

Upon request from the customer ("**Borrower**"), Bayerische Landesbank ("**Bank**") issues guarantees (*Garantie*), counter-guarantees (*Rückgarantien*), standby letters of credit (*Akkreditive*) and sureties (*Bürgschaften*) (collectively "**Guarantees**") subject to the following terms and conditions:

## 1. Direct and Indirect Guarantees

In accordance with the Borrower's instructions, the Bank will either issue the Guarantee itself ("**Direct Guarantee**") or instruct another credit institution ("**Issuing Bank**") to issue a Guarantee in its own name backed by a corresponding counter-indemnity ("**Counter-guarantee**") issued by the Bank in favour of the Issuing Bank ("**Indirect Guarantee**"). In the absence of express instructions from the Borrower to the contrary, the Bank may provide an Indirect Guarantee if it considers it necessary in the given circumstances, taking into account the Borrower's interests.

## 2. Guarantee Account / Guarantee Commission

In the case of a Direct Guarantee, the Bank will debit the Borrower's guarantee account with the guarantee amount upon delivery or dispatch of the Guarantee. In the case of an Indirect Guarantee, the guarantee amount will be debited upon dispatch of the guarantee request to the Issuing Bank.

From the debit until the deletion of the Guarantee as a liability from the guarantee account (see clause 5), the Bank shall invoice the Borrower the contractually agreed guarantee commission.

Should the Bank receive a justified demand under a Guarantee following its deletion as a liability from the guarantee account or a partial reduction of such liability, the Borrower shall pay to the Bank the guarantee commission for the period commencing on the date of the deletion or reduction and ending on the payment date.

## 3. Reimbursement of Expenses

The Bank shall be reimbursed for its expenses pursuant to statutory law.

## 4. Demand for Payment/Payment

Upon receipt of a demand for payment from a beneficiary or the Issuing Bank, the Bank shall notify the Borrower without undue delay.

The Bank shall be obliged to effect the payment, provided that it receives a demand for payment prior to expiry of the Guarantee from the beneficiary or the Issuing Bank which complies with the terms of the Guarantee or, if the Guarantee is available with another bank, such bank confirms that it has received a formally compliant demand prior to the expiry date of the Guarantee.

Should the Bank receive a demand for payment under a Guarantee following its deletion as a liability from the guarantee account or the reduction of such liability, it shall generally only effect payment if it has received (i) the Borrower's consent authorising such payment, or (ii) a court ruling for payment which is enforceable in the country where it has been issued.

In the case of guarantees (*Garantien*), counter-guarantees (*Rückgarantien*), standby letters of credit (*Akkreditive*) or sureties payable upon first demand (*Bürgschaften auf erstes Anfordern*), the Bank shall be obliged to effect payment immediately upon the beneficiary's or the Issuing Bank's first demand. With respect to such demand for payment, the Bank will only take into consideration an objection for abuse of rights, provided such objection is raised promptly and is either self-evident or clearly recognisable by any person based on documentary evidence (*liquide Beweismittel*). The Bank shall therefore be entitled to debit the Borrower's account even if the Borrower considers the demand for payment to be unjustified, but an abuse of rights was not self-evident and could not be proven by documentary evidence (*liquide Beweismittel*) at the time of the demand. In such case, the Borrower shall only be entitled to raise any repayment claims against the beneficiary after payment by the Bank. The Borrower therefore bears the risk that the beneficiary is subsequently not willing or, due to insolvency, not able to repay the amount received.

In the case of a surety (*Bürgschaft*) which is not payable upon first demand, the Bank will, to the extent permitted by law, take into consideration any objections and defences (*Einwendungen und Einreden*) which may be raised by the Borrower in connection with its contractual relationship with the beneficiary, provided that the Borrower notifies the Bank of such objections and defences (*Einwendungen und Einreden*) in writing and presents related *prima facie* evidence within a reasonable period of time following notification of receipt of the demand for payment.

## 5. Deletion of the Guarantee as a Liability from the Guarantee Account

The Bank shall delete a liability from the guarantee account if a direct Guarantee is governed by German law and if such Guarantee has expired without any doubt pursuant to its terms.

In all other cases the Bank will not delete a Guarantee as a liability from the guarantee account until it has received the original deed of guarantee, including all appendices, with the clear intention to release the Bank from its liability under such Guarantee, or until the beneficiary or the Issuing Bank / the bank at which the Guarantee is available has issued a written declaration in favour of the Bank with the clear intention to unconditionally release the Bank from its liability.

In the case of litigation guarantees (*Prozessbürgschaften*) which will not be returned by the beneficiary to the Bank for the purpose of releasing the latter from its liabilities thereunder, the Bank will not delete such Guarantee as a liability from the guarantee account until it has received evidence of the beneficiary's consent to such release, or evidence of a court order issued under section 109 (2) German Code of Civil Procedure (Order Regarding the Expiry of the Surety).

The Borrower is responsible for ensuring that the conditions for the deletion of the Guarantee as a liability from the guarantee account are fulfilled.

## 6. Reduction of the Guarantee Amount

To the extent the conditions for a reduction of the amount guaranteed by the Bank, as set out under a reduction clause in the Guarantee, have been undoubtedly met, or if the Bank has been unconditionally and partially released from its liability in writing, the Bank will delete the respective reduction amount as a liability from the guarantee account and calculate the guarantee commission accordingly. This shall also apply in case of Indirect Guarantees, provided that the Bank has received a partial release from the Issuing Bank.

## 7. Examination of Documents

The Bank will examine all demands for payment, declarations and other documents required and presented under a Guarantee with the care customary for banks (*bankübliche Sorgfalt*), as to whether, from the face of each of them, they comply with the terms of the Guarantee, and whether they are consistent with each other.

Any demand for payment, related declaration or other document received by way of an authenticated or encrypted teletransmission, such as SWIFT, may be treated by the Bank as an original.

The Bank shall not be subject to any further examination obligations, in particular, it is not obliged to examine the deeds, documents and declarations with regard to their authenticity, form, completeness, accuracy or legal enforceability. Nor shall the Bank be under any obligation to verify the general or special terms and conditions enclosed or included therein, or the accuracy of any submitted translations.

## 8. Standby Letters of Credit

If requested, the Bank issues standby letters of credit under express application of the Uniform Customs and Practice for Documentary Credits published by the International Chamber of Commerce in Paris. These apply to the contractual relationship between the Borrower and the Bank to the extent these General Terms and Conditions for Guarantee Transactions do not contain any deviating provisions.

## 9. Uniform Rules for Demand Guarantees

If requested, the Bank issues Guarantees under express application of the Uniform Rules for Demand Guarantees published by the International Chamber of Commerce in Paris. These apply to the contractual relationship between the Borrower and the Bank to the extent these General Terms and Conditions for Guarantee Transactions do not contain any deviating provisions.

## 10. Application of the Bank's General Business Conditions / Language

In addition, the Bank's General Business Conditions shall apply. These can be delivered/dispatched upon request.

German terms used in these General Terms and Conditions for Guarantee Transactions shall prevail over their English translation.