

By-laws

Bundesverband der Deutschen
Volksbanken und Raiffeisenbanken · BVR

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*Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – National Association
of German Cooperative Banks (hereinafter referred to as BVR)

By-laws

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Election and Composition Regulations

of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V.

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Adopted by the BVR's Members' General Meeting on 1 December 2004; pursuant to Section 24, Paragraph 2, Letter k, an editorial correction was made in Section 14, Paragraph 2 by the BVR Association Council on April 26, 2005.

By-laws

Preamble

The cooperative banking group's leitmotif is and remains legal and economic independence for cooperative banks at the local level. The cooperative banking group is not a corporate group in the formal sense and does not intend to become one in the future. The subsidiarity and autonomy of the BVR members and their governing bodies shall be safeguarded.

Responsibility for tapping the market and revenue potential in the respective market area lies with the individual cooperative banks. This general market responsibility means that all sales activities in a business area shall be performed under the direction of the respective cooperative bank. As product specialists, the affiliated members of this financial network are responsible for offering products and services to cooperative banks at financially viable, competitive rates.

In addition to their market responsibilities, the local banks also have responsibilities with regard to the financial network. This means that if the local banks fail to work the market adequately, the strategic financial network must be given the opportunity to work the corresponding market segments, subject to the prior consent of the respective local banks.

Section 1 Name

The name of the association is "BUNDESVERBAND DER DEUTSCHEN VOLKSBANKEN UND RAIFFEISENBANKEN e.V.", hereinafter referred to as the "Association".

Section 2 Registered Office and Fiscal Year

- [1] The Association's registered office is located in Berlin.
- [2] The fiscal year shall be the calendar year.

Section 3 Purpose and Duties

- [1] The purpose of the Association shall be to promote, support and represent professional as well as individual concerns in terms of economic policy and the business interests of members and their affiliated entities within the cooperative banking industry.
- [2] Within the framework of Paragraph 1, the Association shall have the following duties in particular:
 - a) the promotion and development of the cooperative banking industry,
 - b) the development of concepts for the group as a strategic centre of competence, whereby the primary cooperatives shall remain autonomous in their strategic orientation,
 - c) advocacy of its members' interests in terms of business, economic, legal and fiscal policy,
 - d) consulting on legal, fiscal and business management issues,
 - e) establishment and management of entities for the protection and promotion of banking cooperatives and of institutes related to the cooperative banking industry,
 - f) establishment, maintenance and support of training facilities,
 - g) fostering and maintaining relations with other organisations and institutions both domestically and abroad,
 - h) involvement in associations and establishments which serve the purpose of promoting the cooperative banking industry,
 - i) publication of an annual report and of Association magazines as well as preparation of statistical material,
 - j) organisation of the members' general meeting as an Association conference.

Section 4 Protection Scheme

- [1] The Association has a protection scheme.
- [2] The protection scheme's function is to prevent and/or remedy impending and/or existing economic difficulties for the Association's member banks and to prevent any diminution of the confidence vested in cooperative credit institutions.
- [3] The statutes of the Association's protection scheme form an integral part of the present by-laws.

Section 5 DGRV Membership, Relationship with DGRV and with the Regional Auditing Associations

- [1] The Association is a member of Deutscher Genossenschafts- und Raiffeisenverband e.V. (DGRV).
- [2] In the performance of its duties, the Association shall consider the macroeconomic concerns of all cooperatives affiliated with DGRV. In the performance of its duties, the Association shall draw upon DGRV's facilities as well as upon the regional auditing associations insofar as this is possible.

Section 6 Membership

The following parties may be eligible for membership in the Association:

1. credit institutions that have subscribed to an auditing association,
2. auditing associations,
3. DZ BANK AG Deutsche Zentral-Genossenschaftsbank,
4. WGZ-Bank Westdeutsche Genossenschafts-Zentralbank eG,
5. affiliated companies who are members of the strategic financial network,
6. any other institution whose membership is in the Association's interest.

Section 7 Becoming a Member

- [1] Membership in the Association shall be acquired by means of a written declaration of intent to join and an admission resolution adopted by the management board.

- [2] Should the management board refuse admission, this decision may be challenged in the form of a written complaint to be filed with the Association Council within one month after this decision has been served. Any decision taken by the latter shall be final.

Section 8 Termination of Membership

- [1] Members may terminate their membership in the Association only with two years' written notice.
- [2] Members who, despite having been warned, grossly violate their duties with regard to the Association or members who otherwise grossly contravene the Association's interests and objectives in any other way may be expelled from the Association by means of a resolution passed by the management board.
- [3] The member concerned shall be notified of the expulsion decision by means of a registered letter. The decision must state the facts upon which the expulsion is based as well as the reason for expulsion.
- [4] The expulsion decision may be challenged by filing a written complaint to the Association Council within one month of the delivery of the expulsion notice. The complaint has no suspensory effect. The decision of the Association Council with regard to the complaint is final within the Association.
- [5] Member banks leaving the protection scheme must also leave the Association at the same time.

Section 9 Rights and Duties of Departing Members

- [1] Departing members have no claim to the Association's assets.
- [2] The obligation of departing members to pay contributions ends with the termination of membership.

Section 10 Rights of Members

- [1] The rights of the members derive from the purpose and the by-laws of the Association.

- [2] Specific rights of the Association members include:
- a) making use of the Association in all matters that fall under the scope of its remit,
 - b) using the Association's facilities,
 - c) filing motions with regard to the agenda of the members' general meeting pursuant to Paragraph 3,
 - d) requesting that an extraordinary meeting of members pursuant to Paragraph 3 be called,
 - e) attending the members' general meeting.
- [3] Motions as specified in Paragraph 2c and d must be submitted in writing to the management board and must be signed by at least 100 members. Motions pursuant to Paragraph 2c must be received by the management board at the latest three weeks prior to the members' general meeting.

Section 11 Members' Duties

- [1] The duties of the members derive from the purpose and by-laws of the Association.
- [2] Specific duties of the members include:
- a) supporting the Association in the performance of its duties,
 - b) complying with resolutions adopted by the members' general meeting,
 - c) notifying the Association's management board of all significant plans and processes in their field of work insofar as these are relevant in terms of the general interests of the organisation,
 - d) submitting documents requested by the Association, especially if such documents are of a statistical nature,
 - e) paying the contributions determined by the Association Council.
- [3] The Association is authorised to participate in the members' general meetings, deputies' general meetings, annual general meetings or partners' general meetings as well as Association members' conferences. The auditing associations and the members as specified in Section 6, Nos. 3 to 6 must inform the Association of the date, time, location and agenda of their annual general meeting in timely fashion.

Section 12 Contributions

- [1] The funds required by the Association to perform its duties will be raised by annual contributions of the members. New members admitted during an on-going business year shall pay the contribution on a pro rata basis for the period remaining until the end of the year of their admission.
- [2] The amount of the contributions shall be determined by the Association Council.

Section 12 a Contributions to the Nationwide Advertising Fund

- [1] The BVR levies contributions to a nationwide advertising fund, which it operates. This advertising fund finances nationwide marketing campaigns for the brand "Volksbanken Raiffeisenbanken" as well as the development of marketing concepts and advertising tools for local, regional and nationwide use.
- [2] Contributions to the nationwide advertising fund are raised by the local banks that were previously responsible for the financing, the central banks and affiliated companies, excluding the PSD banks, Sparda banks and church banks.
- [3] The basis for the calculation of the contribution of the local banks specified in Paragraph 2 is the respective balance sheet of the penultimate fiscal year.
- [4] The contribution rate of local banks shall be at least 0.0042% of the applicable balance sheet total in accordance with Paragraph 3. The provision specified in Section 24, Paragraph 2, Letter m shall remain unaffected.
- [5] In total, the contribution of central banks and of affiliated companies belonging to the financial network shall amount to no less than 15 percent of the amount paid by local banks pursuant to Section 4 in conjunction with Section 3. Contributions shall be distributed in accordance with an allocation key mutually agreed upon between the central banks and affiliated companies belonging to the financial network.
- [6] The Special Committee on Markets shall decide on the use of the funds.

Section 13 Governing Bodies

The governing bodies of the Association shall be:

- the management board,

- the administrative board,
- the Association council,
- the members' general meeting.

Section 14 Composition and Appointment of the Management Board

- [1] The management board shall consist of at least three members, namely the chairman as the chairman of the management board as well as further members.
- [2] The management board members shall be appointed and removed from office by the administrative board.

Section 15 Term of Office for Management Board Members

- [1] The term of office for management board members shall be five years.
- [2] The term of office for a management board member shall end prematurely at the end of the calendar year in which he passes the age of 65.

Section 16 Duties of the Management Board

- [1] The management board shall conduct the business of the Association. The management board shall represent the Association both in and out of court.
- [2] Specific duties of the management board include:
- a) pursuit of the purpose of the Association and performance of its duties as specified in Section 3,
 - b) internal organisation of the Association,
 - c) recruitment and dismissal of Association staff,
 - d) preparation of the preliminary annual budget as well as the annual accounts,
 - e) decisions concerning the admission and expulsion of members pursuant to Section 7, Paragraph 1 and Section 8,
 - f) management of facilities as specified in Section 3, Paragraph 2, Letter e, in particular the management of the protection scheme and the performance of the additional functions assigned to it under the protection scheme,
 - g) issuance of the invitation to the members' general meetings,
 - h) regular reports to the Association council and the administrative board con-

cerning all significant processes as well as presentation of the annual report to the members' general meeting,

- i) maintenance of a lasting relationship with DGRV, in particular the reporting of all significant plans and processes of importance to the overall organisation,
- j) regular reports to the Association council on the work of the special committees as well as status reports on the implementation of the concepts and standards adopted by these special committees,
- k) preparation of the rules of internal procedure for the special committees specified in Section 26, Paragraph 1, Letters a–f.

- [3] The management board is not obligated to provide information on the Association's affairs nor does it have to render account with regard to the management of the Association's business to any of the Association's individual members. These obligations apply only with regard to the members' general meeting, the administrative board and the Association council.
- [4] The involvement of at least two members of the management board is required in order to file legally binding declarations of intent.

Section 17 – Deleted –

Section 18 Quorum and Majority Votes

- [1] Decisions made by the management board require the participation of at least two management board members.
- [2] Decisions of the management board take effect with a simple majority of the votes cast.

Section 19 Composition of and Election to the Association Council

- [1] The Association council shall consist of up to 53 members.
- [2] These members shall be elected as follows by the members' general meeting of the Association:
 - a) up to 30 members of the management boards of credit cooperatives, to include one management board member from a Sparda bank and one from a

PSD bank in regular rotation as well as a management board member from a cooperative church bank and a management board member from one of the other specialised cooperative banks, likewise in regular rotation.

- b) up to 10 management board members from the auditing associations and the DGRV, and
- c) one management board member or managing director each from
 - DZ BANK AG Deutsche Zentral-Genossenschaftsbank,
 - WGZ-Bank Westdeutsche Genossenschafts-Zentralbank eG,
 - Bausparkasse Schwäbisch Hall AG,
 - R+V Versicherungsgruppe,
 - Union Asset Management Holding AG,
 - Deutsche Genossenschafts-Hypothekenbank AG,
 - Münchener Hypothekenbank eG,
 - Deutscher Genossenschafts-Verlages eG,
 - Akademie Deutscher Genossenschaften e.V.,
 - FIDUCIA IT AG,
 - GAD eG,
 - the chairman of the Deutscher Raiffeisenverband e.V.

- [3] The members' general meeting of the Association shall elect a personal proxy for each Association council member. The personal proxy may participate in such meetings and exercise the voting privilege for the regular member only when the regular member is unable to attend sessions held by the Association council. Any regular member leaving the Association council shall be replaced by his personal proxy.
- [4] The procedure for the nomination of candidates for elections to the Association council and of their personal proxies is specified in the election and composition regulations which form an integral part of these by-laws.
- [5] Members of the Association management board cannot be members of the Association council nor may they be personal proxies of the latter.
- [6] Members of the Association council and their personal proxies shall act in an honorary capacity. Travelling expenses and hotel costs shall be reimbursed in accordance with the tax regulations or upon presentation of individually documented receipts.

Section 20 Term of Office of the Association Council Members

- [1] Members of the Association council shall be elected for a period of three years.
- [2] An Association council member's term of office shall terminate prematurely in those cases in which he withdraws from the activity which was a deciding factor in his election to the Association council.
- [3] Should a member and/or his proxy withdraw from the Association council during his term of office, the next general meeting of members may fill this vacancy by electing a person to hold this office for the remaining term of office.

Section 21 Chairmanship of the Association Council

The Association council shall elect a chairman and a vice-chairman for the duration of the council's term of office from among its members. Should the chairman or vice-chairman of the Association council resign from office or withdraw from the Association council, a new chairman or vice-chairman shall be elected immediately at the next Association council meeting for the remaining term of office.

Section 22 Quorum and Majority Votes

- [1] A quorum of the Association council shall be constituted if at least half of its members are present.
- [2] Subject to the provision specified in Sentence 2, the Association council shall adopt its decisions by a simple majority of the votes cast. Decisions pursuant to Section 24, Paragraph 2, Letter m shall require a majority of at least three-quarters of the votes cast.
- [3] Those Association council members who are also members of the administrative board are excluded from participation in decisions in accordance with Section 24, Paragraph 2, Letter j.
- [4] Only members of the Association council who pay contributions to the nationwide advertising fund in accordance with Section 12a, Paragraph 2 shall be eligible for participation in a decision as specified by Section 24, Paragraph 2, Letter m.

- [5] In urgent, exceptional cases decisions may be passed using a written procedure, provided that no member of the Association council objects to this.

Section 23 Calling of Association Council Meetings

- [1] Meetings of the Association council shall be called no less than twice a year by the chairman, or if the chairman is prevented from doing so, by the vice-chairman. Furthermore, meetings of the Association council shall be called when the Association's management board or at least one quarter of the members of the Association council request such a meeting to be held; such requests must be submitted in writing to the chairman, stating the purpose and the reasons. Should the chairman be unavailable, such requests shall be delivered to the vice-chairman. The invitation to the meeting must be issued at least two weeks in advance. In urgent cases, the invitation to the meeting may be issued by telegraph, telex, fax or telephone with a notice period of at least three days in advance. The items on the agenda shall be communicated simultaneously with the invitation to the meeting.
- [2] Minutes shall be kept of the Association council meetings and their results.
- [3] The Association's management board shall be invited to the meetings of the Association council. Members of the management board shall be entitled to participate in the meetings of the Association council unless otherwise decided in special cases. The chairman of the Association council or, should he be unavailable, his proxy, may also invite other persons to the meetings of the Association council.

Section 24 Duties of the Association Council

- [1] The Association council shall define the general guidelines for the Association's activities, submit comments to the management board on matters of fundamental importance, and decide on the strategic alignment of the group.
- [2] The Association council is responsible for the following activities in particular:
- a) auditing the preliminary budget and the annual accounts and deciding whether they shall be approved,
 - b) setting the amount of the contributions payable by the members pursuant to Section 12, including the contributions to the guarantee fund,
 - c) approving strategic projects,
 - d) receiving reports on strategy implementation and approving measures to

- be taken based on reports from the controlling department,
- e) proposing nominations for the election of those members of the DGRV's presidium that are to be nominated by the Association (Section 18, Paragraph 1b) of the DGRV by-laws) as well as nominating the 12 members of the DGRV's Association council (Section 23, Paragraph 2 of the DGRV by-laws),
- f) deciding on complaints in cases in which Section 7, Paragraph 2 and Section 8, Paragraph 4 apply,
- g) specifying the date, time, location and agenda for the members' general meetings,
- h) presenting activity reports to the members' general meetings,
- i) performing functions assigned to it as specified by the protection scheme,
- j) proposing that the members' general meeting should formally approve the actions of the administrative board,
- k) adopting resolutions on editorial amendments of the by-laws,
- l) adopting resolutions on the rules of procedure for the special committees as specified in Section 26, Paragraph 1, Letters a-f.
- m) determining additional annual contributions of the local banks to the nationwide advertising fund over and above those annual contributions determined pursuant to Section 12a, Paragraph 4, Sentence 1; however, these additional contributions shall not exceed 0.005% of the basis for calculation specified in Section 12a, Paragraph 3.

Section 25 Composition and Election of the Administrative Board

- [1] The Association council shall form an administrative board from amongst its members; this administrative board shall consist of the following 12 members:
 - a) 7 management board members from the credit cooperatives,
 - b) 3 management board members from the auditing associations,
 - c) the management board member from WGZ-Bank Westdeutsche Genossenschafts-Zentralbank eG,
 - d) the management board member from DZ BANK AG Deutsche Zentral-Genossenschaftsbank.

- [2] The chairman of the Association council and the vice-chairman of the Association council are automatic members of the administrative board. The group from which the chairman of the Association council and/or the vice-chairman of the Association council are recruited must count these members as part of the total number of seats on the administrative board to which said group is entitled.

- [3] Section 19, Paragraphs 3 and 6 shall apply accordingly.

Section 25 a Duties of the Administrative Board

- [1] The administrative board shall exercise a supervisory function with regard to the management board.
- [2] The administrative board's responsibilities include in particular:
 - a) electing members to and removing members from the management board,
 - b) appointing an officer who shall represent the Association when concluding agreements with members of the management board,
 - c) specifying the remuneration of members of the management board,
 - d) deciding on rules of procedure for the management board,
 - e) proposing that the members' general meeting formally approve the actions of the management board,
 - f) performing functions assigned to the administrative board as specified by the protection scheme, in particular the monitoring of the conduct of business by the management board,
 - g) consulting on the budget of the Association,
 - h) presenting an activity report to the members' general meeting.
- [3] The administrative board shall elect a personnel committee from amongst its members. The establishment of further committees is also possible. The administrative board shall decide on the performance of individual duties assigned to it by the committees established.
- [4] The administrative board may submit recommendations to the Association council.

Section 25 b Chairmanship of the Administrative Board

The chairman of the Association council shall chair the administrative board, and if the chairman is unavailable, the chair shall be held by the Association council vice-chairman. Section 23 shall apply accordingly.

Section 25 c Adoption of Resolutions and Majority Votes on the Administrative Board

- [1] A quorum of the administrative board shall be constituted if at least half of its members are present.
- [2] The administrative board shall take its decisions by a simple majority of the

votes cast. In cases in which Section 25a, Paragraph 2, Letter a applies, a majority of at least two-thirds of all votes cast shall be required.

- [3] In urgent cases, decisions may be taken via a written procedure, provided that no member of the administrative board objects to this procedure.
- [4] Members of the administrative board may not participate in administrative board deliberations and decisions involving matters concerning a member of the management board of the Association, in particular in cases specified in Section 25a, Paragraph 2, Letters a and c, if said member of the Association's management board is active in the supervisory body of the company in which the member of the administrative board performs management board functions.

Section 26 Special Committees

- [1] The following special committees shall be set up:
 - a) Special Committee on Markets,
 - b) Special Committee on Products,
 - c) Special Committee on Information Technology,
 - d) Special Committee on Payment Transactions – Ring Committee,
 - e) Special Steering Committee,
 - f) Special Committee on Human Resources,
 - g) Special Committee on Banking Law.
- [2] Based on the strategic and political decisions of the BVR governing bodies specified in the by-laws, the special committees shall accompany and support the Association's operative and conceptual work. Any substantial issues which have a direct impact on the work of the overwhelming majority of banks of the Volksbank and Raiffeisenbank groups shall be referred to such special committees. The special committees shall discuss the Association's permanent duties only in special cases as required. The work of the special committees shall not cover any projects resulting from the Association's lobbying function.
- [3] The work of the special committees is regulated in greater detail by the individual rules of procedure adopted by the Association council pursuant to Section 24, Paragraph 2, Letter l.
- [4] The term of office for members of special committees shall be three years.

- [5] The nomination and appointment of members of special committees are regulated in greater detail by the election and composition regulations which form an integral part of these by-laws.
- [6] The members of the special committees shall work on a voluntary basis. Traveling expenses and lodging expenses shall be reimbursed in accordance with tax regulations or upon presentation of individually documented receipts.

Section 26 a The Associations' Communication Committee

- [1] The Association shall set up an associations communication committee.
- [2] The members of the associations' communication committee are the management board members of the auditing associations and the BVR.
- [3] The associations' communication committee serves as a forum for agreeing upon a stringent procedure for the associations in strategic, political and implementation matters.
- [4] The associations' communication committee shall elect a chairman and a vice-chairman from among its members. Should the chairman or the vice-chairman resign from office or should he withdraw from the associations' communication committee, a new chairman or vice-chairmen shall be elected immediately at the next meeting of the associations' communication committee.
- [5] The associations' communication committee shall meet at least twice a year upon invitation by the Association's management board.

Section 27 Members' General Meeting

- [1] The members' general meeting shall be held at least once a year. The date, time, location and agenda thereof shall be determined by the Association council.
- [2] The members' general meeting shall be called by the Association's management board. The invitation must be published in the Association's information bulletin at least four weeks prior to the meeting. The agenda must be published in the Association's information bulletin at least two weeks prior to the meeting. The Association's information bulletin is called BANKINFORMATION.

- [3] The chairman of the Association council shall chair the members' general meeting. If he is unavailable, the meeting will be chaired by the vice-chairman of the Association council. The chairperson shall appoint a person to record the minutes.
- [4] The members' general meetings shall be recorded in the form of minutes of the meeting. The minutes shall be signed by the person chairing the members' general meeting and by the person recording the minutes.

Section 28 Duties of the Members' General Meeting

- [1] The members' general meeting is responsible for all matters pertaining to the Association unless these are delegated to another body specified by law or by the present by-laws.
- [2] The responsibilities of the members' general meeting include in particular:
 - a) receiving the management board's annual report and the activity reports of the Association council and administrative board,
 - b) receiving the report of the audit committee appointed by the Association council,
 - c) electing the members of the Association council and their personal proxies,
 - d) electing the auditor/the auditing company for BVR and BVR's protection scheme,
 - e) formally approving Association council actions,
 - f) formally approving the administrative board's actions upon the proposal of the Association council,
 - g) formally approving the management board's actions upon the proposal of the administrative board,
 - h) amending the by-laws, notwithstanding the provision contained in Section 24, Paragraph 2, Letter k,
 - i) dissolving the Association.

Section 29 Quorum and Majority Votes

- [1] A quorum of the members' general meeting shall be constituted regardless of the number of members present.
- [2] Each member shall have one vote. Members shall be represented by their respective delegates on the management board. A proxy on the basis of a written authorisation shall be permissible. However, only members' delegates on the management board shall be eligible to become proxies, and each proxy may represent a maximum of two members.

- [3] Subject to the provisions of Paragraph 4, a simple majority of the votes cast is required to pass any decisions of the members' general meeting.
- [4] A majority of at least three-quarters of the votes cast is required to pass decisions pursuant to Section 28, Paragraph 2, Letters h and i.

Section 30 Extraordinary Meeting of Members

- [1] Members of the Association as specified in Section 10, Paragraph 2, Letter d, as well as the Association council may request an extraordinary meeting of members by means of a simple majority (as stipulated in Section 22, Paragraph 2, Sentence 1), provided there are important grounds for doing so and provided that they also state the purpose and the reasons for requesting such a meeting. Furthermore, the management board may also call an extraordinary meeting of members, provided there are important grounds for calling such a meeting.
- [2] If the calling of a extraordinary meeting of members is requested in accordance with Paragraph 1, Sentence 1, the invitation for the extraordinary meeting of members must be issued within the following ten days. The management board of the Association is responsible for issuing the invitation to an extraordinary meeting of members. The invitations must be communicated in writing to the members with at least three weeks notice stating the location where the extraordinary meeting of members will be held. Motions pursuant to Section 10, Paragraph 2, Letter c must be delivered to the Association's management board at least two weeks prior to the extraordinary meeting of members. Members must be informed of the agenda in writing at least one week prior to the extraordinary meeting of members. The extraordinary meeting of members must be held no later than four weeks after the issuance of the invitation. Furthermore, the provisions for regular members' general meetings shall apply to extraordinary meetings of members analogously.

Section 31 Accounting

- [1] The accounting year shall be the calendar year. The annual accounts for the previous accounting year shall be presented no later than May 31st of each year and a preliminary draft for the next accounting year shall be submitted to the Association council for review and approval no later than November 30th of each year.
- [2] There shall be a separate statement of accounts for the protection scheme operated by the Association (Section 4).

- [3] The auditing mandate to the auditor/auditing company selected by the members' general meeting shall include the annual accounts of the Association as well as the protection scheme operated by the Association.

Section 32 Dissolution of the Association

- [1] The members' general meeting may decide to dissolve the Association. The decision to dissolve the Association may be taken only by the members' general meeting in two consecutive meetings called exclusively for this purpose. The decision to dissolve the Association shall take effect only if there is an affirmative vote for the dissolution with a majority of three-quarters of the votes cast at each of the two meetings. There shall be a minimum period of one month between the aforementioned two meetings.
- [2] In the event of the dissolution of the Association, the Association council is responsible for deciding on the use of the Association's assets.

Election and Composition

Statutory basis

Pursuant to Section 19, Paragraph 4 of the Association's by-laws, the procedure concerning the proposals for the election of the Association council members and their personal proxies as well as the composition of the special committees pursuant to Section 26, Paragraph 5 of the Association's by-laws shall be regulated in these guidelines.

I. Nomination of Candidates for Elections to the Association Council

Section 1

- [1] Pursuant to Section 19, Paragraph 2 of the Association by-laws, the members of the Association council shall be elected by the general meeting of members of the Association as follows:
- a) up to 30 management board members from credit cooperatives, including one management board member each from a Sparda bank and from a PSD bank in regular rotation as well as one management board member from a church cooperative bank and one management board member from the

- other specialist cooperative banks, likewise in regular rotation,
- b) up to 10 management board members from the auditing associations and the DGRV, as well as
 - c) one management board member/managing director each from
 - DZ BANK AG Deutsche Zentral-Genossenschaftsbank,
 - WGZ-Bank Westdeutsche Genossenschafts-Zentralbank eG
 - Bausparkasse Schwäbisch Hall AG,
 - R+V Versicherungsgruppe,
 - Union Asset Management Holding AG,
 - Deutsche Genossenschafts-Hypothekenbank AG,
 - Münchener Hypothekenbank eG,
 - Deutscher Genossenschafts-Verlages eG,
 - Akademie Deutscher Genossenschaften e.V.,
 - FIDUCIA IT AG,
 - GAD eG,
 - the chairman of Deutscher Raiffeisenverband e.V.

- [2] Pursuant to Section 19, Paragraph 3 of the Association's by-laws, a personal proxy shall be elected for each member of the Association council by the general meeting of members of the Association.

Section 2

- [1] The maximum number of 30 management board members from credit cooperatives shall be comprised of:
- a) 2 management board members of Badischer Genossenschaftsverband Raiffeisen-Schulze-Delitzsch e.V.,
 - b) 5 management board members of Genossenschaftsverband Bayern (Raiffeisen-Schulze-Delitzsch) e.V.,
 - c) 5 management board members of Genossenschaftsverband Norddeutschland e.V.,
 - d) 5 management board members of Genossenschaftsverband Frankfurt e.V. Hessen/Rheinland-Pfalz/Saarland/Thüringen as well one further management board member as the representative of a credit cooperative domiciled in Saxony,
 - e) 6 management board members of Rheinisch-Westfälischer Genossenschaftsverband e.V.,
 - f) 1 management board member of Genossenschaftsverband Weser-Ems e.V.,
 - g) 3 management board members of Württembergischer Genossenschaftsverband Raiffeisen/Schulze-Delitzsch e.V.,
 - h) 1 management board member each of the Sparda banks and the PSD banks in regular rotation,

- i) 1 management board member of a cooperative church bank and 1 member from the other specialised cooperative institutes in regular rotation.
- [2] The management board members of credit cooperatives as specified in Paragraph 1, Letters a-h who are members of the Association council shall be nominated by the responsible governing bodies (Association Council, Association Committee, Special Council) of the auditing associations. The management board member designated in Paragraph 1, Letter I shall be nominated by the cooperative church banks and by the other cooperative special institutes in regular rotation.
- [3] Further nominations include:
- a) the management board members of the auditing associations and the DGRV, nominated by the auditing associations and the DGRV,
 - b) one management board member/managing director/chairman each
 - of DZ BANK AG Deutsche Zentral-Genossenschaftsbank,
 - of WGZ-Bank Westdeutsche Genossenschafts-Zentralbank eG,
 - of Bausparkasse Schwäbisch Hall AG,
 - of R+V Versicherungsgruppe,
 - of Union Asset Management Holding AG,
 - of Deutsche Genossenschafts-Hypothekenbank AG,
 - of Münchener Hypothekenbank eG,
 - of Deutscher Genossenschafts-Verlag eG,
 - of Akademie Deutscher Genossenschaften e.V.,
 - of Deutscher Raiffeisenverband e.V.,
 - of the cooperative IT centres
 nominated by these institutes, or by Deutscher Raiffeisenverband e.V. or by the IT centres.

Section 3

Should auditing associations merge, the post-merger auditing association may propose one management board member of the post-merger auditing association. The responsible governing bodies (Section 2, Paragraph 2) of the post-merger auditing association are entitled to nominate the same number of management board members from the credit cooperatives from the area of the post-merger auditing association as the pre-merger auditing associations would have been entitled to as specified by Section 2, Paragraph 1.

Section 4

The nomination regulations set forth in Sections 2 and 3 shall apply analogously to the personal proxies. The following exceptions hereto are proposed:

- a) one management board member of WL Bank – Westfälische Landschaft Bodenkreditbank AG as a personal proxy for the delegate from the Münchener Hypothekenbank eG,
- b) one management board member of VR-Leasing AG as a personal proxy for the delegate of Deutscher Genossenschafts-Verlag eG,
- c) the personal proxy for the delegate of the PSD Banks will be nominated by the responsible governing bodies of the Verband der Sparda-Banken e.V. and the personal proxy for the delegate from the Sparda banks will be nominated by the responsible governing bodies of the Verband der PSD Banken e.V., in regular rotation,
- d) the personal proxy for the representative of the other cooperative special banks will be nominated by the cooperative church banks and the personal proxy for the representative of the cooperative church banks will be nominated by the other cooperative special banks, in regular rotation.

II. Composition of the Special Committees

Section 5

Pursuant to the provisions of Section 26, Paragraph 1 of the Association's by-laws, the following special committees shall be set up:

- a) Special Committee on Markets,
- b) Special Committee on Products,
- c) Special Committee on Information Technology,
- d) Special Committee on Payment Transactions – Ring Committee –,
- e) Special Steering Committee,
- f) Special Committee on Human Resources,
- g) Special Committee on Banking Law.

Section 6

- [1] Upon a motion to be filed by BVR's management board, the Association council shall decide on the respective number of committee members who will serve on the special committees as specified in Section 26, Paragraph 1, Letters a-f of

the by-laws. The Association council shall also decide who shall be entitled to nominate these special committee members. Notwithstanding the provision specified in Sentence 1, the special committee members representing the local banks, as well as the committee members' personal proxies will be appointed by the Association council - in consultation with the management board of the BVR based on a corresponding requirements profile - upon the proposal of the responsible governing bodies of the auditing associations. The member of the BVR management board who is responsible for the respective division shall be an automatic member of the respective special committee.

- [2] For each member to be appointed by the Association council, a personal proxy will be appointed. In this regard the procedure specified in Paragraph 1 applies analogously. The personal proxy is entitled to participate in meetings of the special committee only if the regular member is unable to do so.
- [3] In the special committees specified in Section 5, Letters a-f of the Election and Composition Regulations, it must be ensured that the majority of the members are representatives of local banks.
- [4] The term of office of a member of a special committee shall end prematurely upon withdrawal from the activity that determined the appointment to the special committee. Should a member or a proxy resign from the respective special committee during his term of office, the respective vacancy may be filled for the remaining term of office in accordance with the procedure specified in Paragraph 1.

