

**Law on Bayerische Landesbank  
(Bayerische Landesbank Law – BayLBG)  
in the version as published in the notification  
dated 9 June 2005, last amended on 27 July 2009**

**Section I  
General provisions**

**Art. 1  
Legal form**

(1) Bayerische Landesbank is a corporation established under public law which acts as a legal entity and has its registered office in Munich.

(2) The Bayerische Landesbodenkreditanstalt, *Anstalt der Bayerischen Landesbank*, as an entity responsible for state-subsidised business, and Bayerische Landesbausparkasse, *Anstalt der Bayerischen Landesbank*, engaged in the building society business, exist within the Bank as legally dependent institutions.

**Art. 1a  
Conversion**

(1) <sup>1</sup>Under the terms of the following provisions, BayernLB may participate in a merger, separation (spin-off, split-off), asset transfer or a change in legal form. <sup>2</sup>By means of a General Meeting resolution and approval by the supervisory authorities it may

1. merge with other legal entities established under public law or other legal entities via a merger agreement which shall entail transferring assets to the other legal entity or by founding a new entity under the application of universal succession;
2. transfer one or more parts of its assets, including the legally dependent institutions, either wholly or partly to other existing or thereby founded legal entities partially owned by the Bank or its owners, by means of a separation and takeover agreement under the application of universal succession; if one of the Bank's dependent institutions is spun off or split off, the dependent institution may become independent, with the Bank, its owners or indirect owners holding interests in the independent institution, instead of assets being transferred to a newly founded legal entity;
3. transfer one or more parts of its assets, including the legally dependent institutions, to other existing legal entities by means of a transfer agreement under the application of universal succession, in return for consideration to the Bank or the Bank's owners which is not a participation;
4. be converted to a public limited company by means of a change in legal form; the General Meeting shall establish the Statutes of the public limited company; notarisation shall not be required; the Bank's owners shall be considered the founders of the public limited company and shall receive shares in line with their stake in the Bank's nominal capital;
5. act as the acquiring legal entity in mergers, separations and asset transfers.

<sup>3</sup>Measures in accordance with sentence 2 shall require the prior consent of the Bavarian parliament or committee commissioned by the parliament, providing there are no compelling reasons for an exception; should consent have not been obtained, the Parliament shall be informed forthwith. <sup>4</sup>Art. 65 (7) of the Bavarian Budget Regulations shall remain unaffected.

(2) <sup>1</sup>In the event of a conversion in accordance with para. 1. sentence 2 nos. 1 to 4, the existing rights of the Bank's creditors are to be protected. <sup>2</sup>The guarantee obligations pursuant to Art. 4

and 22 shall continue to apply. <sup>3</sup>The statutes of the Bank shall regulate the details of the conversion.

(3) <sup>1</sup>Should the Bank as transferring legal entity be merged with another legal entity in accordance with para. 1, sentence 2 no. 1 or transfer a legally dependent institution to another legal entity in accordance with para. 2, sentence 2 no. 2 or 3), the Bank's position as owner of the dependent institution shall pass to the acquiring legal entity. <sup>2</sup>Should the acquiring entity be a legal entity under private law, it shall be granted ownership of the dependent institution. <sup>3</sup>In the event of para. 2, sentence 2 no. 4, the Bank shall be granted ownership of the Bank's legally dependent institutions from the date the change of legal form becomes effective. <sup>4</sup>The dependent institutions shall be subject to legal supervision pursuant to Art. 17, para. 1 and 2. <sup>5</sup>In regard to carrying out the public mandate by the dependent institutions, the entity entrusted with ownership of the dependent institutions shall be subject to supervision by the supervisory authorities pursuant to Art. 17 para. 1 sentence 2,. The supervisory authorities can therefore in this regard issue instructions to the entity entrusted with ownership.

(4) <sup>1</sup>As part of conversion procedures pursuant to para. 1 sentence 2 nos. 1 and 2, the Bank may also establish legally independent institutions under public law as acquiring legal entities or make its dependent institutions independent in order to fulfil its duties and functions and carry out its business. <sup>2</sup>These independent institutions shall have a Board of Management, which shall be responsible for managing the institutions, and a Board of Administration. <sup>3</sup>Further details of the duties and functions, powers, representatives and legal structure of these institutions and the composition, duties and powers of their administrative bodies shall be stipulated in Statutes to be drawn up by the Bank unless regulated by this law. Art. 17 para. 1 and para. 2 shall be applicable accordingly. <sup>5</sup>Should ownership of these institutions be transferred to a legal entity under private law, pursuant to para. 1 sentence 2, no. 1 or 2, this legal entity shall be granted ownership of the dependent institution. <sup>6</sup>Para. 3 sentence 5 shall apply as appropriate.

(5) Conversions pursuant to para. 1 are conversions as defined in the Conversion Act; the provisions of this act shall be applicable to these conversion measures unless this Law, the Bank's Statutes or a state treaty stipulate provisions to the contrary.

(6) In the case of conversions pursuant to para. 1, the special interests of the owners or, in the case of transfer of ownership, the indirect owners, in fulfilling the duties and functions of the dependent entities shall be taken into account.

## **Art. 2 Duties and Functions**

(1) <sup>1</sup>The Bank's duties and functions include in particular strengthening competition in Bavaria by means of its business activities while observing market and competition requirements and providing the economy, particularly the *Mittelstand* and the public sector, with appropriate and sufficient financial and credit services. <sup>2</sup>BayernLB is a commercial bank that competes in the market and which focuses on Bavaria, Germany and neighbouring European regions.

(2)<sup>1</sup>The Bank shall support the Free State of Bavaria and the local authorities of the Free State, including the savings banks, in the fulfilment of public duties and, in particular, infrastructure development tasks through its business activities. <sup>2</sup>It is the central bank to the savings banks and takes into account the needs of the savings banks when conducting its business. <sup>3</sup>It is also a municipal bank and performs the function of principal bank to the Free State of Bavaria.

(3) <sup>1</sup>The Bank may conduct all types of banking business and financial service transactions as well as all other transactions serving the purposes of the Bank. <sup>2</sup>The Bank's business shall be conducted in accordance with mercantile principles in compliance with the Bank's public mandate.

(4) In order to perform its duties and functions and conduct its business, the Bank may specifically

1. issue Pfandbriefs and other notes and bonds and establish debt register claims,
2. acquire and dispose of companies or interests in companies,

3. participate in associations,
4. establish companies,
5. establish legally dependent institutions under public law within the Bank,
6. assume ownership, completely or in part, of other institutions under public law by agreement; this shall not apply to the savings banks.

### **Art. 3 Ownership, Authority to Transfer Ownership**

(1) <sup>1</sup>The Free State of Bavaria and the Association of Bavarian Savings Banks shall be the owners of Bayerische Landesbank. <sup>2</sup>The Free State of Bavaria and the Association of Bavarian Savings Banks may also transfer ownership of the Bank to a legal entity under private law by way of an agreement concluded under public law (transfer of ownership). <sup>3</sup>The transfer of the shares in the Bank's nominal capital shall also be regulated under such transfer agreement. <sup>4</sup>The stakeholders of the entity entrusted with ownership shall be indirect owners of the Bank (Indirect Owners). <sup>5</sup>The transfer of ownership and the transfer of shares in the Bank's nominal capital shall not affect the liability obligations regulated in Art. 4.

(2) The ownership of Bayerische Landesbank shall involve the following duties and functions, competences and obligations:

1. the owner shall promote the duties and functions of the Bank to strengthen the latter's competitiveness and support it in the execution of its public mandate;
2. the owner shall be authorised to define the duties and functions of the Bank to the extent they are not already defined by law or by the Statutes;
3. the owner shall hold the stake in the nominal capital and shall be entitled to receive a dividend payment;
4. the assets of the Bank as a whole shall be allocated to the owner, including the claim towards liquidation proceeds;
5. the owner shall have the right to appoint members to the Board of Administration, as laid down in this Law.

(3) <sup>1</sup>The owner shall support the Bank in the execution of its duties and functions under the condition that the Bank shall have no claims against the owner and that the owner shall otherwise not be obliged to provide the Bank with funds. <sup>2</sup>The Bank shall be liable for its liabilities with its entire assets. <sup>3</sup>The liability obligations of the Bank's owner shall be restricted to the statutory capital. <sup>4</sup>In the event of para. 1 sentence 2, the Free State of Bavaria and the Association of Bavarian Savings Banks shall support the entity entrusted with ownership in the execution of its duties and functions pursuant to sentence 1.

### **Art. 4 Liability of the Free State of Bavaria and the Association of Bavarian Savings Banks**

(1) <sup>1</sup>The Free State of Bavaria and the Association of Bavarian Savings Banks shall be liable for the settlement of all liabilities of the Bank existing as per 18 July 2005. <sup>2</sup>This liability obligation shall be unlimited in time for liabilities incurred up until 18 July 2001; for liabilities incurred thereafter up until 18 July 2005, this liability obligation shall only be applicable if they mature no later than 31 December 2015.

(2) The Free State of Bavaria and the Association of Bavarian Savings Banks shall immediately fulfil their obligations towards the creditors of liabilities incurred on or before 18 July 2005 once the former have, upon maturity, obtained written evidence and have officially established that the creditors of the liabilities cannot be satisfied from the Bank's assets.

(3) Liabilities of the Bank resulting from its own guarantee obligations or similar liability commitments, or through liability obligations incurred under the membership in a savings bank association in the capacity of guarantor, have been agreed and will mature within the meaning of paragraphs 1 and 2 at the same time as the liabilities secured by such liability obligations.

(4) <sup>1</sup>The Free State of Bavaria and the Association of Bavarian Savings Banks shall be jointly and severally liable for the obligations and liabilities of the Bank; in relation to each other, however, they shall each be liable according to the share of nominal capital held by each of them at the time the liability was created. <sup>2</sup>The Bavarian savings banks shall be liable towards the Association of Bavarian Savings Banks with respect to settlement of the Bank's liabilities pursuant to paragraph 1.

(5) Art. 22 shall remain unaffected.

#### **Art. 5 Nominal capital**

The amount of the Bank's nominal capital shall be laid down in the Statutes.

### **Section II Government bodies**

#### **Art. 6 Bodies of the Bank**

The Board of Management, the Board of Administration and the General Meeting shall be the bodies of the Bank.

#### **Art. 7 Board of Management**

(1) The Board of Management shall conduct the business of the Bank.

(2) The composition of the Board of Management shall be regulated in the Statutes.

(3) <sup>1</sup>The Members of the Board of Management shall be appointed by the Board of Administration. <sup>2</sup>The appointments shall be made for a maximum of five years; re-appointment for a further term of office and early termination for significant reasons shall be permitted.

#### **Art. 8 Board of Administration**

(1) The Board of Administration shall resolve the guidelines for the Bank's business policy and shall supervise the Bank's executive management.

(2) <sup>1</sup>Subject to the regulations in para. 3, the Board of Administration shall consist of eleven members. <sup>2</sup>The Board of Administration shall comprise

1. the State Minister of Finance,
2. the State Minister of the Interior,
3. the State Minister of Economic Affairs, Infrastructure, Transport and Technology
4. one additional representative of the State Ministry of Finance,
5. one board member from a Bavarian savings bank,
6. one representative from the Bavarian municipal associations,
7. one representative of the Bayerische Landesbank works council,

8. four additional external members appointed by the State Ministry of Finance in consultation with the State Ministry of the Interior and the State Ministry of Economic Affairs, Infrastructure, Transport and Technology.

<sup>3</sup>Up to two deputies may be appointed for each member of the Board of Administration. <sup>4</sup>The members as defined in nos. 5 and 6 shall be appointed by the Association of Bavarian Savings Banks, the member as defined in no. 7 shall be appointed by the Bank's works council.

(3) If a legal entity under private law is entrusted with the ownership of the Bank pursuant to Art. 3 para. 1, such entity may, in accordance with the Statutes, appoint a maximum of four additional members and their deputies.

(4) The State Minister of Finance shall be the Chairman of the Board of Administration.

(5) <sup>1</sup>The term of office of the Members of the Board of Administration and their deputies shall be three years maximum. <sup>2</sup>A renewed appointment shall be permitted.

(6) The members as defined in para. 2 nos. 1 to 4 shall have double voting rights, unless the Statutes stipulate provisions to the contrary.

(7) At least one member of the Board of Administration must have expertise in accounting or auditing of financial statements.

(8) Further details of the composition, duties and functions, proceedings and other legal issues relating to the Board of Administration are to be regulated in the Statutes.

#### **Art. 9 Committees of the Board of Administration**

<sup>1</sup>The Board of Management may form committees with advisory and resolving functions. <sup>2</sup>Further details on the composition, duties and functions and the proceedings of the committees shall be regulated in the Statutes.

#### **Art. 10 General Meeting**

(1) <sup>1</sup>The owners or, in the case of transfer of ownership pursuant to Art. 3 para. 1 sentence 2, the indirect owners shall exercise their rights with regard to the Bank in the General Meeting. <sup>2</sup>In particular the General Meeting shall approve the Bank's Statutes.

(2) <sup>1</sup>The owners shall appoint up to three representatives each to attend the General Meeting. <sup>2</sup>In the case of transfer of ownership pursuant to Art. 3 para. 1 sentence 2, the indirect owner shall appoint up to three representatives to attend the General Meeting in place of the legal entity entrusted with ownership.

(3) <sup>1</sup>Voting rights shall correspond to the owner's share in the Bank's nominal capital and shall be exercised uniformly by one representative of each of the owners (Principal). <sup>2</sup>In the case of transfer of ownership, the voting rights allocated to the Principal of the indirect owner shall conform to its indirect capital stake in the Bank.

(4) Further details shall be regulated in the Statutes.

#### **Art. 11 Representation**

The Bank shall be represented in and out of court by the Board of Management and, in dealings with Members of the Board of Management, by the Chairman of the Board of Administration.

**Section III  
Appropriation of Profits, Bonds**

**Art. 12  
Appropriation of Profits**

<sup>1</sup>At least 25 percent of the annual net income is to be allocated to the statutory reserves until they reach a level of ten percent of nominal capital, or a higher portion of the nominal capital, as specified in the Statutes; other reserves may be created from the remainder. <sup>2</sup>Otherwise, the retained profit shall be distributed to the holders of the nominal capital in proportion to their holdings; to round off the transfer amount, a carry-forward to new account shall be possible.

**Art. 13  
Bonds**

Registered bonds issued by the Bank do not represent bonds within the meaning of Art. 24 para. 1 of the law governing the execution of the German Civil Code (BGB) and other codes (BayRS 400-1-J), as last amended by Sect. 1 of the law dated 24 December 2002 (GVB1. p. 975, rect. 2003, p. 52)".

**Art. 14**

**Null and void**

**Art. 15  
Trustee**

**Null and void**

**Section IV  
Statutes and Supervision**

**Art. 16  
Statutes**

(1) In all other respects, the Bank's duties and functions as well as transactions, its representation, other legal affairs of the Bank and its bodies shall be governed by the Statutes.

(2) Any amendments to the Bank's Statutes shall require the approval of the supervisory authority.

**Art. 17  
Supervision**

(1) <sup>1</sup>The State Ministries of Finance and of the Interior act as the supervisory authority of the Bank. <sup>2</sup>The supervisory authority may issue all necessary directives in order to ensure that the Bank's activities comply with the laws, the Statutes and other applicable provisions.

(2) <sup>1</sup>The supervisory authority shall have the right at all times to inspect and review the entire business documentation, to request information, to participate in the negotiations of the General Meeting and of the Board of Administration and its committees in an advisory capacity and to request that meetings of these committees be convened. <sup>2</sup>The costs incurred by such supervisory activities shall be refunded by the Bank to the State Treasury.

(3) <sup>1</sup>In the event of Art. 3 para 1 sentence 2, the supervisory authority shall also supervise the entity entrusted with ownership. <sup>2</sup>Pursuant to Art. 3 para. 2, the supervisory authority may instruct the owner with respect to the execution of the latter's duties and functions as well as competences.

<sup>3</sup>Paragraph 2 shall be applicable accordingly.

**Art. 18**  
**Audit by the State Audit Office**

<sup>1</sup>Pursuant to Art. 111 of the Bavarian Budget Regulations, the Bank shall be subject to auditing by the Bavarian Supreme Audit Office. <sup>2</sup>Articles 66 to 69 of the Bavarian Budget Regulations shall not be applicable. <sup>3</sup>The Bank shall exercise the rights as specified in Sect. 53 of the law relating to the principles of the budget law of the Federal Government and of the State dated 19 August 1969 (BGBl. p. 1273) in the respectively valid version.

**Section V**  
**Bayerische Landesbodenkreditanstalt**

**Art. 19**  
**Legal Form, Management, Representation**

(1) <sup>1</sup>Bayerische Landesbodenkreditanstalt is a legally dependent institution established under public law within the Bank that is organisationally and financially independent. <sup>2</sup>In legal relations, it may take action, sue and be sued in its own name.

(2) <sup>1</sup>The business of Bayerische Landesbodenkreditanstalt shall be conducted by a management board. <sup>2</sup>The joint liability of the Bank's Board of Management pursuant to the provisions of the German Banking Act (KWG) shall remain unaffected.

(3) Bayerische Landesbodenkreditanstalt shall be represented in and out of court by the Bank's Board of Management.

**Art. 20**  
**Tasks**

(1) <sup>1</sup>Bayerische Landesbodenkreditanstalt is commissioned by the government to financially promote the plans of natural persons and legal entities under private or public law as well as other measures to improve and strengthen Bavaria's housing and settlement structure within the context of its housing policy and in line with the aid provisions of the European Community. <sup>2</sup>To fulfil its mandate, Bayerische Landesbodenkreditanstalt may carry out financing in the following areas:

1. Subsidised housing,
2. Promotion of housing and settlement matters
3. Promotion of the housing industry
4. Promotion of infrastructure measures to support housing policy aims
5. Promotion of the structural development of towns and municipalities
6. Promotion of housing policy measures to develop structurally weak regions
7. The promotion of other measures, insofar as these are designated in laws, regulations or published guidelines and are transferred to Bayerische Landesbodenkreditanstalt from the Free State of Bavaria.

(2) Bayerische Landesbodenkreditanstalt may also carry out financing for regional authorities and public-law special-purpose associations as well as participate in the financing of the European Investment Bank or similar European financing institutions of common interest projects affecting Bavaria in the areas under para. 1.

(3) <sup>1</sup>The State Government may transfer additional duties and functions to Bayerische Landesbodenkreditanstalt, insofar as these do not contravene European aid law, particularly the principles and the requirements of the European Community for the business activities of a development institution. <sup>2</sup>Duties and functions within the context of the government's finance,

economic, transport, environment and labour market policies may be transferred to Bayerische Landesbodenkreditanstalt if the duties and functions either cannot be executed exclusively or at all by LfA Förderbank Bayern.

(4) When implementing its own programmes, Bayerische Landesbodenkreditanstalt shall act in line with the guidelines of the respective state ministry responsible.

(5) The financing shall be carried out by granting loans and credit, assuming guarantees and using other financing services.

(6) <sup>1</sup>Bayerische Landesbodenkreditanstalt shall obtain the required funds – insofar as they are not provided by the principal in trust – by raising loans and credit with the Free State of Bavaria, the Federal Republic of Germany and with other bodies. <sup>2</sup>It shall be entitled to issue Pfandbriefs, mortgage bonds of the Bayerische Landesbodenkreditanstalt and other bonds to finance its duties and functions in accordance with paras. 1 to 3.

(7) <sup>1</sup>Bayerische Landesbodenkreditanstalt may only conduct other banking business insofar as it is directly related to the fulfilment of its duties and functions. <sup>2</sup>Securities trading, deposit business activities and giro business activities are only permitted on its own account and insofar as they are directly related to fulfilment of its public development duties and functions.

#### **Art. 21**

##### **Advisory Board of Bayerische Landesbodenkreditanstalt**

An Advisory Board shall be set up at Bayerische Landesbodenkreditanstalt to provide advice on housing policy issues as part of its legal duties and functions. <sup>2</sup>The Advisory Board shall consist of the chairman and up to 6 other members appointed at the recommendation of the State Minister of the Interior. <sup>3</sup>The State Minister of the Interior or a deputy appointed by him shall act as Chairman. <sup>4</sup>Further details shall be regulated in the Statutes.

#### **Art. 22**

##### **Liability of the Free State of Bavaria and the Association of Bavarian Savings Banks für Verbindlichkeiten der Bayerischen Landesbodenkreditanstalt**

(1) <sup>1</sup>The Free State of Bavaria and the Association of Bavarian Savings Banks shall be liable for the liabilities of Bayerische Landesbodenkreditanstalt insofar as such claims cannot be satisfied from the Bank's assets. <sup>2</sup>The Association of Bavarian Savings Banks shall not be liable for liabilities created at a future date, once the Association of Bavarian Savings Banks no longer has any direct or indirect stake in Landesbodenkreditanstalt's capital.

(2) The Free State of Bavaria shall be directly liable for loans raised by Bayerische Landesbodenkreditanstalt, for Pfandbriefs, mortgage bonds of the Bayerische Landesbodenkreditanstalt and other bonds issued, for forward deals made as forward transactions, for rights from options and for credit to third parties, insofar as this credit is expressly guaranteed by Bayerische Landesbodenkreditanstalt.

(3) <sup>1</sup>The Free State of Bavaria and the Association of Bavarian Savings Banks shall be jointly and severally liable for the obligations and liabilities of the Bank pursuant to para. 1; in relation to each other, however, they shall each be liable according to the direct or indirect share of Landesbodenkreditanstalt's capital held by each of them at the time the liability was created.

#### **Art. 23**

##### **Assets of Bayerische Landesbodenkreditanstalt**

(1) The assets of Bayerische Landesbodenkreditanstalt must be managed separately from the Bank's other assets (special fund).

(2) Irrespective of its function as liable capital of the Bank (liability function) within the meaning of the German Banking Act (KWG), the capital of Bayerische Landesbodenkreditanstalt may only be used to back the activities of Bayerische Landesbodenkreditanstalt in line with Art. 20.

(3) <sup>1</sup>The Bank shall pay Bayerische Landesbodenkreditanstalt a consideration in line with market conditions for use of the liability function of the equity capital of Bayerische Landesbodenkreditanstalt, less a special-purpose reserve based on Art. 1 sub-section 1 of the Special-purpose Assets Act dated 23 July 1994 (GVB1 p. 602, BayRS 762-7-F), amended by Sect. 57 of the Act dated 24 April 2001 (GVB1 p. 140). <sup>2</sup>The amount of the consideration shall be established by resolution of the Board of Administration and must be reported to the legal supervisory authority.

(4) <sup>1</sup>The Bank shall pay the Free State of Bavaria a consideration in line with market conditions for use of the liability function of a special-purpose reserve based on Art. 1 sub-section 1 of the Special-purpose Assets Act dated 23 July 1994 (GVB1 p. 602, BayRS 762-7-F), amended by Section 57 of the Act dated 24 April 2001 (GVB1 p. 140) in accordance with a separate, contractual agreement.

#### **Art. 24 Accounting, Internal Services**

<sup>1</sup>Bayerische Landesbodenkreditanstalt shall have its own separate accounting system. <sup>2</sup>Internal services between Bayerische Landesbodenkreditanstalt and the Bank are respectively compensated for in line with market conditions.

#### **Art. 25 Annual Accounts**

Separate annual accounts are to be prepared for the Bayerische Landesbodenkreditanstalt in conformity with the Bank's accounting principles and are to be adopted by the Board of Administration.

#### **Art. 26 Mortgage Bonds of the Bayerische Landesbodenkreditanstalt, Land Improvement Annuity Bonds, Debt Register Claims**

(1) The total amount of Bayerische Landesbodenkreditanstalt mortgage bonds, debt register claims and land improvement annuity bonds in circulation, insofar as they are not subject to the law governing Pfandbriefs dated 22 May 2005 (BGBl I p. 1373) in the respectively valid version, must be covered to the amount of their nominal value at all times by mortgages or land charges on real property in Germany or local authority loans of at least an equal amount and bearing at least the same interest (ordinary cover).

(2) If the Bank is vested with any mortgage or land charge on real property which it has acquired in order to prevent a loss on the mortgage or land charge, the same may be valued as cover up to a maximum of one half of the amount at which it was valued by the Bank by way of cover prior to acquisition of the real property.

(3) <sup>1</sup>The cover prescribed in para. 1 may be replaced by the following securities (substitute cover):

1. a) bonds, debt register claims, treasury bills and treasury bonds where the debtor is the Federal Government, any special fund of the Federal Government or a State;  
  
b) bonds in respect of which any of the bodies specified under sub-paragraph a) has guaranteed the payment of interest thereon and the repayment thereof;
2. Credit balances at the Deutsche Bundesbank and at suitable credit institutions;
3. Cash.

<sup>2</sup>At most, the bonds may be valued at a maximum amount which equals the current stock exchange price less 5 percent of the nominal value thereof but which does not exceed the nominal value.

(4) <sup>1</sup>The substitute cover under para. 3 may not exceed 10% of all Bayerische Landesbodenkreditanstalt mortgage bonds, all debt register claims and all land improvement annuity bonds in circulation. <sup>2</sup>The supervisory authority may permit the substitute cover to amount to up to 20 percent of all such bonds in circulation insofar as this shall be necessary to enable the Bank to fulfil duties and functions in the public interest.

(5) <sup>1</sup>The securities providing ordinary cover shall be entered individually in a register (Register of Cover) by Bayerische Landesbodenkreditanstalt. <sup>2</sup>In the event of para. 3, the securities used as substitute cover are also to be entered in the Register of Cover; registration of securities must include the designation of individual instruments insofar as they are not shares in collective holdings. <sup>3</sup>Any cash serving as substitute cover is to be held in separate safe custody under joint control with the Labo trustee.

(6) The disposal and pledging of the securities entered in the Register of Cover requires the approval of the Labo trustee.

#### **Art. 26a Labo Trustee**

(1) <sup>1</sup>A Labo trustee appointed by the supervisory authority shall ensure that the prescribed cover for the bonds and debt register claims in accordance with Art. 26 exists at all times and that the collateral securities are entered in the Register of Cover (Labo trustee). <sup>2</sup>The Labo trustee may be the same person as the trustee or his representative appointed in accordance with the provisions of the law governing Pfandbriefs. <sup>3</sup>The trustee's remuneration shall be refunded by the Bank to the State Treasury.

#### **Art. 27 Execution**

<sup>1</sup>For the purpose of levying execution in respect of its private and public law money claims and real estate liens arising from the business of the Bayerische Landesbodenkreditanstalt, the Bank shall be authorised to issue executory titles in the form of an inventory of outstanding commitments in which the identity of the debtor, the real property on which the security was given and the amount of the debt are to be indicated. <sup>2</sup>The executory clause to be attached shall read: "This inventory of outstanding commitments is hereby declared enforceable"; it must be signed by one Member of the Board of Management or by one person authorised by the Board of Management and must be sealed with the official seal.

### **Section VI Bayerische Landesbausparkasse**

#### **Art. 28 Legal Form, Management, Representation**

(1) <sup>1</sup>Bayerische Landesbausparkasse is a legally dependent institution established under public law within the Bank that is organisationally and financially independent. <sup>2</sup>In legal relations, it may take action, sue and be sued in its own name.

(2) <sup>1</sup>The business of Bayerische Landesbodenkreditanstalt shall be conducted by a management board. <sup>2</sup>The joint liability of the Bank's Board of Management pursuant to the provisions of the German Banking Act (KWG) shall remain unaffected.

(3) Bayerische Landesbausparkasse shall be represented in and out of court by the Bank's Board of Management.

**Section VI  
Final provisions**

**Art. 29  
Effective date; Rescission of Previous Law**

(1) *(Amendment provision)*

(2) <sup>1</sup>This law is urgent. <sup>2</sup>It shall come into force on 1 July 1972.\*)

(3)<sup>1</sup>When this law comes into force, the law on the Bayerische Landesbodenkreditanstalt in the version as published in the notification dated 17 November 1966 (GVB1. p. 439) ceases to be effective. <sup>2</sup>With respect to the mortgage bonds of the Bayerische Landesbodenkreditanstalt and the land improvement annuity bonds issued up to the time the present law comes into force, and with respect to the debt register claims founded up to such time, Art. 18 of the law of 17 November 1966 shall continue to apply.