

Dear Customers,

The amended Regulations on Providing Credit Risk Bearing Products will come into force on 1 July 2020.

The following amendments have been made:

- description of the service supporting Customers in performing obligations arising from the Goods and Services Tax Act related to the whitelist of VAT payers has been added in Chapter 3,
- provisions of Chapter 6 letter E have been repealed due to the fact that the Payment of the Debtor's Liabilities is no longer offered by the Bank,
- provisions of Chapter 6 letter F have been added due to the introduction of the Loan for the Payment of Liabilities,
- certain provisions have been clarified; their list along with the Regulations effective from 1 July 2020 has been published at <https://www.mbank.pl/pomoc/dokumenty/msp-korporacje/finansowanie/>.

In addition, we have made minor editorial changes and simplified the language of the Regulations.

The key changes include:

- the definition of the Whitelist has been added to **Chapter 1 "Definitions of basic terms used in the Regulations"**;
- the description of the service supporting Customers in performing obligations arising from the Goods and Services Tax Act related to the whitelist of VAT payers has been added to **Chapter 3 "Electronic banking"**;
- in **Chapter 6 "Trade finance products"** letter E "Payment of the debtor's liabilities" has been repealed and letter F "Loan for the payment of liabilities" has been added; requirements for placing signatures on bills of exchange submitted for discounting as part of the Bill of Exchange Discounting have been clarified
- in **Chapter 13 "Events of default and their consequences"**, submission of a petition for restructuring has been removed from the catalogue of events of default and non-performance of terms and conditions of any other agreement concluded with the Bank has been added to the events of default.

The 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 enter into force on 1 July 2020.**

Chapter 1 "Definitions of basic terms used in the Regulations"

The following definitions have been added:

Whitelist	<i>the list of accounts of entities registered as VAT payers, unregistered entities, and entities removed from and re-entered in the VAT register, maintained electronically by the Head of the National Revenue Administration in accordance with the Act of 11 March 2004 on Goods and Services Tax,</i>
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The following definitions have been changed:

Product	a banking product bearing credit risk made available to the Customer on the principles specified in the Regulations and in the Agreement, <i>including the Agreement on the Payment of Liabilities,</i>
Order	each order properly made and signed by the Customer, concerning a Guarantee, a Letter of Credit or the provision or activation of another Product, excluding Loans <i>specified in Chapter 5 item 2,</i> submitted at the Bank by the Customer via the mCN System or in writing on the applicable form,
Payment Order	each order to disburse or repay the Loan <i>specified in Chapter 5 item 2</i> placed by the Customer,

Chapter 3 "Electronic banking"

Items 4-8 have been added:

4. *For products described in Chapter 5 serviced via the mCN System the Bank enables the Customer to check a counterparty's account indicated in a Payment Order against the Whitelist, subject to item 8. The Bank provides the Customer with a flat file of the Ministry of Finance containing the database of VAT payers. For an account to be checked, the Payment Order must contain the counterparty's tax identification number (NIP) and bank account number. The check is performed on the execution day of the Payment Order.*
5. *A Payment Order placed by the Customer in the mCN System with a tag containing the request to check the counterparty's account against the Whitelist is executed by the Bank when all the accounts indicated in the Payment Order are on the Whitelist and when the counterparties' tax identification numbers indicated in the Payment Order match. If the counterparty's account is not on the Whitelist, the Bank will reject the transfer. If the NIP entered in the transfer form is different from the NIP registered along with the account with the Tax Office, the Bank will reject the transfer even if the account is on the Whitelist.*
6. *If the Customer wants to execute a Payment Order that has been rejected due to the fact that the counterparty's account was not found on the Whitelist, the Customer should submit the order again without the tag containing the request to check the account against the Whitelist.*
7. *The Bank is not liable for:*
 - 1/ *the counterparty's account missing from the Whitelist and for the Payment Order not being executed in accordance with item 5,*
 - 2/ *executing the Payment Order to an account missing from the Whitelist if the Customer did not order the Bank to check this account against the Whitelist,*
 - 3/ *the wrong NIP of the counterparty indicated in the Payment Order.*

8. *Transfer orders reducing the amount of the available overdraft facility are checked against the Whitelist in accordance with the Regulations "mBank S.A. Internet Customer Service System mBank CompanyNet".*

Chapter 5 "Loans"

Item 2 reads as follows:

2. Under the Agreement and the Regulations the Bank may grant, *in particular, the following* types of Loans:
- overdraft facility,
 - working capital loan,
 - revolving loan,
 - investment loan,
 - mortgage loan and mortgage loan for any purpose.
- An overdraft facility may be granted to a single Customer or a group of related entities (umbrella facility).

Item 7 reads as follows:

7. The Bank executes a Payment Order concerning the release of funds under the Loan if all the following conditions are met:
- 1/ the amount of the Payment Order does not exceed the available amount of the Loan,
 - 2/ *Payment* Order complies with the purpose of the Loan, specified in the Loan Agreement,
 - 3/ *Payment* Order was signed (authorised) by authorised persons,
 - 4/ *Payment* Order includes the Loan Agreement reference number,
 - 5/ conditions for the release of funds specified in the Loan Agreement have been met,
 - 6/ Bank has not suspended the Borrower's right to further use of the Loan,
 - 7/ *Payment Order meets the conditions specified in Chapter 3 item 5.*

Chapter 6 "Trade finance and service"

In item 12 sub-item 2 of letter C "Trade receivables discounting" the following fragment has been removed: *"or the initiation of restructuring proceedings by the Debtor, as well as if"*. Therefore, item 12 reads as follows:

12. The Bank has the right to terminate the Agreement:
- 1/ if the Debtor is put into liquidation or fails to comply with the terms of the Agreement or the Regulations,
 - 2/ if, in the Bank's opinion, there are reasons justifying the instigation of bankruptcy proceedings against the Debtor,
 - 3/ if the Debtor changes its legal form without the Bank's knowledge.

Item 3 sub-item 7 of letter D "Bills of exchange discounting" reads as follows:

3. The Bank accepts Bills of Exchange for discounting only if they are issued in accordance with the requirements of the Bill of Exchange Act and meet the conditions set forth in the Regulations and the Agreement, in particular if they:
- (...)
- 7/ *are signed in a manner enabling explicit identification of the persons who signed a Bill of Exchange. This means that the signature on a Bill of Exchange must be handwritten, legible (it must enable identification of the name and surname of the signatory) and must have indelibility features (e.g. it must be made with a ballpoint pen).*

Letter E "PAYMENT OF THE DEBTOR'S LIABILITIES" has been repealed in full.

A new section has been added, reading as follows:

F. LOAN FOR THE PAYMENT OF LIABILITIES

1. *The Bank, on the basis of an Order, pays the Borrower's liabilities in PLN and in foreign currencies as part of the Loan granted to the Borrower, in accordance with the terms and conditions set forth in the Agreement.*
2. *The Loan may be utilised by way of execution of Orders submitted in writing using the applicable form or via the mBank InvoiceNet System.*
3. *In the case of executing an Order in a currency other than the Loan currency, the Bank makes a currency conversion in accordance with the principles specified in the Agreement.*
4. *The Bank makes the electronic version of the Loan for the Payment of Liabilities, which enables the presentation of invoices due for payment via the mBank InvoiceNet System, available upon signing of the agreement on the provision of financial services via the System by the Borrower.*
5. *The Bank executes an Order if the Borrower's liabilities are evidenced by Invoices which satisfy all of the following conditions jointly:*
 - 1/ *they arise from reasons approved by the Bank and defined in the Agreement,*
 - 2/ *they are evidenced by documents issued by the Suppliers indicated on the list attached to the Agreement,*
 - 3/ *they are accepted by the Borrower with regards to their currency, amount and payment date,*
 - 4/ *they are denominated in currencies defined in the Agreement.*
6. *When placing an Order, the Borrower confirms that it pertains to the repayment of liabilities satisfying the conditions referred to in item 5.*
7. *The Bank executes Orders:*
 - 1/ *in the order they were placed by the Borrower,*
 - 2/ *within the payment deadline as specified in the Agreement,*
 - 3/ *in the form of a foreign, domestic or internal transfer, as appropriate,*
 - 4/ *following a transfer procedure specified by the Borrower.*

If the payment date of a liability does not fall on a Business Day for the Bank and for the country of the payment currency, the Order is executed on the first Business Day for the Bank and for the country of the payment currency.
8. *The Bank and the Borrower assume that when executing an Order, the Bank, based on data entered by the Borrower in the Order:*
 - 1/ *does not check if the Supplier's account is included in the electronic register of entities maintained by the National Revenue Administration in accordance with the Goods and Services Tax Act of 11 March 2004 and is not subject to sanctions for payment to an account which is not included in the register. Each time, this obligation rests on the Borrower,*

- 2/ does not check if the payment for the liability evidenced by an invoice is obligatorily subject to the split payment mechanism and it does not bear any liability in this regard nor is it subject to sanctions provided for by the Goods and Services Tax Act of 11 March 2004. This obligation rests on the Borrower, being the payer for its liabilities towards Suppliers.
9. The Borrower is required to:
 - 1/ use the Loan solely to repay liabilities satisfying the conditions set forth in the Regulations and the Agreement,
 - 2/ agree with the Bank on the intention to change a Supplier, in particular in respect of the reason for liability, liability payment date and bank account number of the Supplier,
 - 3/ present the contents of trade agreements concluded with Suppliers to the Bank,
 - 4/ inform the Bank about any amendments to the terms and conditions of trade agreements concluded with Suppliers and to the terms and conditions of trade orders,
 - 5/ make available, at the Bank's request, any original documents evidencing the Borrower's liabilities paid by the Bank or submitted for payment by the Borrower via the mBank InvoiceNet System, but not yet paid by the Bank.
10. The Bank is authorised to verify the Borrower's liabilities paid or submitted for payment from funds from a Loan for compliance with the requirements set forth in the Regulations and the Agreement. In the case of Orders placed by the Borrower, but not executed by the Bank, the Bank suspends their execution until the verification is finished.

Chapter 8 "Fees and commissions"

Item 4 reads as follows:

4. Commissions on the unused amount or *interest* on the amount used in excess of the Limit or another Product to which such commissions *or interest apply*, determined on an annual basis, are charged by the Bank for the actual number of calendar days within the period of validity of the right to incur debt or to use the Limit. The Bank adopts the number of days in a year corresponding to the one used for the calculation of interest on Loans.

Chapter 13 "Events of default and their consequences"

In item 1, sub-items 5, 6 and 10 read as follows:

1. Each of the following events may be regarded by the Bank, in relation to the Customer or the Debtor, as an Event of Default:
 - (...)
 - 5/ filing of a bankruptcy petition,
 - 6/ initiation of any court or administrative proceedings, the result of which could, *in the Bank's opinion*, cause a threat to the Customer's or to the Debtor's financial standing or existence,
 - (...)
 - 10/ breach of a provision of the Agreement *or of any other agreement between the Customer and the Bank*.

Item 2, sub-item 4 reads as follows:

2. If an Event of Default occurs, the Bank may withhold the Customer's right to further use of the Product or, after notifying the Customer in writing, undertake the following activities of its own choice and in preferred order, taking into account the nature of the Product:
 - (...)
 - 4/ deduct its receivable, *including not due and payable receivable*, under the Product against the Customer's receivable arising from each Bank Account Agreement concerning a bank account maintained by the Bank for the benefit of the Customer,

Item 8 reads as follows:

8. The Bank may *withhold the Customer's right to further use of the Product or* terminate the Agreement with immediate effect, if it finds that the Customer:
 - 1/ has submitted false documents or has presented false data as the basis for granting the Product (or Limit) and repayment of the Customer's liabilities, or
 - 2/ has submitted untrue declarations regarding the legal security for the repayment of the liabilities arising from the Product.