

Guidelines for Bavarian Bank Fund

As of July 14, 2010

I) Loans

1. Financing Goals

Funds from the BBF are to be used to finance projects which promise a particular economic success and positive location effect.

2. Object of Financing

The production and distribution of theatrical feature films may be co-financed.

3. Combination with FFF Funding

BBF will only finance projects which have been recommended for funding by FilmFernsehFonds Bayern (FFF).

4. Financing Amounts

Maximum: Per project, financing can amount to as much as 100% of the recommended FFF funding, however may not exceed 1 million Euros per theatrical feature or 200,000 Euros for distribution.

Standard Amounts: Production loans are generally issued between 200,000 Euros and 300,000 Euros. Distribution loans are generally co-financed between 100,000 Euros and 150,000 Euros.

5. Loans

Financing is awarded as a conditionally repayable loan. The loan will bear interest at market rates. Interest is charged beginning with the valuation of the loan and expires 18 months after the initial German opening of the financed film. In the case of particularly high-risk, but location-important projects, unconditionally payable interest periods can be extended until 36 months after the initial German opening.

6. Repayment

The loan is to be repaid after the priority recoupment of the equity capital and deferred payments from the proceeds of domestic and foreign exploitation. The repayment of the loan will be made ahead of repayment of the public funding. Independent of equity capital priority and depending upon the risk assessment of the project, the BBF can, parallel to the repatriation of recognized equity capital, use a certain percent of the revenues for the repayment and interest of the loan (corridor) until the producer's/distributor's equity capital has been covered.

In individual cases, payment in full can be required prior to the repatriation of recognized equity capital.

Repayment obligations end as a rule ten years after the film's opening.

The term of repayment is extended a further five years on production loans which report less than 20% on returns (measured according to the amount of the loan). The producer has the option between a term extension or the sale of rights amounting to 3% of the loan amount.

Returned interest and loan repayment serves to maintain the fund and are not generally available to the producer or distributor as "success-linked" loans or reference funding.

7. Success-Linked Participation

After repayment of the loan, the BBF receives a success-linked participation from the proceeds accruing to the producer in relation to its financial participation in the project as a whole (in the case of international co-productions: in relation to the financing participation of the German share).

If there is a success-linked participation agreement on a distribution loan, this is to be paid from the distributor's share after the successful repayment of the loan.

8. Processing Fees

The processing fee to be paid by the loan recipient for production and/or distribution is 1% of the loan amount.

9. Procedure

The loan is awarded by the LfA Förderbank. The condition for allocation of a loan is a recommendation of financing from the Bank Committee and a funding recommendation from the FFF Allocation Committee.

10. Bank Committee

Each of the banks represented in the BBF appoints a representative to the Bank Committee. Each bank names a member and a deputy member of the Bank Committee. They may also bring other members of staff as guests to sittings.

The chair of the Bank Committee is taken by the FFF managing director or his deputy, who has a right of consultation but no voting right. In addition, other members of the FFF staff as well as up to three representatives of the FFF Allocation Committee may be called upon in a consultative role. As a rule, the Bank Committee should convene within a week prior the FFF Allocation Committee sitting. The FFF prepares the Bank Committee sittings.

The Bank Committee's decisions require unanimity. Each of the banks participating in the BBF receives a vote. The LfA Förderbank shall produce minutes of the results for the Bank Committee's sittings.

11. Selection of Applications

Projects for consideration will be selected as follows:

- Recommendation by FFF
- Producer's special wish

12. Supplementary Financial Assistance

A producer may apply retroactively for a BBF loan for an already funded project (i.e. in the case of loss of a financing block). In such cases, the conditions will be assessed and established individually.

13. Non-utilization of a Loan

a) Distribution loans

The distribution company has three weeks time (from the date of the letter of acceptance from the FFF) to accept the BBF loan offer. If the loan offer is accepted but later not utilized, a processing fee of 1.5% of the loan amount will be charged.

b) Production Loans

The producer has time until the imposed deadline by which he must present verification of financing to accept the BBF loan offer. If the loan offer is accepted but later not utilized, a processing fee of 1,000 Euros will be charged.

II) Guarantees for Young Talent Projects

1. Qualified Applicants

Within the framework of graduation or debut films by students or graduates of the University of Television & Film Munich and the Macromedia University for Media and Communication, and co-productions between these universities and Bavarian Broadcasting (educational films), the BBF can provide guarantees for payments to Bavarian Broadcasting.

2. Applications and Processing

Applications are submitted to FFF (Forms: guarantee, current financing plan, broadcasting contract). Further processing is carried out by the LfA Förderbank.

Provided the allocation criteria have been met (credit rating, project financing, broadcasting contract, etc.), the LfA shall decide on the application. During the BBF meetings, the LfA will report on the current status of the guarantee program.

3. Maximum Guarantees

Guarantees are provided for broadcaster's contributions up to a maximum of 300,000 Euros.

4. Conditions

Commissions on bank guarantees are 2% of the guarantee amount during the entire term of the guarantee. No further fees are charged.

A deposit of collateral security is not required.

III) Miscellaneous

1. Obligation to be named in credits

The BBF and the participating banks must be named in the opening or closing credits as financing partners of the film financed from the BBF (this is also valid for films for which the BBF provided a guarantee).

2. Supplementary Provisions

The funding guidelines of the FFF apply accordingly insofar as these guidelines do not contain any diverging regulations. By way of unanimous decision, the Bank Committee may permit exceptions to the BBF guidelines.

Munich, 14. July 2010