

Terms and Conditions regarding establishment of collateral ("COLLATERAL TERMS AND CONDITIONS")

§ 1. INTRODUCTORY PROVISIONS

1. The Terms and Conditions of establishment of Collateral specify a procedure for mitigating the credit risk incurred by the Bank in connection with concluded Transactions.
2. Collateral Terms and Conditions applies to Financial Pledge established to secure the Bank's Claims under the Master Agreement.
3. The terms written with capital letters shall have the meaning as defined in the Terms and Conditions of the cooperation in respect of transactions on the Polish financial market.
4. To the greatest possible extent rules adopted within the framework of the EMIR Regulation shall not apply to exchange of Collateral under the Master Agreement.

§ 2. DISPOSING OF THE PLEDGED ACCOUNT

Unless otherwise provided under the Master Agreement, including this Collateral Terms and Conditions, the Customer shall be entitled to freely dispose the funds on the Pledged Account, subject to the Clauses below.

§ 3. COLLATERAL – GENERAL RULES

1. In order to secure the repayment of the Bank's Claims, the Customer shall ensure that total value of funds deposited in the Pledged Account shall always be at least equal to the amount of Required Collateral. This amount at the date of conclusion of the Master Agreements amounts to "0".
2. The Bank will inform the Customer about any change in the amount of the Required Collateral in line with the provisions below.

§ 4. BLOCKING OF THE PLEDGED ACCOUNT

1. The Customer hereby blocks funds deposited in the Pledged Account in the amount equal to Required Collateral for the benefit of the Bank, and the Bank accepts these Blocking Arrangements.
2. The Blocking Arrangements are to consist in the Customer's inability to dispose of the amount blocked in the Pledged Account without obtaining the prior written consent of the Bank.
3. The Blocking Arrangements shall be established for the Collateral Period, unless released in accordance with the provisions of § 5 below. After the lapse of the Collateral Period, the Bank undertakes to remove the Blocking Arrangements of the Pledged Account.

§ 5. ESTABLISHMENT OF REQUIRED COLLATERAL

1. If after a calculation by the Bank of the Net Present Value of Liabilities the established Collateral i.e. amount subject to Blocking Arrangements on the Pledge Account, is lower than the Required Collateral, the Bank shall have the right to increase the amount of the Blocking Arrangements, unless the difference between the two is lower than the Minimal Transfer Amount.

2. In case referred to in Clause 1 above the Bank shall send a Margin Call to the Customer informing about the amount of the Required Collateral, the amount of the Blocking Arrangements and the amount of funds deposited on the Pledged Account.
3. Following a receipt of the Margin Call the Customer shall, within two Business Days from a receipt of the Margin Call, ensure that the amount deposited on the Pledged Account is at least at the level of the Required Collateral.
4. Following provision of the Margin Call the Bank shall be entitled to increase the amount subject to Blocking Arrangement up to the level of the Required Collateral.
5. If the value of the Collateral established by the Customer as at the Valuation Date is higher than the value of the Required Collateral, by at least PLN 50,000.00 (say: fifty thousand), the Bank shall (i) decrease the amount of the Blocking Arrangements to the amount of the Required Collateral, and (ii) send to the Customer the Valuation Information.

§ 6. CLAIMING SATISFACTION FROM SUBJECT OF PLEDGE

1. In the case of any Unpaid Amount remaining outstanding the Bank shall have the right to notify the Customer and following such notification shall be entitled to exercise the rights under the Financial Pledge.
2. The satisfaction from the subject of Financial Pledge may take place through the initiation of enforcement proceedings in accordance with the provisions of the Civil Proceedings Code or in accordance with the article 10 of the Act on Certain Financial Collateral (including set-off and assumption of the ownership).

§ 7. ALLOCATION OF AMOUNTS OBTAINED FROM SUBJECT OF PLEDGE

1. Any amounts obtained by the Bank as a result of claiming the satisfaction from Account Claims will be taken on account of the Claims in the order as determined by the Bank.
2. In the case where the amounts enforced by the Bank under the Financial Pledge exceed the value of the Claims, the Bank shall pay in the excess to the Settlement Account of the Customer.

§ 8. MISCELLANEOUS

1. The Bank may amend these Collateral Terms and Conditions at any time, in the manner as provided in clauses 2-3 below, if:
 - (a) the scope, manner or form of conducting the activities covered in this Collateral Terms and Conditions is amended,
 - (b) changes are of editorial nature;
 - (c) necessary in the light of amended laws or other regulations impacting this Collateral terms and Conditions; and
 - (d) in any other circumstances where the Bank is obliged to amend this Collateral Terms and Conditions.
2. The amended Collateral Terms and Conditions shall be delivered to Customers who signed the Master Agreement.
3. The amended Collateral Terms and Conditions shall become effective on the date set by the Bank, however not earlier than after 14 days from their delivery, unless the Customer terminates the Master Agreement signed with the Bank within 14 days from a receipt of the amended Collateral Terms and Conditions.
4. These Collateral Terms and Conditions shall come into force on 1 April 2019.