



Scenarios of forward transactions for the sale of greenhouse gas emission allowances with cash settlement option

Exemplary terms and conditions for the seller of the forward transaction for the sale of greenhouse gas emission allowances

Transaction Name	Forward transaction for the sale of greenhouse gas emission allowances with cash settlement option
Seller	Client
Buyer	mBank
Number of allowances	10,000
Type of allowances	EUA
Trading Period	Third Trading Period
Unit price	EUR 29.45 per ton
Currency	EUR
Delivery Date	11 December
Payment Date	11 December
Settlement	"net" settlement – settlement of the difference between the market price and the Unit Price or settlement via physical delivery
Transaction cost	The transaction involves no additional fees and commissions. The quotations of the types of transactions presented below may include a mark-up indicated on mBank's website: https://www.mbank.pl/pdf/mosp-korporacje/rynki-finansowe/informacja-markup.pdf .
Economic effect, cash flows – cash settlement:	<ul style="list-style-type: none"> ▪ if: Market Price < Unit Price, then the effective sell price = Unit Price, <p>the Bank pays the Client the sum amounting to (Unit Price - Market Price) * number of allowances</p> <ul style="list-style-type: none"> ▪ if: Market Price > Unit Price, then the effective sell price = Unit Price, <p>the Client pays the Bank the sum amounting to (Market Price - Unit Price) * number of allowances</p>
Economic effect, cash flows – settlement via physical delivery:	On the Payment Date the Bank pays the Client the Transaction Amount calculated as Unit Price * number of allowances. The Client transfers the Contracted Allowances to the Bank on the Delivery Date.

Potential result on the transaction on the settlement day for the seller of the forward transaction for the sale of greenhouse gas emission allowances

Market price	Hedged item value	Forward transaction for the sale of greenhouse gas emission allowances with cash settlement option		Cash settlement effect
		Cash settlement amount	Effective selling price	
31,00	310 000	-15 500	29,45	294 500
30,85	308 500	-14 000	29,45	294 500
30,70	307 000	-12 500	29,45	294 500
30,55	305 500	-11 000	29,45	294 500
30,40	304 000	-9 500	29,45	294 500
30,25	302 500	-8 000	29,45	294 500
30,10	301 000	-6 500	29,45	294 500
29,95	299 500	-5 000	29,45	294 500

Market price	Hedged item value	Forward transaction for the sale of greenhouse gas emission allowances with cash settlement option		Cash settlement effect
		Cash settlement amount	Effective selling price	
29,80	298 000	-3 500	29,45	294 500
29,65	296 500	-2 000	29,45	294 500
29,50	295 000	-500	29,45	294 500
29,35	293 500	1 000	29,45	294 500
29,20	292 000	2 500	29,45	294 500
29,05	290 500	4 000	29,45	294 500
28,90	289 000	5 500	29,45	294 500
28,75	287 500	7 000	29,45	294 500
28,60	286 000	8 500	29,45	294 500
28,45	284 500	10 000	29,45	294 500
28,30	283 000	11 500	29,45	294 500
28,15	281 500	13 000	29,45	294 500
28,00	280 000	14 500	29,45	294 500

In EUR

Exemplary terms and conditions for the buyer of the forward transaction for the sale of greenhouse gas emission allowances

Transaction Name	Forward transaction for the sale of greenhouse gas emission allowances with cash settlement option
Seller	mBank
Buyer	Client
Number of allowances	10,000
Type of allowances	EUA
Trading Period	Third Trading Period
Unit price	EUR 29.50 per ton
Currency	EUR
Delivery Date	11 December
Payment Date	11 December
Settlement	"net" settlement – settlement of the difference between the market price and the Unit Price or settlement via physical delivery
Transaction cost	The transaction involves no additional fees and commissions. The quotations of the types of transactions presented below may include a mark-up indicated on mBank's website: https://www.mbank.pl/pdf/msp-korporacje/rynki-finansowe/informacja-markup.pdf .
Economic effect, cash flows – cash settlement:	<ul style="list-style-type: none"> ▪ if: Market Price < Unit Price, then the effective buy price = Unit Price <p>The Client pays the Bank the sum amounting to (Unit Price - Market Price) * number of allowances</p> <ul style="list-style-type: none"> ▪ if: Market Price > Unit Price, then the effective buy price = Unit Price <p>The Bank pays the Client the sum amounting to (Market Price - Unit Price) * number of allowances</p>
Economic effect, cash flows – settlement via physical delivery:	On the Payment Date the Client pays the Bank the Transaction Amount calculated as Unit Price * number of allowances. The Bank transfers the Contracted Allowances to the Client on the Delivery Date.
Potential result on the transaction on the settlement day for the buyer of the forward transaction for the sale of greenhouse gas emission allowances	

Market price	Hedged item value	Forward transaction for the sale of greenhouse gas emission allowances with cash settlement option		Cash settlement effect
		Cash settlement amount	Effective purchase price	
31,00	310 000	15 000	29,50	295 000
30,85	308 500	13 500	29,50	295 000
30,70	307 000	12 000	29,50	295 000
30,55	305 500	10 500	29,50	295 000
30,40	304 000	9 000	29,50	295 000
30,25	302 500	7 500	29,50	295 000
30,10	301 000	6 000	29,50	295 000
29,95	299 500	4 500	29,50	295 000
29,80	298 000	3 000	29,50	295 000
29,65	296 500	1 500	29,50	295 000
29,50	295 000	0	29,50	295 000
29,35	293 500	-1 500	29,50	295 000
29,20	292 000	-3 000	29,50	295 000
29,05	290 500	-4 500	29,50	295 000
28,90	289 000	-6 000	29,50	295 000
28,75	287 500	-7 500	29,50	295 000
28,60	286 000	-9 000	29,50	295 000
28,45	284 500	-10 500	29,50	295 000
28,30	283 000	-12 000	29,50	295 000
28,15	281 500	-13 500	29,50	295 000
28,00	280 000	-15 000	29,50	295 000

In EUR

Disclaimer – read carefully

This is to inform you that after analysing the suitability of the Client mBank S.A. may consider the Client unsuitable for the financial instruments presented herein and a member of the negative Target Group for these instruments; if this is the case, mBank S.A. has the right to refuse to conclude the transaction.

The conclusion of a forward transaction for the sale of greenhouse gas emission allowances poses risk and does not guarantee that the expected investment objective will be achieved or that a specific investment result will be earned. The Client should be aware of the fact that the conclusion of the transaction referred to in this material poses a risk of incurring an unlimited loss. mBank S.A. guarantees neither the return of the invested funds, nor the achievement of profit or economic effect expected by the Client.

When considering whether to conclude the transaction, the Client should take into account in particular: market risks, legal risk, financial leverage effect, potentially high volatility of prices and valuations of transactions, collateral-related requirements and risk of assuming a financial obligation as a result of concluding the transaction. For detailed risk descriptions, terms and conditions for the provision of services and fees connected with concluding the transaction see the Principles of Cooperation or the Terms and Conditions of Cooperation, the Transaction Rules or the Transaction Descriptions appended to the Framework Agreement or visit mBank's website: <https://www.mbank.pl/pomoc/dokumenty/mosp-korporacje/rynki-finansowe/>.

A transaction intended to hedge against financial risk in a company should match its open risk position related to the volatility of prices of commodities and products of the company in terms of notional amount and maturity date. A mismatch between a financial transaction and the company's cash flow structure on the transaction date or on the maturity date (e.g. caused by a change in the company's economic situation due to the expiration of the underlying commercial contracts) may pose additional risk (speculative position).

This material is not investment advice, advice or recommendation to buy or sell specific financial instruments. The scenarios presented herein are based on exemplary data intended to present how market price fluctuations impact on the settlement result under various market conditions (both positive and negative). In the case when the Client intends to conclude the transaction, mBank S.A. does not guarantee that it will be based on identical parameters and quotations as the transactions referred to in this material. In particular, it should be taken into account that the market volatility may be considerably higher than that presented in this material.

The Client should not take any investment decisions only on the basis of this material without further analyses on their own. In addition, mBank S.A. recommends that the Client consult independent, professional investment, legal, tax and accounting advisers. Using the advice provided by these advisers, the Client should assess the risk of every transaction and its economic, legal, tax and accounting consequences. The decision to conclude the transaction with mBank S.A., including the time of concluding the transaction, is taken by the Client on their own and independently of mBank S.A.

This material is not an offer within the meaning of Article 66 of the Civil Code and is intended for informational purposes only.

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