

Information on Polish Financial Supervision Authority Chairman's proposal related to F/X mortgage portfolio (CHF)

Summary of the KNF Chairman's proposal

FRAMEWORK COMMON FOR ALL BANKS

Equating a loan in CHF with a loan in PLN means that the former loan is accounted for as if it was granted in PLN:

Loan parameters	Current	Proposed
Currency	CHF	PLN
Principal (payout)	PLN or CHF	PLN
Interest	CHF LIBOR/CHF rate + margin	WIBOR + margin
Tenor	As per CHF agreement	As per CHF agreement
Schedule	Based on CHF parameters	Based on PLN parameters

- For PLN payouts / repayments, the amount actually paid to the customer in PLN.
- For CHF payouts / repayments, the amount converted into PLN at the average NBP exchange rate on the payout/repayment date

Margin calculated in an objective and verifiable manner as a difference of:

- interest rate on new loans in PLN published by the NBP for the month of concluding the agreement,
- and the average WIBOR applicable in the month of granting the CHF loan.

Use KNF arbitration court

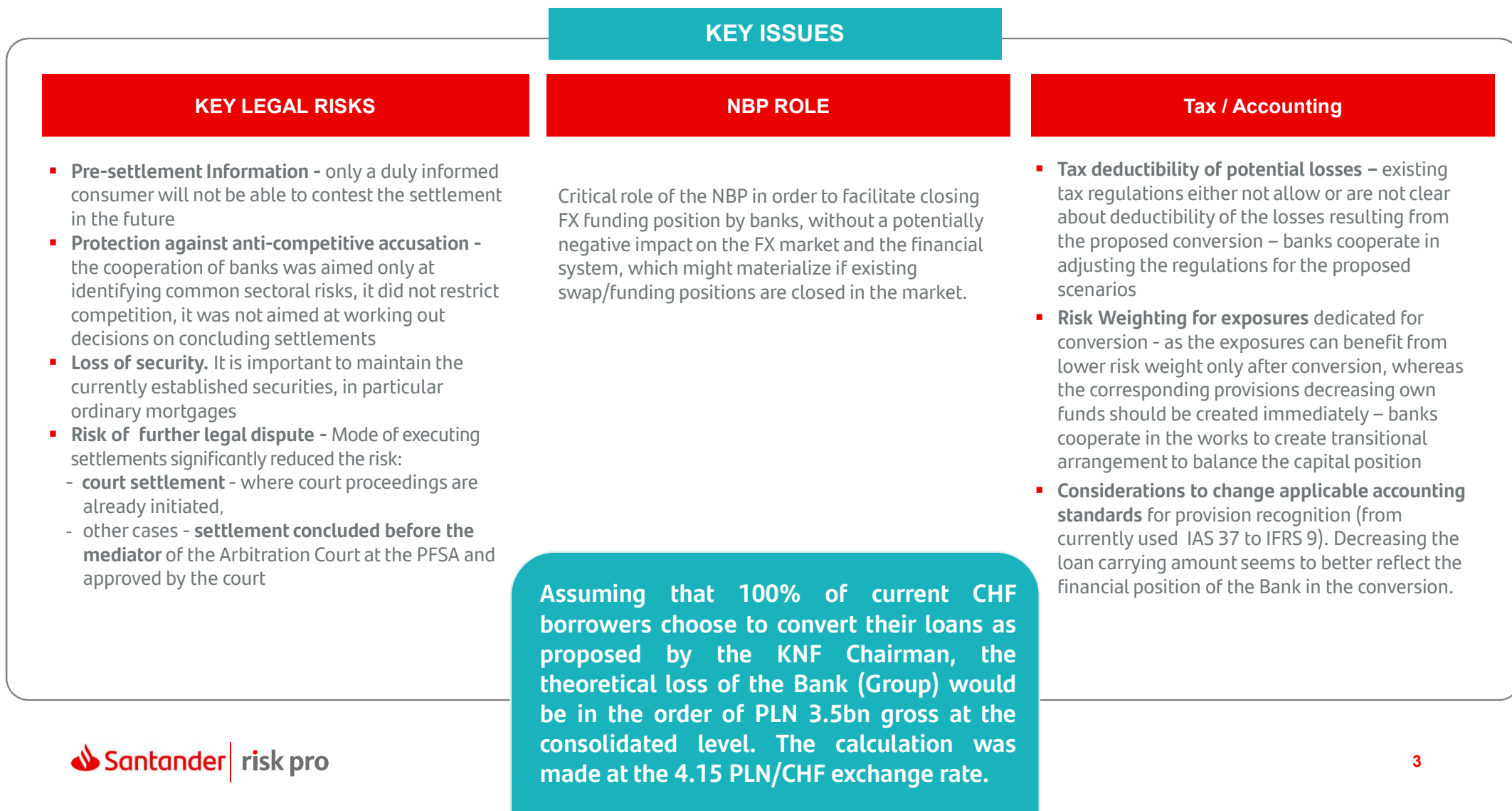
Previous CHF loan repayments in reduction of the PLN loan

Payment allocation order	
1	Interest installment
2	Principal installment
Payment higher than the installment	
Reducing the outstanding principal on which further interest is accrued	
Payment lower than the installment	
Increasing the outstanding principal on which further interest is accrued	

BANKS TO DECIDE

- Exclude from the settlement process the loans for which settlement is unjustified** (based on the Bank's legal risk assessment), specifically:
 - loans that do not contain conversion clauses;
 - loans taken by customers who are not consumers;
 - loans for purposes other than own housing needs;
 - loans repaid full and other loans.
- Split the settlement process into phases** (e.g. Phase 1: loans in CHF, Phase 2: loans in other currencies).
- Apply pricing that will be more favorable to the customer**, both with regard to past payments, and to the terms that will apply until full payout.
- Ask shareholders to decide on entering into settlements.**

The main aspects of KNF Chairman's proposal



Thank You.

Our purpose is to help people
and business prosper.

Our culture is based on believing
that everything we do should be:

Simple Personal Fair

