



MünchenerHyp

## Articles of Association



## Articles of Association of Münchener Hypothekenbank eG

in the new version pursuant to the resolution of the Delegates Meeting of 14 April 2018, approved by the Bavarian State Ministry for Food, Agriculture and Forests by the decision of 16 May 2018, Z-3100-1/83, entered in the Register of Cooperative Societies of the Munich Local Court under No. 396 on 19 June 2018, most recently amended pursuant to the resolution of the Delegates Meeting of 10 October 2020, approved by the Bavarian State Ministry for Food, Agriculture and Forests by the decision of 28 October 2020, Z-3100-1/116, entered in the Register of Cooperative Societies of the Munich Local Court under No. 396 on 20 November 2020.

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# **I. Name of enterprise, registered office, and purpose and object of the Cooperative society**

## **§ 1 Name of enterprise and registered office**

- (1) The name of enterprise of the Cooperative is:  
"Münchener Hypothekenbank eG".
- (2) The Cooperative's registered office is in: Munich.

## **§ 2 Purpose and object**

- (1) The purpose of the Cooperative is to support and promote the commercial interests of its members.
- (2) The object of the Cooperative is the handling of all permissible commercial activities in accordance with the terms of the German Pfandbrief Act and the German Banking Act.
- (3) The business may be extended to non-members.
- (4) The Cooperative may establish subsidiary offices and hold stakes in companies.

## II. Membership

### § 3 Obtaining membership

- (1) Membership may be acquired by:
  - (a) natural persons;
  - (b) business partnerships;
  - (c) legal entities governed by private or public law.
- (2) Membership is obtained by:
  - (a) submission of a signed absolute declaration of membership that must comply with the provisions of the Cooperatives Act, and
  - (b) by receiving permission from the Cooperative.
- (3) The name of the new member shall be registered in the list of members without delay (Article 16 para. (2) (f)), and the new member shall be notified of this promptly.

### § 4 End of membership

Membership ends due to:

- (a) resignation (notice) (Article 5);
- (b) transfer of a member's shares (Article 6 para. (1));
- (c) death (Article 7);
- (d) liquidation of legal entity or business partnership (Article 8);
- (e) expulsion (Article 9).

### § 5 Resignation (notice)

- (1) Every member has the right to resign their membership at the end of each financial year.
- (2) In the event that a member holds numerous shares in the Cooperative, and is not bound by an obligation arising from the Articles of Association or an agreement with the Cooperative, the member may resign one or more of their shares at the end of a financial year.
- (3) The resignation must be declared in writing and be received by the Cooperative at least 12 months before the end of a financial year.

## **§ 6 Transfer of a member's shares**

- (1) Members may at any time, including during the course of a financial year, transfer their Cooperative shares to another person by way of a written agreement and, consequently, leave the Cooperative without dissociation, provided that the purchaser already is or becomes a member. If the purchaser is already a member the transfer may only take place if the assignment of the seller's share capital of the Cooperative does not result in the maximum permissible number of members' shares being exceeded for the purchaser.
- (2) Members may partially transfer their share capital thereby reducing the number of members' shares they hold without leaving the Cooperative. Paragraph (1) shall apply correspondingly.
- (3) The Cooperative must approve the transfer of share capital or a portion thereof. This requirement is not relevant in cases where Article 76 para. (2) of the Cooperatives Act apply.

## **§ 7 End of membership due to death**

Membership ends upon the death of a member and membership passes to the member's heirs. The heirs' membership shall end at the end of the financial year in which the inheritance occurs (Article 77 para. (1) of the Cooperatives Act).

## **§ 8 Liquidation of a legal entity or business partnership**

If a legal entity or other company is liquidated or extinguished, its membership ends with the end of the financial year in which the liquidation or extinguishment became effective. In the case of universal succession, the universal successor shall continue the membership until the end of the financial year.

## § 9 Expulsion

- (1) A member can be expelled from the Cooperative as of the end of a financial year if:
  - (a) despite being requested to do so in writing on pain of expulsion from the Cooperative, the member does not fulfil his or her binding obligations to the Cooperative pursuant to the Articles of Association or by another contract;
  - (b) the member submits false annual statements of accounts or financial statements, or other incorrect or incomplete statements declarations concerning his or her legal or economic circumstances;
  - (c) the member not met his or her obligations to the Cooperative thereby damaging or has damaged the interests of the Cooperative, or has made it necessary to initiate judicial action due to non-fulfilment of his or her obligations;
  - (d) the member has become insolvent or over indebted, and if insolvency proceedings have been applied for against its asset;
  - (e) the member's permanent place of residence is unknown;
  - (f) the member's behaviour is incompatible with the interests of the Cooperative, in particular when the business operations of the Cooperative are not, or no longer, being used by the member.
- (2) The Board of Management is responsible for expulsions. Members of the Supervisory Board can only be expelled by a resolution of the Delegates Meeting. Members of the Board of Management can only be expelled by a resolution of the Supervisory Board.
- (3) Before a resolution is passed, the expellee must be given the opportunity to comment on the proposed expulsion. To this end, the expellee must be informed of the key facts allegedly founding the proposed expulsion, as well as the grounds for expulsion as laid down in the Articles of Association.
- (4) The resolution expelling the member shall document the facts founding the expulsion, as well as the grounds for expulsion pursuant to the terms of the Articles of Association.
- (5) The Board of Management has to communicate the resolution to the expellee without delay by way of a registered letter. Effective as from the dispatch of the letter, the expelled member may no longer exercise his or her rights as a delegate or alternate delegate and cannot be a member of the Election Committee, which in accordance with the electoral rules (Article 26e para. (2)) is to be established; the expellee may no longer participate in electing delegates to the Delegates Meeting and cannot be a member of the Board of Management or Supervisory Board.

- (6) Expellees may lodge an appeal with the Supervisory Board against their expulsion within one month since the resolution was dispatched if the expulsion resolution has not yet been approved by the Delegates Meeting. The decision on the appeal by the Supervisory Board is final within the Cooperative.
- (7) The expellee has the right to seek legal recourse to remedy the expulsion. However, no recourse may be had to the courts unless the appeals procedure pursuant to para. (6) has been previously exhausted.

## **§ 10 Dissociation**

- (1) The adopted annual statement of accounts shall be the decisive criteria in dissociation between the resigning 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 (Article 6).
- (2) The resigning member is entitled to receive payment for the dissociation balance; disbursement requires the approval of the Management Board and Supervisory Board. Beyond this, the member has no other claims on the Cooperative's assets. The Cooperative is entitled to offset any receivables that are due and payable to it by former members against the members' share capital of the Cooperative when apportioning assets and liabilities. The credit balance from the apportionment of assets and liabilities shall be liable to the Cooperative for any default, particularly in the case of insolvency proceedings against the member.
- (3) Paragraphs (1) and (2) apply accordingly for dissociation following the termination of individual shares.



## § 11 Members rights

In accordance with the terms of the Cooperatives Act and the Articles of Association, every member has the right to use the Cooperative's services and participate in the development of the Cooperative. In particular, a member has the right to:

- (a) participate in the election to the Delegates Meeting, and in accordance with the terms of the Articles of Association, seek election as a delegate;
- (b) demand, as a delegate at the Delegates Meeting, information concerning the activities of the Cooperative (Article 34);
- (c) submit motions for the agenda of the Delegates Meeting;
- (d) submit motions to convene an extraordinary Delegates Meeting pursuant to Article 45 para. (1) Cooperatives Act;
- (e) submit election proposals for the Delegates Meeting;
- (f) share in the distributable profits in accordance with the relevant rules and resolutions;
- (g) receive copies of the annual financial statements, the legally required management report and the report of the Supervisory Board (at the member's own expense) before the annual financial statements are adopted by the Delegates Meeting;
- (h) review the summarised results of the audit report;
- (i) review the membership list;
- (j) review the list of the elected delegates and alternate delegates, including their names, addresses, telephone numbers or e-mail addresses, and request to be provided with a copy of this list.

## § 12 Members' obligations

Every member has the obligation to preserve the Cooperative's interests, and in particular to:

- (a) comply with the provisions of the Cooperatives Act, the Articles of Association and the resolutions of the Delegates Meeting;
- (b) pay up their members' shares or additional share in accordance with Article 37;
- (c) inform the Cooperative without delay of any change in his or her address, or any change in the company's legal form or registered office, as well as any change in ownership or the ownership structure.

## III. The bodies of the Cooperative

### § 13 The bodies of the Cooperative

The bodies of the Cooperative are:

- A. the Board of Management;
- B. the Supervisory Board;
- C. the Delegates Meeting.

#### A. The Board of Management

### § 14 Management of the Cooperative

- (1) The Board of Management manages the Cooperative on its own responsibility.
- (2) The Board of Management runs the business operations of the Cooperative in accordance with statutory requirements, in particular the Cooperatives Act, the Articles of Association, and the Rules of Procedure for the Board of Management.
- (3) The Board of Management represents the Cooperative judicially and extra-judicially pursuant to the terms of Article 15.

### § 15 Representation

- (1) The Cooperative is represented by two members of the Board of Management or by one member of the Board of Management together with an authorised signatory (Prokurist). Signature shall take the form of the signatories adding their personal signatures to the company name of the Bank, and if necessary, with an addendum indicating that the signer is an authorised signatory.
- (2) The Supervisory Board can release one or all members of the Board of Management from the prohibition on multiple representations as stated in Article 181 alternative 2 of the German Civil Code (BGB), thereby granting them permission to also act as a representative on behalf of third parties in all legal transactions the Cooperative enters into with or toward third parties.
- (3) The granting of signatory rights, general commercial power of representation, and other powers-of-attorney for legal representation purposes is permitted.

## **§ 16 Duties and obligations of the Board of Management**

- (1) The members of the Board of Management shall conduct their business affairs with the diligence of a prudent and conscientious manager of a credit cooperative. Board members are required to keep secret all confidential and secret information by name, business or commercial secrets that have become known to them in connection with their activities as members of the Board of Management.
- (2) The Board of Management is particularly obligated to:
  - (a) conduct its business affairs in accordance with the objectives of the Cooperative;
  - (b) draw up Rules of Procedure in agreement with the Supervisory Board, which will require unanimous approval by the Board of Management and which must be signed by all members of the Board of Management;
  - (c) plan and implement the personnel, material and organisational measures needed for an orderly conduct of business in a timely manner;
  - (d) ensure the preparation of a proper accounting, which, on the one hand, serve financial accounting needs and, on the other, controlling in terms of planning and management requirements;
  - (e) comply with the provisions of the BVR Protection Scheme Statute including the procedural rules, as well as requirements of the Articles of Association of BVR Institutssicherung GmbH;
  - (f) decide about responsibility for authorising new members and participation with additional shares, as well as maintaining the membership list in accordance with the terms of the Cooperatives Act;
  - (g) conduct an orderly inventory and prepare an inventory list at the end of the financial year, and submit this list to the Supervisory Board without delay;
  - (h) prepare without delay within three months after the end of a financial year the annual statement of accounts and the legally required management report, and submit both without delay to the Supervisory Board and – where appropriate following the audit pursuant to Article 340k of the German Commercial Code (HGB) – then submit them, together with the report of the Supervisory Board, to the Delegates Meeting for adoption of the annual statement of accounts;
  - (i) correct deficiencies noted in the audit report and report on this to the auditing association.

## **§ 17 Reporting to the Supervisory Board**

The Board of Management shall report on the business development of the Cooperative – in particular concerning possible credit risks – to the Supervisory Board at least on a quarterly basis, and upon request or immediately to address issues of serious concern, as well as to report on maintaining cooperative principles, and on the Bank's plans.

## **§ 18 Composition and employment relationship**

- (1) The Board of Management consists of at least two members.
- (2) The members of the Board of Management are appointed or dismissed by the Supervisory Board. The Supervisory Board can appoint a chairman or spokesman of the Board of Management. 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 or 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.
- (3) Members of the Board of Management will step down from the Board of Management at the end of the calendar year in which they have reached the legal retirement age.
- (4) The Supervisory Board can dismiss a member of the Board of Management at any time.

## **§ 19 Decision-making**

- (1) Decisions taken by the Board of Management always require the adoption of a resolution. Additional details are defined by the Rules of Procedure for the Board of Management.
- (2) The Board of Management shall be deemed to constitute a quorum when more than half of its members take part in the resolution. Its resolutions are adopted when they receive the majority of valid votes cast. The resolution is considered to be rejected in the event of a tie vote.
- (3) Resolutions may be adopted without convening a meeting, by means of a written vote or by other telecommunications media, if no member of the Board of Management objects to this procedure.
- (4) The course of the Board of Management meetings and the approved resolutions are to be properly recorded for future reference and are to be approved by the members of the Board of Management who participated in the meeting. Additional details are defined by the Rules of Procedure for the Board of Management.

- (5) If an issue regarding the Cooperative is a topic for the Board of Management and this issue affects the interests of a member of the Board of Management, or the spouse or registered life partner, parents, children, siblings or those of a person that he legally represents or represents due a power-of-attorney relationship, the affected member of the Board of Management may not participate in the discussion or vote on the resolution. However, the affected member of the Board of Management is entitled to be heard before the resolution is voted on.

## **§ 20 Participation in Supervisory Board meetings**

Members of the Board of Management are entitled to participate in Supervisory Board meetings unless their presence has been ruled out by a special resolution passed by the Supervisory Board. The Board of Management shall provide the required information concerning business affairs during meetings of the Supervisory Board. The members of the Board of Management are not entitled to vote on resolutions proposed by the Supervisory Board.

## **§ 21 Loans to bodies**

Loans to members of the Board of Management must be approved in advance by the other members of the Board of Management and by the Supervisory Board. However, loans to members of the Board of Management that are increased by no more than 10 percent of the loan amount previously approved as noted in sentence 1, do not have to be approved by the other members of the Board of Management.

## **B. The Supervisory Board**

### **§ 22 Duties and obligations**

- (1) The Supervisory Board supervises the business activities of the Board of Management and reports on these activities to the Cooperative. Furthermore, the Supervisory Board also ensures that the Board of Management complies with the provisions of the BVR Protection Scheme Statute including the procedural rules, as well as the terms of the Articles of Association of the BVR Institutssicherung GmbH. The Supervisory Board must also ensure that the Board of Management complies with relevant banking supervision rules. The Supervisory Board can require the Board of Management to submit reports at any time. Furthermore, the Supervisory Board, or members it has appointed

for this task, can review and audit the Cooperative's books and documents, as well as its cash holdings and the portfolios of securities and commercial documents. Furthermore, an individual member of the Supervisory Board can also request information although this request may only be addressed to the Supervisory Board.

- (2) The Supervisory Board can form committees from amongst its members to fulfil its obligations under the law and these Articles of Association. The Supervisory Board may also hire external experts in the course of these activities to assist it at the expense of the Cooperative. A committee is quorate when more than half of its members are present – however, not less than three committee members must be present to vote on resolutions concerning loans to the Cooperative's governing bodies. The provisions of Article 25 also apply for the adoption of resolutions in this instance.
- (3) The Supervisory Board examines the annual statement of accounts, the legally required management report, and the Board of Management's proposal for the appropriation of the annual statement of accounts or the absorption of a net loss for a year, and then submits a report thereon to the Delegates Meeting prior to the adoption of the annual statement of accounts. Every member of the Supervisory Board has to take notice of the audit report.
- (4) The Supervisory Board has to participate in the discussion regarding the foreseeable results of the legal audit (final discussion) and then declare itself concerning the results of the audit at the next Delegates Meeting.
- (5) Details regarding the fulfilment of the Supervisory Board's obligations are defined by the Rules of Procedure for the Supervisory Board, which are to be established after a hearing by the Board of Management. The Rules of Procedure are to be given to each member of the Supervisory Board, who will acknowledge by signed receipt that they have received the document.
- (6) The members of the Supervisory Board shall conduct their business affairs with the diligence of a prudent and conscientious member of a credit cooperative's Supervisory Board. Members are required to keep secret all confidential and secret information by name, business, and commercial secrets that have become known to them in connection with their activities as members of the Supervisory Board.
- (7) The members of the Supervisory Board shall not draw any compensation (bonus) based on the Cooperative's business performance. They can be reimbursed for their expenses. The Delegates Meeting decides on compensation and reimbursement of expenses.

- (8) The Supervisory Board represents the Cooperative towards the members of the Board of Management judicially and extra-judicially.
- (9) Resolutions of the Supervisory Board will be implemented by the chairman or by his deputy in the event the chairman is unavailable.

## § 23 Special duties of the Supervisory Board

The duties of the Supervisory Board, apart from their legal and statutory obligations, also include approving:

- (a) the granting of loans;
- (b) acceptance of capital contributions from silent partners and capital from profit sharing rights, as well as the justification for subordinated liabilities;
- (c) the purchase and sale of property where the purchase price exceeds 1 percent of equity capital, with the exception of bail-out purchases;
- (d) the purchase and sale of investments, where the purchase price exceeds 0.5 percent of equity capital, and for closing companies;
- (e) the conclusion, amendment and revocation of inter-company agreements;
- (f) investments that individually exceed EUR 2.5 million in (external) costs, regardless of the period when they are incurred. If the cost of this investment increases by more than 10 percent, it must be re-submitted to the Supervisory Board for approval;
- (g) the establishment of new business divisions, as well as their closure;
- (h) the appointment or dismissal of authorised commercial signatories;
- (i) the appointment or dismissal of members of the Board of Management; and in each individual case according to the requirements of the Rules of Procedure for the Supervisory Board and the Board of Management.

The Supervisory Board furthermore decides on holding the ordinary Delegates Meeting without the physical attendance of the delegates (Article 36 a para. (1)), the option of delegates participating in the ordinary Delegates Meeting by means of electronic communication (Article 36 a para. (4)), the option of participating in the adoption of resolutions at an ordinary Delegates Meeting held only with physical attendance (Article 36 b) and the video and audio transmission of the ordinary Delegates Meeting (Article 36 c).

## **§ 24 Composition and election of the Supervisory Board**

- (1) The Supervisory Board consists of at least six members, who are elected by the Delegates Meeting. In the event that the One-Third Participation Act (Drittelteteiligungsgesetz) applies, the number must be divisible by three. Two-thirds of the members of the Supervisory Board will be elected by the Delegates Meeting (and serve as the members' representatives on the Supervisory Board). As per Articles 4 and 5 of the One-Third Participation Act, one-third of the members of the Supervisory Board will be elected by employees who are entitled to vote (and serve as the employees' representatives on the Supervisory Board). Election proposals for members' representatives on the Supervisory Board, which can only be submitted in writing by members, must be received by the Board of Management no later than the third bank business day before the Delegates Meeting.
- (2) All members of the Cooperative that are entitled to vote must be given the opportunity to vote for each individual candidate running for election to the Supervisory Board. Apart from that, Article 33 applies for the election.
- (3) The term of office of a member of the Supervisory Board begins at the end of the Delegates Meeting that elected him or her, and ends at the end of the Delegates Meeting held four financial years later, not counting the financial year in which the person was elected to the Supervisory Board.
- (4) If members of the Supervisory Board resign before their term of office expires, the Supervisory Board will consist of the remaining members until the next ordinary Delegates Meeting at which time an election will be held for a replacement. An earlier replacement election by an extraordinary Delegates Meeting will only be required if the number of Supervisory Board members falls below four. Replacement elections are for the remaining term of office of the retired member of the Supervisory Board.
- (5) Persons who are 65 years of age or older on the day of the Supervisory Board election may not be elected as a representative of the members on the Supervisory Board.
- (6) Members of the Supervisory Board may not serve concurrently as members of the Board of Management, permanent deputies of members of the Board of Management, authorised commercial signatories, or executives with general commercial power of representation for the entire business operation.
- (7) Resigned members of the Board of Management may only be elected to the Supervisory Board after all of their acts as a member of the Management Board have been ratified.



## § 25 Constituent meeting, resolutions

- (1) The Supervisory Board elects from amongst its members its chairman and a deputy. Supervisory Board meetings will be convened by its chairman. In the event that the chairman is unavailable the meeting will be convened by the deputy. If both the chairman and his deputy have not been elected or are unavailable the Supervisory Board meetings will be chaired by the oldest member of the Supervisory Board in terms of age.
- (2) The Supervisory Board has a quorum when, after being properly invited, more than half the members participate, including the chairman or a deputy chairman. Resolutions are taken with a majority of the valid votes. Abstentions and invalid votes will not be counted. The resolution does not pass if the vote results in a tie. In such a case, an election decision shall be taken by casting lots. The terms of Article 33 apply correspondingly.
- (3) Resolutions may also be adopted without convening a meeting, by means of a written vote or by other telecommunications media, if the chairman of the Supervisory Board or his deputy proposes such a resolution and no member of the Supervisory Board objects to this procedure.
- (4) The meetings of the Supervisory Board must take place at least two times per calendar half year. In addition, the chairman will convene a meeting and communicate the agenda as often it is needed to foster the interests of the Cooperative or when the Board of Management, or at least half of the Supervisory Board members request a meeting in writing wherein they explain the purpose and grounds for the meeting. If this request is not granted, the applicants shall be entitled to convene a meeting of the Supervisory Board stating the merits of the case.
- (5) Approved resolutions are to be properly documented for future reference. The minutes are to be numbered sequentially and are to be approved by at least two members of the Supervisory Board who participated in the meeting. The minutes are to be kept with other documents pertaining to the Cooperative.
- (6) If an issue regarding the Cooperative is a topic for the Supervisory Board and affects the interests of a member of the Supervisory Board, or the spouse or registered life partner, parents, children, siblings or those of a person that he legally represents or represents due a power-of-attorney relationship, the affected member of the Supervisory Board may not participate in the discussion or vote on the resolution. However, the affected member of the Supervisory Board is entitled to be heard before the resolution is voted on.
- (7) In addition, the Rules of Procedure of the Supervisory Board also apply.

## C. The Delegates Meeting

### **§ 26 Exercise of members' rights**

Members' rights in matters relating to the Cooperative are exercised by delegates of the members at the Delegates Meeting as long as the number of members exceeds 3,000.

#### **§ 26a Composition and voting rights**

- (1) The Delegates Meeting consists of the elected delegates.
- (2) Each delegate has 1 (one) vote. He or she may not be represented by a proxy.
- (3) The delegates are not bound by instructions.
- (4) No one may vote on an issue submitted for resolution if it is being decided whether he or she shall be discharged or relieved of a liability, or if the Cooperative shall assert a claim against him or her. This person is, however, to be heard before the resolution is voted on.
- (5) The members of the Board of Management and Supervisory Board attend the Delegates Meeting but have no voting rights. However, they may speak and table motions at any time.

#### **§ 26b Eligibility for election**

- (1) Delegates can only be natural persons with unlimited legal capacity, who are members of the Cooperative, and who are not members of the Board of Management or the Supervisory Board. If a member of the Cooperative is a legal entity or a partnership, a natural person, who is authorised to represent them, may be elected as their delegate.
- (2) A member cannot be elected as a delegate if he or she has been expelled from the Cooperative (Article 9 para. (5)) or if they have terminated their membership.

## **§ 26c Cycle of elections and number of delegates**

- (1) Elections to the Delegates Meeting are held every four years. In accordance with Article 26e para. (2) of the electoral regulations, 1 (one) delegate must be elected for every 1,000 members, who must have been members on the last day of the financial year preceding the election. The total number of delegates to be elected shall be at least 80. In addition, when setting the sequence of filling vacated posts, at least five alternate delegates shall be elected.
- (2) Early elections to the Delegates Meeting shall be held if the number of delegates, including alternate delegates who have joined as replacements, falls below the legally required minimum of 50.

## **§ 26d Active right to vote**

- (1) All members who are registered in membership list on the date the elections were announced are eligible to vote. Expelled members (Article 9 para. (5)) do not have the right to vote.
- (2) Each member has 1 (one) vote.
- (3) Persons or legal entities that do not have legal competency, or have a restricted capacity to contract, exercise their voting right through their legal representative, while business partnerships are represented by partners authorised to represent them.
- (4) Members, as well as their legal representatives and partners who have received power-of-attorney for representation purposes may elect to be represented by an authorised representative. In the case of a deceased member who has numerous heirs (Article 7) the heirs may only be represented by a jointly authorised representative. An authorised representative may not represent more than two members. An authorised representative may only represent members of the Cooperative, spouses or registered life partners, parents, children or siblings of a member, or be in a partnership or employment relationship with the principal. Persons to whom an expulsion notice has been sent (Article 9 para. (5)), as well as persons who have made a business out of acting as proxies, may not act as representatives.
- (5) Upon request of the electoral committee, the legal or authorised representatives or proxies must present written documentation that they are authorised to vote on behalf of a member.

## **§ 26e Election procedures**

- (1) The delegates, as well as the alternate delegates will be elected in universal, direct, equal, secret election.
- (2) Additional details concerning the electoral procedures, including the determination of election results, are laid down in the electoral regulations which were approved by unanimous resolutions passed by the Board of Management and Supervisory Board. The electoral regulations require the approval of the Delegates Meeting.
- (3) An alternate delegate will be appointed to replace a delegate who resigns before the end of his or her term of office. The alternate delegate's term of office ends no later than the end of the delegate's term of office.
- (4) A list with the names, addresses, telephone numbers or e-mail addresses of the delegates and the elected alternate delegates is to be made available to the members for them to read at the head office of the Cooperative and its branches for at least two weeks, or on the Cooperative's website until the end of the delegate's term of office. This to be communicated in a certain form described in Article 47. The period during which the list will be displayed or made available begins on the date of the announcement of the list. The announcement shall note that each member may request a copy of the list of delegates and alternate delegates.

## **§ 26f Term of office, beginning and end of a delegate's term of office**

- (1) Delegates are elected in accordance with the terms of para. (2) for 4 years. They may be re-elected.
- (2) A delegate's term of office begins upon their acceptance of the election results, and no earlier than the date when at least 50 delegates have accepted the election results. A member is not obligated to accept his or her election as a delegate and has to declare immediately after the results have been announced if they will accept the office of delegate or not. In the event a member does not respond within two weeks after having received notice of their election as a delegate it will be deemed that they have accepted the results.
- (3) A delegate's term of office ends after a new election has been held and at least 50 delegates have accepted the election results and latest, however, at the end of the Delegates Meeting that ratifies the acts of the members of

the Management Board and the Supervisory Board for the fourth financial year after the start of the delegate's term of office, although the financial year in which the delegate's term of office began is not included. A delegate's term of office ends prematurely upon resignation from the Cooperative or expulsion, or when he or she accepts election to the Board of Management or the Supervisory Board, resigns as a delegate, dies, or he or she no longer has legal competency, or their capacity to contract is restricted.

- (4) A delegate's term of office ends prematurely if he or she is an authorised representative of a legal entity or business partnership and this authority has been terminated. In the event of a dispute regarding the termination of the power of representation the issue will be decided by a written declaration from the legal entity or the business partnership that they have terminated the delegate's power of representation.
- (5) Following their acceptance of the election results every newly elected delegate will receive an identification document that will expire at the end of their term of office.

## **§ 27 Convening, time limits and agenda**

- (1) The ordinary Delegates Meeting will be convened by the chairman of the Supervisory Board or by the Board of Management within the first six months of the year.
- (2) The Delegates Meeting shall be convened by directly notifying all delegates in text form (Textform) or by an announcement placed in a paper edition of the Frankfurter Allgemeine Zeitung giving a notice period of at least two weeks between the date on which the notice of the meeting is received or announced and the date of the Delegates Meeting. The agenda must be announced when the meeting is convened. Articles 36 a to 36 c remain unaffected. The agenda of a Delegates Meeting must be announced to all members in the format foreseen by Article 47 or via the Cooperative's website, or by means of direct written notification. If the notification is sent in text form via registered letter the announcement is deemed to have been made in time, provided the letters have been sent at least two working days before the start of the time limit.
- (3) The agenda shall be set by the person who convenes the Delegates Meeting. The delegates or members of the Cooperative may request the announcement of issues for resolution at the Delegates Meeting by submitting them in text form (Textform) to the Cooperative stating the purpose and grounds for the request; this requires a motion tabled by at least one-tenth of the delegates or the members of the Cooperative and no more than a maximum

of 150 persons. Members at whose request motions are put forward for resolution by a Delegates Meeting may attend the meeting and have the right to speak and table motions in respect of these agenda items. This right to speak and to table motions shall be exercised in reference to these items by one representative appointed by the participating members from among their group.

- (4) Resolutions cannot be adopted on issues that were not announced in time so as to allow at least a week between the receipt of the notification and the date of the Delegates Meeting. This does not apply to resolutions relating to the chairing of the meeting or motions to convene an extraordinary Delegates Meeting.

## **§ 28 Extraordinary Delegates Meeting**

- (1) The Board of Management, as well as the chairman of the Supervisory Board are entitled to call an extraordinary Delegates Meeting for important events.
- (2) Instead of convening an extraordinary Delegates Meeting attended by all of the delegates, the chairman of the Supervisory Board can propose resolutions that are voted on by postal voting or, in accordance with the requirements of Article 126a para. (1) BGB, electronic voting. Voting shall be made to the Board of Management. In this case, Article 27 para. (2) applies with the stipulation that instead of the date of the Delegates Meeting, the deadline is the end of the stated period for voting via post or electronically.
- (3) The passage of resolutions in the manner described in para. (2) may not take place if at least one tenth of the elected delegates object to this method of voting. The grounds for objection are to be submitted in writing to the Board of Management and must be received by the Board of Management no later than five days before the deadline for voting.

## **§ 29 Chairman of the meeting**

The Delegates Meeting shall be chaired by the chairman of the Supervisory Board or his deputy (chairman of the meeting). The chairmanship can be transferred by resolution of the Delegates Meeting to a member of the Board of Management, a member of the Supervisory Board, another member of the Cooperative or a representative of the auditing association. The chairman of the meeting will appoint a secretary who will transcribe the minutes of the meeting pursuant to Article 47 of the Cooperatives Act. If needed, 2 (two) persons will be appointed to count the votes.

## § 30 Resolution subjects

The Delegates Meeting shall adopt resolutions on subjects described in the Cooperatives Act and in these Articles of Association, in particular, concerning:

- (a) amendments to the Articles of Association;
- (b) the extent of the announcement of the audit report of the audit association;
- (c) adoption of the annual statement of accounts, the appropriation of net income for the financial year or absorption of the net loss for the financial year;
- (d) ratification of the acts of the Board of Management and of the Supervisory Board;
- (e) election of the members of the Supervisory Board and determination of compensation for members of the Supervisory Board and reimbursement for their expenses in accordance with Article 22 para. (7);
- (f) the revocation of appointments of members to the Supervisory Board;
- (g) the expulsion of Supervisory Board members from the Cooperative;
- (h) the election of authorised representatives to conduct legal action against Supervisory Board members arising from their positions on these bodies;
- (i) the pursuit of legal claims against current or retired Supervisory Board members arising from their positions on these governing organs;
- (j) the determination of the lending restrictions in accordance with Article 49 of the Cooperatives Act;
- (k) cancelling membership in cooperative associations;
- (l) the merger, splitting, or change in the legal form of the Cooperative pursuant to the provisions of the German Reorganisation Act (Umwandlungsgesetz);
- (m) commencement, transfer or termination of an important area of business;
- (n) the winding up of the Cooperative;
- (o) the continuation of the Cooperative after its winding up has been resolved;
- (p) approval of electoral rules.

## § 31 Required majorities

- (1) Resolutions of the Delegates Meeting require a simple majority of the valid votes cast as long as the law or the Articles of Association do not require a greater majority.
- (2) A majority of three-quarters of the valid votes cast is particularly required in the following cases:
  - (a) amendments to the Articles of Association;
  - (b) the revocation of appointments of members to the Supervisory Board;

- (c) the expulsion of Supervisory Board members from the Cooperative;
  - (d) cancelling membership in cooperative associations;
  - (e) the merger and splitting of the Cooperative pursuant to the provisions of the German Reorganisation Act (Umwandlungsgesetz);
  - (f) winding up the Cooperative;
  - (g) the continuation of the Cooperative after its winding up has been resolved;
  - (h) the repeal of restrictions on entitlement to disbursement of the dissociation assets.
- (3) A resolution to change the legal form of the Cooperative requires a majority of nine-tenths of the valid votes cast for it to pass. In addition to the legal requirements, a resolution to wind up the Cooperative, as well as changing the legal form of the Cooperative, requires two-thirds of all delegates to be present at a Delegates Meeting that shall be convened for this sole purpose. In the event this number of delegates does not attend the meeting to pass a resolution to wind up the Cooperative, as well as changing the legal form of the Cooperative, then any subsequent meeting can pass a resolution to wind up the Cooperative, as well as changing the legal form of the Cooperative, within the same financial year regardless of the number of delegates attending the meeting.
- (4) The auditors association is to be heard before a resolution is tabled regarding the merger, splitting, or change in the legal form of the Cooperative pursuant to the provisions of the German Reorganisation Act (Umwandlungsgesetz). The Board of Management shall request an expert opinion from the auditors association in a timely manner and then read aloud it during the Delegates Meeting.
- (5) Paragraphs (3) and (5) can only be changed by complying with the prerequisite terms stated in para. (3).

### **§ 32 Discharge**

- (1) A delegate shall not be entitled to exercise his or her voting right if it is being decided whether he or she shall be discharged.
- (2) The discharge of the Board of Management and Supervisory Board is voted on separately.

### **§ 33 Voting and elections**

- (1) Votes and elections are to take place in secret if demanded by the Board of Management, the Supervisory Board, or at least one-fourth of the votes validly cast in a resolution regarding this issue.



- (2) Only votes that have been validly cast are counted when determining the results of voting; abstentions and invalid votes are not counted. If a tie results, a motion is deemed to be rejected. If a tie occurs in an election, the winner shall be decided by lots. A voter may give only one vote to each candidate.
- (3) If an election is held in secret, each voter shall have as many votes as the number of mandates to be allocated. Persons eligible to vote indicate on their ballots the proposed candidates whom they wish to vote for. The candidates who receive the most votes are elected.
- (4) If an election is held openly, each voter shall have as many votes as the number of mandates to be allocated. The person receiving more than half of the valid votes cast wins the election. If no candidate receives the required majority in the first round of voting, a run-off vote will be held between the two candidates who received the most votes. In this case, the candidate with the most votes in the run-off election is elected. In the event that the number of candidates exceeds the number of mandates to be allocated a collective vote (en bloc) shall be held provided there are no objections.
- (5) The person elected must declare to the Cooperative no later than promptly after the election whether he or she accepts the election

### **S 34 Right to information**

- (1) Upon request at the Delegates Meeting, every delegate shall be provided with information on matters relating to the Cooperative insofar as this is necessary to allow the proper evaluation of an agenda item. The information will be provided by the Board of Management or the Supervisory Board.
- (2) The information may be refused in the event that:
  - (a) based on prudent commercial assessment, providing the information requested would have the potential of causing not insubstantial harm to the Cooperative;
  - (b) it refers to valuations for tax purposes or the amount of individual taxes;
  - (c) it would be illegal to provide the information or would breach a secrecy obligation contained in statutory provisions, the Articles of Association, or a contractual agreement;
  - (d) the request for information affects the personal or commercial relationships of a third party;
  - (e) the request concerns contractual employment agreements with members of the Board of Management or employees of the Cooperative;
  - (f) the reading out of the documents would unreasonably prolong the Delegates Meeting.

## **§ 35 The minutes of the meeting**

- (1) Minutes of the resolutions by the Delegates Meeting must be recorded properly for evidential purposes.
- (2) The minutes of the meeting shall be prepared within two weeks after the end of the Delegates Meeting. They should indicate the place and date or period of the meeting, the name of the meeting chairman, as well as the nature and result of the votes and the declarations of the meeting chairman with regard to the resolutions. The minutes must be signed by the meeting chairman, the secretary, and at least one member of the Board of Management who was present. The documents relating to the convening of the meeting must be attached to the minutes as annexes.
- (3) In cases where Article 47 para. (3) of the Cooperatives Act applies, a list of delegates who attended the meeting is to be attached to the minutes of the meeting.
- (4) The minutes of the meeting along with the related documents are to be retained. Every member of the Cooperative has a right to read them.
- (5) In addition, in the case of Articles 36 a, 36 b of the Articles of Association, the minutes must be accompanied by a list of the delegates participating in adoption of the resolution and the method of voting must be noted in the records.

## **§ 36 Participation of associations**

Representatives of the audit association are entitled to attend every Delegates Meeting and to speak at any time.

### **§ 36a Conducting the ordinary Delegates Meeting by written or electronic means (virtual ordinary Delegates Meeting), electronic participation in a meeting with physical attendance**

- (1) The ordinary Delegates Meeting may also be held without the physical attendance of delegates (virtual ordinary Delegates Meeting). In this case, the notice convening the meeting must provide delegates with all the information needed to participate without restrictions in the Delegates Meeting. In particular, this includes information on any access data, as well as on how to exercise the right to speak, table motions, obtain information and vote, and how and by when written or electronic voting is to take place.

- (2) Participation in the virtual ordinary Delegates Meeting may be arranged such that the technical set-up allows two-way communication between delegates and the bodies (of the Cooperative), and between delegates and each other, during the Delegates Meeting.
- (3) Participation in the virtual ordinary Delegates Meeting may also be arranged to enable two-way communication between delegates and the bodies (of the Cooperative), and between delegates and each other, in a discussion phase preceding the voting procedure. The period between the start of the discussion phase and the end of the voting phase constitutes the Delegates Meeting in this case. If a period of time must be calculated, the beginning of the discussion phase shall be taken as the start of the Delegates Meeting, while the end of the voting phase shall be taken as the conclusion of the Delegates Meeting.
- (4) Delegates may participate in the ordinary Delegates Meeting without being physically present at the meeting and exercise their rights by means of electronic communication (electronic participation in a meeting with physical attendance), if the Supervisory Board so decides. In all other respects the above paragraphs shall apply.

### **§ 36b Written or electronic participation in the adoption of resolutions at an ordinary Delegates Meeting that is only held as a meeting with physical attendance**

If permission had been granted to participate in the adoption of resolutions at an ordinary Delegates Meeting that is only held as a meeting with physical attendance, either in writing or by means of electronic communication, the notice convening the meeting must state how and by when the written or electronic voting is to take place.

### **§ 36c Transmission of the ordinary Delegates Meeting in video and audio**

Transmission of the ordinary Delegates Meeting in video and audio is permitted. The Supervisory Board is responsible for deciding whether and how the ordinary Delegates Meeting is to be transmitted in video and audio. The method to be used shall be announced in the notice convening the meeting.

## IV. Equity capital and liable capital

### § 37 Shares and paid-up capital

- (1) One share of the Cooperative amounts to EUR 70.00.
- (2) Shares are to be paid for immediately.
- (3) A member can participate in the Cooperative with additional shares. The participation of a member with a second share may only be permitted when the first share has been fully paid in to the Cooperative. This rule also applies to the purchase of additional shares. The terms of para. (2) apply accordingly binding for payment.
- (4) The payments made by the member for their capital shares plus other credits and minus written-off shares to absorb losses shall form the member's paid-up capital.
- (5) The member's paid-up capital may not be paid out by the Cooperative, used to offset a liability, or used as collateral in the Cooperative's business operations as long as the member has not left the Cooperative. An open amount payable may not be forgiven and the member may not offset this amount.
- (6) Assignment or pledging of the paid-up capital to third parties shall not be permitted and is ineffective vis-à-vis the Cooperative. Members are not permitted to offset their paid-up capital of the Cooperative against their liabilities to the Cooperative. Article 10 applies for dissociation assets.

### **§ 38 Legal reserves**

- (1) The legal reserves serve to absorb a loss arising from the balance sheet. To the extent that the legal reserves are used wholly or partly for this purpose, they must be replenished in accordance with the principles of para. (2).
- (2) At least 25 percent of the annual net income shall be allocated to the legal reserves, as long as this figure does not amount to EUR 280 million. Pursuant to para. (1), if 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 amount of 25 percent of regulatory Tier 1 capital, as long as this figure is not equal to 10 percent of the nominal value of all circulating covered bonds.
- (3) The Delegates Meeting decides on the appropriation of the legal reserves.

### **§ 39 No obligation to contribute additional capital**

Members will not be required to contribute additional funds to the insolvency assets, should creditors' claims not be fully satisfied in the event of insolvency proceedings of the Cooperative.

## V. Accounting

### § 40 Financial year

The financial year of the Cooperative is the calendar year.

### § 41 Annual statement of accounts and management report

- (1) The Board of Management shall prepare the annual statement of accounts and the legally required management report for the previous financial year within three months after it has ended.
- (2) The Board of Management shall submit the annual statement of accounts, as well as the legally required management report to the Supervisory Board without delay and – if appropriate, after being audited pursuant to Article 340k of the Germany Commercial Code (HGB) – so that this report will be provided to the Delegates Meeting for adoption of the annual statement of accounts.
- (3) The annual statement of accounts and the legally required management report, as well as the report of the Supervisory Board, should be made available for members to review at the Cooperative's main office, or another announced location, as well as at Cooperative's website, or by other means at least one week before the day of the Delegates Meeting.
- (4) The report of the Supervisory Board concerning its review of the annual statement of accounts and the legally required management report (Article 22 para. (3)) is to be presented at the ordinary Delegates Meeting.

## **§ 42 Appropriation of annual net income**

- (1) The Delegates Meeting resolves the appropriation of the annual net income for the financial year. If annual net income for the financial year is not allocated to reserves (Article 38) or used for other purposes, it may be distributed among the members according to their relative holdings of the Cooperative's share capital. The amount of profits to be distributed to the members is determined by the amount of share capital at the end of the financial year for which the distribution will be made. Payments for shares made in this financial year are to be taken into consideration from the day the payments were made in calculating the individual amount distributable to each member. As long as the shares are not fully paid up, profit shares shall not be paid out, but shall be credited to the share capital of the Cooperative. This also applies if the share capital has been reduced in order to absorb a loss.
- (2) It is not permissible for the Board of Management to table a motion that deviates from the resolution to appropriate annual net income and which subsequently results in net accumulated losses.

## **§ 43 Absorption of a net loss for a financial year**

- (1) The Delegates Meeting must resolve the absorption of a net loss for a financial year.
- (2) If the net loss for a financial year is not carried forward, it is to be absorbed by the legal reserves, or by reducing the share capital of the members, or by a combination of both of these alternatives.
- (3) If share capital of the Cooperative is used to absorb the loss, then each individual member's share of the loss shall be calculated on the basis of the ratio of shares held by a member to the number of total shares held by all members at the beginning of the financial year the loss occurred.

## **VI. Liquidation**

### **§ 44 Liquidation**

Liquidation takes place after the Cooperative is wound up. The distribution of the Cooperative's assets is to take place in accordance with the Act with the stipulation that any surplus remaining after the share capital is paid out is distributed to the members in line with the ratios of their share capital.



## VII. Supervision

### § 45 State supervision

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.

### § 46 State supervisory tasks

- (1) The task of this supervising authority is to supervise in a suitable manner that the Bank carries out the duties defined by the Article 2 of the Articles of Association. The individual aspects of the Bank's business operations are not the subject of this supervision.
- (2) If requested to do so, the Bank is obliged to provide all pertinent information to the supervising authority.

## VIII. Final provisions

### § 47 Official notices

- (1) Unless otherwise required by statutory requirements or the Articles of Association, the official notices of the Cooperative shall be published under its name in the Frankfurter Allgemeine Zeitung. The annual statement of accounts and the legally required management report, as well as the documentation required pursuant to Article 325 of the German Commercial Code (HGB) will be published only in the Bundesanzeiger (Federal Gazette).
- (2) The name of the person initiating the announcement shall be stated in the announcement.
- (3) If it is not possible to publish official notices in the Frankfurter Allgemeine Zeitung then all of delegates will be invited in writing to the next Delegates Meeting at which time another medium for publishing official notices will be selected. Until this time the other official notices will be published in the Bundesanzeiger.

### § 48 Approval of the Articles of Association

The Articles of Association require the approval of the Bavarian State Ministry for Food, Agriculture and Forests.



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