

Mortgage Covered Bonds

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Key Rating Drivers Click Here for recorded webcast Reference IDR Applied: The 'AA+(EXP)' rating on Millennium Bank Hipoteczny S.A.'s (MBH) mortgage covered bonds is based on the Long-Term Issuer Default Rating (IDR) of Bank Millennium S.A. (Millennium, BB/Positive), which acts as the reference IDR for the programme, a payment continuity uplift (PCU) of eight notches and a recovery uplift of two notches. The rating is also based on the overcollateralisation (OC) that Fitch Ratings gives credit to, which provides adequate protection for the 'AA+' break-even OC of 9.0% for the programme. No Rating Cushion: The covered bonds 'AA+(EXP)' rating is also the maximum achievable rating for the programme, utilising all available notches of uplift above the reference IDR. The Positive Outlook on the reference IDR is reflected in the Outlook on the covered bonds. No Resolution Uplift: Fitch does not assign any resolution uplift to MBH's mortgage covered bonds as information on the resolution strategies for Polish specialised mortgage banks remains insufficient. The possibility of separate resolutions for mortgage and parent bank that could lead to an enforcement of the cover pool cannot be excluded as a result. PCU of Eight-Notches: The eight-notch PCU reflects the conditional pass-through feature of the covered bonds and 180-day liquidity buffer as stipulated in Polish covered bond legislation.

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