EANS-Adhoc: DVB Bank SE
DVB once again posts solid results for 2009

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-- annual report

11.03.2010

DVB Group once again posts solid results for 2009

DVB's clearly-defined business model, with a unique focus on global Transport Finance, once again proved its mettle throughout 2009 - despite the global turbulence on financial and transport markets. Based on preliminary, unaudited figures, the Bank posted solid consolidated net income (after taxes) of EUR76.1 million, a 27.7% decline from the previous year's figure of EUR105.2 million.

Specifically, 2009 results comprised the following components:

Net interest income was up slightly, to EUR194.3 million - a positive development, given the difficult market environment in 2009. Against this background, the Bank originated new business in large-sized structured Transport Finance exposures on a selective basis. New business volume amounted to EUR3.0 billion. DVB's interest rate margins for new transactions were able to include the clearly higher funding costs prevailing throughout 2009: hence, the interest margin on new business rose to an average of 343 basis points (up 157 year-on-year), thus also ensuring an adequate risk/return relationship.

The tense situation on international transport markets, particularly in maritime shipping, burdened DVB's portfolios. Even though the Bank's risk management teams responded with a variety of measures, allowance for credit losses had to be increased to EUR72.2 million (2008: EUR16.5 million).

Whilst the commission rates on new business were higher year-on-year, commission income in absolute terms did not match the previous year's record figure, on account of lower new business volumes. Net fee and commission income declined by 7.3%, to EUR97.8million (2008: EUR105.5 million).

Two non-recurring negative effects, which together accounted for a burden of EUR28.2million, need to be taken into account when assessing the decrease in consolidated net profit. Firstly, DVB incurred additional refinancing costs of EUR20.8million (2008: EUR28.0million) on account of prevailing money market distortions. However, the Bank succeeded in virtually neutralising these effects by the end of the year, through a variety of measures. Secondly, DVB recognised an additional EUR7.4million write-down on a bond issued by an Icelandic bank, following a EUR35.8million write-down the year before. DVB's motivation to invest in such a bond issue was to maintain a liquidity reserve for payments.

General administrative expenses of EUR156.5million were unchanged year-on-year. Staff expenses declined slightly by 2.1%, to EUR89.4million (2008: EUR91.3million). At EUR62.7million, non-staff expenses were up 4.3% on the previous year (2008: EUR60.1million).

At EUR19.1billion, the volume of business in 2009 was down 9.0% on the previous year (2008: EUR21.0billion). DVB's total assets also declined slightly, to EUR17.3billion on the reporting date (31 Dec 2008: EUR17.4billion). The Bank's nominal customer lending for regulatory purposes (the aggregate of loans and advances to customers, guarantees and indemnities, derivatives, and irrevocable loan commitments) decreased by 6.5%, to EUR17.3billion (2008: EUR18.5billion). Since the euro strengthened versus the US dollar towards the end of 2009, DVB's customer lending in US dollar terms showed a lower rate of decline than in euro terms (down 3.9% to USD24.9billion).

The core capital ratio in accordance with Basel II was 14.2% (2008: 13.9%), and the total capital ratio 18.0% (2008: 18.2%).

The key strategic indicators which DVB Group uses to manage its business reflected the challenging environment: return on equity before taxes was 9.4% (2008: 13.1%), and the cost/income ratio stood at 49.6% (2008: 57.4%).

The Board of Managing Directors and Supervisory Board will propose to DVB Bank SE's Annual General Meeting, which will be held on 9 June 2010, to pay an unchanged dividend of EUR0.60 per notional no-par value share. With this proposal, the Bank's executive bodies also wish to express their confidence in DVB's performance going forward.

Frankfurt/Main, 11 March 2010

DVB Bank SE

THE BOARD OF MANAGING DIRECTORS

Wolfgang F. Driese   Bertrand Grabowski   Dagfinn Lunde

end of announcement   euro adhoc
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