



Corporate Governance  
Report

2010



In the following declaration pursuant to section 3.10 of the German Corporate Governance Code (the "Code") and section 289a (1) of the German Commercial Code ("HGB"), the Board of Managing Directors and Supervisory Board of DVB Bank SE report on the Bank's corporate governance.

DVB is a leading global specialist in international Transport Finance. As a listed company, DVB must observe the recommendations and proposals of the Code. The Board of Managing Directors and the Supervisory Board therefore use the Code as a guideline on how to enhance the transparency of business decisions for shareholders, business partners, employees, and the general public. The two executive bodies regularly review the Code's recommendations – as amended by the Government Commission of the German Corporate Governance Code – and how DVB is implementing them.

DVB's corporate governance is shaped by four essential parameters:

- responsible and effective corporate governance and control by the Board of Managing Directors and the Supervisory Board, respectively;
- the protection of stakeholder interests (shareholders, investors, clients, business partners and staff);
- regular financial reporting and independent audits; and
- transparent communications.

### DVB's management system

DVB Bank SE opted for the dual-board structure comprising two executive bodies, in addition to the General Meeting: one managing the Bank and its business (Board of Managing Directors) and one supervising the management (Supervisory Board). DVB's dual management system is structured in the following manner: ①

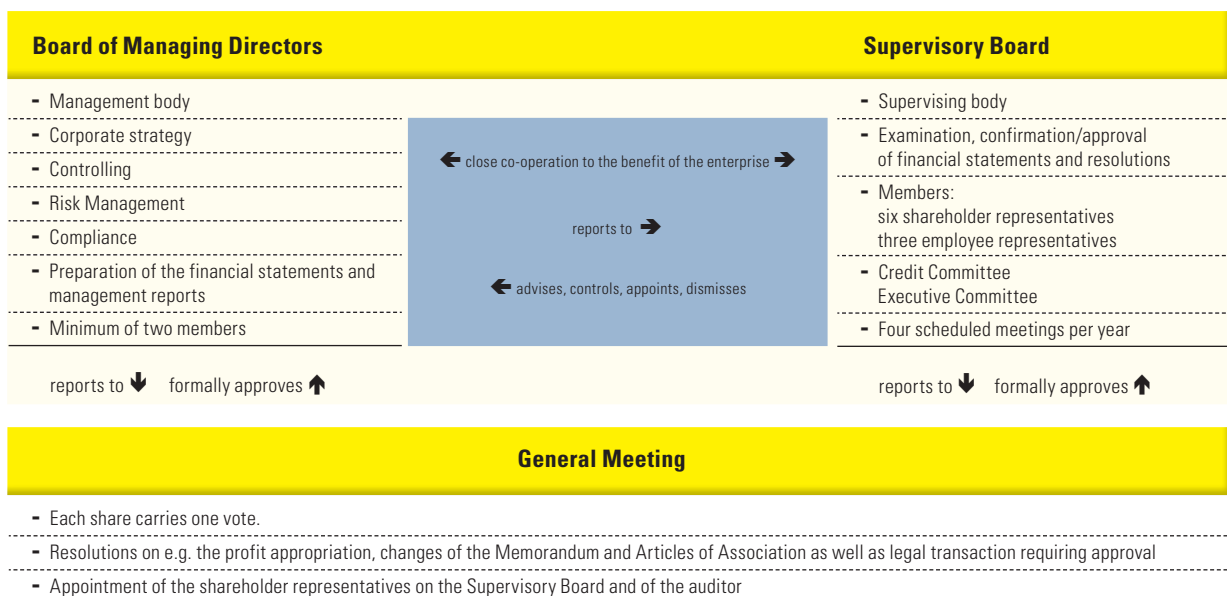
### The Board of Managing Directors – DVB's managing body

Pursuant to Article 7 of the Memorandum and Articles of Association of DVB Bank SE, the Board of Managing Directors consists of a minimum of two members who are appointed by the Supervisory Board for a period of no more than five years. The Board of Managing Directors currently has three members.

The Supervisory Board selects those candidates for appointment as Management Directors who are best qualified in the context of the Bank's business model: specific expertise in the transport finance business is decisive, whereas criteria such as gender or nationality are irrelevant (section 5.1.2 (1) sentence 2 of the Code).

Re-appointments, for no more than five years per term, are permitted. In principle, the term of office of a Managing Director ends when reaching the age of 65; in this case, any re-appointments are only permitted for one year each time, until the individual concerned has reached the age of 67.

## ① Dual Management System



The Board of Managing Directors manages the business in the Company's best interests and in order to achieve a sustained increase in its value. In doing so, the Board of Managing Directors considers the interests of shareholders, investors, clients, and business partners – as well as those of the Bank's employees. DVB's business model and its strategic position in the relevant global transport markets are determined and refined by the Board of Managing Directors in coordination with the Supervisory Board. In addition, the members of the Board of Managing Directors ensure that the Company is managed in accordance with legal regulations, the Memorandum and Articles of Association, and the Internal Regulations. Moreover, the Board of Managing Directors directs the parent company – DVB Bank SE – and the DVB Group, using efficient management tools; specifically, these include financial controlling, risk management, and Compliance.

No conflicts of interest pursuant to section 4.3 of the Code occurred during the 2010 business year.

More information on the composition of the Board of Managing Directors and the distribution of responsibilities amongst its members is available in the Annual Report 2010.

### The Supervisory Board – DVB's supervisory body

Pursuant to Article 11 (1) of the Memorandum and Articles of Association of DVB Bank SE, the Supervisory Board consists of a total of nine members, comprising six shareholder representatives and three employee representatives. The current members of the Supervisory Board are appointed for the period until the conclusion of the General Meeting that passes a resolution on the formal approval for the fourth financial year following the commencement of their term of office; this will be the Annual General Meeting to be held in 2014.

The Supervisory Board continually advises and supervises the Board of Managing Directors in its management of the business. It is involved in every major business decision. Transactions that require Supervisory Board approval, pursuant to Article 18 of the Memorandum and Articles of Association, include the purchase and sale of companies, the conclusion of inter-company agreements and the development of new (or the discontinuation of existing) business segments that are of material importance for DVB Group. In addition, the Supervisory Board is responsible for the appointment and removal of Managing Directors.

The Supervisory Board conducts its business in accordance with the respective Internal Regulations. It is directed by the Chairman of the Supervisory Board, who sets the agenda for each meeting, chairs the plenary meetings, and signs the meeting minutes. The Internal Regulations of the Supervisory Board also provide for various methods of casting votes; for each poll, the Chairman of the Supervisory Board selects the most appropriate method from amongst these options.

DVB's Supervisory Board has formed two committees, the Executive Committee and the Credit Committee.

- The Executive Committee consists of three Supervisory Board members, including the Chairman and Deputy Chairman of the Supervisory Board, plus an employee representative. The Committee's tasks are defined in its Internal Regulations: the Executive Committee is responsible for preparing resolutions on the conclusion, extension or termination of contracts with the Managing Directors, and regarding their remuneration; the resolutions are passed by the plenary meeting of the Supervisory Board.
- The four members of the Credit Committee are elected by the plenary meeting; they meet at least four times per year. By its Internal Regulations, the Supervisory Board has delegated authority to the Credit Committee for certain decisions to be taken on behalf of the Supervisory Board. Specifically, this includes dealing with all DVB Group exposures which must be submitted to the Supervisory Board for acknowledgement or approval, as well as all major loans and loans subject to higher risks. Where required, the Credit Committee approves any such loans. Moreover, the Board of Managing Directors coordinates the lending policies with the Credit Committee, and keeps the Committee informed on a regular basis about problem loans, exposures subject to higher risk, and unusual events related to the lending business.

The Supervisory Board has not established an Audit Committee. However, an independent member of the Supervisory Board has special skills and experience in the fields of accounting and audit of financial statements.

Moreover, the Supervisory Board has not established a Nomination Committee: instead, candidates are selected within the scope of a differentiated, multi-level coordination process involving the Board of Managing Directors, the Chairman of the Supervisory Board and the plenary meeting of the Supervisory Board. This process serves to identify those individuals who possess the requisite transport finance expertise, whilst also fulfilling the personal requirements set out in the Company's Memorandum and Articles of Association. Criteria such as gender or nationality are irrelevant for this purpose. The Supervisory Board then proposes the candidates chosen in this manner to the Annual General Meeting.

Communications between the managing body and the supervisory body are generally structured as follows: the Chairman of the Board of Managing Directors informs the Chairman of the Supervisory Board – regularly, without delay and always up to date – on the Bank's current business development and risk situation, on important decisions to be made, and on significant issues. The Supervisory Board is kept informed, regularly and comprehensively, on developments of strategic parameters

pertaining to DVB's business model, resulting adjustments to future business policy, as well as on corporate governance and planning (including financial and human resources planning, and budgeted results).

The Internal Regulations of the Supervisory Board provide for an examination of efficiency, to be performed once a year, where the members of the Supervisory Board critically evaluate their own work.

For further information, please refer to the Report of the Supervisory Board of the Annual Report 2010, which also gives a detailed description of the work of the Supervisory Board and the focal issues discussed during 2010, as well as the processes of communication and coordination between the Board of Managing Directors and the Supervisory Board. The current composition of the Supervisory Board, and of its committees, is shown in the Annual Report 2010.

## Remuneration system

### Regulatory requirements for remuneration systems

With the "Ordinance Regarding the Regulatory Requirements for Remuneration Systems of Institutions" coming into effect on 13 October 2010 (Institutsvergütungsverordnung – InstitutsVergV – referred to in this section as the "Ordinance"), the German Federal Ministry of Finance has detailed the requirements for remuneration systems implemented by financial institutions, in the context of the German Banking Act. The Ordinance applies to all employees of DVB, at all locations.

#### – Not a "material institution"

A distinction is made between (and different requirements applied to) "material institutions" and those which are not considered material for the purposes of the Ordinance. Banks whose total assets amounted to a minimum of €10 billion, without exceeding €40 billion, on the reporting dates of the last three financial years must determine, based on an internal risk analysis, whether they are "material institutions" or not. On the basis of a comprehensive analysis and self-assessment, in December 2010 the Board of Managing Directors of DVB Bank SE reached the final conclusion that DVB is not considered a material institution. Accordingly, the Bank only needs to comply with the general requirements set out in the Ordinance.

The result of the analysis can be summarised as follows: DVB's business model is characterised by a moderate risk affinity; the risks assumed are transparent and manageable. Loans are only extended on the basis of strict lending policies, and following in-depth market and asset research carried out by DVB's in-house research units. Once DVB has assumed credit risks, it applies a sophisticated risk management system to continuously handle

and monitor the exposure. In this way, the Bank ensures that financed assets can be realised if need be, for example, via secondary markets. Besides this traditional lending business, DVB does not offer any particularly risk-prone services such as investment banking or securities business.

#### – "Risk takers"

Section 5 of the Ordinance sets out additional requirements for employees who exert a material influence on the Bank's risk profile (so-called "risk takers"). Every institution is required to carry out a self-assessment in order to review and determine which individuals are considered risk takers. Having already carried out this self-assessment in December 2009 (with an update in December 2010), the Board of Managing Directors has determined that the Bank's only risk takers are the three Managing Directors themselves. This decision is based on the following risk analysis under the self-assessment:

From its 13 office locations, the Bank offers its clients in the shipping, aviation and land transport sectors customised products and advisory services. The structures of these financing solutions are often sophisticated and complex, with structures spanning multiple jurisdictions, and they are generally collateralised by the transport asset being financed.

DVB's international lending business involves risk positions that are managed in accordance with the following regulations: lending decisions are governed by the relevant lending authorities and lending policies. In accordance with the lending authorities, DVB's lending decisions are taken on three levels:

- by the Shipping Finance, Aviation Finance and Land Transport Finance business divisions (specifically, by the Head of Industry together with the Head of Credit);
- subject to approval by the entire Board of Managing Directors; and
- in certain circumstances, with the approval of the Supervisory Board's Credit Committee.

Depending on the specific risk parameters that have been set, lending decisions below a certain limit can be made by the business divisions, provided the extension of credit meets the criteria laid out in the lending policies. These lending standards stipulate guidelines regarding the type of financing, collateralisation by the financed asset, the term of the loan, the loan-to-value-ratio, etc. Lending decisions require approval by the entire Board of Managing Directors where the exposure concerned exceeds the business divisions' lending authorities, or is outside the scope of the lending standards. If a certain exposure limit is exceeded, approval must also be obtained from the Supervisory Board's Credit Committee.

Beyond its lending business, DVB is not engaged in any high-risk trading activities.

#### – General requirements of the Ordinance

The general requirements for remuneration systems, as set out in section 3 of the Ordinance, also apply to institutions – such as DVB – which are not classified as material institutions as defined by the Ordinance. Having discussed the remuneration aspects stipulated in section 3 of the Ordinance, the Board of Managing Directors has assessed DVB's situation as follows:

- Remuneration is geared towards the Bank's strategic objectives.
- The ratio of fixed to variable remuneration is appropriate.
- The remuneration structure does not give rise to conflicts of interest regarding staff members working in front office or back office units.
- Employees are sufficiently informed of the remuneration systems that are relevant to them, in writing, through the means of communication available (such as brochures).

Furthermore, the Board of Managing Directors has determined an appropriate upper limit for the ratio of fixed to variable remuneration, which will apply to payments made during 2011 for the first time. DVB will ensure that guaranteed bonuses will only be agreed upon for one year, and only within the scope of new hirings. Furthermore, DVB will devise a regulation prohibiting employees from seeking protection against lower variable remuneration.

#### – Remuneration Committee

DVB has voluntarily established a Remuneration Committee. This committee presented its first analysis of remuneration systems to the Supervisory Board in November 2010. According to this analysis, the regulations are appropriate and designed to promote DVB's objectives, without any incentives to assume excessive risk positions.

## Remuneration of members of the Board of Managing Directors and Supervisory Board

The remuneration of the Board members amounted to €3.3 million:

### Remuneration of the Board of Managing Directors and the Supervisory Board

€000's	2010	2009	%
Board of Managing Directors	2,671.1	2,621.4	1.9
Supervisory bodies	269.9	263.2	2.5
Former members of the Board of Managing Directors and their surviving dependants	362.6	394.2	-8.0
<b>Total</b>	<b>3,303.6</b>	<b>3,278.8</b>	<b>0.8</b>

#### – Remuneration of the Board of Managing Directors

The Supervisory Board has determined the remuneration structure of the Board of Managing Directors. Accordingly, in 2010 the overall remuneration of the Board of Managing Directors was composed of a fixed component of 61.2% and a variable component of 38.8%.

Pursuant to the German Act on the Disclosure of Executive Board Remuneration (VorstOG), listed companies are required to disclose the remuneration of each individual member of the Board of Managing Directors, identifiable by name, in annual and consolidated financial statements for business years beginning after 31 December 2005. By virtue of a resolution passed by the Annual General Meeting held on 30 June 2006 (agenda item no. 9), with the requisite majority of the share capital represented, DVB Bank SE has opted to waive the personalised disclosure of remuneration paid to members of the Board of Managing Directors for a period of five years (this applies to the financial statements and consolidated financial statements for the financial years 2006–2011, pursuant to section 285 sentence 1 no. 9a, sentences 5–9, and section 314 (1) no. 6a sentences 5–9 of the German Commercial Code).

The fixed remuneration component of DVB Bank SE's Board of Managing Directors amounted to €1,633,630.37 during 2010 (2009: €1,416,413.75). It comprises monetary remuneration components, pension commitments and special benefits. **i**

### **i** Remuneration of the Board of Managing Directors – fixed remuneration component (€)

	2010	2009	%
Monetary compensation elements	960,000.00	960,000.00	0.0
Pension commitments including contributions to pension provisions	483,818.18	291,265.89	66.1
Special benefits	189,812.19	165,147.86	14.9
thereof: Allowances for company car or monetary equivalent	56,042.23	54,440.28	2.9
thereof: Rent subsidies	29,186.51	27,780.86	5.1
thereof: Insurance cover and employer contributions to foreign social security schemes	104,583.45	82,926.72	26.1
<b>Total</b>	<b>1,633,630.37</b>	<b>1,416,413.75</b>	<b>15.3</b>

The members of the Board of Managing Directors received bonus payments totalling €1,037,500.00 in 2010, for the financial years 2008 and 2009 (2009: €1,205,000.00 for the financial years 2007 and 2008). The bonus payments paid to members of the Board of Managing Directors are determined on the basis of agreements on operational targets. These objectives, which are agreed upon between the Supervisory Board and the respective member of the Board of Managing Directors, are related to objective criteria for the relevant financial year (referring to financial indicators such as EVA and consolidated net income before taxes) as well as to the personal performance of each individual member of the Board of Managing Directors. The amount of the bonus depends on the (measurable) extent to which the targets were achieved.

The bonus for the financial year 2010 will be awarded in four tranches: 50% during 2011, and three tranches of 16.66% each, awarded during the following financial years 2012 to 2014. As a prerequisite for the payout, no notice of termination may have been given with regard to the contract of the respective member of the Board of Managing Directors at the time of payment, unless it be where a member of the Board of Managing Directors retires from office for reasons of age, or due to non-renewal of a contract.

#### – Remuneration of the Supervisory Board

The annual remuneration of Supervisory Board members is governed in Article 19 (1) and (2) of DVB Bank SE's Memorandum and Articles of Association: the members of the Supervisory Board receive an annual remuneration of €20,000.00, the Chairman of the Supervisory Board receives €30,000.00, and the members of the Credit Committee receive an additional annual remuneration of €10,000.00 each. The remuneration is paid on the 1st of July of each year. Where said remuneration is subject to value-added tax, this tax shall be paid in addition to the remuneration (Article 19 (3) of the Memorandum and Articles of Association). Further details, such as the reimbursement of travelling expenses and other cash expenses, daily allowances and similar issues, are governed by Article 19 (4) of the Memorandum and Articles of Association.

Total remuneration expenses paid in 2010 by DVB Bank SE for members of the supervisory bodies amounted to €269,900.00. Taxes amounting to €35,455.00 were transferred directly to the tax authorities on behalf of Supervisory Board members domiciled abroad. The members of the Supervisory Board therefore received remuneration of €234,445.00 for their actions as Supervisory Board and Credit Committee members. <sup>1</sup>

#### <sup>1</sup> Remuneration of the Supervisory Board 2010 (€)

	Remuneration of Supervisory Board activities	Remuneration of Credit Committee activities	Value Added Tax (VAT) 19%	Total
<b>Shareholder representatives</b>				
Frank Westhoff, Chairman	30,000.00	10,000.00	7,600.00	47,600.00
Dr Peter Klaus, Deputy Chairman	20,000.00	10,000.00	5,700.00	35,700.00
Dr h.c. Stephan Götzl	20,000.00	–	3,800.00	23,800.00
Flemming Robert Jacobs, domiciled in the UK	20,000.00	10,000.00	5,700.00	35,700.00
Wolfgang Köhler	20,000.00	–	0.00	20,000.00
Dr Klaus Nittinger	20,000.00	–	3,800.00	23,800.00
<b>Employee representatives</b>				
Dorinus Legers, domiciled in the Netherlands	20,000.00	–	3,800.00	23,800.00
Kieran O'Keefe, domiciled in Ireland	20,000.00	–	3,800.00	23,800.00
Martin Wolfert	20,000.00	10,000.00	5,700.00	35,700.00
<b>Total remuneration</b>	<b>190,000.00</b>	<b>40,000.00</b>	<b>39,900.00</b>	<b>269,900.00</b>
<b>Tax deduction for Supervisory Board members domiciled outside Germany (paid directly to the responsible tax office)</b>				
VAT	19%			13,300.00
Taxes for membership in a Supervisory Board	30%			21,000.00
Solidarity surcharge	5.5%			1,155.00
<b>Total tax deductions</b>				<b>35,455.00</b>
<b>Remuneration excluding tax deductions for Supervisory Board members domiciled outside Germany</b>				<b>234,445.00</b>

### – Shareholdings of the Board of Managing Directors and the Supervisory Board

As at 31 December 2010, the Board of Managing Directors and the Supervisory Board did not hold, in aggregate, more than 1% of the shares issued by DVB Bank SE.

### General Meeting – protecting shareholders' interests

All of DVB's shareholders are involved in the Company's major decisions and are able to exercise their rights, as provided in the Memorandum and Articles of Association, prior to or during the General Meeting. The ordinary Annual General Meeting of DVB Bank SE takes place during the first six months after the end of each financial year (Article 21 of the Memorandum and Articles of Association). Shareholders' regular duties include accepting the financial statements confirmed by the Supervisory Board and the consolidated financial statements approved by the Supervisory Board; passing resolutions on the appropriation of distributable profit (Bilanzgewinn), on the formal approval of the members of the Board of Managing Directors and the Supervisory Board, and on the appointment of the external auditors.

The invitation to the General Meeting of DVB Bank SE, including the agenda, is published in the electronic German Federal Gazette; it is additionally sent to shareholders via the banks that manage their securities accounts. In addition, the convening notice and agenda can easily be accessed via our website as soon as the General Meeting has been convened. For easy reference, we also provide a summary agenda.



www.dvbbank.com > Investor Relations > General Meeting

The website also contains information on shareholder rights pursuant to sections 122 (2), 126 (1), 127 and 131 (1) of the AktG. The Bank offers the additional service of allowing shareholders to appoint one of the proxies named by DVB to exercise their voting rights at the General Meeting. Pursuant to section 134 (3) sentence 4 of the AktG, we provide a proxy form which can be used for electronic transmission of a proxy by fax or e-mail.

Our Memorandum and Articles of Association do not currently provide for the casting of votes by post.

More information on the topics discussed during the Annual General Meeting 2010 is available in the chapter "The DVB share" of the Annual Report 2010.

### Regular financial reporting and independent audits

We use financial reports to supply our shareholders and the general public with regular information about DVB's net assets, financial position, and results of operations. DVB publishes two annual reports for each concluded business year. The annual report of DVB Bank SE comprises the Bank's financial statements in accordance with the German Commercial Code (German GAAP – HGB), whilst DVB Group's annual report contains its IFRS consolidated financial statements. Both sets of financial statements are prepared by the Board of Managing Directors. They are subjected to a review by the independent external auditors appointed at the Annual General Meeting before being confirmed (single-entity financial statements) by, or receiving final approval (consolidated financial statements) from the Supervisory Board. Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, have been appointed as auditors for the 2010 business year.

The single-entity report of DVB Bank SE is only published on the Bank's website in German. The Group Annual Report is printed in both English and German, and is available for download from our website in both versions. For the first time, we will publish our 2010 Group Annual Report – in both languages – as an easy-to-read HTML report.



This online report is expected to be available on our website [www.dvbbank.com](http://www.dvbbank.com) > Investor Relations > Publications > Financial Reports > DVB Group's Annual Report 2010 from the end of April 2011.

During the year, we also publish a half-yearly financial report that includes condensed consolidated financial statements and interim management statements during the first and second half of the year (covering key financial data for the first and third quarter, respectively). All these financial reports are prepared according to IFRS.

## Transparent communications

We regularly publish information relevant to shareholders and the general public, in addition to DVB's annual reports.

- We published an ad-hoc disclosure regarding DVB's preliminary and unaudited consolidated financial statements 2009 on 11 March 2010.
- Furthermore, we published a Directors' Dealings notification on behalf of Mr Wolfgang F. Driese (CEO and Chairman of the Board of Managing Directors of DVB Bank SE), covering a transaction in notional no-par value shares of DVB Bank SE.



Our website [www.dvbbank.com](http://www.dvbbank.com) > Investor Relations > Publications > Directors' Dealings includes a link to News Aktuell, a third-party media portal, where detailed Directors' Dealings notices published by DVB can be viewed.

- As a listed public company, DVB is obliged to issue an annual Declaration of Compliance, in which the Board of Managing Directors and the Supervisory Board provide details on their compliance with the recommendations of the Code, and give reasons for any deviations. DVB published its ninth Declaration of Compliance on 10 December 2010; the declaration covers the years 2010 and 2011, and is available on the Bank's website.



All Declarations of Compliance issued by DVB since 2002 are available for download from our website [www.dvbbank.com](http://www.dvbbank.com) > Investor Relations > Corporate Governance > Declarations of Compliance.

- We also compile all publications relevant to shareholders which were published during each business year under review in an Annual Document pursuant to section 10 of the German Securities Prospectus Act (Wertpapierprospektgesetz – WpPG). We publish this document on our Investor Relations website.
- We actively use the internet for all relevant publications to ensure that information is provided to shareholders and the public in a timely, concurrent and comprehensive manner. The Bank's Investor Relations website is the point of contact frequently used by interested financial markets participants.
- Since 2008, we have also provided a dedicated information service: our Investor Relations newsletter, "Performance". This is designed to actively relay target group-specific information about DVB's performance and its business divisions.
- Within the scope of both regular and ad-hoc events – including the Annual Accounts Press and Analyst Conference, follow-up rating discussions, road shows and one-on-one meetings – we maintain a continuous, direct and intensive dialogue with shareholders, rating and bank analysts, and the financial media.
- We compile the scheduled dates of material recurring events and publications in the financial calendar, which is published on the Bank's Investor Relations website in good time, and is permanently made available there. This allows all those interested to be informed without undue delay.

## Management tools

The key tools employed to manage the business are financial controlling, risk management, and Compliance function.

### Financial controlling

The Board of Managing Directors has an extensive set of controls at its disposal: it uses them for a value-driven and integrated overall management of the Bank. In this context, that means taking into account both income and risk parameters. From an ex-ante point of view, the key task is to distinguish beneficial options from disadvantageous ones – with a focus on the transparent and consistent design of target systems, alternatives, and forecasts. Ex-post analyses, in contrast, are carried out within the framework of a systematic cycle of planning, management and control. This means identifying concrete measures and management options that are specifically designed to meet the requirements of the respective management areas.

The information gained through analysing risk-adjusted profitability provides transparency regarding the value created throughout the Group, and in the various units managed. The metrics used internally to assess the performance of each unit are economic value added (EVA) and return on risk-adjusted capital (RORAC). Both indicators measure the performance generated on the risk capital invested. Risk-adjusted profitability data is a key input factor for allocating capital and resources within the enterprise.

All of DVB's divisions and areas are covered by a uniform value-driven management system. Besides income, risk is another key dimension of all ex-ante and ex-post analyses.

In essence, the Group's focus is on achieving defined income and cost targets, whilst maintaining its risk-bearing capacity and ensuring compliance with regulatory requirements. In addition to a detailed one-year plan and a rolling five-year plan, the standardised toolbox also provides for regular projections of full-year results carried out over the course of the year. The periodic management information system is built on top of an integrated data warehouse, with ad-hoc studies and analyses used as required.

DVB's tools for measuring risk-adjusted profitability are also integrated in the "Integrated risk and capital management system used throughout the DZ BANK Group".

## Risk management

Assuming risks in a targeted and controlled manner – achieving returns that are commensurate with the risks taken – is a key part of DVB's management strategy as an international transport asset lender.

The objective is to achieve a return on economic capital invested that is commensurate with the risk exposure. The risk management process encompasses all Group entities. The risk policy guidelines and structures for the professional management of these risks are laid down in the Risk Management Framework, which forms the basis for uniform administration and communication of all material types of risk throughout the Group. The areas of responsibility within the framework of the risk management process are clearly regulated. Responsibility for the proper implementation, organisation, and effectiveness of the Group-wide risk management system lies with the entire Board of Managing Directors of DVB Bank SE, as the parent company of the DVB Group. Based on the Group's ability to carry and sustain risks, the Board of Managing Directors decides on the risk strategy, including the applicable methodology and procedures used for measuring, managing and monitoring risk.

We operate a Group-wide risk management system, which complies with all statutory and regulatory requirements. This risk management system comprises the necessary provisions and measures with respect to risk strategy, risk-bearing capacity, risk management, and risk monitoring, plus a framework for the early detection of risks. In addition to the structural and procedural organisation, these also apply to the processes for identifying, assessing, managing, monitoring and communicating the risks.

For more details regarding risk management, please refer to the Report on Opportunities and Risks of the Annual Report 2010.

## Compliance

DVB defines "Compliance" as adherence to the law and the Company's Memorandum and Articles of Association, as well as compliance with internal rules and regulations and voluntary obligations. The Compliance Office has been mandated by the Board of Managing Directors to ensure that regulatory compliance is implemented throughout the Group. Thus, the scope of the function includes – but is not limited to – money laundering prevention, prevention of market abuse or market manipulation and corruption, data protection, conflicts of interest, and compliance with the Markets in Financial Instruments Directive.

The Compliance function within the DVB Group is centralised in the Compliance Office located in Frankfurt/Main. The Head of Compliance reports directly to the Chairman of the Board of Managing Directors, and appraises the Board of the Compliance situation on a regular basis. Additionally, the Supervisory Board receives an update on an annual basis. Compliance staff have been appointed in each of the Bank's locations, directly reporting in this capacity to the Head of Compliance. Where possible, automated monitoring systems have been implemented, which ensure that any potential breaches are automatically alerted to the central Compliance function in Frankfurt/Main. The local Compliance Officers must additionally escalate any potential breach of internal policies/procedures as well as external rules and regulations. All staff attend regular trainings on compliance-related topics.

Sustainable conduct – both commercially and socially – is a key element of DVB's corporate culture. To ensure a highly professional, uniform and exemplary standard of conduct throughout the Group, the Board of Managing Directors developed a Code of Conduct at the beginning of 2010. The values established in this Code of Conduct must be observed vis-à-vis our clients and business partners as well as all fellow employees.

This Code of Conduct serves as a role model comprising four core values:

- We offer our clients professional expertise on transport markets and transport assets – throughout all market cycles.
- We support our clients around the world with tailor-made financing solutions and a broad range of services. Our products meet all relevant legal and ethical standards.
- Entrepreneurial vision and strength guides our every thought and action.
- We create a working environment for all DVB staff that promotes knowledge, dedication, teamwork and diversity.

In this way, the Code of Conduct is also designed to manage ethical and legal challenges arising during day-to-day work, providing guidance in the event of any conflicts.



Our website [www.dvbbank.com](http://www.dvbbank.com) > Investor Relations > Compliance contains DVB's Code of Conduct.

Frankfurt/Main, 31 January 2011  
The Board of Managing Directors

Wolfgang F. Driese  
CEO and Chairman of the Board  
of Managing Directors

Bertrand Grabowski  
Member of the Board  
of Managing Directors

Dagfinn Lunde  
Member of the Board  
of Managing Directors

Frankfurt/Main, 9 March 2011  
For the Supervisory Board

Frank Westhoff  
Chairman of the Supervisory Board