

## **Banks' position on unifying the rules for offering further assistance tools to banking sector clients due to the reactivation of the EBA Guidelines:**

### **I. General provisions**

1. This position was developed under the auspices of the Polish Bank Association under arrangements with banks-members of the Polish Bank Association due to the continuing state of coronavirus SARS-CoV-2 pandemic and the reactivation of the EBA Guidelines on 2 December 2020. List of banks which undertake to apply the position will be defined in the annex to this document (banks-members of the PBA).
2. As with the initial non-legislative moratorium developed in March 2020, this position is a non-legislative moratorium within the meaning of paragraph 10 (a) of the *EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis*, that is a *non-legislative payment relief initiative of an institution as part of an industry- or sector-wide moratorium scheme agreed or coordinated within the banking industry or a material part thereof, possibly in collaboration with public authorities, such that participation in the moratorium scheme is open and similar payment relief measures are taken under this scheme by relevant credit institutions* (hereinafter referred to as the „EBA Guidelines”).
3. The position in point 4 below sets out the general criteria for using the assistance instruments referred to in point II and concerns both credit, leasing and factoring products (held by banks within their capital groups).
4. Assistance instruments referred to in point II of this position **are available to all those bank clients** who (i) are entrepreneurs entitled to benefits from the "Tarcza Finansowa PFR 2.0"<sup>1</sup> (with extension to entrepreneurs whose activity consists in leasing space in commercial or service facilities, including commercial parks, with sales or service surface exceeding 2000m<sup>2</sup>) and at the same time (ii) meet the **following criteria** (requirements set out in paragraph 17(b) of the EBA Guidelines):
  - 1) as regards micro and small entrepreneurs.
    - the delay in repayment of the principal or interest does not exceed 30 days as at 29 February 2020 or as at the date of submission of the application by the client.
  - 2) as regards medium entrepreneurs.
    - being creditworthy at the end of year 2019 (provided that the creditworthiness assessment is not carried out at the date of submission of the application by the client) and the temporary worsening of borrower's situation due to the coronavirus SARS-CoV-2 pandemic and as of the date of submission of the application by the client, no application for bankruptcy or restructuring proceedings has been filed against him and no liquidation of the company has been opened, and no enforcement proceedings are pending.

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<sup>1</sup>As of 11 January 2021, the "Tarcza Finansowa PFR 2.0" ("PFR Financial Shield 2.0", a support programme run by the Polish Development Fund - PFR) is available for 45 industries listed on the Polish Development Fund's webpage: <https://pfrsa.pl/tarcza-finansowa-pfr/tarcza-finansowa-pfr-20.html#mmssp>. The list of industries may be changed if the Council of Ministers adopts changes to the Resolution of the Council of Ministers of 5 January 2021 on the government programme "Financial Shield 2.0 of the Polish Development Fund for micro, small and medium-sized enterprises" (the last change of the Resolution was adopted by the Council of Ministers on 5 January 2021).

3) as regards large entrepreneurs.

- being creditworthy at the end of year 2019 (provided that the creditworthiness assessment is not carried out at the date of submission of the application by the client) and the temporary worsening of borrower's situation due to the coronavirus SARS-CoV-2 pandemic and as of the date of submission of the application by the client, no application for bankruptcy or restructuring proceedings has been filed against him and no liquidation of the company has been opened, and no enforcement proceedings are pending.

5. This position applies to assistance instruments granted from **18 January 2021** to **31 March 2021**. If the application of the EBA Guidelines is extended accordingly, banks may decide to extend the offering of assistance instruments if the situation related to the protracted coronavirus SARS-CoV-2 pandemic requires so.
6. Assistance instruments referred to in point II below will not be offered to loan agreements/revolving products/leasing products/factoring products concluded **after 13 March 2020**.
7. The postponement/renewal of the loan repayment is conducted under conditions referred to in point II below.
8. The postponement of the loan repayment under conditions specified in this position results in a change of the loan repayment schedule, and in the case of the postponement of principal and interest installments, the bank charges interest for the postponement period according to the terms of the original loan agreement.
9. The postponement of the loan repayment is:
  - a maximum of 3 months for clients, who have already benefited from the initial non-legislative moratorium (regardless of the postponement period granted so far under that moratorium),
  - a maximum of 6 months for clients who have not yet benefited from the initial non-legislative moratorium,regardless of the number of applications submitted (provided that the maximum postponement period of capital and interest installments referred to in point II subparagraph 2.1 of this position is 3 months). It is allowed for the client to submit more than one application, but then the maximum total postponement period cannot exceed the limits set out in this point.
10. The bank has the right to introduce restrictions on the distribution of funds to owners, granting loans or sureties and payment of dividends.
11. Banks are obliged to report data in accordance with the EBA Guidelines, according to the scope set out by the UKNF (Polish Financial Supervision Authority).
12. The terms used in this position should be understood as following:
  - a) simplified mode for processing an application – non-automatic but non-formalized and accelerated way of processing client's applications (without creditworthiness assessment at the date of submission of the application by the client);
  - b) assistance tools offered under dedicated acts – guarantees offered by the Bank Gospodarstwa Krajowego (Polish state development bank), as well as by other entities, provided

that: such guarantee constitutes a recognized credit protection in accordance with Articles 213-215 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms („CRR”).

## II. Types of assistance instruments (requirements of paragraph 17(d) of the EBA Guidelines)

### 1. Offer for micro and small entrepreneurs (in accordance with definition below)

A **micro and small entrepreneur** within the meaning of this position shall be considered to be an entity which is serviced by a financial institution under a risk assessment model or other classified as a retail banking process (or equivalent).

#### Agreed assistance measures:

1. Postponement of repayment of **principal or principal and interest** installments in an automatic or simplified mode in accordance with client's application for a period of up to **3 months (6 months)** for clients who have not yet benefited from the initial moratorium) as specified by the client, regardless of the number of applications submitted by a given client.
2. **Revolving products** (overdrafts, credit cards) which do not meet the standard conditions for renewal until 31 March 2021, **may be renewed** in a simplified mode in agreement with the client for a period of up to **3 months (6 months)** for clients who have not yet benefited from the initial moratorium), there is a possibility to additionally secure transactions, including with assistance tools offered under dedicated acts, for the duration of the assistance tool.
3. Banks will not charge fees or commissions for accepting and processing applications concerning the suspension of the repayment of principal or principal and interest installments.
4. In the case of **leasing** products, the **repayment of the leasing installment** (principal part) is **postponed or reduced** for an agreed period, which is maximum **3 months (6 months)** for clients who have not yet benefited from the initial moratorium), regardless of the number of applications submitted by a given client. In the case of a **factoring** product, the repayment due from the client is postponed for an agreed period, which is maximum **3 months (6 months)** for clients who have not yet benefited from the initial moratorium), regardless of the number of applications submitted by a given client.

### 2. Offer for medium entrepreneurs (in accordance with definition below)

A **medium entrepreneur** within the meaning of this position is an entrepreneur which in at least one of the last two financial years achieved an annual net turnover from the sale of goods, products and services and from financial operations **not exceeding** the PLN equivalent of EUR 50 million and is not at the same time a micro and small entrepreneur within the meaning of the definition specified in point 1 above.

#### Agreed assistance measures:

1. Postponement of repayment of **principal or principal and interest** installments in accordance with client's application for a period of up to – respectively - **3 months (6 months)** for clients who have not yet benefited from the initial moratorium) (principal installments) and **3 months** (principal and interest installments) as specified by the client, regardless of the number of applications submitted by a given client.

2. **Revolving products** (overdrafts, credit cards) which do not meet the standard conditions for renewal until 31 March 2021, **may be renewed** in a simplified mode in agreement with the client for a period of up to **3 months** (**6 months** for clients who have not yet benefited from the initial moratorium), there is a possibility to additionally secure transactions, including with assistance tools offered under dedicated acts for the duration of the assistance tool.
3. In the case of **leasing products**, the **repayment of the leasing installment** (principal part) is **postponed or reduced** for an agreed period, which is maximum **3 months** (**6 months** for clients who have not yet benefited from the initial moratorium), regardless of the number of applications submitted by a given client. In the case of a **factoring** product, the **repayment due from the client** is postponed for an agreed period, which is maximum **3 months** (**6 months** for clients who have not yet benefited from the initial moratorium), regardless of the number of applications submitted by a given client.

### 3. Offer for large entrepreneurs (in accordance with definition below)

A **large entrepreneur** within the meaning of this position is an entrepreneur which in at least one of the last two financial years achieved an annual net turnover from the sale of goods, products and services and from financial operations **exceeding** the PLN equivalent of EUR 50 million.

. Agreed assistance measures:

- 3.1 Postponement of **repayment of principal installments** in accordance with client's application for a period of up to **3 months** (**6 months** for clients who have not yet benefited from the initial moratorium) as specified by the client, regardless of the number of applications submitted by a given client.
- 3.2 **Revolving products** (overdrafts, credit cards) which do not meet the standard conditions for renewal until 31 March 2021, **may be renewed** in a simplified mode in agreement with the client for a period of up to **3 months** (**6 months** for clients who have not yet benefited from the initial moratorium), there is a possibility to additionally secure transactions, including with assistance tools offered under dedicated acts for the duration of the assistance tool.
- 3.3 In the case of **leasing products**, the **repayment of the leasing installment** (principal part) is **postponed or reduced** for an agreed period, which is maximum **3 months** (**6 months** for clients who have not yet benefited from the initial moratorium), regardless of the number of applications submitted by a given client. In the case of a **factoring** product, the **repayment due from the client is postponed** for an agreed period, which is maximum **3 months** (**6 months** for clients who have not yet benefited from the initial moratorium), regardless of the number of applications submitted by a given client.