



CHARTER



Helaba | 

Charter of Landesbank Hessen-Thüringen Girozentrale

After consultation with the Supervisory Board, on 23 March 2018 the Board of Owners of Landesbank Hessen-Thüringen Girozentrale amended Helaba's Charter dated 14 November 1990 (Official Gazette for the Federal State of Hesse dated 24 December 1990, p. 2902) – last amended pursuant to publication in the Official Gazette for the Federal State of Hesse dated 15 October 2012, p. 1147; Official Gazette for the Free State of Thuringia dated 15 October 2012, p. 1566.

The amendment of the charter was approved by a letter dated 25 April 2018 from the Hessian Ministry for Economics, Transport and Regional Development in agreement with the Thuringian Ministry of Finance (Official Gazette for the Federal State of Hesse dated 21 May 2018, p. 672; Official Gazette for the Free State of Thuringia dated 22 May 2018, p. 604).

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I. General Provisions

Section 1. Legal Form, Registered Office

- (1) Landesbank Hessen-Thüringen Girozentrale (hereinafter referred to as the “Bank”) is a legal entity under public law. It is eligible to receive trust funds. Its registered office is in Frankfurt am Main and Erfurt.
- (2) The Bank uses a seal with the designation “Landesbank Hessen-Thüringen Girozentrale”.

Section 2. Branches, Representative Offices

- (1) The Bank may establish branches and representative offices in Germany and abroad.
- (2) The Kassel branch carries on business under the name “Landeskreditkasse zu Kassel, Niederlassung der Landesbank Hessen-Thüringen Girozentrale”.

Section 3. Equity Capital

- (1) The Bank has equity capital in which the Owners hold the following interests in the form of non-transferable ordinary capital:
 - Savings Bank and Giro Association Hesse-Thuringia (the Association) 68.85 per cent
 - State of Hesse 8.10 per cent
 - Free State of Thuringia 4.05 per cent
 - Rheinischer Sparkassen- und Giroverband (RSGV) 4.75 per cent
 - Westfälisch-Lippischer Sparkassen- und Giroverband (SVWL) 4.75 per cent
 - Fides Beta GmbH 4.75 per cent
 - Fides Alpha GmbH 4.75 per cent
- (2) The equity capital may be increased out of the Bank’s own funds or through capital contributions by the Owners pro rata to their interest in the equity capital. In the event of non-participation by one or more of the Owners other than the Association in any capital increase, the respective amounts shall be taken over by the other Owners on a prorata basis subject to the special provisions agreed in sentences 3 and 4 below. In the event of non-participation by either the State of Hesse or the Free State of Thuringia, the respective amounts may be taken over by the other State alone. Sentence 3 shall apply mutatis mutandis in the event of non-participation by RSGV or SVWL. The shares in the equity capital will change accordingly in the cases mentioned in sentence 2.

Section 4. Ownership, Liability

- (1) The Owners of the Bank are the Association, the State of Hesse, the Free State of Thuringia, RSGV, SVWL, Fides Beta GmbH as trustee of the German Savings Banks and Giro Association (DSGV) in its capacity as supporting institution of the Deposit Guarantee and Investor Compensation Scheme of the Landesbanken and Girozentralen and Fides Alpha GmbH as trustee of the regional savings banks associations in its capacity as supporting institution of the Deposit Guarantee and Investor Compensation Schemes of the savings banks.
- (2) The maintenance obligation (Anstaltslast) is replaced by the following regulations. The Owners shall support the Bank in the performance of its functions subject to the proviso that the Bank has no claim against the Owners and the Owners do not have any further obligation to provide the Bank with funds.
- (3) The Bank is liable for its liabilities with all its assets. The liability of the Owners is limited to the capital indicated in the Charter.
- (3a) The liability of RSGV, SVWL, FIDES Beta GmbH and FIDES Alpha GmbH, in their capacity as Owners, for the performance of the Bank’s liabilities shall not exceed the extent of liability defined in sub-section 3 sentence 2.
- (4) The Owners of the Bank on 18 July 2005 (the Association, the State of Hesse and the Free State of Thuringia) are liable for the performance of any and all liabilities of the Bank existing at that point in time. For such liabilities entered into on or before 18 July 2001, the Owners are liable without time limitation; with regard to liabilities entered into after this date and up to and including 18 July 2005, the Owners are liable only for those whose maturity does not extend beyond 31 December 2015. The Owners will fulfil immediately their obligations to creditors arising from the statutory guarantee (Gewährträgerhaftung) for liabilities agreed on or before 18 July 2005 as soon as the Owners have established, on maturity of the liabilities, in an orderly fashion and in writing, that the creditors cannot be satisfied out of the Bank’s own assets. Obligations of the Bank arising from its own statutory guarantee or a similar undertaking of liability are agreed and due within the meaning of sentences 1 to 3 at the same point in time as a debt secured by such a liability. The Owners are jointly and severally liable. In the internal relationship of the Owners, the liability share of the Association is eighty-five per cent, that of the State of Hesse ten per cent and that of the Free State of Thuringia five per cent. In the event of a change in the percentages held in the equity capital of the Bank in accordance with section 3, sub-section 2, sentence 5, the liability of the Owners in the internal relationship shall change accordingly.
- (5) For the liabilities of the Bank existing at 31 December 1989, the unlimited statutory guarantee of the State of Hesse continues to apply in addition to the statutory guarantee of the Association to the extent that such liabilities cannot be met out of the Bank’s assets. The State of Hesse and the Association are insofar jointly and severally liable.

- (6) The State of Hesse shall not be liable for liabilities incurred between 1 January 1990 and 31 December 2000. The Free State of Thuringia shall not be liable for liabilities incurred prior to 1 January 2001.
- (7) An Owner may take on guarantees, alone or jointly and severally with other Owners or third parties, that are limited in time or for fixed amounts, against a fee that is in line with the market.

Section 4a. Termination of Co-ownership

The State of Hesse and/or the Free State of Thuringia shall cease to be Co-owners upon the termination of their Co-ownership and their share in the share capital shall pass to the Association. Pending the entry into force of the withdrawal of a State, the Association, the State of Hesse and/or the Free State of Thuringia may, with the approval of the supervisory authority, provide otherwise.

II. Functions

Section 5. Business Operations

- (1) The Bank shall in particular perform the functions of a central institution for the savings banks in the Federal States of Hesse, Thuringia and North Rhine-Westphalia and the functions of a municipal bank and a state bank in the Federal States of Hesse and Thuringia. The Bank may also assume the functions of a central institution for savings banks in other federal states.
- (2) In its capacity as a central institution for savings banks, the Bank shall in particular manage the liquid funds of the savings banks in the federal states specified in sub-section 1 by means of an appropriate investment policy and shall extend appropriate liquidity facilities to the savings banks. It shall also be responsible, in cooperation with the savings banks, for business operations arising from its activities in the aforementioned capacity.
- (3) In its capacity as a municipal bank and state bank, the Bank shall conduct the banking operations of local authorities and local authority associations, of the Federal States of Hesse and Thuringia, of other corporations, institutions and foundations under public law and of enterprises associated with them and shall assist them in the realisation of their functions by means of its business operations.
- (4) The Bank may perform trustee and public development functions for the Federal States of Hesse and Thuringia and other public authorities. In respect of public development schemes, particularly in the fields of housing and urban development, industry and commerce, agriculture and environmental protection, these functions shall be performed by divisions established within the Bank in Hesse and Thuringia in accordance with section 8 sub-section 4 of the Treaty on the Formation of a Joint Savings Banks Association Hesse-Thuringia. For further details reference is made to sections 24 to 28.
- (5) The Bank shall operate a Building and Loan Association (Bausparkasse), in particular in the Federal States of Hesse and Thuringia, in accordance with the provisions of the German Act on Building and Loan Associations (Gesetz über Bausparkassen). It shall be a legally dependent institution and shall be known as "Landesbausparkasse Hessen-Thüringen". Separate annual accounts and a management report are to be prepared for the Building and Loan Association.
- (6) The Bank may conduct banking operations of all kinds and also perform other services and carry out other transactions customary in the banking industry insofar as such banking operations and other services and transactions are directly or indirectly conducive to achieving the Bank's purposes. Subject to this, the Bank may acquire equity holdings, create its own independent institutions and acquire and dispose of developed and undeveloped real property and equivalent titles.

- (7) The Bank shall be entitled to issue Pfandbriefe in accordance with the provisions of the German Pfandbrief Act (Pfandbriefgesetz) and other bonds.
- (8) Within the scope of its functions the Bank may become a member of associations and other organisations.
- (9) The Bank's business operations shall be conducted on the basis of good commercial practice taking into account general economic considerations and serving the needs of the savings banks and municipal authorities. In view of the public nature of the Bank's mission, generating profit shall not be the main object of its business operations.

Section 6. (rescinded)

III. Organization

Section 7. Executive Bodies

- (1) The executive bodies of the Bank are:
 1. the Board of Owners,
 2. the Supervisory Board and
 3. the Board of Managing Directors.
- (2) Simultaneous membership of more than one of the executive bodies of the Bank is not permitted.
- (3) The members of the executive bodies of the Bank shall be bound to secrecy in respect of the matters and business operations of the Bank, in particular vis-à-vis its creditors and debtors. This duty of secrecy shall continue to apply if the members retire from office. Any other persons invited to participate in the meetings must be bound to secrecy.

Details on the authorisation to make statements in and out of court are laid down in the Rules of Procedure for the Board of Owners, the Rules of Procedure for the Supervisory Board and its committees and in the Rules of Procedure for the Board of Managing Directors.

1. Board of Owners

Section 8. Composition

- (1) The Board of Owners shall comprise the President of the Savings Banks and Giro Association Hesse-Thuringia as Chairman, the Executive Member of the Board of Managing Directors of the Savings Banks and Giro Association Hesse-Thuringia and fourteen other members, seven of whom are appointed by the Association, two by the State of Hesse and one each by the Free State of Thuringia, RSGV, SVWL, Fides Beta GmbH and Fides Alpha GmbH. The members appointed by Fides Beta GmbH and Fides Alpha GmbH may not simultaneously be staff members or members of the management body of another credit institution, with the exception of savings banks. Five members shall be appointed as Vice-Chairmen, two of whom are appointed by the Association, one, after prior agreement between the federal states, by either the State of Hesse or the Free State of Thuringia, one, after prior agreement between the two shareholders, by either Fides Beta GmbH or Fides Alpha GmbH and one, after prior agreement between RSGV and SVWL, by either of them. For further details concerning representation, reference is made to the Rules of Procedure.
- (2) The Owners may remove the other members of the Board of Owners appointed by them from office at any time. If other members retire, new members have to be appointed.

- (3) Members of the Board of Owners shall, in acknowledgement of their service, receive an attendance allowance, a refund of travel expenses and a lump-sum expense allowance.

Section 9. Responsibilities

- (1) The Board of Owners decides on:
1. amendments to the Charter;
 2. changes in the equity capital and the shares of the Owners in the equity capital resulting therefrom, as well as the raising of capital in the form of profit-sharing rights, silent participations and other liable capital in accordance with the provisions of the German Banking Act (Gesetz über das Kreditwesen), as amended from time to time;
 3. fundamental changes of business policy;
 4. the Rules of Procedure for the Board of Owners;
 5. the appointment and revocation of the appointment of the members of the Board of Managing Directors, of the Chairman of the Board of Managing Directors and of the Vice-Chairmen of the Board of Managing Directors as well as on the terms of their contracts of employment and, on the proposal of the Chairman of the Supervisory Board, on the end-of-year bonus;
 6. the appointment of the auditor of the annual accounts and of special auditors;
 7. the approval of the annual accounts, the consolidated accounts and the management reports;
 8. the appropriation of the balance sheet profit, the covering of losses and the appropriation of the net income for the year pursuant to section 22 sub-section 5;
 9. the discharge of the members of the Board of Managing Directors and of the Supervisory Board;
 10. the setting up and closing of branches and representative offices;
 11. the determination of ineligibility and of exemptions pursuant to section 11 sub-section 4 sentences 2 and 3; and
 12. the fixing of the lump-sum expense allowance, the attendance fees and the travel expenses for members of the Supervisory Board and members of the Board of Owners.
- (2) If the Bank takes or acquires an interest of more than one-fourth of the shares of another undertaking or if any such interest is changed or disposed of in whole or in part, the approval of the Board of Owners must be obtained. Irrespective of the percentage of the interest, the Board of Owners may lay down special provisions for the business operations and measures referred to in sentence 1 either in general or on a case-by-case basis. In general or on a case-by-case basis, it may extend the requirement for approval referred to in sentence 1 and permit exemptions to sentence 1 and in terms of section 12 sub-section 3 no. 7. Sentences 1 to 3 shall also apply to interests held by companies over which the Bank is able to exercise a controlling influence.

- (3) The appointment and revocation of the appointment of the members of the Board of Managing Directors, of the Chairman of the Board of Managing Directors and of the Vice-Chairmen of the Board of Managing Directors shall require the approval of the Supervisory Board.
- (4) The Supervisory Board must be consulted prior to the adoption of resolutions with regard to sub-section 1 nos. 1, 2 and 10 and of general provisions pursuant to sub-section 2.
- (5) The Board of Owners shall represent the Bank vis-à-vis the members of the Board of Managing Directors and the members of the Supervisory Board. Legally binding statements shall be valid only in writing. Such statements shall be made by the Chairman or, if he is unable to do so, by the Vice-Chairman. In all other respects, reference is made to the Rules of Procedure concerning the implementation of resolutions.

Section 10. Meetings

- (1) The Board of Owners shall represent the Bank vis-à-vis the members of the Board of Managing Directors and the members of the Supervisory Board. Legally binding statements shall be valid only in writing. Such statements shall be made by the Chairman or, if he is unable to do so, by the Vice-Chairman. In all other respects, reference is made to the Rules of Procedure concerning the implementation of resolutions.
- (2) Meetings of the Board of Owners shall be attended in an advisory capacity by the Chairman of the Supervisory Board – unless he is the same person as the Executive Member of the Board of Managing Directors of the Savings Banks and Giro Association Hesse-Thuringia – as well as by the Chairman and Vice-Chairman of the Board of Managing Directors and those members of the Board of Managing Directors who are responsible for the respective items on the agenda. For further details reference is made to the Rules of Procedure. The Rules of Procedure may provide for additional participants to be invited to attend.
- (3) The Board of Owners constitutes a quorum if more than half of its members, including the Chairman or one of the Vice-Chairmen, are present. If the Board of Guarantors lacks a quorum, a new meeting may be convened within one week in order to deal with the items on the agenda. At this meeting the Board of Owners constitutes a quorum irrespective of the number of members attending. This must be pointed out in the notice of the second meeting.
- (4) Resolutions shall be passed by a majority of votes of the members present. In the event of an equality of votes, the motion shall be deemed to be rejected. Resolutions pursuant to section 9 sub-section 1 no. 2 – to the extent that they concern

changes of the equity capital – resolutions pursuant to section 9 sub-section 1 no. 3 and section 9 sub-section 2 sentence 1 – to the extent that they concern the takeover or the purchase of an equity holding of strategic significance – may be passed only if approved by the representatives of the State of Hesse and the Free State of Thuringia present at the meeting.

- (5) Minutes are to be made of the resolutions adopted by the Board of Owners and are to contain the names of those attending the meeting, the subjects discussed and the results of the deliberations. The minutes are to be signed by the chairman of the meeting and another member in accordance with the provisions of the Rules of Procedure and are to be notified to the members of the Board of Owners.
- (6) In urgent matters, the Chairman may have a resolution of the Board of Owners adopted by means of a poll carried out in writing or by electronic means (by fax or e-mail) provided that none of the members objects to such a procedure. Such resolutions require the consent of the majority of the members; apart from this sub-section 4 applies accordingly to the adoption of resolutions.

2. Supervisory Board

Section 11. Composition

- (1) The Supervisory Board shall consist of twenty-seven (until 30.06.2019: thirty-six) members. It shall comprise:
 1. eleven (until 30.06.2019: seventeen) expert members to be appointed by the Association, including the Executive Member of the Board of Managing Directors of the Association;
 2. two expert members to be appointed by the State of Hesse;
 3. one expert member each to be appointed by the Free State of Thuringia, RSGV, SVWL, Fides Beta GmbH and Fides Alpha GmbH, it being understood that the members to be appointed by Fides Beta GmbH and Fides Alpha GmbH may, notwithstanding section 7 sub-section 2, simultaneously be members of the Board of Owners and that section 11 sub-section 4 sentence 3 concerning managing directors and staff members does not apply to them;
 4. nine (until 30.06.2019: twelve) members from among the staff of the Bank, who shall be elected in accordance with the Election Rules for Members of the Supervisory Board of Landesbank Hessen-Thüringen Girozentrale to be elected from among the Staff (Election Rules).

The Supervisory Board must include at least one member who is independent and who has expert knowledge either of accounting or of the auditing of accounts. In exercising their functions the members of the Supervisory Board are to use their best endeavours to further the interests of the Bank.

- (2) The Chairman of the Supervisory Board shall be the Executive Member of the Board of Managing Directors of the Association, unless the Association appoints another Chairman of the Supervisory Board. Up to five Vice-Chairmen of the Supervisory Board shall be appointed from among the members of the Supervisory Board, including one member appointed by either the State of Hesse or the Free State of Thuringia, one member appointed by either RSGV or SVWL and one member appointed by either Fides Beta GmbH or Fides Alpha GmbH. For further details concerning representation, reference is made to the Rules of Procedure.
- (3) For every member of the Supervisory Board a deputy must be appointed. The deputies appointed for the Chairman and the Vice-Chairmen of the Supervisory Board shall not deputise as Chairman and Vice-Chairman of the Supervisory Board.
- (4) The following persons may not be members of the Supervisory Board:
 1. owners, personally liable partners, limited partners, managing directors, supervisory board and administrative board members or staff members of other credit institutions and other undertakings that are in competition with the Bank; this shall not apply to representatives of savings banks or their associations;
 2. full-time staff members of the Bank; this restriction shall not apply to staff members who are members of the Supervisory Board pursuant to sub-section 1 no. 4.

If an impediment pursuant to sentence 1 exists or occurs later, membership of the Supervisory Board is terminated by a corresponding declaration of the Board of Owners. The Board of Owners may permit exceptions in the cases referred to in sentence 1 no. 1.

- (5) The term of office of the Supervisory Board shall be four years. The term shall always commence on 1 July. The existing members shall continue in office until the new Supervisory Board meets.
- (6) If a member appointed in accordance with sub-section 1 nos. 1, 2 or 3 retires from an activity that was determinant for his/her appointment to the Supervisory Board, his/her membership of the Supervisory Board shall end at the same time; in cases of doubt, the Owner shall decide. A staff member of the Bank who is a member of the Supervisory Board pursuant to sub-section 1 no. 4 shall cease to be such a member upon termination of his/her employment relationship with the Bank.
- (7) If a member pursuant to sub-section 1 nos. 1, 2 or 3 retires prematurely, a new member shall be appointed for the remaining term of office. The succession of a member pursuant to sub-section 1 no. 4 shall be governed by the provisions of the Election Rules.

- (8) Membership of the Supervisory Board shall be on an honorary basis. The German civil service regulations concerning liability for breach of duty shall apply mutatis mutandis, subject to the proviso that a member shall be liable for damages only in the event of intent or gross negligence.
- (9) Members of the Supervisory Board shall, in acknowledgement of their service, receive an attendance allowance, a refund of travel expenses and a lump-sum expense allowance pursuant to the regulations adopted by the Board of Owners.
- (10) The provisions of sub-section 1 last sentence and of sub-sections 4 to 9 shall apply mutatis mutandis to deputy members.

Section 12. Responsibilities

- (1) The Supervisory Board shall supervise the conduct of business of the Board of Managing Directors; it may establish guidelines in this respect. Management activities may not be transferred to it.
- (2) The Supervisory Board is responsible for
 1. issuing Rules of Procedure for itself and its committees; section 26 sub-section 4 shall remain unaffected;
 2. issuing Rules of Procedure for the Board of Managing Directors;
 3. monitoring the accounting process and the efficacy of the internal control system, the internal auditing system and the risk management system;
 4. monitoring the audit of the annual and consolidated accounts;
 5. verifying and monitoring the independence of the auditor of the annual accounts, in particular the additional services provided by this auditor for the Bank;
 6. adopting the annual accounts and the consolidated accounts, approving the management reports as well as adopting a resolution on the appropriation of the net income for the year, unless otherwise provided for in the Charter; and;
 7. submitting motions to the Board of Owners to adopt decisions on the discharge of the members of the Board of Managing Directors and the Supervisory Board.
- (3) The following shall require the approval of the Supervisory Board:
 1. the appointment and revocation of the appointment of the members of the Board of Managing Directors, of the Chairman of the Board of Managing Directors and of the Vice-Chairmen of the Board of Managing Directors;
 2. the drawing up of principles for the employment, remuneration and pension arrangements of the Bank's staff;

3. the lending principles of the Bank and the Building and Loan Association and the general business principles of the Building and Loan Association;
4. the granting of loans in accordance with the Rules of Procedure for the Board of Managing Directors; section 24 sub-sections 3 and 4 shall remain unaffected;
5. the construction of buildings in accordance with the Rules of Procedure for the Board of Managing Directors;
6. the acquisition and disposal of developed and undeveloped real estate property and equivalent titles in accordance with the Rules of Procedure for the Board of Managing Directors; this does not apply to acquisitions made in order to avoid losses and to the disposal of such properties;
7. the take-over, acquisition, disposal and modification of equity holdings in undertakings, including by companies over which the Bank is able to exercise a controlling influence, unless the Board of Owners has permitted an exemption pursuant to section 9 sub-section 2 sentence 3;
8. the setting up and dissolution of its own independent institutions;
9. the launch of real estate and securities investment funds, assuming the fiduciary risk; and
10. such types of business operations and measures for which it reserves its approval; for further details, reference is made to the Rules of Procedure for the Board of Managing Directors.

If the Supervisory Board refuses to approve a matter under sentence 1 no. 1, the Board of Owners shall adopt a new resolution after discussing the reasons put forward by the Supervisory Board for its refusal. This resolution requires the support of a majority of all members of the Board of Owners; sentence 1 no. 1 is not applicable. If the Supervisory Board does not come to a decision on approval or rejection, sentences 2 and 3, second half-sentence shall apply mutatis mutandis, subject to the proviso that the resolution of the Board of Owners may be adopted by a simple majority of votes. The same shall apply if no decision on approval or rejection is made at a new meeting to be convened pursuant to section 13 sub-section 3 sentence 2.

- (4) The Supervisory Board may delegate functions in whole or in part to one or more committees. Matters in accordance with sub-section 2 nos. 1, 2, 6 and 7 and sub-section 3 nos. 1, 5 and 8 may not be conferred to a committee for a decision. Section 26 shall remain unaffected.

Section 13. Meetings

- (1) The Supervisory Board shall be convened by the Chairman or, if he is unable to do so, by the Vice-Chairman in charge under the Rules of Procedure, at appropriate intervals that shall not, as a rule, exceed three months. It must be convened, if at least ten members of the Supervisory Board or the Board of Managing Directors or a Co-owner so request, indicating the matters to be discussed.

- (2) Notice of the meeting, including the agenda and the relevant documents, must be sent in such a timely manner that the members receive the notice as a rule no later than three weeks and the documents no later than two 18 weeks before the meeting. In urgent matters these notice periods may be shortened. In particularly urgent matters the notice may also be sent by telex, telegram or fax or transmitted orally or by telephone. If a member is prevented from attending, his/her deputy must be invited immediately.
- (3) The Supervisory Board constitutes a quorum if at least fourteen (until 30.06.2019: nineteen) members, including the Chairman or one of the Vice-Chairmen, are present. If the Supervisory Board lacks a quorum, a new meeting may be convened within two weeks in order to deal with the items on the agenda. At this meeting the Supervisory Board shall constitute a quorum irrespective of the number of members attending. This must be pointed out in the notice of the second meeting. If neither the Chairman of the Supervisory Board nor one of the Vice-Chairmen is present at this meeting, it shall be chaired by the most senior member in terms of age present at the meeting.
- (4) Resolutions shall be passed by a majority of votes of the members present. In the event of an equality of votes, the motion shall be deemed to be rejected.
- (5) In urgent matters, the Chairman of the Supervisory Board may have a resolution of the Supervisory Board adopted by means of a poll carried out in writing or by electronic means (by fax or e-mail). Such resolutions are valid if at least two-thirds of the members of the Supervisory Board vote in favour of the motion and provided that no member requires an oral deliberation within four working days of the notice being sent out by the Bank. In urgent matters where it is not possible to wait for a resolution to be adopted by the Supervisory Board, the Chairman and the Vice-Chairmen may decide in lieu of the Supervisory Board. For further details, reference is made to the Rules of Procedure; the same shall apply if the Chairman or the Vice-Chairmen are not available. The Supervisory Board must be informed of the decision taken at its next meeting.
- (6) The members of the Supervisory Board shall cast their votes on their own responsibility.
- (7) The members of the Board of Managing Directors shall attend the meetings of the Supervisory Board in an advisory capacity. The Chairman may invite other experts to attend in accordance with the Rules of Procedure.
- (8) Minutes are to be made of resolutions adopted by the Supervisory Board and are to contain the names of those attending the meeting, the subjects discussed and the results of the deliberations. The minutes are to be signed by the Chairman and the Vice-Chairman or, if they are unable to do so, by another member of the Supervisory Board designated by the Chairman and are to be notified to the members of the Supervisory Board and their deputies.

Section 14. Committees

- (1) The Supervisory Board shall set up a Risk and Credit Committee from among its members and may set up other committees and delegate functions to them within the scope of its powers.
- (2) A committee shall consist of not less than seven and not more than fifteen members. Section 15 sub-section 1 shall remain unaffected. No deputies shall be appointed. If a human resources committee is set up, the members from among the Bank's staff must account for one-third of the total number of committee members. Any committee to which duties under section 12, sub-section 2 nos. 3, 4 or 5 are transferred must include at least one member who is independent and who has expert knowledge of either accounting or of the auditing of accounts.
- (3) The Rules of Procedure for the Supervisory Board shall lay down the detailed rules on the chairmanship of committees and on meetings. This shall not affect section 26 sub-section 4.

Section 15. Risk and Credit Committee

- (1) The Risk and Credit Committee shall consist of the Chairman of the Supervisory Board and fifteen other members, including eight representatives of the Association, two representatives of the State of Hesse and one representative each of the Free State of Thuringia, RSGV, SVWL, Fides Beta GmbH and Fides Alpha GmbH.s Alpha GmbH.
- (2) The Rules of Procedure for the Supervisory Board shall lay down the detailed rules on the chairmanship of the Risk and Credit Committee and on meetings. To deal with the case when the Chairman is unable to attend, the Risk and Credit Committee shall appoint two Vice-Chairmen from among its members, whose ranking as Vice-Chairmen shall be laid down by the Risk and Credit Committee.
- (3) The Risk and Credit Committee shall be responsible for approving the granting of loans insofar as such approval is required in accordance with the Rules of Procedure for the Board of Managing Directors. In special cases, it may refer the matter to the Supervisory Board for a decision. Section 26 sub-sections 3 and 4 shall remain unaffected.
- (4) The Risk and Credit Committee shall meet when necessary and also at the request of six of its members or of the Board of Managing Directors. It shall be convened by its Chairman or, if he is unable to do so, by the Vice-Chairman responsible for doing so in accordance with the ranking of the Vice-Chairmen. The documents for the meeting, which are to be prepared by the Board of Managing Directors, are as a rule to be sent to the members of the Risk and Credit Committee at the latest one week before the meeting.

- (5) The Risk and Credit Committee constitutes a quorum if the Chairman or one of the two Vice-Chairmen and at least eight other members are present. Resolutions shall be passed by a majority of votes of the members present.
- (6) In the case of loan matters which cannot be left to the next meeting of the Risk and Credit Committee, the Board of Managing Directors may decide without the Risk and Credit Committee's approval; for further details, reference is made to the Rules of Procedure for the Board of Managing Directors. The Risk and Credit Committee must be informed at its next meeting.
- (7) The Board of Managing Directors shall attend meetings of the Risk and Credit Committee. The Chairman of the Risk and Credit Committee may invite other experts in accordance with the Rules of Procedure.

3. The Board of Managing Directors

Section 16. Composition

- (1) The Board of Managing Directors shall consist of several members. Deputy members of the Board of Managing Directors may be appointed. At least one member of the Board of Managing Directors shall be based in Erfurt.
- (2) Members of the Board of Managing Directors shall be appointed and employed for a period not exceeding five years. Re-appointment and re-employment for periods not exceeding five years each is permitted.
- (3) The Board of Owners shall appoint a Chairman and one or more Vice-Chairmen of the Board of Managing Directors. Sub-section 2 shall apply mutatis mutandis.
- (4) The Board of Owners may revoke the appointment of a member of the Board of Managing Directors for cause; section 84 sub-section 3 sentence 2 of the German Stock Corporation Act (Aktengesetz) shall apply mutatis mutandis. The revocation shall remain in force unless and until its invalidity has been legally determined by a decision that cannot be appealed. Sentences 1 and 2 shall apply mutatis mutandis to the revocation of the appointment as Chairman and Vice-Chairman of the Board of Managing Directors.
- (5) Members of the Board of Managing Directors report to the Chairman of the Supervisory Board.

Section 17. Conduct of Business

- (1) The Board of Managing Directors shall conduct the Bank's business on its own responsibility. All members of the Board of Managing Directors are authorised to

conduct the Bank's business jointly, unless otherwise provided for in sub-sections 2 and 3.

- (2) In accordance with its Rules of Procedure, the Board of Managing Directors may delegate its powers to conduct the Bank's business, in particular the right to approve loans, to a limited extent to individual members of the Board of Managing Directors or appropriate members of staff; for certain types of business, the authority to approve loans may also be delegated to savings banks.
- (3) The Board of Managing Directors constitutes a quorum if more than half of its members are present. Resolutions must be passed unanimously if this is required by statutory provisions or the Rules of Procedure for the Board of Managing Directors; otherwise, decisions are taken by a simple majority of the members of the Board of Managing Directors present.
- (4) The distribution of responsibilities and permanent representation within the Board of Managing Directors is laid down by the Chairman of the Board of Managing Directors in agreement with the Chairman of the Supervisory Board.
- (5) Members of the Bank's staff who are not members of the Board of Managing Directors report to the Chairman of the Board of Managing Directors.

Section 18. Actions on behalf of the Bank

- (1) The Board of Managing Directors shall represent the Bank in and out of court; section 9 sub-section 5 and section 27 sub-section 2 shall remain unaffected. The members of the Board of Managing Directors shall be exempted from the restrictions defined in section 181 of the German Civil Code (Bürgerliches Gesetzbuch).
- (2) Legally binding statements of the Bank shall be made in the name of "Landesbank Hessen-Thüringen Girozentrale" and shall require the signatures of two members of the Board of Managing Directors. The Board of Managing Directors may regulate the power to act on behalf of the Bank in such a way that a member of the Board of Managing Directors together with another member of staff or, alternatively, two members of staff jointly may legally bind the Bank by their signatures. The Board of Managing Directors may lay down different rules for routine business matters. The Bank's signing authorities shall be made known by lists of authorised signatories customary in banking and by notices displayed in the cashier's hall of the Bank.
- (3) Legally binding statements of the State Building and Loan Association (Landesbausparkasse) shall be made in the name of "Landesbausparkasse Hessen-Thüringen, Geschäftsbereich der Landesbank Hessen-Thüringen Girozentrale", those of the Kassel branch in the name of "Landeskreditkasse zu Kassel, Niederlassung der Landesbank Hessen-Thüringen Girozentrale".

- (4) Documents in compliance with the provisions of sub-sections 2 and 3 shall be legally binding on the Bank irrespective of whether other provisions of the Charter have been observed.
- (5) Documents issued by authorised signatories of the Bank and bearing the Bank's seal are public documents.

Section 19. Notification to the Supervising Bodies and the Owners

- (1) The Board of Managing Directors shall inform the Board of Owners and the Supervisory Board on a regular basis, at intervals to be laid down by these bodies, about the business activities and the situation of the Bank. The Board of Owners and the Supervisory Board are to be informed immediately of developments that could have a significant impact on the situation of the Bank, its liquidity or profitability and its liable capital, with particularly urgent matters being required to be reported to the Chairmen of the executive bodies in advance. The reports prepared by the Board of Managing Directors must comply with the principles of accurate and faithful reporting and accounting.
- (2) The Board of Owners and the Supervisory Board may request oral or written reports from the Board of Managing Directors at any time and may inspect and check the audit reports and the Bank's documents and books. The Chairman of the Supervisory Board shall have the same right. For further details, reference is made to the Rules of Procedure.
- (3) The Owners are to be informed on a regular basis about the economic situation and the business performance of the Bank.

Section 20. Advisory Boards

- (1) Advisory boards may be set up to provide expert advice to the Bank in connection with the conduct of its business operations and to further its contacts with the business community, savings banks and public authorities.
- (2) In agreement with the Chairman of the Supervisory Board, the Board of Managing Directors shall appoint the members of the advisory boards and adopt rules of procedure for the advisory boards that shall regulate, among other arrangements, the chairmanship of the advisory boards and the expense allowance for the members of the advisory boards. A lump-sum expense allowance may be granted.

IV. Accounting

Section 21. Annual Accounts

- (1) The financial year shall be the calendar year.
- (2) No later than six months after the commencement of the financial year, the Board of Owners shall appoint an independent auditor to audit the forthcoming annual accounts and consolidated accounts; the Board of Managing Directors may submit proposals in this respect. Once the financial year has ended, the Board of Managing Directors shall prepare without delay the annual accounts (balance sheet with income statement and notes) and an annual report including a management report for both the Bank and the Group in accordance with the statutory provisions, have them audited by the appointed auditor of the annual accounts and submit them without delay to the Supervisory Board together with the audit reports.
- (3) The Supervisory Board shall adopt the annual accounts and the consolidated accounts and approve the management report for both the Bank and the Group. The Board of Managing Directors shall then submit these to the Board of Owners for approval together with the audit reports of the Supervisory Board and the auditor of the annual accounts and the motions for resolutions on the discharge of the members of the Supervisory Board and the members of the Board of Managing Directors from their responsibility.
- (4) After they have been approved, the annual accounts, the management report for both the Bank and the Group and the consolidated accounts together with the certificate from the auditor of the annual accounts and the Supervisory Board's report shall be made known and published in accordance with the statutory provisions.

Section 22. Net Income for the Year, Reserves

- (1) Out of the net income for the year as shown in the accounts – including the contribution to the Association's administrative expenses – a reserve in accordance with the Charter shall be constituted. A partial amount of at least ten percent of the net income for each year is to be allocated to such reserve unless the reserve in accordance with the Charter has reached an amount equal to half of the equity capital.
- (2) The Supervisory Board may in addition allocate further amounts up to half of the net income for the year to the reserves with effect from the balance sheet date.
- (3) The Board of Owners shall decide on the appropriation of the balance sheet profit on the basis of a proposal from the Supervisory Board.

- (4) If the reserves have been used to cover losses, the net income for the following years must be allocated in full to reserves until the reserves in accordance with the Charter have been replenished.
- (5) The Board of Owners may decide to appropriate the net income for the year otherwise than in accordance with the rules laid down in sub-sections 1 and 2.

Section 23. Covering of Losses

If a loss incurred is written off from the equity capital, net income may not be used in accordance with section 22 until such time as the equity capital has been replenished.

V. Wirtschafts- und Infrastrukturbank Hessen

Section 24. Legal Form, Name

- (1) “Landestreuhandstelle Hessen – Bank für Infrastruktur – rechtlich unselbstständige Anstalt in der Landesbank Hessen-Thüringen Girozentrale”, which was established within the Bank by the State of Hesse, shall continue to be operated within Helaba, together with Investitionsbank Hessen, under the name “Wirtschafts- und Infrastrukturbank Hessen – rechtlich unselbstständige Anstalt in der Landesbank Hessen-Thüringen Girozentrale” (Wirtschafts- und Infrastrukturbank Hessen), as an organisationally and economically independent but legally dependent entity under public law.
- (2) The Guarantor of Wirtschafts- und Infrastrukturbank Hessen shall be the State of Hesse. The Bank shall operate Wirtschafts- und Infrastrukturbank Hessen as a division pursuant to section 5 sub-section 4 sentence 2. This shall not affect the overall responsibility, including in respect of public development issues, of the executive bodies, in particular the Board of Managing Directors of Helaba, in accordance with the provisions of the German Banking Act (Kreditwesengesetz) shall remain unaffected.
- (3) Wirtschafts- und Infrastrukturbank Hessen shall have its principal place of business at the Bank’s registered office in Frankfurt/Main. It may operate additional offices in the regions of the State of Hesse. The establishment and closure of additional offices shall require the consent of the Wirtschafts- und Infrastrukturbank Committee.

Section 25. Functions

- (1) Wirtschafts- und Infrastrukturbank Hessen may perform the following functions in particular, as permitted by the laws and directives of the European Community, the Federal Republic of Germany and the State of Hesse and in compliance with the provisions of the European Community governing state aid:
 1. supporting trade and industry at the level of individual enterprises, with a particular focus on small and medium-sized enterprises and the professions,
 2. supporting enterprises to settle,
 3. supporting labour market policy measures,
 4. supporting housing measures,
 5. supporting municipal development projects,
 6. supporting town planning and urban development measures,
 7. supporting development through the provision of risk capital,
 8. supporting measures to further technological progress, particularly the financing of technology and innovation,

9. supporting infrastructure measures,
10. supporting measures to develop structurally disadvantaged areas,
11. supporting agriculture and forestry, rural areas, nature conservation and environmental and landscape protection,
12. providing support through international development programmes,
13. supporting cultural and educational projects,
14. supporting measures of a purely social character, including syndicated finance, and
15. financing solutions for central, regional and local authorities and special purpose associations of public legal form (öffentlichrechtliche Zweckverbände).

Wirtschafts- und Infrastrukturbank Hessen performs the advisory function in connection with monetary support.

- (2) Wirtschafts- und Infrastrukturbank Hessen may only conduct banking operations insofar as they are directly connected with the performance of its functions.
- (3) Wirtschafts- und Infrastrukturbank Hessen may take on additional functions from the State of Hesse and from other public authorities, including at their proposal, provided that the functions do not contravene European law on state aid, particularly the principles and specifications of the European Communities concerning the business operations of a development institution.
- (4) The transfer or execution of additional functions shall require the consent of the Wirtschafts- und Infrastrukturbank Committee.

Section 26. Wirtschafts- und Infrastrukturbank Committee

- (1) The Supervisory Board shall establish a committee (Wirtschafts- und Infrastrukturbank Committee) to be responsible for Wirtschafts- und Infrastrukturbank Hessen and its development business.
- (2) The Wirtschafts- und Infrastrukturbank Committee comprises six members drawn from within the Supervisory Board and consists of:
 - four representatives of the State of Hesse from the Supervisory Board, among them the minister responsible for economic affairs, and
 - two employee representatives from the Bank who are members of the Supervisory Board.

- (3) The Supervisory Board authorises the Wirtschafts- und Infrastrukturbank Committee,
 - a. to approve the guidelines for the business policy of Wirtschafts- und Infrastrukturbank Hessen;
 - b. to supervise the development business of Wirtschafts- und Infrastrukturbank Hessen;
 - c. to make decisions on the performance of development functions and to approve the granting of individual loans made by Wirtschafts- und Infrastrukturbank Hessen outside of development programmes;
 - d. to pass resolutions, as the committee for Wirtschafts- und Infrastrukturbank Hessen, on the nature of the earmarking of the assets retained in Wirtschafts- und Infrastrukturbank Hessen;
 - e. to pass resolutions, as the committee for development business, on the earmarking of the assets pursuant to section 28 sub-section 2 retained in Helaba;
 - f. to pass resolutions on the credit risk strategy of Wirtschafts- und Infrastrukturbank Hessen;
 - g. to pass resolutions on the own funds programmes of Wirtschafts- und Infrastrukturbank Hessen; and
 - h. to pass resolutions on the transfer of functions to Wirtschafts- und Infrastrukturbank Hessen by third parties.

The chairperson of the Committee shall report regularly to the Supervisory Board on the activities of Wirtschafts- und Infrastrukturbank Hessen and on the decisions made by the Wirtschafts- und Infrastrukturbank Committee.

- (4) The Wirtschafts- und Infrastrukturbank Committee shall establish its own Rules of Procedure for the exercise of the powers vested in it by this Charter. The Rules of Procedure shall lay down the particulars of the chairing of the Committee, of the meetings and of the types of transaction that require consent.

Section 27. Administration

- (1) The chart depicting the distribution of responsibilities in the Board of Managing Directors of the Bank shall indicate the member of the Board of Managing Directors who is responsible for Wirtschafts- und Infrastrukturbank Hessen.
- (2) Business shall be conducted by the Management of Wirtschafts- und Infrastrukturbank Hessen. There shall be at least two members of the Management, one of whom may be appointed spokesperson. The Board of Managing Directors of the Bank shall authorise the Management to represent Wirtschafts- und Infrastrukturbank Hessen in and out of court. Section 18 sub-section 2 sentences 2 to 4 shall apply mutatis mutandis.

- (3) The members of the Management shall be appointed and removed from office by the Board of Managing Directors of the Bank with the consent of the Wirtschafts- und Infrastrukturbank Committee. The members of the Management report to the Board of Managing Directors of the Bank.
- (4) One or more specialised advisory boards, the members of which are appointed by the Wirtschafts- und Infrastrukturbank Committee after consultation of the member of the Board of Managing Directors of the Bank responsible for Wirtschafts- und Infrastrukturbank Hessen in accordance with sub-section 1, may be set up to provide expert advice to Wirtschafts- und Infrastrukturbank Hessen and to safeguard its competitive neutrality. The Wirtschafts- und Infrastrukturbank Committee determines the chairperson of each advisory board.

Section 28. Annual Accounts, Appropriation of Profit

- (1) Wirtschafts- und Infrastrukturbank Hessen has its own accounting function. It shall keep its assets and liabilities separate from the positions of the Bank. Separate annual accounts forming a part of the Bank balance sheet are to be prepared for Wirtschafts- und Infrastrukturbank Hessen in accordance with the principles and methods laid down for the Bank, in particular those contained in sections 9 and 12, and are to be submitted by the Wirtschafts- und Infrastrukturbank Committee to the Supervisory Board for adoption. The annual accounts of Wirtschafts- und Infrastrukturbank Hessen shall be adopted by the Supervisory Board in accordance with section 12 sub-section 2 no. 3 and approved by the Board of Owners in accordance with section 9 sub-section 1 no. 7 simultaneously with the adoption and approval of the annual accounts of the Bank and of the Group.
- (2) One fifth of the net income earned by Wirtschafts- und Infrastrukturbank Hessen shall be retained as own assets at Wirtschafts- und Infrastrukturbank Hessen and the remaining four fifths shall be allocated to the retained earnings of the Bank as own assets and reported as such. This retention provision for the net income of Wirtschafts- und Infrastrukturbank Hessen shall be taken into account in the Supervisory Board resolution on the appropriation of the Bank's net income for the year in accordance with section 12 sub-section 3 no. 3.

VI. Transitional and Final Provisions

Section 29. Transitional Provision for the Supervisory Board

(rescinded)

Section 30. Official Announcements

Official announcements required in accordance with statutory provisions or the Charter shall be made in the Official Gazettes for the Federal States of Hesse and Thuringia unless otherwise provided for by law.

Section 31. Effective Date

The above Charter shall take effect on publication in the Official Gazettes for the Federal States of Hesse and Thuringia.

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