

The following "General terms and conditions for secured and unsecured loans" is a non-binding English convenience translation from the German original. This translation is for your information only! The legally binding document is the German "Allgemeine Bedingungen für Kredite und Darlehen".

## General terms and conditions for secured and unsecured loans

The term "loan" is understood in these conditions to include both secured and unsecured loans.

**1 Limitation of transferability:** The right of receipt of the loan may only be transferred or pledged with the agreement of the bank.

**2 Right of set-off:** A customer who is not a consumer may only set off against claims of the Bank if his claims are undisputed or have been recognized by declaratory judgement. This set-off restriction does not apply to a claim made by the customer for set-off which has its legal basis in a loan or other financial accommodation in accordance with §§ 513 and 491 to 512 BGB.

**3 Loan account and cost settlements:** The bank shall provide the borrower with loan accounts if necessary. Costs may be settled with the next due instalment. Unless otherwise agreed, the loan amount shall be credited to the repayment account which shall also be debited with the due instalment payments.

**4 Credit line, exceedances:** The borrower may only use the amount within the limit of the approved loan. If, however, an avaiement above the approved amount of the loan is undertaken, the excess amount shall be paid back to the bank immediately; for such overdrafts a rate of interest shall be charged which can be seen in the agreement made with the bank and in the information given to the borrower by the bank. Even if exceedances of the approved loan amount are tolerated, they shall not increase the original approved loan amount.

**5 Contract language, documents:** The contract language is German. All documents are to be made available in German.

**6 Redemption plan:** If a date has been set for redeeming the loan, the borrower may request a redemption plan at any time from the lender.

### **7 Regular cancellation or premature redemption by the borrower**

**7.1 Cancellation of loans with fixed lending rates:** The borrower may cancel a loan agreement with a fixed lending rate in full or in part:

- if the fixed lending rate ends before the agreed time of repayment and no new lending rate was agreed with a one month notice of termination at the earliest for the end of the day the fixed lending rate ends. If the lending rate adjustment is agreed for particular periods of up to one year, then the borrower may only cancel within the course of the day in which the fixed lending rate ends;
- in each instance, ten years after the complete receipt with a six month notice of cancellation; if after receipt of the loan a new agreement on the time of redemption or the lending rate is reached, then the date of this agreement shall be used instead of the date of receipt.

**7.2 Cancellation of loans with variable lending rates:** If the loan agreement contains a variable lending rate, the borrower may cancel the loan agreement at any time with a three month notice of cancellation.

**7.3 Cancellation of indefinite general consumer loan agreements:** The borrower may cancel a general consumer loan agreement without a fixed redemption period in full or in part with no notice of cancellation.

**7.4 Instalment default:** A cancellation by the borrower shall be considered invalid if they fail to redeem the amount due within two weeks of the effective date of cancellation.

**7.5 Premature redemption in the case of a general consumer loan agreement:** The borrower shall be entitled to fulfil their obligations as stipulated in a general consumer loan agreement prematurely in full or in part at any time. A premature redemption penalty (cf. Number 12) may be due for fixed term general consumer loan agreements with a fixed lending rate for the whole agreement term or a specific part thereof.

**8 Exceptional cancellation by the borrower:** A cancellation without notice may only be declared by the borrower if an important reason exists which makes it infeasible for them to continue the loan agreement – also taking the interests of the bank into due consideration. The borrower may prematurely cancel a loan agreement which has a fixed lending rate and which is secured by a lien on land or a maritime lien six months after receiving the complete loan amount and with a three month notice of cancellation if their legitimate interests demand this. Such an interest exists if the borrower needs to use the property given as security for the loan for an alternative purpose.

### **9 Ordinary cancellation by the bank**

**9.1 Cancellation of indefinite loans to companies:** Loans and commitments to lend to companies for which no term or different termination provision has been agreed may be terminated by the bank at any time without notice. The bank shall take the interest of the borrower into consideration when exercising this right to cancellation.

**9.2 Cancellation of indefinite loans to consumers:** Loans and commitments to lend to consumers for which no term or deviating cancellation rule has been agreed may be cancelled by the bank at any time with a notice period of at least two months. Loans and commitments to lend which are provided to a payment transaction account as a granted overdraft (account overdraft) in accordance with Section 504 of the German Civil Code and which the consumer shall refund to the bank upon request or in no later than three months, as well as tolerated overdrafts on an existing account, may be cancelled by the bank at any time with no notice period. The bank shall take the interest of the borrower into consideration when exercising this right to cancellation.

### **10 Extraordinary cancellation by the bank**

**10.1 Cancellation for an important reason:** The bank may cancel the loan agreement for an important reason (No 19 Para. 3 of the General terms and conditions) which makes it infeasible to continue the loan relationship to its agreed end or to the end of a notice of cancellation without notice of cancellation. If the important reason results from the breach of a liability in the loan agreement, the bank shall cancel the agreement at the end of an unsuccessfully granted grace period or after an unsuccessful warning to the borrower.

Such a reason exists in particular when

- the borrower fails to regularly disclose his financial circumstances in accordance with Number 15 of these conditions;
- the object that is financed by the bank or is used as security is disposed of without the bank's permission;
- a compulsory auction or administration is ordered for the pledged object in whole or in part;
- the premiums of a life insurance pledged to the bank are not paid in time or such an insurance is cancelled;
- or regular savings payments to a Bausparvertrag (home financing loan) pledged to the bank are not paid in time or the Bausparvertrag is cancelled.

### **10.2 Cancellation due to significant deterioration of the pecuniary circumstances:**

If there is or is likely to be a significant deterioration of the pecuniary circumstances of the borrower or of the intrinsic value of a security given for the loan which endangers the repayment of the loan even under utilisation of the security or securities, the bank may, in cases of doubt, always cancel the loan prior to avaiement or only after avaiement with no cancellation period as a general rule.

### **10.3 Cancellation due to default:** The bank may only cancel due to default if

- the loans granted to the borrower for trade purposes or freelance professions are in arrears of payments for more than 14 days and the borrower still fails to pay after a further 14-day grace period;
- for real estate consumer loans in the sense of Section 491 Para 3 of the German Civil Code, the borrower is in arrears by at least two consecutive instalments in whole or in part and at least 2.5 percent of the nominal loan amount is in arrears and the bank has granted the borrower an unsuccessful two week period for payment of the outstanding amount with the warning that if payment is not made within this time, the complete outstanding balance shall fall due;
- for general consumer loan agreements, the borrower is in arrears by at least two consecutive instalments in whole or in part and at least 10 percent, or at least 5 percent for a contract period of more than 36 months, of the nominal amount of the loan is in arrears and the bank has granted the borrower an unsuccessful two week period for payment of the outstanding amount with the warning that if payment is not made within this time, the complete outstanding balance shall fall due.

### **11 Process and procedure in the event of cancellation**

**11.1 Cancellation:** The contract shall be cancelled by announcing such to the other contractual party. The cancellation by the bank shall be declared in writing.

**11.2 Exemption:** At the end of the loan relationship, the borrower shall exempt the bank from its obligations. This also applies if the bank cancels the surety credit with an agreed term prematurely for a good reason (No 19 Para. 3 of the General terms and conditions). The bank shall not be obliged to honour any drafts or cheques issued as part of the agreed loan prior to cancellation which are presented on the day of cancellation or thereafter.

**11.3 Consideration of interests of the borrower:** The bank shall, when exercising its right of cancellation, consider the legitimate interests of the borrower and shall always be prepared to discuss the possibility of mutual agreement.

**11.4 Term for liquidation:** In the case of a cancellation without notice, the bank shall grant the borrower an appropriate term for liquidation.

### **12 Compensation for damages**

**12.1 Non-avaiement fee:** In the case of non-avaiement of the loan due to refusal to perform or despite a grace period, the bank may request a resulting damage for the final loan amount which was not availed.

**12.2 Premature redemption penalty in the case of general consumer loan agreements:** If a general consumer loan agreement is redeemed prematurely (cf. Number 7.5), the damages resulting from said redemption shall be repaid. These damages shall be determined by the lender in accordance with the stipulated mathematical framework conditions set out by the German Federal Court of Justice, which particularly take into account

- an interim fall in interest rate levels,
- the payment flow originally agreed for the loan,
- the earnings lost by the lender,
- the administrative work associated with the premature redemption and
- the risk and administration costs arising from the premature redemption.

The premature redemption penalty shall not exceed the following amounts:

- one percent of the prematurely redeemed amount, or 0.5 percent of the prematurely redeemed amount if the period between the premature and agreed redemption dates is shorter than one year,
- the amount of agreed interest that the borrower would have paid in the period between the premature and agreed redemption.

There shall be no claim for a premature redemption penalty if the redemption is effectuated from funds from an insurance policy that was concluded in order to satisfy an obligation in the loan agreement so as to guarantee the redemption, or if the information regarding the agreement term, the borrower's right of termination or the calculation of the premature redemption penalty is not provided to a sufficient extent in the agreement.

**12.3 Compensation for damages due to breach of agreement:** If a fixed lending rate loan becomes due before the end of the fixed rate term because of a bank cancellation, the borrower shall compensate for the damages incurred owing to the early redemption.

**13 Default:** Calendar-bound payments owed by the borrower due to the loan agreement (e.g. instalments and interest) shall be in default if they are not paid on time. If the bank fails to demonstrate higher or lower default damages to the borrower, the payments in default shall be charged at an annual interest rate of five percentage points above the base rate. For real estate consumer loan agreements, the annual default interest rate is 2.5 percentage points above the base rate. Outstanding payments may have serious consequences for the borrower (e.g. compulsory sale) and impede the granting of future loans.

**14 Total debtors:** Multiple borrowers are liable as total debtors. Each borrower may use the granted loan solely.

**15 Disclosure of financial circumstances:** During the term of the loan, the borrower shall present to the bank at any time, at its request, all desired information regarding the borrower's financial circumstances and provide all desired documents signed and dated so that the bank may form a clear and up-to-date overview of the borrower's financial situation and fulfil the requirements of Section 18 of the German Banking Act and the banking supervision. Borrowers with no balance sheets may provide income tax and financial statements including all obligations, a statement of income, copies of the tax demands or tax declarations borrowers with balance sheets may provide the attested or certified annual financial statement with appendix and management report as well as the company balance sheet with the appropriate business and/or audit reports. If it is not possible to present the documents within nine months of the end of the calendar year or financial year, the borrower shall submit the documents in their provisional form (e.g. tax declaration, interim annual report, provisional annual report).

**16 Insurances:** The borrower shall be obliged to insure objects and accessories for a sufficient amount in accordance with the contractual agreement and to present proof of said insurances to the bank, insurance policies in particular, at any time. The borrower shall vouch for the fulfilment of these liabilities even if the insured object does not belong to him.

**17 Rent or lease advance payments:** Every kind of financial contribution e.g. building cost grants, rent or lease advance payments, that are to be taken over from tenants or lessees shall be approved by the bank.

**18 Requirements for payment:** The loan can only be availed when all contractual conditions have been fulfilled, the designated securities have been registered, the bank has checked their correctness, their registration can no longer be revoked and confirmation of receipt of the issued documents has been provided, as requested by the bank. Building loans are normally paid according to building progress. The availment of the loan may be rejected if it becomes clear following the conclusion of the loan agreement that the repayment is in jeopardy owing to the borrower's lack of solvency. The lender may refuse to pay a general consumer loan without a fixed redemption period if there are objective grounds on which to do so.

#### **19 Registering or strengthening securities**

**19.1 Post-securities:** For general consumer loan agreements with a net loan amount over EUR 75,000 and for non-consumer loans, the bank may request that the borrower register additional appropriate securities even if to date no registration of securities has been agreed if there is a deterioration or significant hazard to the financial situation of the borrower or a liability sharer or a surety or if there is a change in insurance value of the contractually registered securities through which the risk of an improper redemption of the loan is not insignificantly increased compared to the situation at the time the agreement was signed. The same shall apply if the information regarding the financial situation of the borrower, a liability sharer or a surety is found to be incorrect after the fact.

**19.2 Alternative securities:** The bank may request that the borrower register an alternative security if the security in the credit agreement is destroyed or suffers a significant loss in value.

**19.3 Setting deadlines for the registration or strengthening of securities:** The bank shall set an appropriate deadline for the registration or strengthening of securities.

#### **20 Agreement of a lien in favour of the bank**

**20.1 Agreement on the lien:** The customer and the bank shall agree that the bank shall acquire a lien on securities or objects which a domestic branch in bank-related business has in its possession or shall acquire in order to secure all requirements from the bank-related business relationship. The bank shall also acquire a lien on the claims against the bank that the customer shall or shall be entitled to from the bank-related business partnership (e.g. account balance).

**20.2 Exceptions to the lien:** If the bank acquires power of disposal over funds or other assets that they may only use for a specific purpose (for example as a cash payment to honour a bill of exchange), the bank lien does not apply to these assets. The same shall

also apply to participation rights issued by the bank itself, to customer claims on subordinate liabilities and securities that the bank holds in safekeeping abroad.

**20.3 Interest and profit participation certificates:** If securities are subject to the lien of the bank, then the customer shall not be allowed to demand the issuance of the interest and profit certificates belonging to these shares.

#### **21 Assignment**

**21.1** Claims on income according to Section 850 of the German Code of Civil Procedure are understood to be wage and salary claims as well as all other claims resulting from the working relationship with the employer or in claims in conjunction with it (including one time payments) especially commissions, invention compensation, severance pay, pension and retirement salary claims. In particular, social contribution claims are claims for payment of unemployment benefit I and II, insolvency pay, sick pay and retirement benefits from the German Federal Pension Fund (*Deutsche Rentenversicherung*), professional services and private pensions.

**21.2** The borrower shall inform the bank immediately of any change in its employer/employee relationship.

**21.3** The bank shall not initially notify the garnishee. If the borrower is two months in arrears with payments then the bank may, by naming the amount the borrower is in arrears and giving at least one month's notice, threaten the guarantor with realisation. Once the notice period has expired, the bank shall be entitled to assign the debt to the garnishee and indicate the required amount and collect such claims to that extent. A threat is unnecessary if the borrower is in arrears after an ordinary cancellation by the bank or if both parties agree to end the loan relationship or if the bank cancels the loan relationship for important reasons. This shall not apply if the borrower and guarantor are different persons.

**21.4** If the realisable value of all securities more than temporarily exceeds the coverage threshold, then the bank shall, at the request of the security provider, release the securities of its choice.

**22 Expenses:** The bank's entitlements to the reimbursement of costs are determined by statutory provisions.

**23 Limitation:** Claims from the loan contract shall be limited to five years, beginning with the end of the year in which this claim was due.

**24 Waiver of Section 193 of the German Civil Code for contractually agreed regular interest and principal payments:** The parties waive for contractually agreed regular interest and principal payments the stipulations set out in Section 193 of the German Civil Code whereby if on a certain day within a certain period of time a service is to be performed and the specified day or final day of the specified period falls on a Sunday, a public holiday that is officially observed in the location of performance, or on a Saturday, at which point the action is postponed until the next working day. By waiving this rule, it may well be the case that an instalment payment falls due on a public holiday, a Saturday or a Sunday, for example.

**25 Supervisory authorities:** The supervisory authority responsible for approving financial institutions is the European Central Bank, Sonnemannstraße 22, 60314 Frankfurt am Main, Germany (postal address: European Central Bank, 60640 Frankfurt am Main, Germany). The supervisory authority responsible for protecting consumers' collective interests is the Federal Financial Supervisory Authority (BaFin), Graurheindorfer Straße 108, 53117 Bonn, or Marie-Curie-Straße 24–28, 60439 Frankfurt am Main.

**26 Inclusion of the General Terms and Conditions:** The General Terms and Conditions of the bank shall apply for all business transactions. The wording of these conditions may be inspected at the business premises of the bank; the conditions may also be issued upon request.

**27 Other conditions:** If individual clauses of this contract are not part of the contract or are not effective or enforced, the rest of the contract shall remain valid. As long as the provisions have not become ineffective or an integral part of the agreement, the content of the contract shall conform to statutory regulations.

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