

Amendments to the Regulations on Providing Credit Risk Bearing Products

Dear Customers,

The amended Regulations on Providing Credit Risk Bearing Products will come into force on 31 July 2023.

The most important amendments include:

- we updated the list of acceptable collaterals,
- we added information about the option to prepay term loan drawdowns,
- we specified the provisions on how financial statements should be provided to the bank,
- we included agreements concluded with mBank subsidiaries in the provisions on customer's obligations,
- we specified other provisions which, together with the wording of the Regulations applicable as of 31 July 2023, are published at <https://www.mbank.pl/pomoc/dokumenty/msp-korporacje/finansowanie/>.

In addition, we made some minor editorial changes to the Regulations.

A detailed list of changes (with amended provisions marked in blue and in italics) is presented below.

List of amendments to the Regulations on Providing Credit Risk Bearing Products.

The amendments come into force on 31 July 2023.

Chapter IX. Collateral

Item 1 will read as follows:

1. The Bank accepts Collaterals in the form of:
 - 1/ blank Bill of Exchange (including a bill with aval),
 - 2/ bank Guarantee,
 - 3/ surety,
 - 4/ contractual mortgage,
 - 5/ registered pledge,
 - 6/ financial pledge,
 - 7/ transfer of ownership of property,
 - 8/ blocking of funds in a bank account,
 - 9/ assignment of receivables or rights in favour of the Bank,
 - 10/ cash security deposit,or other agreed with the Customer.

Chapter X. Repayment of receivables

Item 1 will read as follows:

1. The Customer undertakes to repay the Bank's receivables, interest, commissions, fees and costs under the Agreements and the Collateral Agreements in a timely manner, on a priority basis prior to other payments, in the currency of the Product or an equivalent in another currency. *The Customer may repay the receivables before the date set out in the repayment schedule (from the date following the date of Drawdown disbursement), provided that the Customer pays the fees set out in the Agreement and in the "Tariff of banking fees and commissions of mBank for SME and Corporates".*

Chapter XII. Obligations

Item 9a will read as follows:

- 9a/ *quarterly* financial statements *in the form of the balance sheet and profit or loss or, alternatively,* the F-01 report submitted to Statistics Poland (GUS) *in the electronic version*, without undue delay, upon its preparation in accordance with applicable laws. *To the F-01 report, a confirmation of its submission to Statistics Poland must be appended.* If the Customer does not have to prepare such a report, the Customer should provide information on its performance in the form agreed with the Bank within 25 days from the last day of each financial quarter (in the case of companies listed on the WSE this obligation is deemed fulfilled by publishing a report on the Customer's website), including additional information or explanations on the financial standing required by the Bank. *The Bank prefers that reports be submitted in the XML format, however, other formats (PDF, hard copy) are admissible too.*

Item 9b will read as follows:

- 9b/ *original copy* of annual financial statements *in electronic form, with all the electronic signatures required in accordance with the Accounting Act*, without undue delay upon its preparation, but not later than within 3 months from the balance sheet date and again after it is audited by a statutory auditor, including the auditor's report, if the audit is required by the applicable law, immediately after the audit, but not later than within 6 months from the balance sheet date (in the case of companies listed on the WSE this obligation is deemed fulfilled by publishing a report on the Customer's website), including additional information or explanations on the financial standing as required by the Bank. *The Bank prefers that statements be submitted in the XML format, however, the PDF format is admissible too.*

Item 9c will read as follows:

9c/ **original copy** of annual consolidated financial statements and the report on the corporate group operations, if their preparation is required, together with the opinion of a statutory auditor, **in the electronic version and with all the electronic signatures required in accordance with the Accounting Act**, without undue delay upon its approval, but not later than within 8 months from the balance sheet date (it applies to Customers belonging to a corporate group). **The Bank prefers that statements be submitted in the XML format, however, the PDF format is admissible too.**

Item 9d will read as follows:

9d/ information on derivative transactions concluded with other banks, including: the bank's name, type of transactions, volume, term, current valuation, collateral, the value of limits applicable to derivative transactions at other banks, and to notify the Bank of the intent to conclude a derivative transaction with another bank – **at the Bank's request,**

Item 14 will read as follows:

14/ to properly implement the provisions of other agreements concluded by the Customer with the Bank **and of agreements concluded by the Customer with mBank Group subsidiaries.**

Chapter XIII. Events of default and their consequences

Item 1 (10) will read as follows:

10/ breach of a provision of the Agreement or of any other agreement between the Customer or the Debtor and the Bank **or an mBank Group subsidiary.**

Appendix No. 2 to the Regulations

Calculation of interest on Loans and discounted products using compounded overnight risk-free rates (ON RFRs).

Chapter I. Definitions

Item 6 will read as follows:

6. ON(t)– the ON RFR applicable on day t (from day t inclusive to the next business day) as per the Fixing Day Calendar; the following are set for an RFR ON(t):
- Applicability Start Day – day t as per the Fixing Day Calendar,
 - Applicability End Day – the business day following t as per the Fixing Day Calendar,
 - Rate Publication Date – the business day following t as per the Fixing Day Calendar where the currency of RFR is EUR, USD, GBP or JPY, and day t as per the Fixing Day Calendar where the currency of RFR is CHF. **Where the rate was not published by the administrator on the publication date, we assume the rate published on the previous publication date.**

Chapter II. Calculation of compounded RFR used to determine interest payable on Loans

Item 3 will read as follows:

3. For every day T_i where $i = 1, \dots, (n-1)$ we determine a series of n_i subsequent business days $T_1^*, \dots, T_{n_i}^*$ as per the Fixing Day Calendar, such that $T_1^* = P(T_i)$ and $T_{n_i}^* = P(T_{i+1})$. Then, as at day T_i we determine the Cumulated Base Rate for Compound Interest CR ($T_i^*, T_{n_i}^*$) from the Start Day of the Interest Period to day T_{i+1} in accordance with the following formula:

$$CR(T_i^*, T_{n_i}^*) = \left[\prod_{k=1}^{n_i-1} \left(1 + ON(T_k^*) \cdot \frac{(T_{k+1}^* - T_k^*)}{B * 100} \right) - 1 \right] \cdot \frac{B * 100}{(T_{n_i}^* - T_i^*)}$$

where:

- B – is the Day Count Fraction applicable to an ON RFR, i.e. 360 for CHF, USD and EUR, and 365 for GBP and JPY;
- k – is a variable indexing the set of subsequent business days $\{T_1^*, \dots, T_{n_i}^*\}$, which assumes subsequent values from 1 to $(n_i - 1)$.

Base rate CR ($T_i^*, T_{n_i}^*$) is given in percentage points and rounded to four decimal places for CHF, EUR and GBP, and to five decimal places for USD and JPY.

If T_i is a non-business day as per the Fixing Day Calendar, T_i^* is set by shifting it by an additional business day for the purpose of calculating CR ($T_i^*, T_{n_i}^*$).

Item 4 will read as follows:

4. Based on CR ($T_i^*, T_{n_i}^*$) we determine the Cumulated Base Rate for Compound Interest Calculation (SNO) in the period **from T_i to T_{i+1}** in accordance with the formula below:

$$SNO(T_i, T_{i+1}) = CR(T_i^*, T_{n_i}^*) \cdot \frac{(T_{i+1} - T_i)}{B * 100}$$

Item 5 will read as follows:

5. We use it as the basis for calculating the Base Rate for Daily Interest Calculation DR (T_i) as at day T_i (rate at which interest is calculated in the period from T_i to T_{i+1}):

$$DR(T_i) = [SNO(T_i, T_{i+1}) - SNO(T_i, T_i)] \cdot \frac{B * 100}{(T_{i+1} - T_i)}$$

with the proviso that $SNO(T_i, T_i) = 0$.

Base rate DR (T_i) is given in percentage points and rounded to four decimal places for CHF, EUR and GBP, and to five decimal places for USD and JPY. The value of interest rate DR (T_i) is made available to the Client in mCN on a daily basis in the Interest Period.

Chapter IV. Calculation of compounded discount RFR used to determine interest payable on discounting products

Item 3 will read as follows:

3. For day T_1 we identify the day being the first business day as per the Fixing Day Calendar earlier than T_1 , which at the same time is the ON RFR Publication Date and the day on which the ON RFR is made available in the bank's systems (where the rate is available, we assume the rate published on the previous publication date). T^* is the Applicability End Day of the ON RFR and T_0^* is the calendar day preceding T^* by n calendar days for a rate adjusted to the discount period or preceding T^* by N calendar days for a Base Rate with a fixed period.