

2021

Annual report

Millennium
leasing

Dear Sir or Madam,

For Millennium Leasing, 2021 has been a busy and eventful year full of changes. Learning from the previous year's experience, we selected key lines of focus which we consistently implemented in 2021, increasing sales by 57% and new customer acquisitions by 48% compared to the preceding year. We continued to grow our business by actively identifying and exploiting new business opportunities while strengthening cooperation with business partners. In terms of new initiatives, we have launched and will continue to develop new sales channels using remote customer service processes. We performed our business activities with the significant support of three areas:

Operational efficiency

Changing processes is part and parcel of our daily work and we have managed to increase their efficiency by more than 20% in key areas of the company's operations. At the same time, we have taken steps to build a positive customer experience in the daily cooperation and dealings with Millennium Leasing.

Digitalization

In 2021, we continued to digitalize our cooperation with customers, increasing the number of clients with access to the eBOK (Electronic Customer Service Office) service by up to 20%. In parallel more than 33% of contracts with customers selected for eServicing were concluded using an electronic signature.

Environmental awareness

We supported the energy transition of Polish businesses by financing photovoltaic installations under our proprietary MilleSun programme. At the same time, we actively promoted the use of eInvoices by customers, resulting in the 18% increase in the share of electronic invoices compared to the preceding year.

In terms of future plans, we will continue to transform and digitalize our customer service processes, while ensuring the best customer experience in our day-to-day interactions.

I would like to express my gratitude to the employees for their contribution to the development of our company, the partners for their fruitful cooperation and the customers for the trust they place in us.

Best regards



Marcin Balicki

President of the Management Board Millennium Leasing



Supervisory Board of Millennium Leasing



Joao Bras Jorge

Chairman of the Supervisory Board
President of the Management Board
of Bank Millennium

Andrzej Gliński

Deputy Chairman of the Supervisory Board
Member of the Management Board
of Bank Millennium

Fernando Bicho

Member of the Supervisory Board
Deputy President of the Management Board
of Bank Millennium

António Pinto Júnior, Wojciech Haase, Wojciech Rybak, Jarosław Hermann

Members of the Supervisory Board
Members of the Management Board
of Bank Millennium

Management Board of Millennium Leasing

Marcin Balicki

President of the Management Board

Edward Marek Łazarz

Member of the Management Board

Agnieszka Kozakiewicz-Pietrzak

Member of the Management Board

Piotr Maj

Member of the Management Board



Experience in cooperation

We are one of the longest established leasing companies on the Polish market, operating for over 30 years. Our activities include the financing of a variety of fixed assets: cars and vans, machinery and equipment for most industries, heavy transport (including road, rail, water and air transport), as well as real estate. Our clients range from micro-entrepreneurs to corporate customers. We have both simplified processes for typical transactions and specialized expertise for structuring and coordinating large leasing transactions.



Security and transparency

We are a member of the Millennium Bank Group, which guarantees us and our customers financial stability and reliability of services provided, as well as security of transactions. The greatest importance is attached to the transparency of our offer, maintaining simple procedures and minimum formalities. We believe that valuable, long-term relationships require that the instalment indexation clause in the General Terms and Conditions of the Leasing Agreement describes in a clear, understandable way how a change in reference rates (WIBOR/EURIBOR) will affect the lease instalment.

Comprehensive customer approach

We stand out for our close cooperation with Bank Millennium (within the Bank Millennium Group). A common approach to the customer, offering complementary products and an electronic Customer Service Office (eBOK) integrated with the Bank's Internet banking (Millenet for Enterprises) is not only convenient and time-saving, but also a consistent and uniform financing policy within the Bank Millennium Group. Security of financing, attention to high quality service and an individual approach are the key aspects of cooperation on which we base long-term relationships with our customers.

Millennium Leasing in numbers

In 2021, we achieved a 5% share of the total leasing market (movable and immovable property). The scale of our business is evidenced by more than 265,600 leasing agreements concluded to date, totalling PLN 41.2 billion.

5%

Millennium Leasing's share in
the leasing market in Poland
in terms of value

**PLN 6.95
billion**

value of active leasing agreements

69,800

number of agreements
handled

7.3%

portfolio growth

78

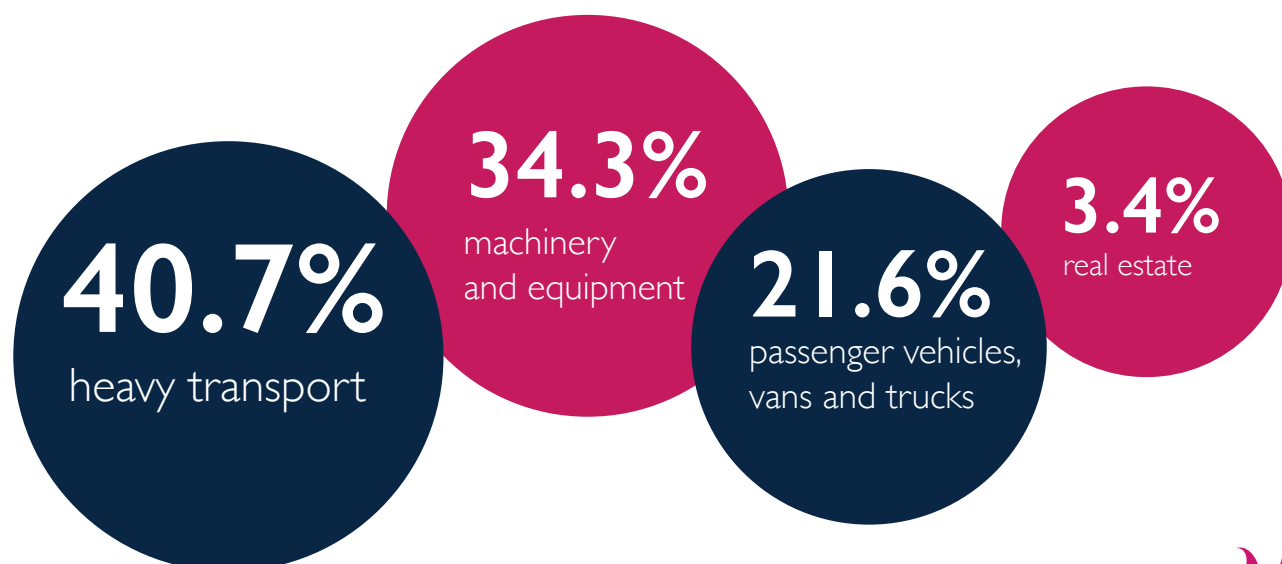
number of
locations
in Poland

In 2021, we launched **21.1 thousand** leasing agreements with the total value of **PLN 3.9 billion**, that is 56.6% more than in 2020. As on 31 December 2021, the number of contracts we were handling was almost 70 thousand with the value of the capital employed amounting to PLN 6.95 billion, which means an increase by 7.3% as compared to the status as on 31 December 2020.

We have 26,500 customers in our portfolio. In 2021, despite the continuing COVID-19 virus pandemic, we achieved a significant increase in leased assets as well as an increase in financial performance compared to the preceding year. Millennium Leasing's net financial result in 2021 was PLN 25.4 million, with interest income of PLN 176.4 million. The balance sheet total on 31 December 2021 was PLN 7.3 billion.

In 2021, we achieved a 5% share of the total leasing market (movable and immovable property), compared to 4.1% in 2020.

The type structure of assets in our portfolio is as follows (as on 31.12.2021):





The total value of financed items in the machinery and equipment group amounted to nearly PLN 1.29 billion with a **7%** share in the leasing market. In the category of heavy road transport vehicle leasing, we obtained a **7.3%** market share, including respectively: semi-trailers and trailers – 9.2%, trucks over 3.5 t – 5.8%, buses – 17.3% and tractors – 6.3%. In the light vehicle group (passenger vehicles, vans and trucks up to 3.5 t), we gained a **2.8%** market share. We obtained a **5.4%** market share in real estate leasing.

In accordance with the requirements of IFRS 9, impairment losses on lease receivables were established in 2021. As on 31 December 2021, the value of established provisions for lease receivables amounted to PLN 144.3 million, which accounted for 2.1% of the coverage of the receivables portfolio.

Millennium Leasing services are sold by leasing advisors in **78** locations throughout Poland. It is supported by active cooperation with banking advisors in Bank Millennium branches. The company offers entrepreneurs a wide range of financial services, including both leasing and banking products. Millennium Leasing advisors thus have the opportunity to customise the product portfolio adapting it to individual needs. With such an extensive sales network, Millennium Leasing services are available throughout Poland. What is more, remote transaction processes with customers were implemented and are constantly developed.

Millennium Leasing's share in the leasing market in Poland (data for 2021)

5% share in the total leasing market



7.3%

heavy transport



7%

machinery
and equipment



5.4%

real estate



2.8%

passenger vehicles,
vans and trucks up to 3.5t

Business initiatives

MilleSun programme

As a socially responsible organisation, we promote activities that support running an energy-efficient business. In 2021, we continued to implement the MilleSun programme, under which entrepreneurs can finance photovoltaic installations by leasing. The product is implemented under a simplified procedure, and an additional facilitation in obtaining financing is the possibility for the customers to choose an authorised Millennium Leasing supplier. In 2021, we acquired 1,200 new photovoltaic customers. At the end of 2021, already 2,000 customers were using photovoltaic installations, with the total value of PLN 172 million.





Leasing with BGK guarantee

In 2021, we offered our SME customers leasing with a guarantee from Bank Gospodarstwa Krajowego (BGK). As part of the offer, customers were able to benefit from financing on more attractive terms, i.e. in terms of margin, amount of financing, contract term and required collateral. BGK guarantee may cover up to 80 per cent of the financing of the leasing transaction, with the maximum agreement period of 10 years. Funds covered by the guarantee constitute state aid from the Pan-European Guarantee Fund an instrument implemented by the European Investment Fund to protect the European Union economy from the effects of the COVID-19 pandemic. Under our portfolio agreement with BGK, we have a guarantee line of PLN 200 million.



Digital leasing service

In 2021, we actively promoted the electronic Customer Service Office (eBOK) to customers. At the end of the year, 76% of our clients were already using eBOK. The eBOK service is constantly being developed, with new functionalities being implemented to create a platform for comprehensive operational customer service in cooperation with Millennium Leasing. In 2021, in our relations with customers we took advantage of the possibility of signing documents with electronic signatures, the feature being introduced in the preceding year, to sign documents using an electronic signature. More than 33% of leasing agreements concluded with customers selected for eServicing were signed using a qualified electronic signature representing nearly 11% of all agreements concluded.

Vendor programme

As part of our vendor programmes, we work with both leading suppliers – leaders in their segments, as well as smaller, local players. Our partners include suppliers of: cars and trucks, tractors and trailers, construction machinery, production machinery, printing machinery, as well as photovoltaic installations. Through vendor cooperation, our partners and their customers gain access to special conditions in terms of the financing period, the amount of the initial payment or even the amount of the instalments. In addition, customers can benefit from a simplified process for obtaining leasing and support in concluding the agreement. The partner's staff use our tools to calculate leasing instalments. In 2021, as part of our vendor cooperation, we completed financing for almost 2,200 customers, totalling PLN 517 million, of which PLN 378 million relates to new clients (1,900).



Process transformation and customer service quality

Transformation and digitalization of processes is an ongoing part of our activities. 2021 was a year of change in the processes of offering and granting leasing transactions. As a result of the work undertaken, we increased process efficiency by more than 20%. We also used 2021 for an in-depth analysis of post-sale processes to define directions for further changes in this area. As we continue the transformation, we also focus on the needs of our customers. That is why we have taken steps and will continue to create a positive customer experience in our day-to-day cooperation with Millennium Leasing.

Millennium
leasing