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# By-laws

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Bundesverband der Deutschen  
Volksbanken und Raiffeisenbanken e. V. · BVR

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Volksbanken und Raiffeisenbanken e.V. · BVR\*

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## By-laws

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# 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.

### Note:

The English version of the By-laws of the BVR is used exclusively for representative purposes and presentation of the BVR in an international environment. If legally relevant, only the German version of the By-laws of the BVR is valid. All documents can be found at [www.bvr.de](http://www.bvr.de)

## 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 schemes and investment in companies for protecting and supporting the local cooperative banks and institutions 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 BVR protection scheme

- (1) The Association has a protection scheme. The protection scheme is a bank-related protection scheme within the meaning of section 2 (2) in conjunction with section 61 German Deposit Insurance Act (EinSiG) that has not been officially recognised as a deposit insurance scheme.
- (2) The purpose of the protection scheme pursuant to Paragraph 1 is to avert or remedy impending or existing financial difficulties at the Association's member banks and to prevent any negative impact on confidence in the cooperative banks, to the extent that the BVR-ISG protection scheme pursuant to section 4a does not take action.
- (3) The statutes of the Association's protection scheme form an integral part of these by-laws.

## Section 4a BVR-ISG protection scheme

- (1) The Association has established BVR Institutssicherung GmbH (BVR-ISG) and is its sole shareholder.
- (2) BVR-ISG operates for the Association a bank-related protection scheme within the meaning of section 2 (2) EinSiG that has been recognised as a deposit insurance scheme pursuant to section 43 EinSiG (BVR-ISG protection scheme). CRR banks within the meaning of section 1 (3d) sentence 1 German Banking Act (KWG) (CRR banks) that are members of the Association and are affiliated with the protection scheme pursuant to section 4 Paragraph 1 must also belong to the BVR-ISG protection scheme.
- (3) BVR-ISG has the task of averting or remedying impending or existing financial difficulties at the CRR banks that belong to the BVR-ISG protection scheme (bank protection).
- (4) The CRR banks join the BVR-ISG protection scheme by declaring their accession and giving a general undertaking pursuant to section 36 of the articles of Association of BVR-ISG. For the duration of their membership of the BVR-ISG protection scheme, the CRR banks are, in accordance with section 24 (5) EinSiG, exempted from being assigned to a statutory compensation scheme.
- (5) In the event of a CRR bank leaving or being excluded from the BVR-ISG protection scheme, its membership of the Association and the protection scheme pursuant to section 4 Paragraph 1 will end. In the event of a CRR bank's membership of the Association and the protection scheme pursuant to section 4 Paragraph 1 ending, its membership of the BVR-ISG protection scheme will end.

- (6) The auditing associations responsible for the CRR banks participate in the tasks of the bank-related protection scheme in accordance with BVR-ISG's articles of Association. The participation of the auditing associations is agreed upon in a contract between BVR-ISG and the auditing associations.

#### Section 5 DGRV membership, relationship with DGRV and with the 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 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 AG Westdeutsche Genossenschafts-Zentralbank,
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 that leave the protection scheme pursuant to section 4 Paragraph 1 also leave the Association at the same time.
- (6) CRR banks that do not join the BVR-ISG protection scheme in a manner that is legally effective or that leave or are excluded from the BVR-ISG protection scheme also leave the protection scheme pursuant to section 4 Paragraph 1 and 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) The rights of the Association members include but are not limited to:
- a) making use of the Association with regard to all issues within its remit,
  - b) using the Association's schemes,

- c) filing motions for the agenda of the general meeting of members pursuant to Paragraph 3,
- d) requesting that an extraordinary meeting of members be convened in accordance with Paragraph 3,
- e) attending the general meeting of members.

The Association members that are CRR banks are entitled, subject to the statutory requirements and the requirements in the articles of Association of the BVR-ISG protection scheme, to join the BVR-ISG protection scheme.

- (3) Motions pursuant to Paragraph 2 Sentence 1 Letters c and d must be submitted in writing to the board of managing directors and must be signed by at least 100 members. Motions pursuant to Paragraph 2 Sentence 1 Letter c must be received by the board of managing directors no later than three weeks before the general meeting of members.

#### 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 organization,
  - 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 11a Members' duties in respect of the BVR-ISG protection scheme

- (1) CRR banks that are Association members must join the BVR-ISG protection scheme by declaring their accession and giving a general undertaking in accordance with the articles of Association of BVR-ISG.

- (2) Unless otherwise stipulated, the CRR banks that have joined the BVR-ISG protection scheme must always fulfil the duties set forth in EinSiG, in the articles of Association of BVR-ISG, and in the declaration of accession and general undertaking for the BVR-ISG protection scheme without undue delay.

- (3) In the event of changes to the articles of Association of BVR-ISG relating to membership and to the rights and duties of the CRR banks in the BVR-ISG protection scheme, the declaration of accession and general undertaking for the BVR-ISG protection scheme will be amended without undue delay in accordance with section 36 (2) and (3) of the articles of Association of BVR-ISG. If a CRR bank objects to an amendment to the declaration of accession and general undertaking, the CRR bank will be deemed to have left the BVR-ISG protection scheme in accordance with section 37 (2) of the articles of Association of BVR-ISG; upon leaving the BVR-ISG protection scheme, the CRR bank also leaves the Association and the protection scheme pursuant to section 4 Paragraph 1 in accordance with section 8 Paragraph 6.

#### 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 ongoing 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 12a 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, appointment and remuneration of the board of managing directors

- (1) The board of managing directors consists of at least three members, namely the President in the role of Chief Executive Officer plus further members.
- (2) The members of the board of managing directors are selected and dismissed by the administrative board. They should satisfy the requirements in section 43 (2) no. 1 EinStG.
- (3) The members of the board of managing directors are remunerated for their work for the Association.

### Section 14a board of managing directors of BVR-ISG

The members of the board of managing directors of the Association should also be members of the board of managing directors of BVR-ISG.

### 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 board of managing directors manages the Association's business operations. It represents the Association in and out of court. With respect to transactions with BVR-ISG, the board of managing directors is exempted from the restrictions in section 181, second alternative, of the German Civil Code (BGB).
- (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 and the annual financial statements,
  - e) decisions concerning the admission and expulsion of members pursuant to section 7, Paragraph 1 and section 8,
  - f) management of schemes pursuant to section 3 Paragraph 2 Letter e, in particular the management of the protection scheme pursuant to section 4 Paragraph 1 and the performance of the additional functions assigned to it in connection with the protection scheme,
  - g) issuance of the invitation to the members' general meetings,
  - h) regular reports to the Association council and the administrative board concerning 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,
  - l) exercise of the rights and duties of the Association as the shareholder of BVR-ISG in accordance with section 17,
  - m) conclusion of a contract on the transfer of guarantee fund resources to BVR-ISG in accordance with section 2a of the Statutes of the Protection Scheme and the conclusion of a loan agreement with BVR-ISG in accordance with section 2b of the Statutes of the Protection Scheme,
  - n) conclusion of a liability agreement with BVR-ISG in accordance with section 2c of the Statutes of the Protection Scheme,
  - o) proposals for suspending or reducing the CRR banks' contributions to the guarantee fund in accordance with section 4a (3) of the Statutes of the Protection Scheme.

For the resolutions pursuant to Sentence 1 Letter m, the board of managing directors requires a prior resolution giving consent from the Association council. For the

resolutions pursuant to Sentence 1 Letter n, the board of managing directors requires a prior resolution giving consent from the general meeting of members.

- (3) The management board is not obliged 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 Exercise of rights and duties as the shareholder of BVR-ISG

- (1) The board of managing directors exercises the rights and duties of the Association as the shareholder of BVR-ISG, subject to Paragraphs 2 to 4.
- (2) For the resolutions listed below at the BVR-ISG shareholder meeting, the board of managing directors requires a prior resolution giving consent from the general meeting of members:
  - a) formal approval of the actions of the board of managing directors of BVR-ISG,
  - b) formal approval of the actions of the administrative board of BVR-ISG,
  - c) amendments to the articles of Association of BVR-ISG in accordance with section 62 (1) of the articles of Association of BVR-ISG, provided BVR-ISG is not obliged to amend the articles of Association on the basis of an order from the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) [German Federal Financial Supervisory Authority] that must be executed immediately or that is final,
  - d) relinquishment of recognition, winding-up of the BVR-ISG protection scheme and/or winding-up of BVR-ISG in accordance with section 59 (1) of the articles of Association of BVR-ISG,
  - e) use of the BVR-ISG guarantee fund's resources that remain after a transfer of the available financial resources in accordance with section 59 (4) of the articles of Association of BVR-ISG.
- (3) For the resolutions listed below at the BVR-ISG shareholder meeting, the board of managing directors requires a prior resolution giving consent from the Association council:
  - a) appointing and dismissing the members of the administrative board of BVR-ISG and the personal deputies of the members of the administrative board of BVR-ISG,
  - b) collecting additional contributions in accordance with section 46 of the articles of Association of BVR-ISG,

- c) updating the accumulation plan pursuant to section 45 (2) EinStG,
- d) setting a flat-rate supplement on top of the annual contributions in order to cover the administrative expenses and other costs of BVR-ISG in accordance with section 42 (3) sentence 1 of the articles of Association of BVR-ISG.

- (4) For fundamental decisions about the taking of funding measures by the BVR-ISG protection scheme in accordance with section 22 (1) no. 2 of the articles of Association of BVR-ISG, the board of managing directors requires a resolution giving consent from the protection scheme's central committee.

### 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 15 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 AG Westdeutsche Genossenschafts-Zentralbank, Bausparkasse Schwabisch 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) checking the preliminary annual budget and the annual financial statements and deciding whether they should 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) appointing the twelve members of the Association council of the Deutscher Genossenschafts- und Raiffeisenverband (DGRV) [German Cooperative and Raiffeisen Confederation] (section 23 (2) sentence 3 second bullet point of the articles of Association of the DGRV),
  - 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 the functions assigned to it in connection with the protection scheme pursuant to section 4 Paragraph 1,
  - 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.
  - n) resolving on consent for the appointment and dismissal of the members of the administrative board of BVR-ISG and the personal deputies of the members of the administrative board of BVR-ISG,
  - o) resolving on consent for the collection of additional contributions in accordance with section 46 of the articles of Association of BVR-ISG,
  - p) resolving on consent for the updating of the accumulation plan of BVR-ISG pursuant to section 45 (2) EinSiG,
  - q) resolving on consent for the conclusion of a contract on the transfer of guarantee fund resources to BVR-ISG in accordance with section 2a of the Statutes of the Protection Scheme and the conclusion of a loan agreement with BVR-ISG in accordance with section 2b of the Statutes of the Protection Scheme,
  - r) resolving on consent for the suspension or reduction of the CRR banks' contributions to the guarantee fund in accordance with section 4a (4) of the Statutes of the Protection Scheme,
  - s) resolving on consent for the setting of a flat-rate supplement on top of BVR-ISG's annual contributions in order to cover the administrative expenses and other costs of BVR-ISG.

## 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 AG Westdeutsche Genossenschafts-Zentralbank,
  - 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.
- (4) The members of the administrative board should satisfy the requirements in section 43 (2) no. 2 EinSiG.

## Section 25a Administrative board of BVR-ISG

- (1) The members of the administrative board of the Association should also be members of the administrative board of BVR-ISG.
- (2) The members of the administrative board of BVR-ISG and their personal deputies are unsalaried. Travel and accommodation costs are reimbursed by BVR-ISG in accordance with the tax rules or on presentation of individual receipts, unless the costs are also incurred in connection with work for the Association or the Association's protection scheme pursuant to section 4 Paragraph 1 and should preferably be reimbursed by the Association.

## Section 25b 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 the functions assigned to the administrative board in connection with the protection scheme pursuant to section 4 Paragraph 1, in particular monitoring the management activities of the board of managing directors,
  - 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 25c 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 25d 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 25b, 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. 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 25b, 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. Travelling expenses and lodging expenses shall be reimbursed in accordance with tax regulations or upon presentation of individually documented receipts.

#### Section 26a 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-chairman 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/auditing firm for the BVR and the BVR protection scheme pursuant to section 4 Paragraph 1,
  - 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,
  - j) resolving on consent for the formal approval of the actions of the board of managing directors of BVR-ISG,
  - k) resolving on consent for the formal approval of the actions of the administrative board of BVR-ISG,
  - l) resolving on consent for an amendment to the articles of Association of BVR-ISG, provided BVR-ISG is not obliged to amend the articles of Association on the basis of an order from BaFin that must be executed immediately or that is final,
  - m) resolving on consent for the conclusion of a liability agreement with BVR-ISG in accordance with section 2c of the Statutes of the Protection Scheme,
  - n) resolving on consent for the relinquishment of recognition of BVR-ISG, the winding-up of the BVR-ISG protection scheme and/or the winding-up of BVR-ISG,
  - o) resolving on consent for use of the BVR-ISG guarantee fund's resources that remain after a transfer of the available financial resources.

#### 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) The resolutions pursuant to section 28 Paragraph 2 Letters h, i, l, m, n and o require a majority of at least three-quarters of the votes cast.

### 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 an 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, Paragraph 1).
- (3) The audit engagement issued to the auditor/auditing firm that is elected by the general meeting of members must cover the Association's statement of account and the Association's protection scheme pursuant to section 4 Paragraph 1.

### Section 32 Confidentiality obligation

- (1) The members of the decision-making bodies and committees of the Association and the Association's protection scheme, and the other persons who are employed by or work for the Association or the Association's protection scheme must not, without authorisation, disclose or utilise information about the work of BVR-ISG and the BVR-ISG protection scheme or others' secrets, particularly the trade and business secrets of BVR-ISG and the CRR banks that belong to the BVR-ISG protection scheme, of which they become aware in connection with the work of the BVR-ISG protection scheme. This also continues to apply when they cease to be members of the decision-making bodies and committees specified in Sentence 1 and when they cease to work for the Association. The passing on of facts to BaFin, the resolution authority, Deutsche Bundesbank, the European Central Bank, the European Banking Authority, or BVR-ISG as part of these persons' work specifically does not constitute unauthorised disclosure or utilisation of information and secrets as defined in sentence 1.
- (2) Paragraph 1 Sentence 3 applies *mutatis mutandis* if the persons specified in Paragraph 1 Sentence 1 pass on information and secrets as defined in Paragraph 1 Sentence 1 to the auditing associations involved in fulfilling the tasks of the Association in connection with the Association's protection scheme and/or the BVR-ISG protection scheme and/or to DZ BANK AG Deutsche Zentral-Genossenschaftsbank and/or to WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank and/or to auditors and/or rating agencies engaged by the Association for the Cooperative Financial Network provided the persons passing on the information and the aforementioned information recipients have a professional obligation or have contractually undertaken to the Association to maintain confidentiality pursuant to Paragraph 1 Sentences 1 and 2 and themselves have undertaken to impose a corresponding confidentiality obligation on the persons employed by or working for them, to the extent that these persons have access to information and secrets as defined in Paragraph 1 Sentence 1.

### Section 33 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.

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# Election and Composition

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## 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 follow:

- 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 AG Westdeutsche Genossenschafts-Zentralbank,
  - 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) 5 members of boards of managing directors from the territory of the Baden-Württembergischer Genossenschaftsverband e. V. [Baden-Württemberg Association of Cooperatives],
- b) 5 members of boards of managing directors from the territory of the Genossenschaftsverband Bayern (Raiffeisen-Schulze-Delitzsch) e. V. [Bavarian Association of Cooperatives (Raiffeisen-Schulze-Delitzsch)],
- c) 11 members of boards of managing directors from the territory of the Genossenschaftsverband e. V. [Association of Cooperatives], including one who is a member of a board of managing directors of a local cooperative bank in Saxony,
- d) deleted,
- e) 6 members of boards of managing directors from the territory of the Rheinisch-Westfälischer Genossenschaftsverband e. V. [Rhineland-Westphalia Association of Cooperatives],
- f) one member of a board of managing directors from the territory of the Genossenschaftsverband Weser-Ems e. V. [Weser-Ems Association of Cooperatives],
- g) deleted,
- h) one member of a board of managing directors of a Sparda bank or PSD bank in rotation,
- i) one member of a board of managing directors of a cooperative church bank or other special cooperative bank in 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 AG Westdeutsche Genossenschafts-Zentralbank,
  - of Bausparkasse Schwäbisch Hall AG,
  - of R+V Versicherungsgruppe,

### Section 3

- 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.

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.





**BVR**

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