



Dear Sirs,

as of **31st January 2018** the amendments to the Regulations on providing credit risk bearing products ("Regulations") are becoming effective. The Regulations have been completed with subsequent products from the Bank's offer: trade finance products, multi-product facilities, also for groups of related entities.

In consideration of the above:

- **in Chapter I Chapter I Definitions of basic terms used in the Regulations** - the definitions significant for trade finance products and multi-product facilities have been added, such as Debtor, Supplier, Trade Receivables Discounting, Discount Agreement, Grace Period, Invoice, Customer sublimit, mBank Invoice Net System, Trade Receivable, Bill of Exchange, Payment of Liabilities,
- **in Chapter III Electronic Banking** – the possibility of using the mBank InvoiceNet System applied at the Bank for providing financial services under trade finance Products has been added,
- **in Chapter IV Conditions of providing the Product** – the amendment refers to trade finance products and to facilities for customers operating within the groups of related entities,
- **in Chapter V Loans** – the products list has been completed with the Overdraft facility for groups of related entities (Umbrella Facility),
- **in Chapter VI Trade services and trade finance** – the stipulations regarding introduced trade finance products - Trade Receivables Discounting, Bills of Exchange Discounting, Payment of Liabilities - have been added,
- **in Chapter VII Multi-Product financing** – the products list has been completed with Multi-Product Line and Multi-product Umbrella,
- **in Chapter VIII Fees and commissions** – the rules on calculation of commission on exposure and other commissions relating to the limits, in particular for multi-product financing – have been made more precise,
- **in Chapter X Repayment of receivables** – provision relating to the products: Payment of Liabilities and Trade Receivables Discounting has been added,
- **in Chapter XII Liabilities** – the liabilities related to trade finance products significant for the relation between the Bank and the Debtor have been added,
- **in Chapter XIII Events of Default and their consequences** – events related to trade finance products have been completed by the possibility of qualifying certain Debtor's situation or action as an event of default.

Please find below a detailed list of amendments (modified stipulations marked in blue *Italic font*).



List of amendments to the Regulations on providing credit risk bearing products

Amendments are effective as of 31 January 2018

Chapter I Definitions of basic terms used in the Regulations

the following definitions have been added or modified:

<i>Debtor</i>	<i>the entity liable for repayment of a Trade Receivable due to the Supplier, resulting of sales agreements or delivery of commodities, services or rights,</i>
<i>Supplier</i>	<i>the entity selling goods, services or rights to the Debtor,</i>
<i>Grace Period</i>	<i>period after the invoice payment date indicated thereon (permissible delay period) during which the Bank charges contractual discount interest instead of interest for delay,</i>
<i>Bills of Exchange Discounting</i>	<i>purchasing by the Bank the rights under a Bill of Exchange and disbursement of the Bill of Exchange amount less discount interest, fees and commissions,</i>
<i>Trade Receivables Discounting</i>	<i>purchase of Trade Receivables by the Bank and disbursement, prior to the Invoice payment date, of the Trade Receivable amount less discount interest, fees and commissions,</i>
<i>Invoice</i>	<i>document produced by the Supplier confirming the sale of commodity, right or service, which as of the date of its issuance meets the requirements of the provisions of law, has been issued in paper form or uploaded to the mBank InvoiceNet System as an electronic image representing the receivable arising from the sale of commodity, right or service by the Supplier to the Debtor,</i>
<i>Limit/Line</i>	<i>the maximum total amount specified in the Agreement, up to which the Products may be made available to the Customer on the principles specified in the Regulations and the Agreement,</i>
<i>Customer sublimit</i>	<i>the amount specified in the Agreement for a group of related entities, to be used by the Customer under the available Limit or Product sublimit,</i>
<i>mBank InvoiceNet System</i>	<i>internet system mBank InvpiceNet, made available to the Customer on the basis of a separate agreement with the Bank, used by the Bank for providing financial services under trade finance Products,</i>
<i>Agreement</i>	<i>agreement on providing credit risk bearing products, signed by the Parties, with the Regulations constituting an integral part thereof,</i>
<i>Discount Agreement</i>	<i>agreement between the receivable seller and the Bank or the Bill of exchange holder and the Bank, on discounting respectively the Trade receivables or the Bill of exchange,</i>
<i>Agreement on Payment of Liabilities</i>	<i>agreement between the Debtor and the Bank which sets forth the rules for the payment of the Debtor's liabilities and the terms and conditions for the financing of the Debtor by the Bank,</i>
<i>Bill of Exchange</i>	<i>a security issued in the form strictly defined by the Bills of Exchange Act, incorporating an unconditional promise to pay (a promissory note) or an order to pay (a draft), provided with a signature constituting an undertaking to pay on a defined day the amount indicated on the Bill of Exchange,</i>
<i>Trade Receivable</i>	<i>right to demand monetary consideration, arising from delivery of commodities, services or rights performed within the current economic activity,</i>
<i>Payment of Liabilities</i>	<i>payment by the Bank, with the consent of and upon application by the Debtor, of a liability to the Supplier at the invoice payment date, along with the extension of the repayment time limit to the Debtor by the period agreed upon by the Bank and the Debtor,</i>
<i>Order / Application</i>	<i>each order properly made and signed by the authorised representatives of the Customer, concerning the Guarantee, the Letter of credit or the provision of another Product, excluding Loans, submitted at the Bank by the Customer via the mCN system or in writing, on the applicable form,</i>
<i>Applicant</i>	<i>the Customer, on whose request the Bank provides the Guarantee or opens the Letter of credit.</i>

Chapter II General provisions

point 1. is amended as follows:

1. These Regulations specify the principles and conditions of granting and supporting by the Bank of the Loans, *trade finance products and* multi-product financing offered to entities conducting business activity.

Chapter III Electronic Banking

is amended as follows:

1. The Products covered by the Regulations may be serviced via the mCN System *and the mBank InvoiceNet System, hereinafter referred to as the "Systems"*, within the scope agreed in separate *agreements* with the Customer.
2. Applications, Payment Orders and instructions submitted via the mCN System *and the mBank InvoiceNet System* create the same legal effects as the relevant declarations of the Customer submitted in writing.
3. At the Bank's request, the Customer is obliged to present the originals of the documents and declarations delivered to the Bank via the *Systems*.

Chapter IV Conditions of providing the Product

point 6. is amended as follows:

6. The Bank shall make the Product available under the Agreement signed by *all the Parties*.

Chapter V Loans

point 1. is amended as follows:

1. The Loan may be allocated to financing current business activity of the Customer, financing investments *or commercial transactions*.

point 2 is amended by adding the phrase:

Overdraft facility may be granted to a single Customer or a group of related entities (Umbrella Facility).

point 9 is amended as follows:

9. *For multi-currency Overdraft facilities*, the amount of the Payment Order may not exceed the available Loan amount, which is the difference between the Loan Limit granted and the sum of debit balances in the current accounts participating in the Loan utilisation, converted to the Base currency at the average exchange rate currently applicable at the Bank.

point 13 is amended as follows:

13. *A year* shall be *defined as* 360 days, except for *Overdraft facilities and* financing in PLN and GBP, for which 365 days shall be adopted.

Chapter VI Trade services and trade finance

is amended by adding sections: **C. Trade receivables discounting, D. Bills of exchange discounting and E. Payment of the Debtor's liabilities,**

reading as follows:

C. TRADE RECEIVABLES DISCOUNTING

1. *The Bank shall purchase Trade Receivables from the Customer within the granted revolving or non-revolving Limit in zlotys and convertible currencies, in accordance with the terms and conditions set forth in the Agreement.*
2. *The Bank may acquire Trade Receivables:*
 - 1/ *without recourse to the Customer, i.e. when the risk of the Debtor's insolvency is borne by the Bank,*
 - 2/ *with recourse to the Customer, i.e. when the risk of the Debtor's insolvency is borne by the Customer.*
3. *The electronic version of Trade Receivables Discounting, which enables the Customer to present Trade Receivables to the Debtor via the mBank InvoiceNet System, shall be made available upon signing of the Agreement on the provision of financial services via the mBank InvoiceNet System by the Customer and the Debtor.*
4. *The Bank shall acquire Trade Receivables which satisfy all of the following conditions jointly:*
 - 1/ *their existence, amount and payment date are undisputed,*
 - 2/ *they have been effectively assigned to the Bank,*
 - 3/ *they are denominated in the currency of the Limit specified in the Agreement,*
 - 4/ *they are due exclusively to the Customer and are free from any legal defects or limitations regarding their disposal by the Customer,*
 - 5/ *they are not and will not be subject to deductions in respect of the Debtor's receivables from the Customer or the Customer's receivables from the Bank which already exist or may arise during the term of the Agreement;*
 - 6/ *they arise from titles approved by the Bank and defined in the Agreement,*
 - 7/ *they are not expired and there have been no circumstances excluding the possibility to claim the receivables,*
 - 8/ *they are not encumbered with any rights of third parties, in particular with pledge,*
 - 9/ *they are not subject to restructuring proceedings or seized under enforcement or securing proceedings against the Customer,*
 - 10/ *they are not encumbered with any public law liabilities,*
 - 11/ *they have not been disposed of either in part or in whole,*
5. *The Bank shall acquire Trade Receivables which satisfy the requirements set forth in the Agreement provided that:*
 - 1/ *there are no indications of the Debtor's insolvency or other circumstances preventing the Bank from enforcing the purchased Trade Receivables. When entering into the Discount Agreement, the Customer shall represent and assume responsibility for the fact that to the best of its knowledge the Debtor, as of concluding the Agreement, is solvent,*
 - 2/ *the Debtor shall not be entitled to any claims towards the Customer concerning novation of debt, release from debt, non-performance or improper performance of consideration by the Customer, justifying the Debtor's refusal to make payment,*
 - 3/ *no delays occur in the repayment of liabilities of the Debtor towards the Bank in respect of receivables previously acquired by the Bank from the Customer.*
6. *By submitting Trade Receivables for purchase by the Bank, the Customer shall confirm satisfaction of the terms referred to in section 4.*
7. *The Bank shall be entitled to:*
 - 1/ *refuse to purchase a Trade Receivable if:*

- a/ the Customer is in breach of any provisions of the Agreement,
 - b/ there is no sufficient available amount within the Limit specified in the Agreement,
 - c/ the maximum payment date of the Trade Receivable is inconsistent with the provisions of the Agreement,
 - d/ the Supplier is listed as an entity subject to economic and trade sanctions,
- 2/ verify the Trade Receivables previously purchased by the Bank from the Customer and receivables submitted for discounting but not yet purchased, for compliance with the requirements set forth in the Regulations and the Agreement,
 - 3/ suspend the purchase of Trade Receivables in the event of doubts as to the satisfaction of the terms referred to in section 4,
 - 4/ deduct the amounts of liabilities due and payable to the Bank by the Customer against the amount due to the Customer for the purchase of a Trade Receivable by the Bank.
8. The Customer shall be required to:
- 1/ notify the Bank if the agreement between the Customer and the Debtor includes the requirement to obtain the Debtor's consent to the assignment of receivables,
 - 2/ provide, at the Bank's request, any original documents evidencing the Trade Receivables purchased by the Bank or submitted for purchase by the Customer but not yet purchased, and to provide the Bank with any documents confirming the despatch or collection of a commodity, performance of a service or work,
9. Discount interest shall accrue:
- 1/ for the actual number of calendar days during the discount period set forth in the Agreement and for Days of Grace. If the last day of the discount period extended to include the Days of Grace falls on a day that is not a Business Day, the Bank shall start charging interest on the first Business Day following that day,
 - 2/ according to the fixed interest rate specified in the Agreement or the variable Base rate plus the margin, where in the case that the Base rate is negative it shall be deemed to be equal to zero,
10. A year shall be defined as 360 days, except for financing in PLN and GBP, for which 365 days shall be adopted.
11. The Base rate relevant for the discount period shall be derived from the quotation from 2 Business Days before the first day of the discount period. The Bank shall notify the Customer of the Base rate value on the Portal.
12. The Bank shall have the right to terminate the Agreement if the Debtor is put into liquidation or fails to comply with the terms of the Agreement or the Regulations or if, according to the Bank, there are conditions justifying the initiation of bankruptcy proceedings against the Debtor or the initiation of restructuring proceedings by the Debtor, as well as if the Debtor changes its legal form without the Bank's knowledge.

D. BILLS OF EXCHANGE DISCOUNTING

1. The Bank shall accept the Customer's Bills of Exchange for discounting within the granted revolving or non-revolving line for Bills of Exchange Discounting on the terms and conditions set forth in the Agreement.
2. The Bank may discount Bills of Exchange:
 - 1/ without recourse to the Customer, i.e. when the risk of refusal to pay a Bill of Exchange is borne by the Bank,
 - 2/ with recourse to the Customer, i.e. when the risk of refusal to pay a Bill of Exchange is borne by the Customer.
3. The Bank shall accept Bills of Exchange for discounting only if they are issued in accordance with the requirements of the Bill of Exchange Act and meet the terms and conditions set forth in the Regulations and the Agreement. In particular the Bills of Exchange shall:
 - 1/ be free from any legal defects and limitations preventing the Customer from disposing of them, and in particular shall not contain any annotations in the wording of the Bill of Exchange or the endorsements thereon that limit the assignment of the rights under the Bill of exchange,
 - 2/ indicate a payment date which falls on a specified day,
 - 3/ be signed by the Debtor as the drawer / acceptor,
 - 4/ have an endorsement (except for endorsement for collection) and the clause "without protest" appended,
 - 5/ not contain any annotations in the wording of the Bill of Exchange or the endorsement that limit the right of endorsement,
 - 6/ not contain any corrections or crossings-out,
 - 7/ be signed in a manner which enables indisputable identification of its signers, which means that prior to providing the first Bill / Bills of Exchange to the Bank, the Bank expects the Customer to submit signature specimens of the Customer's and the Debtor's authorised representatives who shall be signing the Bills of Exchange, placed on the bank specimen signature card or certified by a notary, along with up-to-date excerpts from the National Court Register (KRS), with the provision that in the event of any changes to the foregoing documents such changes shall be submitted to the Bank forthwith.
4. Discount interest shall accrue:
 - 1/ for the actual number of calendar days during the discount period set forth in the Agreement and for Grace Period. If the last day of the discount period extended by the Grace Period falls on a day that is not a Business Day, the Bank shall start charging interest on the first Business Day following that day,
 - 2/ according to the fixed interest rate specified in the Agreement or the variable Base rate plus the margin, where in the case that the Base rate is negative it shall be deemed to be equal to zero,
5. A year shall be defined as 360 days, except for financing in PLN and GBP, for which 365 days shall be adopted.
6. The Base rate relevant for the discount period shall be derived from the quotation as of the date falling 2 Business Days before the first day of the discount period.
7. The Bank shall notify the Customer of the Base rate value on the Portal.

E. PAYMENT OF THE DEBTOR'S LIABILITIES

1. The Bank, with the Debtor's consent, shall pay the Debtor's liabilities in zlotys and in convertible currencies within the revolving or non-revolving Limit granted to the Debtor, in accordance with the terms and conditions set forth in the Agreement.
2. The electronic version of the Payment of the Debtor's Liabilities, which enables presentation of the invoices due for payment via the mBank InvoiceNet System, shall be made available upon signing of the agreement on the provision of financial services via the System by the Debtor.

3. *The Bank shall pay the Debtor's liabilities that jointly meet the following requirements:*
 - 1/ *they arise from titles 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 Debtor for their currency, amount and payment date,*
 - 4/ *they are denominated in currencies defined in the Agreement.*
4. *By submitting liabilities to be paid to the Bank, the Debtor shall confirm that they satisfy the terms referred to in section 3.*
5. *The Bank shall pay the Liabilities:*
 - 1/ *within the payment deadline specified in the Agreement,*
 - 2/ *in the form of a foreign, domestic or internal transfer, as appropriate,*
 - 3/ *as per the transfer procedure indicated by the Debtor.*

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 payment shall be made on the first Business Day for the Bank and for the country of the payment currency.
6. *The Debtor shall be required to:*
 - 1/ *instruct the Bank to pay liabilities only if they meet the criteria 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 title of 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 Debtor's liabilities paid by the Bank or submitted via the mBank InvoiceNet System for payment by the Debtor, but not yet paid by the Bank,*
7. *The Bank shall be authorised to verify the Debtor's liabilities, paid or submitted for payment, for compliance with the requirements set forth in the Regulations and the Agreement. In the case of liabilities submitted for payment but yet unpaid, the Bank shall withhold the decision to make the payment until the verification is completed.*

Chapter VII Multi-Product financing

point 2 is amended as follows

2. *The Framework Agreement sets out the conditions of the Customer's utilisation of the Limit provided by the Bank in the form of:*
 - 1/ *Guarantee Line or*
 - 2/ *Current Business Loan Facility,*
 - 3/ *Multi-Product Line.*

Multi-Product Line may be granted to a single Customer or a group of related entities (Multi-Product Umbrella Facility).

Chapter VIII Fees and Commissions

point 4. is amended as follows:

4. *Commissions on the unused amount or on the amount used in excess of the Limit or another Product to which such commissions apply, determined on annual basis, shall be 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, adopting the number of days in a year corresponding to the one used for the calculation of interest on Loans. In order to determine the amount on the basis of which the commission is charged, the amount of a liability under the Agreement denominated in a currency other than the Base Currency shall be converted, as of the end of the Business Day, to the Base currency, using the average exchange rate published for that currency by the National Bank of Poland in force on that day.*

Chapter IX Collaterals

point 1 sub-point 11/ is amended as follows:

- 11/ *assignment of claims or rights in favour of the Bank,*

Chapter X Repayment of receivables

point 5 is amended as follows:

5. *From the date of occurrence of Overdue Debt or Extorted Receivable until the date immediately preceding the actual repayment of the Bank's receivables, the Customer shall pay delay interest in the amount of the maximum delay interest as prescribed in the Civil Code, with the provision that in the case of Overdue debt for the Payment of Liabilities or Receivables Discounting, the Customer shall pay interest in the amount equal to statutory interest for delay.*

Chapter XII Liabilities

point 16/ is marked as point 18/

point 16/ and 17/ are inserted and read as follows:

- 16/ *to notify the Bank without delay about any events which may indicate the possibility of the Debtor's becoming unable to repay its liabilities, including the submission of a bankruptcy petition or a restructuring application with a court, or opening of the Debtor's liquidation proceedings,*
- 17/ *to disclose, at the Bank's request, all materials and documents held by the Customer together with relevant powers of attorney, which are necessary to receive the payment from the Debtor or enable initiating enforcement proceedings against the Debtor and in particular to provide the Bank with all documents confirming the ownership of the receivable to be acquired by the Bank, as well as to endorse in blank any documents which can be endorsed due to their legal nature,*
- 18/ *to address inquires to the Bank and to enable the Bank or any entity from the mBank Group to submit an offer, if the Customer or a subsidiary from the Customer's capital group (the "Company of the Group") intends to use:*
 - a/ *leasing or factoring services,*
 - b/ *documentary collection, documentary letters of credit, bank guarantees, discounting receivables, forfaiting and other transactions and trade finance programs,*
 - c/ *services of an investment bank, of a brokerage house or a consultancy firm including in their scope of activity transactions of the capital and investment market or ownership transformation and mergers within and outside the scope of the Companies of the Group.*

Chapter XIII Events of Default and their consequences

point 1 - the first sentence is amended as follows:

1. Each of the following events may be regarded by the Bank, in relation to the Customer *or to the Debtor*, as an Event of Default:

Sub-points 6/ and 7/ are amended as follows:

- 1/ any court or administrative proceedings being initiated, the result of which could cause a threat to the Customer's *or to the Debtor* financial standing or *their* existence,
- 2/ any enforcement proceedings being initiated against the *property*,