



Announcement for clients of mBank on future cessation of the provision and publication of the LIBOR benchmarks

This information is particularly important for the clients who use or intend to use LIBORbased products.

On 5 March 2021 the Financial Conduct Authority (FCA), the British financial supervisor, published an announcement, among others, on the end of the provision of the following benchmarks:

name	tenor	cessation date
CHF LIBOR	O/N, 1W, 1M, 2M, 3M, 6M, 12M	after 31 December 2021
EUR LIBOR	O/N, 1W, 1M, 2M, 3M, 6M, 12M	after 31 December 2021
GBP LIBOR	O/N, 1W, 2M, 12M	after 31 December 2021
JPY LIBOR	S/N, 1W, 2M, 12M	after 31 December 2021
USD LIBOR	1W, 2M	after 31 December 2021
USD LIBOR	O/N, 12M	after 30 June 2023

What are the consequences of the FCA announcement?

In accordance with the FCA announcement, after the dates set out above the LIBOR benchmarks (for specific currencies) will cease to be published, and consequently, can no longer be used, among others, to determine the rate of interest on and amount payable under a financial instrument or a contract, e.g. a loan for the purchase of real estate.

The banking sector has been monitoring the situation on an ongoing basis. Banks have been working on how to continue contracts with clients after the LIBOR rates are no longer available.

In accordance with BMR¹ banks have in place contingency plans in the event that a benchmark ceases to be provided or materially changes (the "Plans"). The key purpose of the Plans is to set out a procedure ensuring the continuity of contracts that reference a given benchmark.

If a contract reflects relevant contingency arrangements, they will apply where the provision of a benchmark ceases.

New powers of the European Commission

In accordance with BMR, the European Commission is empowered to determine an alternative

¹ REGULATION (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and 2014/17/EU and Regulation (EU) No 596/2014 (Official Journal of the European Union, L 171, 29 June 2016, p. 1, as amended).

(a different benchmark) to substitute a benchmark no longer provided. The new powers were vested in the European Commission to systemically address the issue of contractual continuity after a benchmark ceases to be provided. In the case where the European Commission determines an alternative benchmark, by virtue of law this benchmark applies to all contracts and financial instruments in which the contingency arrangements have not been or cannot be reflected.

In addition, be informed that the Ministry of Finance, the Polish Financial Supervision Authority (UKNF), and the Polish Bank Association (ZBP) applied to the European Commission for determining an alternative benchmark for **CHF LIBOR**.

We will keep you informed:

- about the activation and application of the Plan with regard to contracts affected by the cessation of benchmarks,
- about a relevant implementing act of the European Commission once it is issued and about its impact on contracts entered into between mBank and the clients.

The FCA announcement is available at:

<https://www.fca.org.uk/publication/documents/future-cessation-lossrepresentativenesslibor-benchmarks.pdf>

The announcement of UKNF is available at:

https://www.knf.gov.pl/komunikacja/komunikaty?articleId=72821&p_id=18#1