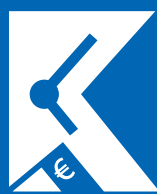


FINANCIAL GLOSSARY



Financial glossary *English*

Understand the world of finance, plan your future

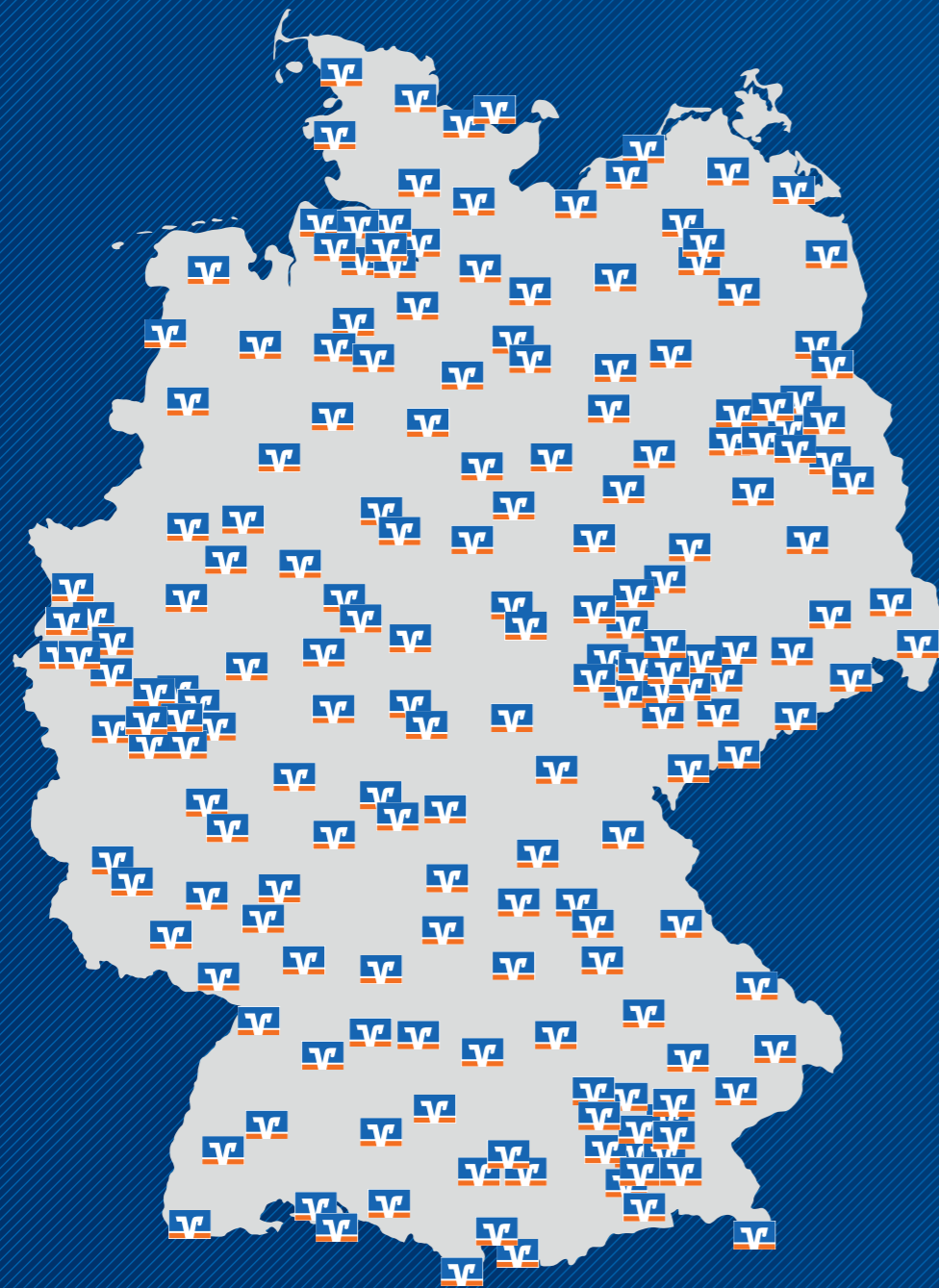
Opening a bank account is an important thing you can do to guarantee your participation in an economic and social (education, employment) world. It is not only the first step in opening up new horizons; it will enable you to realize your plans and your future. We have put together this glossary of definitions to better understand terms and practices used in the world of finance. This comprehensive dictionary will explain in everyday language the most important financial terms you might come across. You will come to rely on this as a valuable reference for your banking transactions.

This financial glossary is available in German, English and Arabic.

We are a cooperative bank; the needs of our members are our main concern. We provide our clients and members with a wide range of banking products and services at every branch. We are especially committed to fair, transparent and personalized consultation; our **cooperative consultation** follows the principle of listening carefully before offering advice.

We'd like to invite you to come in and talk with us, person to person.

Volksbank Raiffeisenbank



What sets us apart:

1. The cooperative idea is based on values such as fairness, transparency and trust. In Germany alone, over 18 million people are members of our cooperative banks.
2. Together with our partners in the Volksbanken Raiffeisenbanken Cooperative Financial Network, we always find the right financial solution.
3. Every fifth person in Germany (20%) is a member of a cooperative bank, which is democratically controlled by its members.
4. To help you achieve your goals and desires, our **cooperative counseling** offers personal, fair, and transparent advice on equal terms.
5. With our 12,700 branches and 19,600 ATMs, we are where you are in Germany.
6. We offer our over 160,000 employees a variety of career opportunities and 4,000 trainees their entrance into the world of finance.
7. As an independent bank, we understand the small and medium size business model. This makes us a reliable partner for the SME sector.
8. Every year we donate approximately 140 million euros for social and charitable purposes and pay our taxes in the regions of Germany.



A

ACCOUNT *KONTO*

This is a "service contract" between customer and bank. It indicates a customer's cash or stock inventories and the changes these go through by way of incoming and outgoing payments, or credit and debit entries. The term "account" also includes, for example, the giro account, savings account, fixed-deposit account, a credit card account or a loan account. Account holders may be natural persons, judicial persons, companies or groups of individuals.

Minors may not open an account without the consent of their legal guardians or parents, according to § 107 of the German Civil Code. It is however possible for children from age seven years to legal age to open a "first" savings account (Jugendgirokonto) when requested by their parents or other legal representative.

ALLOWANCE OR POCKET MONEY *TASCHENGELD*

Money, for example, that children receive from their parents for personal spending. An allowance might teach children and youths responsible money management, for example how to save money.

BALANCE *SALDO*

This is a bookkeeping term that plays an important role in daily life. It shows up on account statements, invoices and budget plans. The balance on a bank statement is for instance the difference between the inflow (credit) and outflow (expenditures) of an account. The balance is especially important if you want keep track of your money transactions.

If influx exceeds payments, then your balance is in the black (plus). However, if it's the other way around, then your balance is in the red (minus) and should be taken care of as soon as possible. To keep track of your own finances and to avoid getting into debt, it is a good idea to keep to an inflow-outflow plan.

By the way, a Jugendgirokonto (first savings account for children and young people) can not go into the red; it is not possible to overdraw this type of account.

BANK (CREDIT INSTITUTE) *BANK (KREDITINSTITUT)*

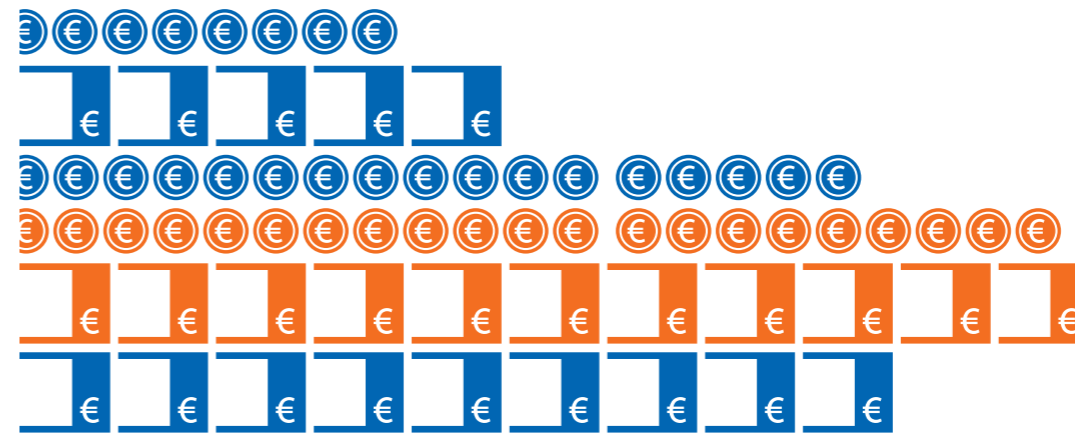
Banks are specialized companies that provide various services related to money, for example, cashless payment transactions, investment, lending, securities services and bonds. They also supply commerce and the public with cash. Banks play an important role within the monetary and economic cycle, as they provide for a balance of interests acting as an intermediary between investor and borrower. In business terms banks are also referred to as financial intermediaries.

BANK CARD *BANKKARTE*

The bank card enables the cashless execution of different types of payment. It is sometimes called a debit card, or in Germany "giro card". In Germany it is also commonly referred to as "EC card".

ALLOWANCE OR POCKET MONEY

CASH



BANK TRANSFER ORDER *ÜBERWEISUNG*

Transferring money is a very common form of cashless payment. A transfer form is an instruction to the bank issued by the account holder (bank customer). This instruction order is a request to transfer a sum of money from the customer's account into a third party account. The transfer order is therefore a transfer of an amount of money between two bank accounts.

BAUSPARKASSE (BUILDING SOCIETY) *BAUSPARKASSE*

These building societies are specialized banks to finance construction projects.

BOND (OR FIXED-INTEREST SECURITY) *ANLEIHE (AUCH FESTVERZINSLICHES WERTPAPIER)*

Bonds are instruments issued by any company to raise capital – the public sector also issues bonds (e.g. government bonds) in the same way. The price of a bond traded on the stock market is expressed as a percentage of their nominal value, which is in contrast to a share price which is expressed at face value.

BUSINESS IDENTIFIER CODE (BIC) *BUSINESS IDENTIFIER CODE (BIC)*

International bank routing number: BIC stands for Business Identifier Code (up until the end of 2010 it meant Bank Identifier Code). It is the international standardized bank code. The BIC, frequently also termed as SWIFT Code, is a second identifier in addition to the IBAN each bank requires to transfer payments.

The BIC allows credit institutes all over the world to be uniquely identified. The BIC has either 8 or 11 digits. The fifth or sixth digit identifies the country (for example DE for Deutschland/Germany).

The BIC of a bank can be found on any bank statement or on the bank's online portal. A recipient's BIC is indicated on every invoice.

CALL DEPOSIT ACCOUNT *TAGESGELDKONTO*

Money put into a call deposit or instant access account (Tagesgeldkonto) is accessible with no restrictions; the interest rate is not fixed but flexible.

CASH *BARGELD*

Banknotes and coins. Banknotes are paper money, coins are embossed pieces of hard metal. Coins supplement the circulation of banknotes for small payments.

C



VOLKSBANKEN RAIFFEISENBANKEN
COOPERATIVE FINANCIAL NETWORK

CONTRIBUTIONS TO CAPITAL EINLAGEN

Amounts of money that customers put into an interest-bearing account. These can be demand, term or savings deposits. There is no limit to the number of deposits into these accounts and the investor can request the money from the bank after a period of notice.

COOPERATIVE BANKS GENOSSENSCHAFTSBANKEN

The legal form of a registered cooperative of banking institutions. They are for example (in Germany) the Volksbank, Raiffeisenbank, Sparda-Bank or PSD Bank. They execute all normal banking transactions. Cooperative banks operate as universal banks and are an important cornerstone in the German banking sector. The equity capital of a cooperative bank is comprised of every cooperative members' purchased share capital. In Germany there are around 1,100 cooperative banks (Volksbanken, Raiffeisenbanken, Sparda-Banken, PSD Banken and cooperative specialized banks). There are over 18 million people in Germany that bank at a cooperative bank.

COOPERATIVE CONSULTATION GENOSSENSCHAFTLICHE BERATUNG

The local cooperative banks (Volksbanken Raiffeisenbanken) are committed to the cooperative values of solidarity, responsibility, respect, fairness and trust. These values build the foundation of **cooperative consultation**. The local cooperative banks follow these values and offer their members and customers financial products matching these aims and requirements. **Cooperative consultation** takes individual investment philosophies and special needs into account. The local cooperative banks always address their customers and members on equal footing, and as equal partners.

(VOLKSBANKEN RAIFFEISENBANKEN) COOPERATIVE FINANCIAL NETWORK
GENOSSENSCHAFTLICHE FINANZGRUPPE VOLKSBANKEN RAIFFEISENBANKEN

The Volksbanken Raiffeisenbanken Cooperative Financial Network consists of various central and specialized financial service providers. These are around 1,100 independent cooperative banks and 11 autonomous specialized banks. Due to the cooperative principle, every Volksbank Raiffeisenbank can rely on the varied financial services, products and knowledge of their partnered companies: for example, real estate savings and financing plans, private and voluntary insurance, private pension schemes and private investing.

COOPERATIVE SHARE GENOSSENSCHAFTSANTEIL

The cooperative share is a calculated quantity which determines to what extent a member of a cooperative may participate. The cost of a cooperative share is established in the articles of association.

CREDIT KREDIT

A loan is granted for a limited time period with repayment at an interest rate. An agreement is entered into that states the amount of the loan made available to the customer and all other terms. The borrower agrees to repay the amount plus the agreed interest.

CREDIT CARD KREDITKARTE

A bank card for the cashless payment of goods and services, whereas the amount is usually pre-financed. The payment will therefore be subtracted at a later date from customer's bank account. Major credit card companies are the international card organizations MasterCard and Visa.

CREDIT RATING (CREDITWORTHINESS) BONITÄT

The credit rating of a person or a company describes their creditworthiness, or ability and willingness to pay back a loan. For example, the better the credit rating, the more likely the person or company will be able to receive credit.

CURRENCY WÄHRUNG

Monetary system of a nation or territory regulated for the maintenance of monetary stability.

DIRECT WITHDRAWAL LASTSCHRIFT

The direct withdrawal method allows a payment recipient (creditor) to withdraw payment from the account of a debtor (payer). Direct withdrawal is especially practical for regular payments such as telephone bills, newspaper subscriptions and rent.

An automatic transfer using this direct withdrawal method requires the prior authorization (direct debit order or mandate) of the payer. This authorization can be set up by the payer, either through his or her bank or with the payment recipient.

Currently there are two essential direct withdrawal methods in Germany, these involve:

- SEPA-based direct debiting transactions (direct debit mandate is the SEPA-Lastschriftmandat) for all bank customers and
- SEPA business-to-business direct debiting transactions (direct debit mandate is the SEPA-Firmenlastschrift-Mandat), which are restricted to corporate customers.

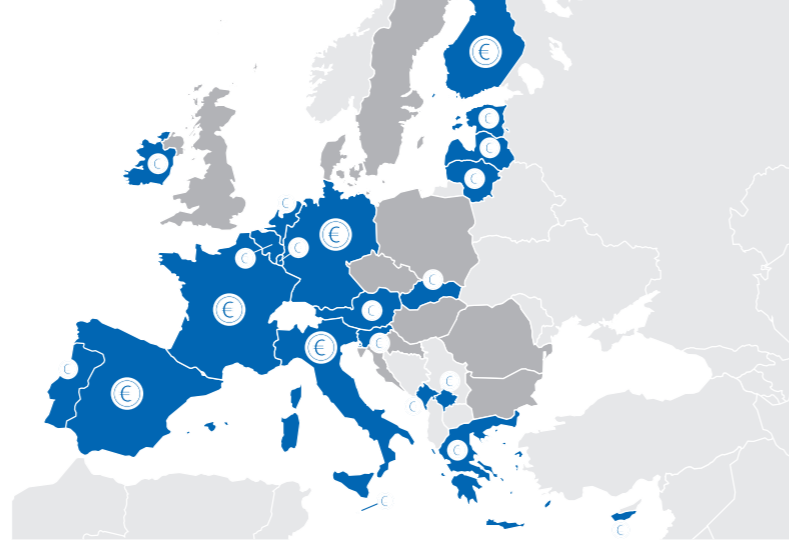
DIVIDEND DIVIDENDE

The dividend is the portion of annual profits a stock company pays to its shareholders, or a registered cooperative to its members. The amount of the dividend is determined by the general shareholders' meeting, or the general or representative assembly of a registered cooperative. In Germany, dividend payments are usually paid out only once a year.

EURO

Euro area: EU Member States that have adopted the euro as their currency (As of: January 2016)

- Euro area
- EU Member States
- Countries not in the EU



EURO EURO

Common currency of the countries of the European Monetary Union.

EXCESSIVE DEBT ÜBERSCHULDUNG

A long-term condition in which timely payment obligations can not be met after deducting the money required for basic living needs. In effect, expenditures exceed income. Individuals of all ages, companies or even countries can be affected.

The most common causes for personal indebtedness are, according to the Institut für Finanzdienstleistungen e.V. are:

- unemployment, reduced working hours
- divorce / separation
- consumer behavior
- failed business
- sickness

Debt counseling offers support to individuals to help them find their way back to a debt-free life. It is best to get in touch with creditors as soon as financial difficulties start, to work out feasible solutions with them as early as possible. Another possibility is to get in touch with the Deutschland im Plus (www.deutschland-im-plus.de) foundation. They also offer help to end financial problems. Various cooperative bank initiatives run financial education projects which deal with debt prevention.

EXEMPTION ORDER FOR CAPITAL GAINS FREISTELLUNGSAUFTRAG

An exemption order for capital gains allows individual bank customers to authorize their bank to apply a tax exemption on capital gains up to a certain amount (€ 801 for singles / € 1602 for marrieds). Spouses may choose to issue individual exemption orders or to apply jointly. When married couples apply jointly, at the end of a tax year a loss compensation process is conducted on both spouses with the 1,602 euros offset jointly against their taxes. The only requirement is that the couple is not legally separated and living apart. The rules for spouses apply equally for life partners.

FOREIGN NOTES AND COINS SORTEN

A German term, always in the plural, referring to foreign currency in its physical form.

FUNDING FINANZIERUNG

An umbrella term for all financial sector measures involving the acquisition and repayment of financing. Also known as "financing". Financing can come from outside sources (external financing) into a company or from internal reserves. The latter is referred to as internal or self-financing.

All monetary and tangible assets are recorded in a financial plan.

GIRO BANK ACCOUNT GIROKONTO

Payment transactions are executed by banks through special bank accounts. One well-known and useful bank account form is the "giro" account. The giro account allows both cash and non-cash payments such as transfers, direct debits and credit card payments. Payment transactions between bank and customer are recorded and reported in the giro bank statement. Incoming payments are credited to the customer, outgoing payments are subtracted.

The difference between the credit entry and the debit entry constitutes the balance of an account. A negative balance (= liability to the bank) is when debits exceed credited entries. A positive balance (= receivables from the bank) is vice versa.

The term "giro" stems from the Latin and means "circulation", which describes the constant movement of an account balance due to additions and withdrawals.

INSURANCE VERSICHERUNG

Having insurance lessens the financial risk that may arise due to unexpected circumstances such as sickness, accidents, disability or unemployment.

There are two different types of insurances: those that are required by law and those that are taken out voluntarily. Social insurance is mandatory insurance covering the following:

- pension
- health insurance
- long-term care
- unemployment insurance
- accident insurance

The benefits are defined by law. They are financed for the most part by employee and employer contributions. One exception is accident insurance. This is solely financed by the employer. Contributions for statutory social insurance are determined according to the solidarity principle: those with more, pay a higher proportion of their income, up to a specified limit. This helps support those who do not earn much and therefore pay less. Payments into pension, sick pay and unemployment benefits however observe the principles of equivalence; higher contributions justify higher benefits.

There are however also voluntary insurances.

They cover those risks that the statutory social insurance does not cover. An insurance policy is a written contract which determines which risks are covered.

For example, personal accident insurance covers risk of injury outside the workplace, as accidents happen most when pursuing hobbies.

Personal liability insurance protects against claims resulting from damage caused by the policy holder. It offers protection from many different types of legal claims which can have very, very long settlement periods. Children up to age 18 are protected by their parent's liability insurance, and even older if they are still in college, university or vocational training.

Damages caused by pets are not covered by liability insurance; owners have to take out private pet owner liability insurance.



Vehicle liability insurance is an acceptance. Since paying for the consequences of an accident can be long-term and financially overwhelming, vehicle insurance is mandatory for those who own a moped, motorcycle or car.

In order to save for retirement and to close the gap between the last earned income and a statutory pension, it is a good idea to consider contributing into a private pension plan or opening an endowment policy. The latter not only serves as a pension plan, but also insures family members.

INTEREST ZINS

Price for borrowed capital the debtor pays the creditor.

INTERNATIONAL BANK ACCOUNT NUMBER (IBAN) INTERNATIONALE KONTONUMMER (IBAN)

IBAN stands for International Bank Account Number. It is a standardized international bank account number. The IBAN consists of an international country code and a verification number, as well as a number of digits that is determined by each country. For Germany up until now these were the bank routing code and the account number. An IBAN consists of a maximum of 34 alphanumeric digits. The length of an IBAN differs from country to country. The number of alphanumeric digits is however standardized within a country. In Germany the IBAN consists of a total of 22 letters and figures.

A customer's IBAN is found on his or her bank statement or bank card. The IBAN is also stated on every invoice.

INVESTMENT FUNDS INVESTMENTFONDS (AUCH FONDS)

(Special assets) funds are the pooled contributions of investors applied according to the specific (e.g. securities, bank deposits, real estate) strategy of the fund. Investment funds are managed by an investment company, the investor receives fund shares.

INVESTMENT OF MONEY (FINANCIAL INVESTMENT) ANLAGE (GELDANLAGE)

Paying into an investment has the purpose of generating asset growth or profit. Examples are: putting money into a savings account or savings bonds; purchasing an investment fund; shares or bonds. Each example differs in yield, liquidity (availability) and risk.

LIQUIDITY LIQUIDITÄT

Definition of an asset which allows it to be quickly converted into capital, such as cash.

INVESTMENT OF MONEY (FINANCIAL INVESTMENT)



MARKET PRICE KURS

Price or percentage value of the nominal amount of a security or a currency on the stock exchange; formation is based on the principle of supply and demand.

MEMBERSHIP (OF A COOPERATIVE BANK) MITGLIEDSCHAFT (IN EINER GENOSSENSCHAFTSBANK)

Membership is the basis of the cooperative corporate constitution. The following elements comprise the three dimensions of membership: co-ownership, investment and profit-participation. As co-owners, members and investors simultaneously participate in the profits. Each member receives – irrespective of the amount of their equity contribution – one vote in the cooperative's general meetings. As a customer of the bank, you are allowed to make use of your bank's product and service range. More than half of the approximately 30 million customers of the local cooperative banks (Volksbanken und Raiffeisenbanken) are also members of their bank.

(see also Cooperative Bank)

MOBILE BANKING MOBILE-BANKING

Mobile banking refers to the use of a smartphone or tablet device with internet access to perform online banking tasks.

MOBILETAN (TRANSACTION AUTHENTICATION NUMBER) SYSTEM MOBILETAN-VERFAHREN

Similar to SmartTAN plus, this is another way to create the transaction authentication number (TAN), which is necessary for online banking transactions. The transaction number is sent via text message (SMS) to the account holder's mobile phone or smartphone. Due to the principles of "two channel authorization", the same device transacting the online banking task can not be used to receive the TAN.

MONEY GELD

Well-known and accepted medium for trade and payment. Money is in circulation in the physical form of coins and banknotes. Today money on an account (bank account) and electronic money (balance on a money card) play important roles in everyday life.

ONLINE BANKING ONLINE-BANKING

This is the performance of online banking activities via computer, smartphone, tablet or other internet accessible device. Also called "Home Banking". Online banking does not involve face-to-face contact with bank branch staff. With online banking, a customer is not restricted to bank business hours but can perform banking transactions around the clock at will. Customers can, for example:

- transfer money
- set up a standing order
- issue direct debit mandates
- access information on investment opportunities
- complete simple credit transactions



◀ PAYMENT TRANSACTION



- access loan information
- buy or sell securities

For the sake of banking security, all banking transactions require a transaction authorization number (TAN) after logging in with a password and entering a PIN. At local cooperative banks (Volksbanken und Raiffeisenbanken), this is called the SmartTAN plus.

The two-channel authorization still applies; meaning online banking and the TAN procedures have to be executed on two different devices.

Mobile banking is a sub-category of online banking.

OVERDRAFT PROTECTION *DISPOSITIONSKREDIT*

If you have a regular income then you can apply to the bank for overdraft protection for your "giro" account. This means that the bank account can be overdrawn to a certain amount. The bank does not stipulate a fixed payback date. With regular income to the account the inflow is meant to eventually offset (in whole or in part) the overdrawn amount.

It is however recommended you take advantage of this line of credit only when your lack of funds is temporary. To ensure very large financial needs, other forms of credit, such as personal consumer loans, are more appropriate and much less expensive. By the way, you are allowed to restrict or expand your own line of overdraft protection with prior approval from your bank. A "first" bank account (Jugendgirokonto) for children and young people does not allow overdraft protection, as these are savings accounts that cannot be overdrawn.

PASSBOOK OR BANKBOOK *SPARBUCH*

This is a paper book to record deposits that went into the savings account of the holder. At present these are usually issued as a single sheet of paper commonly referred to as a savings account bank statement. Bank statements document account activity.

PAYMENT TRANSACTION *ZAHLUNGSVERKEHR*

Providing or receiving payment. Payment is defined as the transfer of money in any form. Transfer of payment completes the transaction. Acquisitions are paid for with physical money or through cashless payment.

PENSION *RENTE*

A pension means regular payments to beneficiaries that are carried out until the end of a beneficiary's life. Beneficiaries will have made regular payments into a pension plan they will then claim upon retirement. These contributions often involve other contributions, for instance those made by employers.

Pensions are divided into three different basic categories:

- Pensions from the public pension system, for example in the form of a retirement pension or disability pension;
- pensions from a private pension scheme; and
- pensions from an occupational pension scheme.



PENSION ▶

PENSION SCHEME *ALTERSVORSORGE*

A pension scheme or system is a long-term plan to ensure a person's standard of living upon retirement, in other words to secure an income after regular wages cease. There are three pillars to the German pension scheme:

- The statutory pension plan
- The company pension plan
- The private pension plan

For this reason the system is also called the three-pillar model.

The statutory pension plan is a branch of the statutory social insurance scheme and is therefore compulsory. Both employee and employer contribute into the statutory pension plan. In order to receive a pension an employee must have reached a certain age and have worked a certain number of years at a job that pays into the German statutory pension scheme.

The company pension plan is an important supplement to the statutory pension scheme and the second pillar of the three-pillar model. Every employee paying into the statutory pension scheme may request that their employer put a part of his or her salary into the company pension plan. Currently there are five types of company pension plans: direct insurance (Direktversicherung), pension insurance funds (Pensionskasse), pension funds (Pensionsfonds), direct commitment (Direktzusage) and support funds (Unterstützungskassen). With these an employee can also benefit from tax advantages and social insurance contribution reductions. However, an employee must take the initiative and request this from his or her employer.

In order to have enough money to maintain the same standard of living beyond retirement, it is becoming increasingly important to plan and invest for your own retirement. A private pension plan is the third pillar in the model that can help close the gap between salaried income and statutory pension benefits. The idea is for every individual to put together a private pension package fitting his or her current life situation. This could include investment products such as bank savings plans, mutual funds, stocks or endowment policies and life insurance plans.

In contrast to the statutory pension scheme, in which contributions are paid into over many years by employees, company pensions and private pension schemes operate on a funded basis. In this system contributions are paid into a personal account during the contracted term to a prescribed amount. The amount in the end includes interest, compound interest and as the case may be any policy-based surpluses generated by the insurance company. When an insurance policy has matured, the insurance benefit may be paid out either in one lump sum by the due date or as a monthly pension.

Government initiatives have also become available for private pension plans since the German pension reform of 2001/2002. One example is the so-called Riemer insurance policy. This can be a useful addition to the personal retirement package.

PIN (PERSONAL IDENTIFICATION NUMBER) *PIN*

Entering a PIN authorizes the customer to perform a transaction, such as payment by giro card.

PRICE *PREIS*

Exchange or equivalent amount for goods, services or assets – expressed in monetary units.

PROTECTION SCHEME OF BUNDESVERBAND DER DEUTSCHEN VOLKSBANKEN UND RAIFFEISENBANKEN (BVR)
(NATIONAL ASSOCIATION OF GERMAN COOPERATIVE BANKS) *SICHERUNGSEINRICHTUNG DES BVR*

Customer deposits at all the banks affiliated with the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e. V. (BVR) are fully protected under this scheme. Bearer bonds issued by member banks are also protected. Protection is unlimited and to the full amount. In this sense the Volksbanken Raiffeisenbanken Cooperative Financial Network goes far above and beyond minimum protection as required by law. The Protection scheme of Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) (National Association of German Cooperative Banks) has been successfully implemented for more than eight decades.

RAIFFEISENBANKEN *RAIFFEISENBANKEN*

Cooperative banks (savings and loan associations) motivated by Friedrich Wilhelm Raiffeisen to help the rural population. Raiffeisenbanken joined with the Volksbanken in 1972 to form a central association – the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR). Raiffeisenbanken and the Volksbanken are universal banks.

REGISTERED COOPERATIVE *GENOSSENSCHAFT*

The registered cooperative (German: eG) is a legal form. They operate under the principle of promoting their members while observing self-help, self-management and selfreliance. At least three persons have to participate in the establishment of a legally registered cooperative.

RETURN ON INVESTMENT *RENDITE*

Actual annual yield of a capital investment expressed as a percentage of the assigned capital.

SAVINGS AND INVESTMENT PLAN *BAUSPAREN*

This is a type of financial savings and investment plan for private households. Its first purpose is real estate financing by way of a collective-based savings instrument. Its main concept is characterized by the agreement of the customer to save a certain minimum amount over a prescribed period. The remainder is provided as a subsequent loan. The German government also grants tax advantages and subsidies for housing construction (Wohnungsbauprämien).

This savings and investment plan is a contract entered into between an individual (investor) and a home loan and savings institution. This contract contains, for instance: the savings plan sum total consisting of contributions plus loan; the savings rate; the minimum balance with regular contributions; the minimum contract term; the minimum savings period; and a loan interest rate.

The plan has three distinct phases

- Savings phase: In this phase savers regularly contribute a determined sum, which accumulates interest, to build a minimum balance required for the following phase. The saver may choose how often and how much they want to contribute into this account (for example, monthly, quarter-yearly, or annually).

SHARE ▶



- Allocation phase: After the saver has accumulated the minimum balance, the account enters into the allocation phase. At this point the saver has the legal right to withdraw the accumulated and interest-bearing savings as well as receive the loan. This essentially consists of the collective deposits of those in the bauspar community that have not yet reached the allocation phase.
- Loan phase: In this phase the loan is repaid at the interest rate determined by the contract.

SAVINGS PLAN *SPARPLAN*

Savings plans are defined as regular contributions of a certain amount of money for the purpose of accumulation. Savings plans come in a variety of forms such as bank savings plans or investment fund savings plans.

SEPA (SINGLE EURO PAYMENTS AREA) *SEPA EINHEITLICHER EURO-ZAHLUNGSVERKEHRSRAUM*

SEPA stands for single euro payments area. SEPA began as an initiative of the European Union for euro payments.

SEPA is an instrument of the internal market of the EU following the implementation of the euro monetary system. This currently involves 34 countries comprised of the current 19 EU member states (as of January 2015), and all other EU member states including the European Economic Area (Iceland, Liechtenstein and Norway) plus Monaco, San Marino and Switzerland.

This new SEPA standard was gradually put into practice since 2008, and since the end of January 2016 the only payment standard in Europe. Among the SEPA schemes are the SEPA transaction system, the European SEPA-based direct debit (comparable to the prior Einzugsermächtigungslastschrift or direct debit authorization) and SEPA business-to-business mandate (comparable to the prior Abbuchungsauftragslastschrift). This goes hand-in-hand with the international Bank Identifier Code (BIC) and the International Bank Account Number (IBAN).

SECURITY *WERTPAPIER*

Document representing specific rights, for example the joint ownership in a company. Some examples of securities are stocks, bonds and investment fund shares.

SHARE *AKTIE*

A security which represents an owner's (shareholder's) shares in the stock capital (equity) of a (joint stock) company. There are many types of shares. If a company's shares have been listed on a stock exchange they can be officially bought and sold. A stock exchange communicates the price of shares, which is in constant fluctuation.

SMARTTAN PLUS *SMARTTAN PLUS*

Also referred to as chipTAN at other banks, this is a security measure for online banking in which a transaction authentication number (TAN) is generated using the Volksbank Raiffeisenbank bankcard and a TAN reader.

The transaction number, required to execute the banking transaction, is unique and created based on the transaction data, such as the IBAN and payment amount for instance. These transaction data are either entered manually by the banking customer, or by reading and verifying the bar code shown on the display by the card reader.



STUDENT LOAN

SPARERPAUSCHBETRAG (TAX-EXEMPT INTEREST INCOME) SPARERPAUSCHBETRAG

The Sparpauschbetrag, or tax-exempt interest income, represents the highest amount of untaxed interest legally granted to income taxed savers. Every saver in Germany is allowed 801 euros tax-free. Eligible spouses filing income taxes jointly are allowed to claim 1,602 euros savings tax-free. The rules for spouses apply equally for life partners. An exemption instruction form must be submitted to the respective bank to be able to take advantage of this.

STANDING ORDER DAUERAUFTRAG

This is an instrument used for cashless payment transactions in which regular payments of an identical amount are made at regular intervals on a fixed date. This system is useful for rent payments, installment payments, insurance contributions or wages, for instance.

Standing orders are instructions directed to the bank which is liable for punctual fulfillment. They can be created, changed or cancelled by the bank customer either at their branch or via online banking.

STOCK EXCHANGE BÖRSE

A stock exchange is an organized market where certain goods are traded at regularly scheduled times. These goods are, among others,

- securities such as stocks and bonds;
- currencies,
- precious metals (e.g. gold, silver) and precious stones (e.g. diamonds); and
- goods and raw materials (e.g. grain, cattle, cocoa, coffee, oil, electricity).

A stock exchange fulfils the following:

- bringing together supply and demand (market function);
- creating an environment in which companies can raise capital by issuing securities (mobilization function);
- guaranteeing that securities can be sold and transferred at any time (substitution function);
- determining the current market price for an individual stock, and thus the market value of the company in question (valuation function).

The most important stock exchanges in the world are those in New York, London and Tokyo. The largest commodities exchange is in Chicago. The largest German stock exchange is in Frankfurt am Main. Further exchanges in Germany are found in Berlin, Düsseldorf, Hamburg, Hanover, Munich, Stuttgart and Leipzig.

STUDENT LOAN STUDIENKREDIT

The KfW-Förderbank offers student loans at low interest rates. The loan is disbursed in installments of 100 to 650 euros monthly and is not based on income or parent income. Repayment begins 6 to 23 months after disbursement end. Student loans can be applied for at many different local banks.

TAN TAN

The transaction authentication number (TAN) fulfils the function of a password and is used by online banking services.

TIME DEPOSIT FESTGELD

This is a form of investment in which an investor lends money for a pre-determined time period, at a fixed rate, to a bank (credit institute). Since the investor can access the money plus interest only after a pre-determined date, this form of investment is known as a time, or term, deposit.

There are two varieties of time deposit:

1. The "classic time deposit": This is when the investor and the bank agree on a pre-determined date when the investment will have matured. The investor may extend the period of investment at the end of the time period.
2. Deposit at notice: In this type of fixed-term deposit no fixed maturity, but a certain period of notice is agreed. The investor's money becomes available only when the term is up and the account is terminated.

Often the investor is obligated to terminate the time deposit account in time; otherwise the contract is automatically renewed at maturity and at the originally agreed terms.

The interest rate for time deposits is higher than a normal savings investment. Time deposits are also less risky than, for example, shares or currency-based investments as the agreed interest rate is not linked to the stock market.

VOLKSBANKEN VOLKSBANKEN

Cooperative banks of urban origin serving the trade sector that began under the leadership of the German economist Hermann Schulze-Delitzsch. Volksbanken Raiffeisenbanken came together in 1972 to form an umbrella association – the National Association of German Cooperative Banks.

WITHHOLDING TAX ABGELTUNGSTEUER

Income from private financial investments (for example: interest, dividends, option writer premiums, capital gains on securities, shares in a fund) is taxed at a uniform 25% plus solidarity surcharge, and church tax where applicable. The withholding tax on investments usually has a compensatory effect for private investors. It is typically carried out by the domestic bank.

Glossary English

Glossary English

- A** ⁶
- Account
 - Allowance or Pocket Money
- B** ⁶
- Balance
 - Bank (credit institute)
 - Bank Card
 - Bank Transfer Order
 - Bausparkasse (building society)
 - Bond (or fixed-interest security)
 - Business Identifier Code (BIC)
- C** ⁷
- Call Deposit Account
 - Cash
 - Contributions to Capital
 - Cooperative Banks
 - Cooperative Consultation (Volksbanken Raiffeisenbanken) Cooperative Financial Network
 - Cooperative Share
 - Credit
 - Credit Card
 - Credit Rating (creditworthiness)
 - Currency
- D** ⁹
- Direct Withdrawal
 - Dividend
- E** ¹⁰
- Euro
 - Excessive Debt
 - Exemption order for capital gains
- F** ¹⁰
- Foreign notes and coins
 - Funding
- G** ¹¹
- Giro Bank Account
- I** ¹¹
- Insurance
 - Interest
 - International Bank Account Number (IBAN)
 - Investment Funds
 - Investment of money (financial investment)
- L** ¹²
- Liquidity
- M** ¹³
- Market Price
 - Membership (of a cooperative bank)
 - Mobile Banking
 - MobileTAN (transaction authentication number)
 - Money
- O** ¹³
- Online Banking
 - Overdraft protection
- P** ¹⁴
- Passbook or Bankbook
 - Payment Transaction
 - Pension
 - Pension Scheme
 - PIN (personal identification number)
 - Price
 - Protection scheme of Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR) (National Association of German Cooperative Banks)
- R** ¹⁶
- Raiffeisenbanken
 - Registered Cooperative
 - Return on Investment
- S** ¹⁶
- Savings and investment plan
 - Savings plan
 - SEPA (Single Euro Payments Area)
 - Security
 - Share
 - SmartTAN plus
 - Sparerpauschbetrag (tax-exempt interest income)
 - Standing Order
 - Stock Exchange
 - Student Loan
- T** ¹⁹
- TAN
 - Time Deposit
- V** ¹⁹
- Volksbanken
- W** ¹⁹
- Withholding Tax

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