreign notes and coins. Furthermore, forward exchange deals, spot exchange deals and options contracts entered into on behalf of a customer are closed out using banking partners. As of 31 December 2001, the nominal volume of these transactions totalled €4,485 million, of which €4,382 million were transactions made directly for the exchange rate-hedging of on-balance sheet operations.

We also use **other derivative financial instruments** for trading purposes, the bank's asset/liability management and also for hedging purposes on an individual transaction level. As at 31 December 2001, the nominal volume of these transactions at Group totalled €11,104 million – of which €9,916 million related to financial swaps, €1,176 million were interest rate options and €12 million were DTB transactions.

Of the total amount of the interest rate instruments (€11,094 million), trading activities account for €3,576 million.

One subsidiary has entered into an interest rate hedging agreement of €20.5 million and one other subsidiary concluded financial swaps totalling €111.3 million with Deutsche VerkehrsBank AG.

Employees

Average number of DVB Group employees for the business year:

	2001		2000	
	DVB AG	**Group**	DVB AG	Group
Female employees	167	433	164	401
Male employees	271	507	270	505
Total	**438**	**940**	**434**	**906**

The average number of employees excludes vocational trainees, employees on parental leave, national or civil service, but includes temporary employees.

Boards of Deutsche VerkehrsBank AG

Supervisory Board

Uwe E. Flach, Chairman
Dr Peter Scharpf, Deputy Chairman
Lutz Baumgartl
Dr Heiko Bruns (until 6 January 2001)
Axel Clemens
Cornelia Jung
Dr Peter Klaus
Hemjö Klein
Dr Friedbert Malt (from 23 February 2001)
Hermann Möller
Dr Ing Manfred Mücke
Prof Dr Manfred Schölch (from 13 June 2001)
Rosemarie Schur-Heimann

One member of the Supervisory Board was absent from more than half of the Board's meetings.

Board of Managing Directors

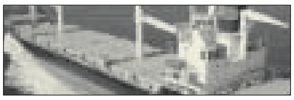
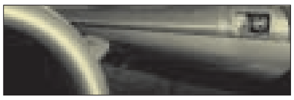
Wolfgang F. Driese, Chairman
Klaus W. Heinemann
Dagfinn Lunde (from 22 February 2002)
Rainer Irmen (Deputy member, from 1 January 2001)

The professions of the members of the Supervisory Board and Board of Managing Directors and the offices held by them are stated at the end of these notes.

The **emoluments** paid to Board members throughout 2001 amounted to:

(€'000)	2001	2000
Board of Managing Directors	1,224	1,085
Supervisory bodies	122	123
Former members of the Board of Managing Directors and their surviving dependants	436	238
Total	**1,782**	**1,446**

The emoluments paid to the members of the Board of Managing Directors is made up of the fixed component of €739,000 plus a variable component of €486,000.

The members of the Board of Managing Directors hold 2,510 shares of Deutsche VerkehrsBank AG, the members of the Supervisory Board hold 12 shares of the bank.

Deutsche VerkehrsBank AG has availed itself of the opportunity offered by section 286 (4) of the German Commercial Code to omit some of the disclosures required by section 285 No. 9b of the same Code.

€3.2 million has been set aside as provisions for pension liabilities to former members of the Board of Managing Directors or their surviving dependants.

Cash flow statement

The cash flow statement provides information on the changes in the bank's cash and cash equivalents, whereby the cash flows are categorised in accordance with their designated purpose. This is done using the indirect method which is based on extended flow-of-funds statement and can be directly derived from the Group's accounting system.

According to the very narrow definition used by DVB Group cash and cash equivalents only include "cash reserve" and "debt instruments of public-sector entities and bills of exchange eligible for refinancing at central banks".

The cash flow statement shows the changes in cash and cash equivalents by structuring the cash flows and breaking these down into operating activities, investing activities and funding activities.

The allocation to the relevant operating activities is not only based on a very wide definition, but also on the factors impacting on the operating profit (or loss) from the ordinary banking business. The definition of cash flow from investing activities is mainly limited to payments received on the disposal of tangible or financial assets and payments made for the purchase of such assets, respectively. As external financing by third parties is an integral part of the ordinary (and therefore operating) business of banks, DVB Group has limited the overview of the bank's cash-flow from funding activities to focus on equity providers.

Any changes in cash and cash equivalents over the business year resulted from the three business divisions plus any net effects from exchange rate changes. Any receivables and liabilities from foreign currencies transactions were converted at the reporting date using the spot middle rate, as all foreign currency transactions are subject to specific cover.

The cash flow from financing activities totals €58 million and the cash flow from operating activities totals €63 million. Of this amount, we have used €40 million for investments, and cash and cash equivalents account for €81 million.

Consolidated statement of cash flows – Deutsche VerkehrsBank Group 2001:

		31 Dec 2001			31 Dec 2000	
	€'000	€'000	€'000	€'000	€'000	€'000
Net income/distributable profit		4,724			19,143	
Non-cash items comprised in net income and reconciliation to cash flow from operating activities						
Net loan loss provisions	24,492				9,190	
Depreciation, write-downs and additions on fixed assets an non-trading assets		741			6,145	
Changes in provisions/reserves		19,328			2,167	
Changes in other non-cash items	–23,283	801		8,048	0	
Profits from the disposals of fixed assets and non-trading assets					0	
Other adjustments (predominantly interest received less interest paid)	100,887			60,934		
Subtotal	**102,096**	**25,594**	**–76,502**	**68,982**	**36,645**	**–32,337**
	Application of funds €'000	**Source of funds €'000**	**Net cash flow €'000**	**Application of funds €'000**	**Source of funds €'000**	**Net cash flow €'000**
Balance carried forward	102,096	25,594	–76,502	68,982	36,645	–32,337
Changes in assets and liabilities from operating activities after adjustment for non-cash items						
Placements with, and loans and advances to other banks	716,762				200,623	
Loans and advances to customers	612,705			2,876,248		
Trading securities and liquidity reserve	223,416			0	291,662	
Other assets from operating activities		173,217		160,363		
Liabilities to banks		708,392			739,306	
Liabilities to customers		214,706		0	745,717	
Certificated liabilities		432,416		0	832,411	
Other liabilities from operating activities		62,674		37,710	0	
Interest and dividends received		552,469			431,659	
Interest paid	451,666			370,725		
Cash flow from operating activities	**2,106,645**	**2,169,468**	**62,823**	**3,514,028**	**3,278,023**	**–236,005**
Proceeds from the disposals of fixed assets and non-trading assets		4,862			5,968	
Payments for the acquisition of fixed assets and non-trading assets	45,005			152,074		
Impact of changes in the consolidated group of companies					0	
Changes due to other investing activities					0	
Cash flow from investing activities	**45,005**	**4,862**	**–40,143**	**152,074**	**5,968**	**–146,106**
Proceeds from capital increases		251			143,853	
Dividends paid	10,800			8,086		
Changes due to other funding activities		68,927			161,464	
Cash flow from financing activities	**10,800**	**69,178**	**58,378**	**8,086**	**305,317**	**297,231**
Cash and cash equivalents at the beginning of the period			121,223			206,103
Cash flow from operating activities			**62,823**			**–236,005**
Cash flow from investing activities			**–40,143**			**–146,106**
Cash flow from financing activities			**58,378**			**297,231**
Impact of exchange rate fluctuations			0			0
Cash and cash equivalents at the end of the period			202,281			121,223

Consolidated Financial Statements

In its capacity as a parent company Deutsche VerkehrsBank is also a subsidiary of DZ BANK Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main.

DZ BANK Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main, prepared both the consolidated financial statements and the Group management report as at 31 December 2001 which were deposited with the Frankfurt/Main District Court (Amtsgericht Frankfurt/Main). As Deutsche VerkehrsBank has been included in these statements and reports, it is not required to prepare its own financial statements.

Frankfurt/Main, 2 April 2002

Deutsche VerkehrsBank AG
The Board of Managing Directors

Wolfgang F. Driese | Klaus W. Heinemann | Dagfinn Lunde | Rainer Irmen

Offices in Supervisory Boards and other controlling bodies

(Disclosure pursuant to section 285 No. 10 of the German Commercial Code)

Supervisory Board

Uwe E. Flach

Chairman
Bank director
Deputy Chairman of the Board of Managing Directors
DZ BANK Deutsche Zentral-Genossenschaftsbank AG, Frankfurt/Main
Chairman of the Supervisory Board
AGAB AG, Frankfurt/Main
Deputy Chairman of the Supervisory Board
Andreae-Noris-Zahn AG, Frankfurt/Main
Union Investment GmbH, Frankfurt/Main
Member of the Supervisory Board
Deutsche Börse AG, Frankfurt/Main

Dr Peter Scharpf

Deputy Chairman
Lawyer and chartered accountant
Chairman of the Board of Managing Directors
Verband der Sparda-Banken e.V. (Association of Sparda Banks), Frankfurt/Main
Member of the Supervisory Board
DEVK Lebensversicherungsverein a.G., Cologne
DEVK Allgemeine Versicherungs AG, Cologne
Member of the Advisory Board
Bausparkasse Schwäbisch Hall, Schwäbisch Hall
BHW Holding AG, Schwäbisch Hall
Member of the Management Board
DZ BANK International S.A., Luxembourg
Chairman of the Foundation Council
Paul Wilhelm von Keppler foundation, Stuttgart

Lutz Baumgartl*

Bank officer
Deutsche VerkehrsBank AG, Frankfurt/Main

Axel Clemens*

Bank employee
Deutsche VerkehrsBank AG, Frankfurt/Main

Cornelia Jung*

Bank officer
Deutsche VerkehrsBank AG, Frankfurt/Main

**elected by employees*

Dr Peter Klaus	Bank director Member of the Board of Managing Directors Kreditanstalt für Wiederaufbau (Bank for Reconstruction and Development), Frankfurt/Main Member of the Supervisory Board Debis AirFinance B.V., Amsterdam Frachtcontor Junge & Co., Hamburg Babcock Borsig AG, Oberhausen Georgsmarienhütte Holding GmbH, Georgsmarienhütte AHBR – Allgemeine HypothekenBank, Rheinboden AG, Frankfurt/Main ThyssenKrupp Technologies AG, Essen
Hemjö Klein	Merchant Chairman of the Board of Managing Directors LIVE HOLDING AG LCC 24 AG, Berlin Chairman of the Supervisory Board Sixt AG, Munich Popcoin Interactive Marketing AG, Frankfurt/Main
Dr Friedbert Malt	Bank director Member of the Supervisory Board since 23 February 2001 Deutsche VerkehrsBank AG, Frankfurt/Main Chairman of the Supervisory Board Europäische Genossenschaftsbank, Luxembourg Member of the Supervisory Board Neptun-Orient Lines, Singapore

Hermann Möller	Bank director Chairman of the Board of Managing Directors Sparda-Bank Baden-Württemberg eG, Stuttgart Chairman of the Association Council of the Verband der Sparda-Banken e.V. (Association of Sparda Banks), Frankfurt/Main Member of the Supervisory Board DEVK Allgemeine Versicherungs AG, Cologne Member of the Advisory Board HW AG, Hameln
Dr Ing Manfred Mücke	Engineer Chairman of the Board of Managing Directors KRAVAG-SACH VVaG, Hamburg Member of the Management Board R+V Versicherung AG, Wiesbaden R+V Allgemeine Versicherung AG, Wiesbaden Chairman of the Supervisory Board KRAVAG-ALLGEMEINE Versicherungs AG, Hamburg KRAVAG-HOLDING AG, Hamburg KRAVAG-Leben Versicherungs AG, Hamburg Member of the Supervisory Board Eisen + Stahl Rückversicherungs-AG, Hanover Member of the Management Board HGK Handelsgesellschaft für Kraftfahrzeugbedarf mbH & Co. KG, Dusseldorf

Prof Dr Manfred Schölch	Lawyer Member of the Supervisory Board since 13 June 2001 Deutsche VerkehrsBank AG, Frankfurt/Main Deputy Chairman of the Board of Managing Directors Fraport AG, Frankfurt/Main Chairman of the Supervisory Board Flughafen Frankfurt-Hahn GmbH, Frankfurt-Hahn Flughafen Saarbrücken Betriebsgesellschaft mbH, Saarbrücken Tradeport Frankfurt GmbH, Frankfurt/Main Airport Service Gesellschaft mbH, Frankfurt/Main Member of the Supervisory Board Airport Assekuranz Vermittlungs-GmbH, Frankfurt/Main Airmail Center Frankfurt GmbH, Frankfurt/Main
Rosemarie Schur-Heimann	Bank employee ReiseBank AG, Stuttgart

Committees of the Supervisory Board

Credit Committee

Uwe E. Flach	Chairman
Dr Peter Klaus	Deputy Chairman
Dr Friedbert Malt	(from 23 February 2001)

Executive Committee

Uwe E. Flach	Chairman
Dr Peter Scharpf	Deputy Chairman
Lutz Baumgartl	Employee representative

Board of Managing Directors

Wolfgang F. Driese

Chairman of the Board of Managing Directors
Deutsche VerkehrsBank AG, Frankfurt/Main
Chairman of the Supervisory Board
ReiseBank AG, Frankfurt/Main
CashExpress GmbH, Frankfurt/Main
Nedship Bank N.V., Rotterdam
Nedship Bank (America) N. V., Curaçao
Member of the Supervisory Board
KRAVAG-SACH VVaG, Hamburg
DVB Group Merchant Bank (Asia) Ltd, Singapore
International Transport Finance Ltd., London

Klaus W. Heinemann	Member of the Board of Managing Directors Deutsche VerkehrsBank AG, Frankfurt/Main NFC-Northern Navigation Finance Corporation, British Virgin Islands Chairman of the Supervisory Board International Transport Finance Ltd., London Member of the Supervisory Board ReiseBank AG, Frankfurt/Main CashExpress GmbH, Frankfurt/Main Nedship Bank N.V., Rotterdam DVB Group Merchant Bank (Asia) Ltd, Singapore
Dagfinn Lunde	Member of the Board of Managing Directors since 22 February 2002 Deutsche VerkehrsBank AG, Frankfurt/Main Chairman and CEO of Nedship Bank N.V., Rotterdam Member of the Board of Managing Directors Nedship International, Inc., New York DVB Group Merchant Bank (Asia) Ltd, Singapore Member of the Supervisory Board Nedship Bank (America) N. V., Curaçao
Rainer Irmen	Deputy Member of the Board of Managing Directors Deutsche VerkehrsBank AG, Frankfurt/Main Member of the Supervisory Board ReiseBank AG, Frankfurt/Main CashExpress GmbH, Frankfurt/Main International Transport Finance Ltd., London (until 28 June 2001)

Auditors' opinion

We have audited the financial statements of Deutsche VerkehrsBank AG, Frankfurt/Main, together with its consolidated financial statements and its Management Report, covering both the company and the entire Group for the business year beginning 1 January and ending 31 December 2001. The company's legal representatives are responsible for the preparation of these documents in accordance with the German Commercial Code. Having conducted an audit which included the accounting records, our responsibility is to express an opinion on the Financial Statements and the Management Report of both the company and the entire Group.

We conducted our audit in accordance with section 317 of the German Commercial Code, observing the generally accepted German auditing principles as laid down by the German Institute of Auditors (IDW). These standards require that we plan and perform the audit to obtain reasonable assurance on whether the Financial Statements and the Consolidated Financial Statements (based on generally accepted accounting principles) and the Management Report for both the company and the entire Group are free of material misrepresentations and present a true and fair view of the net worth, financial position and results of the company. In determining specific actions within the scope of our audit, we considered the company's business activities as well as its economic environment and legal structure. Expectations regarding potential sources of error were also taken into account. The conduct of an audit includes examining the effectiveness of the company's internal control systems and, on a sample basis, evidence supporting the information contained within the accounting records and disclosed in the Financial Statements and the Consolidated Financial Statements as well as in the Management Report for both the company and the entire Group. The scope of an audit also includes assessing the accounting principles and consolidation policies used and the significant estimates of the company's legal representatives, as well as evaluating the overall presentation of the Financial Statements, Consolidated Financial Statements and the Management Report for both the company and the entire Group. We are confident that our audit provides a sufficiently sound basis on which to make an assessment. Our audit led to no objections.

In our opinion, both the Financial Statements and the Consolidated Financial Statements present, in compliance with generally accepted accounting principles, a true and fair view of the company's and the Group's net worth, financial position and results. The Management Report gives a true and fair overall view of both the company's and the Group's situation and of any risks inherent in future developments.

Frankfurt/Main, 9 April 2002

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rönnberg	ppa. Thomas
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Chartered Accountant)	(German Chartered Accountant)

Report of the Supervisory Board

Dear shareholders,

The Supervisory Board has fulfilled the obligations incumbent upon it under applicable statutes and the bank's Articles of Association, and has continuously supervised the management of the bank and the Group during the business year 2001. The Supervisory Board was kept extensively informed by the Board of Managing Directors as to the business policies contemplated, on corporate planning issues and on significant transactions. The Supervisory Board conferred with the Board of Managing Directors on the aforementioned matters.

During the business year 2001, the Supervisory Board convened four regular meetings on 23 February, 4 April, 20 September and 28 November. In addition, an extraordinary meeting was convened after the Annual General Meeting held on 13 June 2001, to discuss the termination by the "Sparda" banks, of the co-operation agreement on the basis of which DVB Group has acted as a central institution for these co-operative banks.

The meetings dealt with the course of business and with significant events throughout the DVB Group. This included decisions designed to reinforce the Group's focus on its core areas of expertise, in particular the concentration of business activities on the Transport Finance division, and the targeted expansion of the Corporate Finance unit. Other major items that were discussed on several occasions included the spin-off of the "ec cash" network operations (the specialised unit for the handling of cashless payment flows) into DVB Processing GmbH, the transfer of the foreign notes and coins/precious metals trading desk to DZ BANK, and DVB's considerations regarding a discontinuation of functions performed for "Sparda" banks in its capacity as a central institution for these banks. The discussion also focused on internal structural changes as a result of these developments. In view of macroeconomic developments following the events of 11 September, the Supervisory Board was informed in detail as to the impact on the bank's loan portfolios, particularly in the Aviation and Shipping divisions. The Supervisory Board also discussed the introduction of an internal rating model geared to comply with the capital adequacy requirements of the Basel II Accord, and of new risk monitoring systems specifically designed for project finance.

The SAP R/3 software platform was implemented on schedule, on 1 January 2001. A project group with the primary task of stabilising the SAP platform was successful in completing any required adjustments by the end of the year. The Supervisory Board was kept informed on the progress and cost development of the project, on a regular basis.

Uwe E. Flach

The Credit Committee of the Supervisory Board met on 23 February, 23 July, 5 October and 12 December 2001. During these meetings it dealt with loan applications that required its approval under internal regulations; additionally, such decisions were taken by way of circulation. The structure of the bank's loan portfolio, Group risk management and loan exposures associated with special risks were discussed in detail with the Board of Managing Directors. The Executive Committee, which deals with personnel matters pertaining to the Board of Managing Directors, met three times during the business year 2001. In addition, it dealt with the granting of options within the scope of the "DVB shares" employee share ownership programme.

Pursuant to section 104 of the German Stock Corporation Act, Dr Friedbert Malt was appointed as a member of the Supervisory Board with effect from 23 February 2001; he replaced Mr Diethelm Sack who had retired from office in October 2000. Dr Heiko Bruns retired from the Supervisory Board with effect from 6 January 2001. The Annual General Meeting held on 13 June 2001 elected Prof Dr Manfred Schölch to replace Dr Heiko Bruns as a member of the Supervisory Board.

The Financial Statements, the Accounts and the Management Report of Deutsche Verkehrs Bank AG, as well as the Consolidated Financial Statements and the Group Management Report of DVB Group for the business year 2001 have been examined in accordance with the German Commercial Code and certified without qualification by PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, the external auditors appointed by the Annual General Meeting.

The auditors' report was distributed to all members of the Supervisory Board in good time before the balance sheet meeting held on 15 April 2002. The auditors who signed the

Financial Statements and Consolidated Financial Statements were present at this meeting, and at the meeting of the Credit Committee on 22 February 2002. They gave an account of their audit as a whole and on major individual items, and provided detailed answers to questions from the members of the Supervisory Board. The subsequent examination by the Supervisory Board of the Financial Statements and Consolidated Financial Statements, the Management Report and the Group Management Report as of 31 December 2001, as presented by the Board of Managing Directors, together with their proposal for the appropriation of distributable profit gave no cause for objections. At its meeting in April 2002 the Supervisory Board approved and thus confirmed the Financial Statements and the Management Report. The proposal of the Board of Managing Directors for the appropriation of the distributable profit, and for payment of a dividend of €1.50 per share, is endorsed by the Supervisory Board.

The Board of Managing Directors has prepared and submitted the mandatory report on business relationships with affiliated enterprises during the business year 2001. This report has been examined and certified without qualification by the external auditor, as follows:

“Having duly examined and assessed this report in accordance with professional standards, we confirm that the report is free from factual misrepresentations, and that the company did not pay any excessive consideration with regard to the transactions identified in the report.”

Following its review and examination of the report on business relationships with affiliated enterprises, the Supervisory Board approves the results of the audit of the financial statements. In particular, the Supervisory Board has no objections regarding the declaration made by the Board of Managing Directors pursuant to section 312 (3) of the German Stock Corporation Act.

The Supervisory Board would like to thank all employees of the DVB Group for their valuable contributions and strong commitment.

For the Supervisory Board

Uwe Flach

Uwe E. Flach
Chairman

Distribution of responsibilities of the Board of Managing Directors

	Wolfgang F. Driese	Klaus W. Heinemann	Dagfinn Lunde	Rainer Irmen (Deputy Managing Director)
Business divisions	**Transport Finance**	**Transport Finance**	**Transport Finance**	
	Road & Logistics Michael Heinz Klaus Torner	**Aviation** David Goring-Thomas	**DVB NedshipBank N.V.** Richard Groeneveld Peter Illingworth	**DVB Processing GmbH** Walter Bucher Alfred Scherff
	Rail Martin Metz Markus Neuland	**Credit Aviation** Carsten Gutknecht-Stöhr	**Credit Shipping** Peter Illingworth	**D-Marketing** Rainer Nothwang Walter Reinhardt
	Infrastructure Karsten T. Landgraf	**Corporate Finance** N.N.		
	Credit Land Gerhard Kaiser	**International Transport Finance Ltd.** Graham Grover		
	Central Bank/ Sparda banks Thomas Dellwig			
	ReiseBank AG/ CashExpress GmbH Horst Erler Wolf-Dieter Weschke			
Product groups/ Service and support units	**Money Market, Foreign Exchange, Securities Trading** Jürgen Haupt	**Group Human Resources** Jürgen von Zeppelin	**Operations & IT** Richard Groeneveld	**Compliance, Prevention of Money Laundering** Arno Grunhold
	In-house-Consulting Hermann Siegling	**Audit** Elena Segerbarthold Andrew Williams	**Accounting** Werner Schmunk from 1 June 2002	**Controlling** Martin Kinzel
	Foreign Notes and Coins/ Precious Metals Trading Günter Spieker			**Group Risk Management** Rolf Büttner
	Treasury Ernst-Albrecht Brockhaus			**Accounting** Werner Schmunk until 31 May 2002
	Corporate Communications Prof Dr Borislav Bjelicic			

Updated: 1 March 2002

Glossary

Asset-backed securities (ABS)
A special form of securitising payment claims via tradable securities that are structured by aggregating certain financial assets (→ securitisation). This technique is used to raise finance for assets which would otherwise tie up capital on the balance sheet.

Basel II Accord
Proposal issued in January 2001 by the Basel Committee on Banking Supervisions on revisions to the capital adequacy requirements for banks. This is expected to come into effect in 2005. In future, capital requirements should increasingly relate to borrowers' individual credit risks, plus the bank's operational risks.

Cash flow statement
Indicator used to asses the financial position on the basis of aggregation and analysis of cash flows from operating, investment or financing operations that are returned or used by a company in the course of a business year.

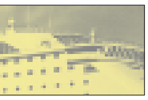
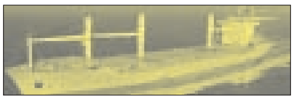
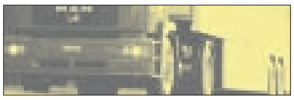
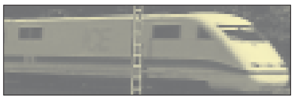
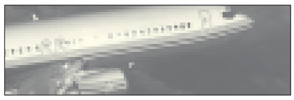
CDAX index
Composite DAX: an equity index calculated and published by Deutsche Börse AG during exchange trading hours. The CDAX comprises all equities traded on the Frankfurt Stock Exchange.

Commercial Paper Programme
Short-term, uncollateralised debentures issued within the scope of 'issuing programmes'. Commercial Paper is used by finance companies, industrial issuers and trading enterprises with an impeccable credit rating. Favourable credit rating is required for market access. Due to the minimum investment amounts involved, commercial paper is generally acquired by institutions rather than retail investors.

Core capital ratio according to the German Banking Act (KWG)
Indicator that expresses the ratio of core capital (consisting in particular of issued share capital and reserves) to → risk-weighted assets.

Cost/income ratio
A measure of a company's cost efficiency that shows the expenditure required to generate income.

Debt Issuance Programme
A flexible debt issuance facility based on standard documentation that enables issuers to raise funds by way of uncollateralised debentures at different points in time. Size of issue, currency and term are tailored to requirements.

Derivatives
The value of derivative products is based on the price, price fluctuations or price expectations of underlying instruments (e.g. shares or interest rates). The most common forms of derivatives are swaps, options and futures.

Freight receivables management
A product developed by DVB Group, operated in co-operation with a number of partners from the Transport Finance segments of Rail, Road & Logistics and Shipping, for the acquisition of client receivables and the collection of payments for freight services.

Lending volume
The aggregate of (i) placements with, and loans and advances to other banks (including balances held with central banks), (ii) loans and advances to customers (including participating interests) and (iii) off-balance sheet business (guarantees and indemnities, irrevocable loan commitments and derivatives), excluding provisions.

Loan-to-value ratio
Ratio between the volume of a loan and the current value of the financed item.

Loss given default (LGD)
The severity of the loss in the event of a borrower defaulting.

Medium-term note
Flexible debt issuance facility that enables issuers to raise funds by way of uncollateralised debentures at different points in time, tailoring issue size, currency and term to their requirements.

Mergers & acquisitions (M&A)
Arranging company acquisitions, mergers and participations and the related advisory services.

Mezzanine capital
Capital or fixed-income subordinated loans with equity and fixed-income features, provided to a company within the scope of private placements.

Net profit on financial operations
Items in a bank's profit and loss account, expressing the cross-divisional results from own-account trading as the positive aggregate of income and expenses incurred on proprietary trading in securities, financial instruments, foreign exchange and precious metals.

Operating lease
Leasing transactions where all material risks (e.g. investment risk) and earnings potential associated with holding a leased object remain with the lessor.

Principles of Corporate Governance
This "Code of Best Practice" comprises 50 internationally recognised standards of conduct and obligations of disclosure for listed companies. As a self-regulatory "soft law", it complements the so-called "comply-or-explain" provision rule in the Transparency and Disclosure Act.

Return on equity (RoE)
Indicator of a company's profitability. It measures the return on the capital invested.

Risk-weighted assets
The term in Liquidity Principle 1 of the German Banking Act for a bank's assets that are subject to risk. Weighting is subject to a code specified by the Supervisory Board.

SAP
Identical to the name of its producer, SAP is the most frequently used enterprise resource planning (ERP) software. The literal meaning of 'SAP' refers to 'systems, applications, products' in data processing.

Securitisation
Securitisation of loan receivables and deposits, i.e. issuing securities for the purpose of reimbursing loans or financing different types of claims (e.g. debt securities or commercial paper).

Segment reporting
Disclosing a company's financial situation and profitability, analysed by business activities or geographical regions.

Shadow toll
A private syndicate is awarded the contract by a public contractor – generally by means of a licence – to build, finance, maintain and operate a road during the licence period (the so-called operator model). Contrary to the operator model where 'real' tolls are imposed (the private operator has the right to impose a toll directly on the road user), the shadow-toll model provides for the public contractor to reimburse the private operator for the duties carried out by means of a direct transfer payment. These transfer payments are calculated as a product of the set toll charge (graded according to vehicle class and category) and actual volume of traffic as determined by traffic censuses.

Silent partnership certificates
Participation in the business of a third party by providing an investment that is transferred to such a third party. While silent partners have a share in the current profit and loss of an enterprise, they are not disclosed; neither are they authorised to manage or represent.

Total capital according to section 10 of the German Banking Act (KWG)
For regulatory purposes the composition of total capital has been strictly defined by the Basel Committee on Banking Supervision. Total capital comprises liable equity capital and tier three funds (in particular short-term subordinated liabilities). Liable equity capital comprises core capital (predominantly consisting of issued share capital, reserves and contributions made by silent partners) and supplementary capital (comprising mainly profit-participation certificates, subordinated liabilities, hidden reserves pursuant to section 340 f of the German Commercial Code and revaluation reserves on securities and property).

US leveraged lease structures
Leasing structure specific to the US market.

Value-at-risk (VaR)
A method used to quantify the market risks of derivative financial instruments and to measure the potential future losses of a portfolio in the event of a worst-case market development.

Western Union
With more than 100,000 agencies in 187 countries around the world, Western Union is a leading international payment services provider, and is accessible outside normal business hours. ReiseBank has acted in partnership with Western Union GmbH in Germany for several years. For fast money transfers, the sender deposits cash at one of ReiseBank's outlets or at his/her account holding bank. Payment is subsequently made available to the recipient at any Western Union agency – generally within minutes and without the necessity of holding an account.

Imprint

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This translation is provided for information only; the German original is exclusively relevant and valid for legal purposes.

Risks inherent in forward-looking statements

This Annual Report contains forward-looking statements, including statements concerning the future development of DVB Group. These statements are based on assessments and forecasts which, in turn, are based on assumptions.

We would like to point out that these assessments and forecasts will always be subject to the risk of erroneous perception or errors of judgement, and may thus turn out to be incorrect. By their very nature, any deliberations regarding developments or events in the future are conjectures rather than precise predictions. Future developments may indeed diverge from expectations, not least as a result of fluctuations of capital market prices, exchange rates or interest rates, or due to fundamental changes in the economic environment.

Although we believe the forward-looking statements to be realistic, due to the reasons discussed above we cannot accept any responsibility that they will actually materialise. We do not intend to update any forward-looking statements made in this report.

Planning and implementation:
Marion Hein
Investor Relations

Edited by:
Elisabeth Winter
Manager Investor Relations

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