



Münchener
Hypothekenbank eG

ARTICLES OF ASSOCIATION >>



ARTICLES OF ASSOCIATION OF MÜNCHENER HYPOTHEKENBANK eG

in the revised version pursuant to the Resolution of the Meeting of Representatives of 18 December 1975, approved by the Bavarian State Ministry for Food, Agriculture and Forests by the decision of 10 February 1976, B2-766/306, entered in the Register of Cooperative Societies of the Munich Local Court under No. 396 on 5 May 1976, last amended by Resolution of the Meeting of Representatives of 7 December 2011, approved by the Bavarian State Ministry of Food, Agriculture and Forests by the decision of 7 December 2011, Z-3100-1/9, entered in the Register of Cooperative Societies of the Munich Local Court under No. 396 on 12 December 2011.

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BUSINESS NAME, REGISTERED OFFICE AND PURPOSE OF THE COOPERATIVE SOCIETY

§ 1

- I A society with limited liability with registered office in Munich has existed since 9 December 1896, under the business name "Bayerische Landwirtschaftsbank, eingetragene Genossenschaft mit beschränkter Haftpflicht." Its legal relationships are regulated according to the law that concerns business cooperatives (German Law on Cooperative Associations) in the latest valid version, insofar as permissible deviations are not specified in the following Articles of Association. With regard to fulfilling the purpose of the cooperative (§2), the regulations in the latest valid versions of the German Banking Act, the Fifth Law to Amend and Supplement the German Mortgage Bank Act as well as the German Pfandbrief Act apply.
- II From 1 October 1971, the cooperative is known as the firm "Münchener Hypothekenbank, eingetragene Genossenschaft mit beschränkter Haftpflicht" with its registered office in Munich. Due to the amendment to the Law on Cooperative Associations, which came into effect on 1 January 1974, the business name of the firm is "Münchener Hypothekenbank eG".

§ 2

- I The purpose of the cooperative is to support and promote the commercial interests of its members.
- II The object of the cooperative is the handling of all permissible transactions in accordance with the terms of the German Pfandbrief Act and the German Banking Act.
- III The business may be extended to non-members.
- IV The cooperative may establish subsidiary offices and hold stakes in companies.

MEMBERSHIP

§ 3

- I Members can be all natural persons and legal entities as well as business partnerships without legal personality, which obtain a loan from the Bank or wish to enter into some other business relationship or have an interest in the scope of tasks of the Bank.
- II Persons who do not possess civic rights may not be admitted.

§ 4

Membership is obtained by a written, absolute declaration of membership and the permission to join by the cooperative, which is entitled to refuse admission without stating reasons.

§ 5

- I Membership ends upon the death, resignation (notice), dissolution or cancellation of a legal entity or trading partnership; upon the complete transfer of a member's shares, or upon exclusion.
- II Membership passes to the heirs upon the death of a member. It ends upon the end of the financial year in which the succession has arisen. Several heirs can only exercise their right to vote at the General Meeting through a joint representative.
- III Where a legal entity or a business partnership is dissolved or cancelled, membership ends upon the end of the financial year in which the dissolution or cancellation became effective. In the event of a universal successor, membership continues through the universal successor until the end of the financial year.
- IV Notice to terminate is only permissible for the end of the calendar year. It must be given in writing at least two years in advance. §65 of the German Law on Cooperative Associations is otherwise unaffected.

- V The exclusion can be issued by a resolution by the Board of Management according to the requirements of § 68 of the German Law on Cooperative Associations
- due to non-fulfilment of obligations towards the cooperative arising from a contract or the Articles of Association,
 - upon submitting false annual statements of accounts or financial statements or submitting some other false declarations in connection with the granting of a loan,
 - in the event of insolvency or the initiation of insolvency proceedings over the assets of the member, after the forced sale of the collateral property and
 - when the permanent place of residence of the member is unknown.
- Members of the Supervisory Board, however, can only be excluded by resolution passed by the General Meeting of Members. Members of the Board of Management can only be excluded by a decision taken by the Supervisory Board.

§ 6

The pertinent member can lodge an appeal with the Supervisory Board against the refused acceptance or the exclusion by the Board of Management within one month of the decision being sent. The decision by the Supervisory Board is final.

§ 7

- I One share costs EUR 70.-. At least one share must be subscribed to when joining the cooperative. The cooperative may permit greater participation by allowing the purchase of additional shares, but not more than 20,000 shares. In the event of a participation with multiple shares, § 5 Paragraph IV applies in cases where notice is given for part of these shares.
- II The shares are to be paid in. In cases where shares are not paid in full, in the event of distribution of the annual profits, the annual profit share of the member will be offset against his payment obligations and credited against his capital contribution until it equals the value of the shares he has subscribed to.
- III The amount of liability for every share is EUR 255.65.

§ 7a

- I The adopted annual financial statements will serve as the basis for apportioning assets between the retiring member and the cooperative; losses brought forward are to be taken into account based on the proportion of shares held by the retiring member. An apportionment will not take place in case paid-in capital is transferred.
- II The retiring member is entitled to receive payment of the apportioned assets; disbursement of these assets requires the approval of the Management Board and Supervisory Board. Beyond this, the member has no other claims on the cooperative's assets
- III In the event that the cooperative's assets, including reserves and and total paid-in capital, do not cover the cooperative's debts the retiring member is obligated to pay the cooperative a portion of the deficit amount based on the ratio of the number of shares held by the member to the total uncalled liability of all members, and no more than the uncalled liability
- IV Paragraphs I to III apply accordingly for apportionment following the termination of individual shares.

§ 7b

The Board of Management may accept capital contributions from silent partners to strengthen liable equity capital.

COMPETENT BODIES

§ 8

- I The competent bodies of the cooperative are:
 - 1 the Board of Management,
 - 2 the Supervisory Board,
 - 3 the General Meeting.

- II According to § 19 a of these articles, a committee can be additionally formed.

THE BOARD OF MANAGEMENT

§ 9

- I The Board of Management consists of at least 2 members.

- II Members of the Board of Management are appointed or dismissed by the Supervisory Board. The Supervisory Board can appoint a chairman or speaker of the Management Board. The Supervisory Board is responsible for concluding, amending, and terminating employment agreements with members of the Board of Management as well as for entering into annulment agreements. The statements of the Supervisory Board will be made by its chairman, and by his deputy in the event he is unable to do so himself. Termination of employment will result in the annulment of rights and responsibilities as a member of the body at the time of the departure.

- III The Supervisory Board can dismiss a member of the Board of Management at any time.

§ 10

The cooperative is represented by two members of the board or by one member of the board jointly together with one person who holds a general commercial power of attorney.

§ 11

The declaration of intent and subscription are issued by two members of the board or by one member of the board jointly together with one person who holds a general commercial power of attorney; subscribing takes place by the subscribers of the company, when submitting their signature to the Bank, appending, where necessary, a suffix so as to indicate the general commercial power of attorney.

§ 12

The duties of the Board of Management are those defined by law, the Articles of Association and the standing rules and regulations.

§ 13

The Board of Management regulates its activities pursuant to the standing rules and regulations for the Board of Management, which must be signed by all members of the board and requires the approval of the Supervisory Board.

THE SUPERVISORY BOARD

§ 14

- I The Supervisory Board consists of at least 7 members, who are elected by the General Meeting. Election proposals, which can only be submitted in writing by members, must be received by the Board of Management at the latest on the third working day before the General Meeting. Persons who are 65 years of age or older on the day of the Supervisory Board election may not be elected to the Supervisory Board. The term of office is for four years, with the proviso that the term of office ends at the end of the General Meeting that grants formal approval for the fourth financial year; in this regard, the financial year in which the election takes place is not included.
- II The by-election for members, who depart during their term of office, is held at the next General Meeting. In the event that the number of members of the Supervisory Board should fall below 4, a by-election for the remainder of the election period must be held within 3 months at the latest.
- III The Supervisory Board elects from amongst its members, under the chairmanship of the oldest member present, its Chairman and his deputy. In the event that the Chairman is incapacitated, where several deputies are elected, the Chairman shall be represented by the deputy who has been the longest serving member of the Supervisory Board.

- IV The Supervisory Board has a quorum when, after being properly invited, at least half the members are present, including the Chairman or a deputy Chairman. Resolutions may only be taken for exceptionally urgent affairs without the need for calling a meeting by written invitation or appropriate telecommunications media in the event the chairman of the Supervisory Board or his deputy initiate such a resolution and no member of the Supervisory Board is opposed to this procedure.

§ 15

The duties of the Supervisory Board, apart from those of a statutory nature, and according to the articles, include:

- 1 Preparing a code of procedure for the Supervisory Board;
- 2 Approving
 - a) the granting of loans,
 - b) to accept capital contributions from silent partners and capital from profit sharing rights,
 - c) the purchase and sale of real estate, where the purchase price exceeds 1% of the liable equity, with the exception of bail-out purchases,
 - d) the purchase and sale of holdings, where the purchase price exceeds 0.5% of the liable equity, and upon the shutdown of companies,
 - e) the conclusion, amendment and revocation of inter-company agreements,
 - f) the annual investment plan and, irrespective of this, investments, which individually exceed EUR 1 million in a business year. To report on major changes in the investment schedule,
 - g) the setting up of new business divisions as well as their closure,
 - h) the appointment or dismissal of persons who hold a commercial power of attorney,
 - i) the appointment or dismissal of boards of management and managing directors of major subsidiaries,

in each case according to the requirements of the code of procedure for the Supervisory Board and the Board of Management.

§ 16

The Supervisory Board can entrust committees to deal with specific duties within its area of responsibility; these committees are to be formed from members of the Supervisory Board.

THE GENERAL MEETING

§ 17

- I The Ordinary General Meeting is called within the first six months of the year by the Chairman of the Supervisory Board or by the Board of Management.
- II The Board of Management, as well as the Chairman of the Supervisory Board, have the right to call an Extraordinary General Meeting for important events.
- III These are called for by announcing the day of the General Meeting and the agenda at least 2 weeks beforehand. Where the General Meeting consists of representatives of the members (§ 18) then, instead of an announcement, the invitation to the meeting and the announcement of the agenda can be issued by registered letter. In this case, the notifications are deemed to have been made in time, provided the letters have been posted at least two working days before the start of the time limit.
- IV The General Meeting is chaired by the Chairman of the Supervisory Board; he appoints the secretary, who must prepare the minutes of the meeting in accordance with § 47 of the German Law on Cooperative Associations. The minutes of the meeting must be signed by the Chairman, the secretary and those members of the board who are present.

§ 18

- I If the number of members exceeds 3,000 at the end of the financial year, representatives shall be elected at the next General Meeting from the group of members for the meeting of representatives, in accordance with § 43 a of the German Law on Cooperative Associations, with 1 (one) representative being elected for every 2,000 members present at the end of the last financial year; the total number of representatives to be elected shall be at least 52. In addition, when setting the sequence of filling vacated posts, at least 5 (five) alternative representatives shall be elected.
- II The meeting of representatives exercises the rights of the members in the affairs of the cooperative. The meeting of representatives has a quorum where the Chairman and at least half the representatives are present. Every representative has 1 (one) vote. He is not bound by instructions. The representative cannot assign his office or the exercising of his rights to another person. Representatives, who are involved in an issue to be discussed, may not participate in a resolution concerning that issue.

- III The selected representative receives an identity document issued in his name by the Bank, which indicates his representative authority.
- IV The representatives are elected for a period of 4 years; their term of office ends with the meeting of representatives that grants formal approval for the members of the Board and the Supervisory Board for the fourth financial year after the start of the period of office. The financial year in which the representative's term of office begins, is not included. Upon expiry of the terms of office of the representatives, new elections must take place immediately.
- V The term of office of the representative expires:
- 1 When the representative leaves the cooperative.
 - 2 When his term of office expires.
 - 3 By resignation from office.
 - 4 Upon the end of a financial year in which the number of members no longer exceeds 3,000.
- The term of the representative will end prematurely in the event that the representative is authorised to act as a legal representative of a legal entity or a partnership and this authorisation has expired. In the event of a conflict arising regarding the expiry of the right to represent, the written declaration made by the legal entity, or the partnership, will decide if the representation has expired.
- VI In the event that a representative leaves before the end of his term of office, an alternative representative will take his place. The regulations that applied to the departing representative will apply to the election of the alternative representative, as well as his term of office and the expiry of his office.

§ 18a

- I Elections for appointing the meeting of representatives take place in a voters meeting; it is called for and managed by the Chairman of the Supervisory Board. The day of the voters meeting shall be announced at least four weeks in advance.
- II The representatives are elected in a general, direct, equal and secret election. Every member registered in the membership list when the election is announced is entitled to vote. Every member has one vote. Persons or legal entities who are incompetent or have a restricted capacity to contract, exercise their voting right through their legal representative, business partnerships by partners that are authorised to represent them. Members, their legal representatives or shareholders authorised to represent can grant a voting power of attorney, however, an authorised representative may not represent more than two members. The representing authority must be proven in writing.

- III Only fully capable persons who are members of the cooperative and do not belong to the Board of Management or the Supervisory Board can be elected to the meeting of representatives. In the event that a member of the cooperative is a legal entity or a partnership they can be represented for election by natural persons who are legally authorised to act on their behalf. A member cannot be elected as a representative or as an alternative representative, if the member has given notice or if the member has been excluded from the cooperative.
- IV The Chairman of the Supervisory Board appoints an electoral committee well in advance, consisting of one member each from the Board of Management and from the Supervisory Board, as well as one other member of the cooperative. The electoral committee determines the requirements for the formation of election proposals as well as the specific number of alternative representatives to be elected. The committee is also responsible for determining the legality of the election proposals, checking the right to vote and the issuance of voting slips, monitoring the votes cast and determining the outcome of the election.
- V The request to submit election proposals is issued together with the notification about the date of the voters meeting. The requirements for the formation of election proposals are also publicised. Election proposals, which can only be submitted in writing by members, must be received by the Board of Management at the latest on the 10th day before the voters meeting. Election proposals shall be available at the offices of the Bank for the members to scrutinise until the voters meeting is opened.
- VI The votes are cast during the voters meeting by means of voting slips. The outcome of the election as determined by the electoral committee will be announced by the Chairman. The minutes of the voters meeting must be kept; these must be signed by the Chairman and by the members of the election committee.
- VII An appeal against the election may only be made based on alleged infringement of the procedural regulations. The Board of Management and every member present at the voters meeting is entitled to appeal the outcome, provided the objection has been stated for the record during this voters meeting. Written notification together with the reasons for the appeal must be submitted to the Supervisory Board within one week.
- VIII A list of the elected representatives and the elected alternative representatives shall be available at the offices of the cooperative and its subsidiaries for members to scrutinise for a period of at least two weeks. The presentation of the list shall be announced. The presentation period begins with the announcement. The announcement will contain notice that every member is entitled to receive a copy of the list of representatives and alternative representatives at any time.

§ 19

The General Meeting has the duties given by law and by the Articles of Association.

THE ADVISORY COMMITTEE

§ 19a

- I With the permission of the Supervisory Board, the Board of Management can form an advisory committee with representatives from industry and the public sector to promote an exchange of ideas and opinions and issue a code of procedure for this committee. Members of the advisory committee are appointed by the Board of Management. The rights and obligations of the Supervisory Board remain unaffected.

- II The committee members are obliged to maintain confidentiality about the information they receive in this capacity. The remuneration for the committee will be determined by the Board of Management in agreement with the Supervisory Board.

ANNUAL STATEMENT OF ACCOUNTS

§ 20

The financial year is the calendar year. The first financial year is from 1 April to 31 December 1897.

§ 21

The annual statement of accounts, the management report as well as the report by the Supervisory Board shall be made available at the offices of the Bank for members to scrutinise for at least a period of one week before the Ordinary General Meeting.

§ 22

- I At least 25 % of the annual net profits have to be allocated to the legal reserves, to the extent that this figure does not amount to EUR 280 million. If, pursuant to sentence 1, the upper limit has been reached, an appropriate amount out of the annual net profits plus allocations to the fund of general bank risks must be added to the minimum legally required amount of 25 % of core capital, as long as 10 % of the nominal value of all circulating covered bonds has not been attained.
- II The legal reserves serve to cover a loss arising from the balance sheet. Where the legal reserves are used wholly or partly for this purpose, they must be replenished in accordance with the principles of Paragraph I.
- III With respect to the profit distributed to the members, the capital share at the end of the financial year is decisive for determining the profit distribution. Where the distribution is concerned, the deposits made during that financial year for the share shall be taken into account from the date of deposit.

§ 23

In accordance with to Article II Paragraph 5 No. 1 Clause 1 of the Fifth Law to Amend and Supplement the German Mortgage Banking Act, in the revised version published in the Federal Gazette Part III, Subsection Number 7628-1-5, last amended by Article 17 of the law of 22 May 2005 (Federal Gazette I, page 1373), when applying § 10 Paragraph 1 Clause 1 of the German Banking Act for calculating the liable equity according § 10 Paragraph 2 b Clause 1 No. 8 of the German Banking Act, instead of a surcharge set by ordinance, a surcharge of three quarters of the total guaranteed amounts and at most fifty per cent of the capital share and the reserves shall be taken into account.

SUPERVISION

§ 24

Irrespective of the general banking supervision according to the German Banking Act, the Bank is subject to state supervision by the Free State of Bavaria. This supervision is exercised by the Bavarian State Ministry of Food, Agriculture and Forests.

§ 25

- I It is the task of this supervising authority to supervise in a suitable manner that the Bank carries out the duties defined by the Articles of Association.
- II Upon demand, the Bank is obliged to provide all pertinent information to the supervising authority.

FINAL PROVISIONS

§ 26

The announcements of the cooperative will be published in the Frankfurter Allgemeine Zeitung; the annual statement of accounts and the legal management report as well as the items mentioned in Article 325 of the Commercial Code will be published in the electronic Federal Gazette. The Chairman of the Supervisory Board or his deputy will sign for the Supervisory Board. The manner of signing for the Board of Management is defined by the Articles of Association.

§ 27

The Articles of Association are subject to approval by the Bavarian State Ministry of Food, Agriculture and Forests.

§ 28

In the event of the dissolution and liquidation of the cooperative, the regulations of the German Law on Cooperative Associations apply.



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