

## Procedures applicable in the event of a change to a benchmark, its discontinuation, or the cessation of its publication

### Article 1. Definitions

The terms used herein have the following meanings:

<b>1. Administrator</b>	an entity that has control over the provision of a Benchmark;
<b>2. Benchmark Replacement Date</b>	<p>the later of:</p> <p><b>for a Publication Cessation Announcement</b></p> <p>a) the first day after 15 Business Days from the Publication Cessation Announcement, or</p> <p>b) the first day on which the Benchmark was not published due to the Publication Cessation Announcement</p> <p>or</p> <p><b>for a non-authorisation announcement</b></p> <p>a) the first day after 15 Business Days following the non-authorisation announcement, or</p> <p>b) the first day on which we cannot lawfully use a given Benchmark in any agreement due to the non-authorisation announcement.</p>
<b>3. Central Counterparty</b>	<p>a licensed Central Counterparty through which we clear transactions which use a Benchmark and hedge the risk of its movements. This may be:</p> <p>a) LCH Ltd,</p> <p>b) KDPW_CCP S.A., or</p> <p>c) other Central Counterparty;</p>
<b>4. Adjustment</b>	a value or an action that we apply to reduce the economic impact of replacing a Benchmark with an Alternative Benchmark;
<b>5. Quote</b>	<p>a price at which we can enter into a transaction in an underlying instrument. An underlying instrument is an instrument whose market value is measured by a Benchmark. An underlying instrument may be, for example, a deposit received or a financial instrument. We obtain a Quote:</p> <p>a) at a time close to that at which the Benchmark Provider normally publishes a Benchmark;</p> <p>b) for a transaction with a value similar to the nominal value of the Agreement, but not lower than the standard value for a given underlying instrument;</p>
<b>6. Provider:</b>	<p>a) the authority supervising the Administrator,</p> <p>b) the central bank competent for the currency of a Benchmark,</p> <p>c) the Administrator, or</p> <p>d) an industry organisation which prepares suggestions for Benchmark replacement. It is nominated by the supervisory authority or the central bank competent for the currency of a Benchmark;</p>
<b>7. Publication</b>	making information on the value of a Benchmark publicly available;
<b>8. Benchmark</b>	an index or a benchmark against which the parties' obligations are determined;
<b>9. Alternative Benchmark</b>	an index or benchmark which replaces a Benchmark in situations described in the Appendix;
<b>10. Event</b>	non-publication of a Benchmark or a Regulatory Event;
<b>11. Central Counterparty Event</b>	a situation where a Central Counterparty replaces the Benchmark that it has been using for cleared transactions with an Alternative Benchmark;
<b>12. Regulatory Event:</b>	<p>a) <b>Publication Cessation Announcement</b> – a situation where:</p> <p>i. the Provider officially announces that it is ceasing (or will cease) to publish a Benchmark permanently,</p> <p>ii. no successor has been appointed until the time of the publication of the announcement to continue to calculate or publish the Benchmark;</p> <p>b) <b>non-authorisation announcement</b> – a situation where a reliable source announces that:</p> <p>i. a Benchmark will not be registered, or an equivalence decision will not be issued, or</p> <p>ii. the Administrator has not obtained, will not obtain, or has had its authorisation or registration for the provision of the Benchmark withdrawn or suspended;</p>
<b>13. Use of a Benchmark on a given day</b>	this means that we use a benchmark published on that day to determine the value of the parties' obligations;

<b>14. Use of an Alternative Benchmark from a given day</b>	this means that as of that day we use an Alternative Benchmark (including the adjustment) on those days when we were contractually obliged to use the Benchmark;
<b>15. Agreement</b>	the agreement between the parties to which this Appendix refers;
<b>16. Appendix</b>	this appendix.

Phrases such as “we determine”, “we select” or “we change” refer to measures taken by the Bank.

## Article 2. Alternative Benchmark

1. We apply an Alternative Benchmark instead of the Benchmark in the case of:
  - a) a Regulatory Event – from the Benchmark replacement date, or
  - b) non-publication of the Benchmark unrelated to a Regulatory Event – from the date the Benchmark is not published until the date it is published again.
2. If between the date of a Regulatory Event and the Benchmark Replacement Date:
  - a) the Benchmark was not published, or
  - b) we cannot lawfully use the Benchmark,
then:
  - c) we immediately determine and use an Alternative Benchmark without waiting until the Benchmark Replacement Date;
  - d) we determine and use an Alternative Benchmark again from the Benchmark Replacement Date.

As an Alternative Benchmark, we can use:
1. an Alternative Benchmark used by the Central Counterparty instead of the Benchmark;
2. an Alternative Benchmark recommended by the Provider instead of the Benchmark;
3. an Alternative Benchmark that we chose – the Alternative Benchmark that we used instead of the Benchmark in derivative transactions in the interbank market;
4. the arithmetic mean of the Quotes obtained – only when at least two Quotes have been obtained;
5. the reference rate used by the central bank competent for the currency of the Benchmark (only if we could not apply the previous methods).

3. Our choice of a method from the table must be economically justified. We take into account:
  - a) practice on the interbank market, and
  - b) solutions we have applied in the interbank market.
4. If we are unable to freely choose a method, we apply the methods in accordance with their order in the table. We apply the next method if the previous method failed by the Benchmark Replacement Date. Where several Providers or several Central Counterparties recommend an Alternative Benchmark, we use the Alternative Benchmark recommended by the first entity listed in the definition.
5. When an adjusted Alternative Benchmark is available at the end of the period for which interest is calculated (so that the adjusted Alternative Benchmark is available later than the Benchmark which it replaced), we perform actions which require the determination of the adjusted Alternative Benchmark at a later date (e.g. we report interest due at a later date).

## Article 3. Adjustment

1. After determining an Alternative Benchmark, we determine the Adjustment.
2. The Adjustment changes the value of the Alternative Benchmark. The Adjustment may be:
  - a) positive, negative, zero,
  - b) defined using a formula or a calculation method.
The Adjustment may be a one-off payment.
3. Once determined, we apply the Adjustment throughout the period of application of the Alternative Benchmark.

Procedures applicable in the case of using an Alternative Benchmark used or recommended by another entity	
Situation	Procedure we follow
a) the entity recommends an Adjustment	we apply the Adjustment
b) the entity recommends no Adjustment	we do not apply any Adjustment
c) the entity does not address the Adjustment	we apply the Adjustment which we determined in an economically justified way, bearing in mind the purpose of the Adjustment
d) we apply the average of Quotes as an Alternative Benchmark	we do not apply any Adjustment
Procedures applicable in the case of using a central bank's reference rate as an Alternative Benchmark	
1. We add an Adjustment to the value of the Alternative Benchmark.	
2. The Adjustment is equal to the historical median of the differences between the Benchmark and the reference rate: <ol style="list-style-type: none"> <li>a) for a period of 24 months (or less if the Benchmark or reference rate was published for a shorter time) before: <ol style="list-style-type: none"> <li>i. the Benchmark Replacement Date, or</li> <li>ii. the first day on which we use the Alternative Benchmark due to non-publication (if there is no Benchmark Replacement Date);</li> </ol> </li> <li>b) for differences from each day in the analysed period in which both the Benchmark and the reference rate were published.</li> </ol>	

## Article 4. Central Counterparty Event

1. If a Central Counterparty Event occurs that is not a consequence of a Regulatory Event, we may use the following instead of the Benchmark from the date of the Event:
  - a) an Alternative Benchmark,
  - b) an Adjustmentapplied by the Central Counterparty.
2. If we are not free to decide whether to apply point 1 in the case of a Central Counterparty Event, we apply point 1 whenever a Central Counterparty Event occurs for LCH Ltd.

## Article 5. Notices and Reservations

1. We provide the client with information on the type of an Alternative Benchmark and the Adjustment determined by us. We follow the procedure indicated in the table below:

Event	What next?	When?
<b>Regulatory Event</b>	We determine an Alternative Benchmark and the Adjustment. We inform the client of this fact.	Five business days after the Benchmark Replacement Date
<b>non-publication of the Benchmark (for reasons other than a Regulatory Event)</b>	We determine an Alternative Benchmark and the Adjustment. We inform the client of this fact.	Five Business Days after the non-publication of the Benchmark
<b>Central Counterparty Event</b>	We notify the client if we adopt an Alternative Benchmark and Adjustment of the Central Counterparty.	Five business days from the Central Counterparty Event
<b>We determined the Alternative Benchmark and the Adjustment</b>	The client may raise reservations with a justification. Reservations do not constitute a complaint.	Five Business Days from the day on which the client receives the information from us
<b>We received reservations from the client</b>	We review the reservations and: <ol style="list-style-type: none"><li>a) if we accept them in part or in whole, we inform the client of the changes to the Alternative Benchmark or the Adjustment;</li><li>b) if we do not accept them, we send a reply with a justification to the client. In the Agreement, we apply the Alternative Benchmark and the Adjustment that we have determined.</li></ol>	Five Business Days after the day we receive the reservations together with a justification

## Article 6. Other Information

1. Where we permanently replace the previous Benchmark with an Alternative Benchmark, we will apply the provisions of the Appendix referring to the previous Benchmark to the Alternative Benchmark, including the Adjustment.
2. A change in the method of determining the Benchmark, including a change deemed material by the Administrator, does not constitute:
  - a) an amendment to the terms and conditions of the Agreement,
  - b) a basis for applying the Adjustment.
3. We publish information on Benchmarks and Alternative Benchmarks on our website: <https://www.mbank.pl/pomoc/akty-prawne/wskazniki/>.
4. We provide information on Alternative Benchmarks and Adjustments used by us on our website (<https://www.mbank.pl/pomoc/akty-prawne/wskazniki/>) and:
  - a) in the manner provided for in the Agreement,
  - b) in the mBank CompanyNet system – if the client uses it to communicate with us, or
  - c) in writing – in any other case.
5. If the Agreement provides for written communication, the time limits for notifications are calculated from the day on which information is published on our website.