

LAW OF 24 MARCH 1989





TITLE I GENERAL PROVISIONS

Definition of Statutes

Article 1

(1) The State Savings Bank of the Grand Duchy of Luxembourg, established by the Law of February 21, 1856, inter alia establishing a Savings Bank, is an autonomous public establishment, having legal personality. It is subject to the legislation governing banking and commercial activities in Luxembourg, save to the extent to which the present law or its regulations provide otherwise.

(2) It is placed under the supervision of the Minister of the Treasury. In the following provisions, this Minister is referred to as "The competent minister".

Name

Article 2

(1) In all its activities the establishment is authorized to use the name "Banque et Caisse d'Épargne de l'État, Luxembourg". In the following provisions, it is referred to as "the Bank".

(2) In its activities within the territory of the Grand Duchy of Luxembourg, the Bank may also use the name "Spuerkeess".

(3) In its international activities, the Bank is authorized to use the names "State and Savings Bank, Luxembourg" or "Staatsbank und Staatssparkasse, Luxembourg".

Head Office

Article 3

(1) The Head Office of the Bank is in Luxembourg.

(2) In order to attain its object, the Bank may set up subsidiaries and establish branches, administrative centers, particularly regional ones, agencies, sub-agencies or offices.

Object

Article 4

(1) Within the limits set by, or by virtue of the laws and regulations applicable to credit institutions, the object of the Bank is to carry out, alone or jointly, either for itself or on behalf of third parties, all financial and banking activities with any person, whether physical or legal, as well as all analogous, related or ancillary transactions.

(2) The Bank may also carry out all other transactions directly or indirectly relating to its object or favouring the attainment of its object, subject to the observance of the laws and regulations applicable thereto.

3) The Bank's transactions are deemed to be commercial acts.

Tasks

Article 5

As a State Bank, the Bank has the mission of:

- a) contributing by its activities, in particular its financing activities, to the economic and social development of the country in all fields, and,
- b) promoting savings in all its forms.

Article 6

Furthermore the Bank carries out all other tasks with which it is entrusted by laws or regulations or which are conferred upon it by decision of the Government in council. The latter tasks may be fulfilled through agreements to be concluded between the Government and the Bank, subject to approval by the Bank's Board of Directors.

TITLE II GOVERNING BODIES OF THE BANK

Article 7

The Bank is administered and managed by a Board of Directors and by an Executive Committee. In the following provisions, the Board of Directors is referred to as "the Board" and the Executive Committee as "the Committee".

Article 8

The Board of Directors defines the general policy of the Bank and supervises the management by the Executive Committee. All administrative acts and arrangements necessary or useful for attaining the object of the Bank come within the competence of the Executive Committee, subject to the authorizations required under the present law.

Chapter 1. The Board

Article 9

The Board carries out the following functions:

- a) it authorizes the setting-up of subsidiaries and the establishment of branches, administrative centers, agencies, sub-agencies and offices;
- b) it authorizes the acquisition and transfer of participations;
- c) it approves acquisitions, disposals and exchanges of fixed property or rights therein;
- d) it accepts gifts and legacies made to the Bank;
- e) it approves the general orientation relating to the terms and conditions on transactions with the Bank, in particular those relating to debit and credit conditions;
- f) it authorizes the public issue of bonds by the Bank and approves the conditions and terms thereof;
- g) it approves the general directives for investing the Bank's liquidities;

h) it approves the annual operating and investment budgets;

i) it approves the annual accounts as well as the annual report of the Executive Committee and proposes the appropriation of profits to the Government:

- j) it proposes to the Government the appointment of auditors;
- k) it approves the administrative and operational structures of the Bank to be proposed by the Committee;
- l) it issues an opinion on amendments to the status of the staff of the Bank;
- m) it approves the rules of procedure of the Executive Committee;
- n) it approves the Bank's list of signatures;
- o) it appoints internal auditors, defines their mandates and receives their reports.

The Board is entitled to obtain any document and any information by the Committee and to carry out any inspection necessary.

Article 10

The Board is composed of nine members.

Two staff representatives are elected among the staff of the Bank through direct, secret vote by the staff. The rules for the nomination of those members and the conditions for the carrying-out of their functions are laid down by Grand Ducal regulation.

Five members representing the State are appointed by the Government in council. Two members, who are chosen for their professional competence among the personalities of the private sector, are appointed by the Government in council on a proposal by the competent minister.

The chief executive or his substitute takes part ex officio in the meeting of the Board with a consultative vote.

Article 11

A chairman and vice-chairman of the Board are nominated by the Government among the members appointed by the latter. The rules of procedure of the Board are subject to the approval of the competent minister.

Article 12

(1) The mandate of member of the Board is incompatible:

- with the status of a member of the Government;
- with any paid employment at the institution for supervising credit institutions;
- with any mandate as an administrator or any paid employment with private institutions or undertakings carrying out activities similar to those of the Bank or holding, directly or indirectly, 10% or more of the shares in such an institution or undertaking;
- with the status of a member of the staff, save as regards the staff representatives.

(2) Relatives by blood or marriage up to the third degree included may not simultaneously be members of the Board.

Article 13

The term of office for members of the Board is five years. Their term of office may be renewed.

Article 14

(1) The term of office of any member of the Board automatically terminates when the member reaches the age of 73.

(2) On a proposal from, or with the agreement of the Board, the Government in council may remove from office any member of the Board who is incapable of carrying out his office for a long time or who ceases to have the respectability required to carry out his office.

(3) A member of the Board representing the staff automatically loses his office when he ceases, either permanently or on a temporary or provisional basis, to be a full-time employee of the Bank, or if he is appointed a member of the Executive Committee.

(4) When a seat as a member becomes vacant as a result of death, resignation, revocation from office or lasting disability, the new officeholder completes the term of office of the person whom he replaces.

Article 15

The Government in council may dissolve the Board, in particular when serious disagreements hamper the proper administration and management of the Bank. That action entails the renewal of all the directorships; it may not be taken again within a year starting from the day of complete renewal.

Article 16

(1) The meetings of the Board are convened and chaired, the agendas are fixed and the proceedings are conducted by the chairman or, if he is unable to attend, by the vice-chairman or, in their absence, by the oldest member of the Board who is present. The meetings of the Board must be convened so that they are held within a week, whenever the Executive Committee or the Commissioner so require by a written request stating the agenda and the reasons for calling the meeting. The secretariat is handled by the Bank.

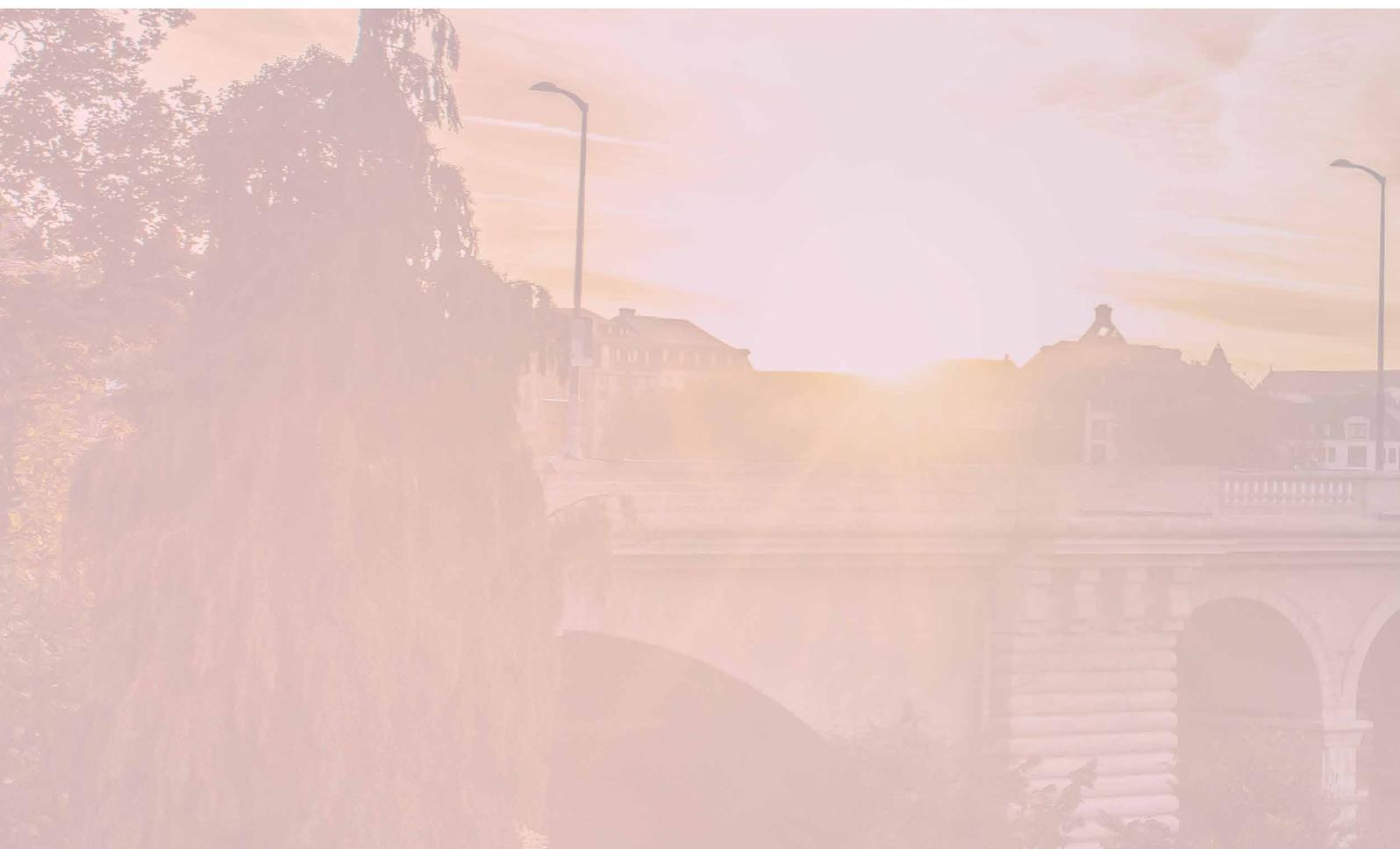
(2) The Board meets as often as the interests of the Bank require, but at least once every two months.

(3) The discussions of the Board are valid if a majority of its members are present. A proxy may be given only to another member of the Board. A member of the Board may represent only one other member.

(4) The allowances and attendance fees of the members of the Board are fixed by the Government and are paid by the Bank, as well as the travel expenses and other expenses incurred by the Board in the interest of the Bank.

Article 17

Except where the law authorizes or compels them to reveal certain facts, the members of the Board, the Supervisory Commissioner, the Secretary and any other person called upon to take part in the meetings are bound to keep secret the discussions and votes of the Board as well as all documents and information of a confidential nature.



Chapter 2. The Executive Committee

Article 18

The Executive Committee is composed of at least three and at most five members, namely a Chief Executive Officer, a Deputy Chief Executive Officer and three Senior Executive Officers. It is chaired by the Chief Executive Officer who is authorized to use the title of President of the Executive Committee. It takes its decisions on a collegiate basis.

Article 19

The members of the Executive Committee are appointed by Grand Ducal order after the opinion of the Board of the Bank has been obtained.

Article 20

The Committee informs the Board at regular intervals, and at least once every two months, about the general state of the Bank. It submits a report to it on all the activities of the Bank; the report deals in particular with the situation of the personnel of the Bank, the situation of its business, the main items in the balance sheet and profit and loss account as well as the important commitments outstanding.

Article 21

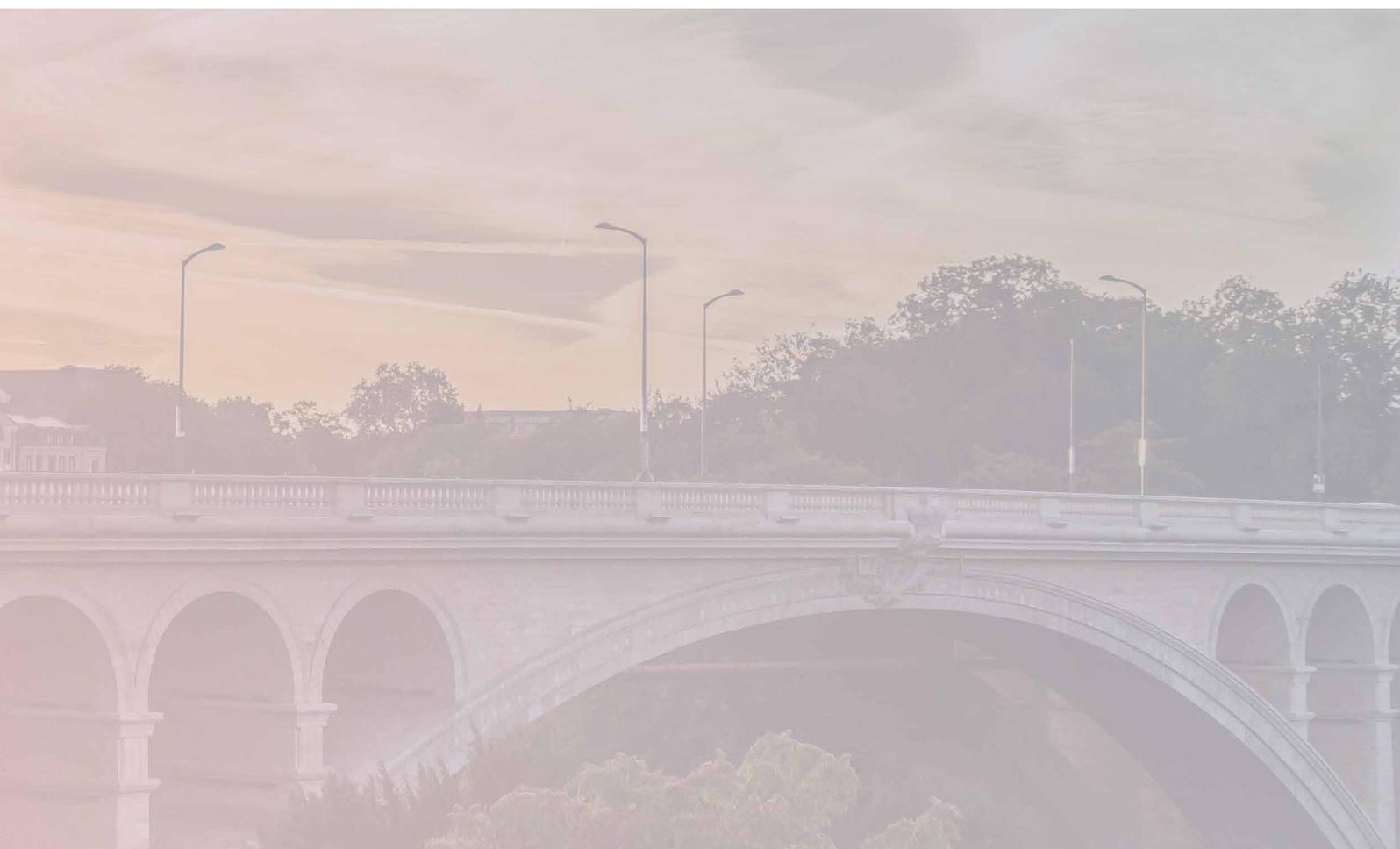
(1) In the interest of the proper administration and management of the Bank, the Committee distributes its tasks among its members. To that effect, it may delegate to its members, within the limits and pursuant to the conditions laid down in its rules of procedure, the powers necessary to carry out either alone or jointly certain of its functions. The powers thus delegated by the Committee may be sub-delegated only if provision is expressly made to that effect in the act of delegation, which must also lay down the conditions and limits of any sub-delegation authorized.

(2) Delegated powers may be revoked at any time and end automatically when the delegate or delegates leave office. Sub-delegated powers may also be revoked at any time and end automatically when the powers of the person making the sub-delegation come to an end or when the sub-delegate leaves office.

(3) Delegation and sub-delegation of powers do not affect the collegiate liability of the members of the Committee.

Article 22

(1) The meetings of the Committee are convened, the agendas are fixed and the discussions are conducted by the Chief Executive Officer or, if he is unable to attend, by the Deputy Chief Executive Officer or, in their absence, by the Senior Executive Officer who has been appointed for longest or, in case of equal seniority, by the oldest of the senior Executive Officers having equal seniority.



(2) The Committee meets as often as the interests of the Bank require, but at least once a week.

Article 23

When a sufficient number of the members of the Committee cannot meet when due to discuss an urgent matter, an interim decision may be validly taken by the member or members present on grounds of exceptional circumstances, provided that he or they refer the matter to the Committee as soon as possible and at the latest at its next meeting. Such urgency may not be relied upon in relation to matters within the competence of the Board of Directors or subject to ministerial approval.

Article 24

Except where the law authorizes or compels them to reveal certain facts, the members of the Committee, the Secretary and any other person called upon to take part in the meetings are bound to keep secret the discussions and votes of the Committee as well as documents and information of a confidential nature.

TITLE III SUPERVISION OF THE BANK

Article 25

The competent minister exercises supreme supervision over the Bank's activities of public interest, in particular those specified in Article 5, in accordance with the following provisions:

a) by having all decisions taken by the Board communicated directly to him; and
b) by deciding on those decisions which are subject to his approval. Furthermore, a post of Supervisory Commissioner is established, hereinafter referred to as "the Commissioner", whose procedure for appointment and powers are laid down in Article 28.

The auditor or auditors are appointed for a term not exceeding three years by the Government in council on a proposal by the Board of the Bank. Their term of office may be renewed.

Article 26

As soon as the minutes of the meetings of the Board have been approved, certified copies are sent to the competent minister and the Commissioner. Notification of decisions by the Board is given within two weeks of their entry into force.

Article 27

(1) Decisions of the Board relating to the following matters are subject to approval by the competent minister:

a) the approval of the annual accounts as well as the appropriation of the available profits;

b) the rate of interest on savings accounts and mortgage loans for individual housing;

c) the setting-up of subsidiaries and the establishment of branches abroad;

d) the acquisition of shares in companies domiciled abroad;

e) the issue of participation certificates and of subordinated securities.

(2) The competent minister exercises his right of approval within a week of the reception of the decision of the Board. When that period has expired, he is deemed to have agreed, and the decision may be carried out. If approval is refused, the Bank is to be informed of the refusal in writing within the said period, and the Board discusses the same matter again. If the disagreement persists, the matter shall be decided by the Government in council finally and without recourse.

Article 28

(1) The Commissioner is appointed by order of the Government in council, on a proposal by the competent minister, for a term not exceeding three years. His term of office may be renewed.

(2) The supervision by the Commissioner extends to all departments of the Bank, including those departments entrusted or connected with the Bank, except the Caisse Générale de l'Etat which is depending on the Treasury.

(3) The Commissioner is invited to all meetings of the Board. Notices to attend, containing the agenda of the meetings, are sent to him at the same time as to the other members of the Board.

(4) The Commissioner is entitled to take part in all discussions of the Board, and his observations must be heard whenever he so requests. He may have his observations inserted in the minutes. He receives all the documents and information supplied to the members of the Board. However, the Commissioner may not be present at the discussion or a vote on a matter in which he has a personal interest. He must notify the Board thereof and have that declaration included in the minutes of the meeting.

(5) The Commissioner may suspend the implementation of any decision of the Board relating to activities of public interest, in particular those specified in Article 5, which he considers contrary to the vocation of the Bank in that field. His veto will be minuted. If the Government has not taken a decision within a week of the suspension, it is presumed to have lifted the suspension and the decision may be carried out.

(6) In order to carry out his task, the Commissioner may demand from the Committee the assistance of the Bank's departments.

(7) He may also call on the Bank's external auditors for information.

(8) The exercise of the powers of the Commissioner may be specified by a regulation of the competent minister, which is to be notified to the Bank.

(9) The allowance to be paid to the Commissioner is fixed by the Government in council. That allowance is paid by the Bank.

(10) On a proposal from the competent minister, the Government in council may appoint, for a term to be fixed by the latter, a Special Commissioner responsible either for replacing the Commissioner if the latter is unavailable, assisting the Commissioner in carrying out his tasks or for carrying out extraordinary inspections which are to be specified in the act of appointment. His term of office may be renewed.

(11) The provisions of the present law relating to the Commissioner, except for that concerning his term of office, also apply to the Special Commissioner.

TITLE IV STAFF REGULATIONS

Chapter 1. Members of the Executive Committee

Article 29

(1) The Chief Executive Officer, the Deputy Chief Executive Officer and the Senior Executive Officers making up the Executive Committee are civil servants with respect to their status, their remuneration and their pension scheme.

(2) To qualify for appointment as a member of the Committee, it is necessary:

a) to fulfil the conditions laid down for admission as senior civil servants in the State Administration by the Law of April 16, 1979,

as amended, laying down the conditions of employment for civil servants and

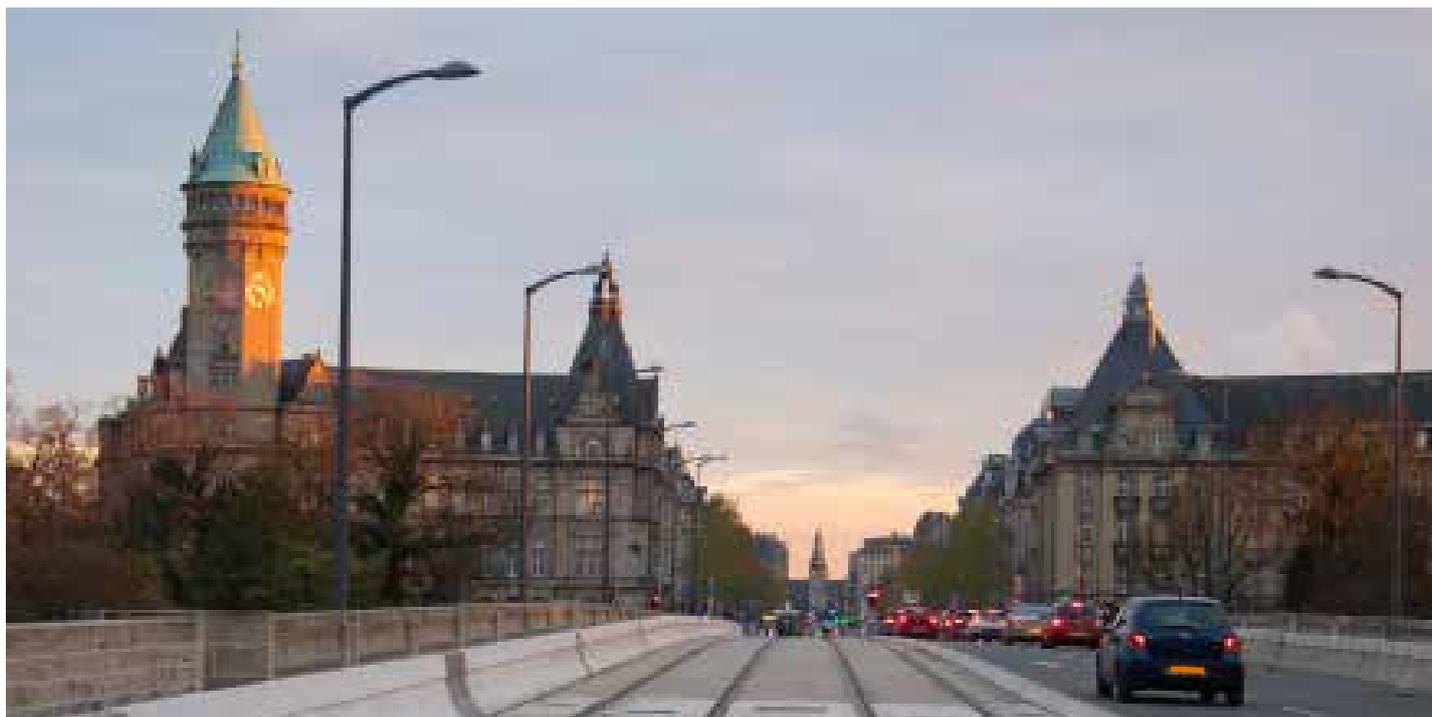
b) to have the necessary professional experience and appropriate reputation for this appointment.

(3) The members of the Committee are appointed for a period of six years. Their appointments are renewable.

(4) If the appointment of a member of the Executive Committee is not renewed, he becomes a general advisor to the Bank, and his status and basic remuneration remain unchanged, except for any special emoluments or allowances for representation attached to his previous post. He may be the subject of a change of administration to another administrative department or public institution in accordance with Article 6 of the Law of April 16, 1979, as amended, laying down the general conditions of employment for civil servants.

(5) A member of the Executive Committee is deemed to have resigned automatically when reaching the age of 65.

(6) The remuneration and pension of the members of the Executive Committee and of general advisors, if any, are borne by the Bank.



Chapter 2. Bank Staff

(Articles 30-34)

Chapter 3. Common Provisions

Article 35

(1) The members of the Committee and the staff of the Bank carry out their tasks in complete independence and are responsible only towards the Bank.

(2) Subject to the approval of the Board and of the Government in council, the Committee may each year award the members of the Bank's staff allowances for extraordinary work involving special constraints.

TITLE V GENERAL AND FINANCIAL PROVISIONS

Article 36

The Bank enjoys financial independence in its administration and management.

Article 37

The own funds of the Bank consist of the capital and the reserves. The capital belongs to the State.

The amount of the capital at the date of entry into force of the present law is fixed at seven billion francs by transfer from the existing reserves. The capital may be increased by incorporation of reserves or of budgetary appropriations. It may be reduced only in order to clear losses. Modifications shall be made by Grand Ducal regulation adopted following an opinion of the State Council and the agreement of the relevant commission of Parliament. This regulation shall fix the execution of such modifications.

The Bank may issue participation certificates and subordinated bonds subject to the approval of the competent minister.

Article 38

(1) The Bank's financial year begins on January 1 and ends on December 31 each year.

(2) Before the end of the first quarter of each year, the Committee submits the annual accounts, drawn up as at December 31 of the preceding year, to the Board for its approval, along with the report of the auditor or auditors. After the approval of the annual accounts, the Board decides on the appropriation of the available profit in accordance with the rules laid down by or under the following article.

(3) Within a month of their approval by the Board, the annual accounts are submitted for approval to the Government in council, which transmits them to Parliament and has them published in the Official Journal. The Government's approval releases the Board and the Committee from liability with respect to their administration and management during the previous year.

Article 39

(1) The Bank's available profit consists of the net profit for the year, increased or decreased as the case may be by the credit or debit balance brought forward from the preceding year or years.

Such profit is appropriated after the close of each financial year according to the rules laid down in the following paragraphs.

(2) A sum equal to the product of - the increase recorded over the financial year in the Bank's total liabilities, multiplied by a coefficient to be fixed by Grand Ducal regulation in terms of the ratio to be observed by credit institutions between own funds and current liabilities - is added to the reserves through a transfer from the available profit.

If, taking into account the balance brought forward from the previous year or years, the result of a financial year is nil or negative, or if the disposable profit of the financial year is insufficient, the amount needed to reconstitute the Bank's reserves in accordance with the provisions of the preceding sub-paragraph, or the balance of that amount, is withdrawn as a priority from the available profits of the following year or years before the appropriation of those profits. However, where the total of the Bank's current liabilities has not increased or has decreased during the financial year, the appropriation provided for in the first sub-paragraph of this paragraph is not made even if there are available profits.

(3) From the balance of the available profits, a sum - determined by the application of progressive percentage to be fixed by Grand Ducal regulation in terms of the level reached by the ratio between own funds and total current liabilities - is paid to the Treasury.

(4) The balance of the available profit, if any, is added to the reserves or carried forward.

Article 40

During the first half of each year, the Committee draws up a report on the activities of the Bank during the past financial year which shall be published after being approved by the Board.

Article 41

(abolished by Law of 5 April 1993)

Article 42

(abolished by Law of 11 June 1997)





SPUERKEESS

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