

Message to Customers of Bank Millennium S.A. who are parties to an agreement on mortgage loan with variable interest rate based on LIBOR CHF in the matter of designation by the European Commission of a replacement rate

Further to earlier information regarding cessation on 31 December 2021 of provision and publication of LIBOR benchmarks Bank Millennium S.A. informs that based on the Regulation¹ the European Commission has designated a statutory replacement rate for LIBOR CHF, which will disappear as of end of 2021. The Regulation shall apply from 1 January 2022.

Designated as the replacement of the ceasing LIBOR CHF 3M LIBOR CHF 6M rates shall be the 3-month compounded SARON rate noted in the 3-month period preceding the particular interest period (SAR3MC) ISIN CH0477123902, to which a fixed spread adjustment shall be applied at the level specified in the a/m Regulation, i.e.:

- **LIBOR CHF 3M** – the replacement is **SAR3MC** plus a fixed spread adjustment of **0,0031%**
- **LIBOR CHF 6M** – the replacement is **SAR3MC** plus a fixed spread adjustment of **0,0741%**

The spread adjustment specified in the Regulation is equal to the fixed spread published for each relevant tenor based on the historical median spread between Swiss franc LIBOR and the SARON Compound Rate concerned over a five-year lookback period up to 5 March 2021 for each respective tenor.

The full text of Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021 on the designation of a statutory replacement for certain settings of CHF LIBOR is available here: <https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=CELEX:32021R1847>

For Borrowers this means that:

- **When calculating loan interest rate in place of the to-date LIBOR CHF 3M or LIBOR CHF 6M reference rate, the SAR3MC reference rate shall be applied, plus the above-mentioned fixed adjustment spread for the particular period.**
- **The change will be made without the need to conclude an annex.**
- **Other terms of the Agreement, including rules and method of calculation of interest shall remain unchanged.**

The replacement rate together with the fixed spread adjustment shall be applied for the first time to determine the interest rate on mortgage loans in keeping with the cycle of interest rate change stemming from the agreement.

Information about the instalment amount as well as current interest rate, including the current value of the replacement rate (reflecting the fixed spread adjustment) shall be provided to the Borrowers in keeping with the interest rate change cycle.

Information about SARON benchmark

SARON (Swiss Average Rate Overnight) is the reference for the Swiss franc (CHF) overnight rate. It is based on actual transactions and used by SNB (Swiss National Bank).

Address data of SARON administrator

The administrator of the SARON reference rate is SIX Financial Information AG of Zurich, thus it is a third country administrator. However the administrator registered in the European Union i.e. SIX Financial Information Nordic AB of Stockholm followed the procedure in art. 33 BMR and on 21 January this year obtained approval of the a/m benchmark. The benchmark was approved by the Swedish financial supervisor Finansinspektionen (FI). On this basis the European Securities and Markets Authority (ESMA) entered the SARON benchmark in the register, mentioned in art. 36 of BMR Regulation.

Detailed information regarding the SARON benchmark, including historical data, is available on the website of this rate's administrator: <https://www.six-group.com>

¹ Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021 on the designation of a statutory replacement for certain settings of CHF LIBOR, issued under art. 23b par. 8 of 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 Regulation (EU) No 596/2014