

Information from Bank Millennium for Customers who have mortgage loans in CHF

Dear Sir/Madam,

Please be advised that as of 1 January 2015 Bank Millennium is reflecting negative LIBOR when calculating the interest rate on mortgage loans in CHF.

Borrowers who took a loan in CHF after 1 January 2005 were informed already in early January this year in their December 2014 personal account statements about the loan interest rate, which reflects negative LIBOR.

Every subsequent update of interest rate shall be made in keeping with terms and conditions stipulated in the loan agreement and it will reflect the proper LIBOR. However due to lack of legal grounds for applying a negative interest rate, it cannot be lower than zero which is consistent with the position of the Banking Law Council of the Polish Bank Association of 24 February 2015. **Regardless of this, on 5 March 2015 the Bank took a decision with respect to Mortgage/Home Equity Loans denominated/indexed to CHF, for which the sum of spread and reference rate gives a negative value, on introduction of an additional payment to the instalment for the customer.** The additional payment to the instalment shall be valid (only for loans, in case of which the negative reference rate exceeds spread) from 1 April to 31 December 2015.

Furthermore due to decisions of the Swiss National Bank, which caused the CHF rate to increase and in consequence caused growth of the financial burden on Customers, as of 26 January 2015 the Bank temporarily reduced to 3% the spread on CHF for settlement of CHF loan-related transactions. The Bank shall issue a communique on its website 2 weeks in advance informing about the date of returning to the basic spread.

Both when calculating the amount of CHF loan monthly payment as well as when converting the amount of early repayment, the rate applied uses the reduced spread.

We remind that when the FX Rates Table is defined at least twice a day, the rate applied for calculating the amount of loan instalment is always the FX sell rate, which is most advantageous for borrowers of all the rates valid on the date of payment of the instalment.

For Customers wishing to convert loan currency from CHF to PLN on 02.02.2015 the Bank temporarily introduced the possibility of conversion at a rate equal to the average NBP rate from the day of submitting the conversion request. The Bank shall issue a communique on its website 2 weeks in advance informing about the date when the average NBP rate will cease to be applied for purposes mentioned in the preceding sentence.

At the same time Bank Millennium wishes to recall that following solutions are available to Customers for the purpose of reducing the mortgage loan repayment burden:

- 1-month loan holiday whereby payment of an entire loan instalment is suspended (available once in every calendar year)
- Grace on repayment of loan principal
- Extension of loan tenor - to the maximum period of 35 years for a mortgage loan; 30 years for a consolidation loan and 25 years for a home equity loan

We emphasise that the decision to grant the grace period on repayment of loan principal or to extend the loan tenor is taken upon the Customer's request and requires a positive evaluation of his creditworthiness. In case of the grace period additionally and assessment is made of credit capacity on the basis of documents submitted by the Customer, confirming the amount of income attained and costs incurred. In case of reduction or loss of income the Customer is required to submit to the Bank documents confirming this fact.

Additionally please be advised that the Bank has temporarily suspended fees for the above activities. The Bank shall issue a communique on its website 2 weeks in advance informing about the date of returning to the charging of all fees in keeping with the Pricelist.

Call centre for Customers who have mortgage loans +48 22 598 40 60.
Bank Millennium S.A.