

2019

Annual report



Business
activities



Millennium Leasing
in figures



Risk
management



Important facts
from the company's life

Millennium
leasing

Letter from the president People Create Success



Dear Sirs or Madams,

We are pleased to summarize another year in which leasing remains the most important financial instrument for the Polish economy. In 2019, companies accounted for as much as 99.4 % of all customers of the Polish leasing industry. According to the Polish Leasing Union, in the past year leasing companies provided total financing of PLN 77.8 billion. Millennium Leasing has financed its customers' investment purchases of PLN 3.5 billion. The driver for this success has always remained the confidence of our customers and the effectiveness in finding new ones.



We are constantly growing - and this helps to make positive changes in today's challenging world. In 2019, our customers increased by as much as 12% compared to the previous year, confirming that leasing is a good product to start cooperation with the entire Bank Millennium Group due to the offer of comprehensive protection for the needs of companies of all sizes. Excellent results and high customer satisfaction would not be possible without using the digital potential and taking care of the customer's positive experience.

We are constantly working on competitive advantages based on our internal values and organizational culture. The strength of this culture does not depend on originality but on the authenticity of the values promoted, which are the foundation of the way in which we operate but also testify to the people we are. Many of the

internal initiatives we took in 2019 were focused on providing the best possible service to our customers to meet their growing needs for the convenience of a leasing company in a rapidly changing environment.

We know that employees are the strength of our company. We have therefore set for ourselves ambitious goals in areas where, as we believe, we can provide real support that will benefit not only our employees but also our local communities. We believe that we were able to build an inclusive work environment and thanks to that, for the first time we received the title of Reliable Employer of the Year (Solidny Pracodawca Roku). You will read about this and other important facts from the company's life in this year's extended report.

I would like to thank our customers, employees and partners for their cooperation in 2019, based on commitment and mutual trust.

Yours faithfully,

Marcin Balicki
President of the Board Millennium Leasing sp. z o.o.



The Supervisory Board of Millennium Leasing sp. z o. o.



Joao Bras Jorge

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

Andrzej Gliński

Vice Chairman of the Supervisory Board
Member of the Management Board of Bank Millennium SA

Fernando Bicho

Member of the Supervisory Board
Vice President of the Management Board of Bank Millennium SA

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

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



The Management Board of Millennium Leasing sp. z o. o.



Marcin Balicki

President of the Management Board of Millennium Leasing sp. z o.o.

Edward Marek Łazarz

Member of the Management Board of Millennium Leasing sp. z o.o.

Agnieszka Kozakiewicz-Pietrzak

Member of the Management Board of Millennium Leasing sp. z o.o.

Piotr Maj

Member of the Management Board of Millennium Leasing sp. z o.o.

...
**Professional company needs
competent leadership**

Business activity

Millennium Leasing sp. z o.o. boasts one of the longest track records on the Polish leasing market. The company is part of the Millennium Bank Group, which serves as a guarantee of financial stability and trustworthiness of the provided services to both the company itself and its clients.

The operations of Millennium Leasing encompass financing of all tangible assets: cars and vans, machinery and equipment for most industries, heavy transport means (including road, rail, ship and air) as well as real property. Its clients include both micro businesses as well as corporate entities.

Security of financing and care for the quality of service are key aspects of cooperation and act as a base for Millennium Leasing's long term relations with its clients. The company's business is also based on a thorough knowledge of the market within which it operates and professional transaction processing.

Important facts

establishment year
1991

number of branches
72

number supported contracts
69 000

market share by value
5,2%

6,7
billion PLN
value of active leasing agreements

5,4
% portfolio growth

According to the data of the Polish Leasing Association, the Company is 7th in the ranking of leasing companies in Poland in terms of the value of all leasing objects (movables and real property). It enjoys a 5.2% market share. More than 231 thousand leasing agreements concluded thus far for a total amount of PLN 35.0 billion stands testament to the scale of the Company's operations.

Annual report 2019



Active support in structuring transactions with the participation of certified consultants



Programmes for selected asset groups and suppliers of products



Long-term, partner-based relationships with clients



Corporate social responsibility - implementation of eco-friendly projects

Millennium Leasing in figures

In 2019, Millennium Leasing signed 19.9 thousand lease agreements worth PLN 3.5 billion, which means maintaining the result from 2018 in terms of volume. As at 31 December 2019, the number of contracts managed by the company amounted to more than 69 thousand and the value of the capital employed in active contracts was PLN 6.7 billion, which means an increase of 5.4% compared to 31 December 2018. The company had almost 25.9 thousand customers in its portfolio, compared to 23.2 thousand customers last year, noting a 12% growth. The net financial result of Millennium Leasing in 2019 was PLN 741.76 thousand, with

interest from income at PLN 255.0 million. The balance sheet total as at 31 December 2019 was PLN 7.11 billion.

In 2019, in terms of the value of assets financed through leasing (movables and real property), the Company ranked 7th amongst leasing businesses in Poland with a 5.2% share of the Polish leasing market. The structure of assets in the Millennium Leasing portfolio (as at 31.12.2019) is as follows: heavy transport – 38.2%, machinery and equipment – 33.4%, passenger cars, vans and trucks up to 3.5 t – 24%, real property – 4.4%. The total value of the items financed by leasing in machinery and equipment group amounted to almost PLN 1.2 billion with an 7.5% share in the leasing market. In the category of heavy road vehicles financed through leasing, the company ranked 7th with 6.1% market share, respectively: semitrailers/trailers – 8.9%, lorries over 3.5 t – 5.3%, buses – 5.1% and tractor units – 5.1%. In the group of light vehicles (passenger vehicles, vans and trucks up to

3.5 t), the company gained a 3.0% market share. In the ranking of leased properties, the company ranked second and its market share accounted for 10.7%.

Millennium Leasing services are sold by leasing consultants at 70 sites across Poland, actively supported by banking consultants in retail branches and in the Millennium bank corporate banking network. The Company offers a wide range of financial services to businesses, which includes both leasing and banking products. Thus, Millennium Leasing consultants are able to tailor their services to the needs of given clients. Such an extensive sales network means that Millennium Leasing services are available throughout Poland.

5,2%

share of the total leasing market



10,7%

real property



7,5%

machinery and equipment



6,8%

heavy transport



3,0%

passenger vehicles, vans and trucks up to 3.5 t

Risk management

In 2019, Millennium Leasing determined revaluation write-downs for leasing receivables in accordance with IAS 39 standards. As on 31 December 2019, provisions created for leasing receivables amounted to PLN 166.9 million, constituting 2.4% of the receivables portfolio. In order to mitigate currency risk incurred on leasing receivables stemming from agreements concluded in foreign currencies, the Company takes advantage of financing sources facilitating constant and permanent maintenance of currency liabilities reflecting the structure of FX

assets. Analogously to currency risk, Millennium Leasing constantly monitors the structure of leasing receivables in terms of interest and shapes the structure of its liabilities appropriately. Financing agreements concluded with Millennium Bank guarantee that leasing receivables can be realized rapidly. There are a number of internal guidelines in place at the Company intended to minimise operational risk.



As on **31 December 2019**, provisions created for leasing receivables amounted

166,9 million PLN,

constituting

2,4%

of the receivables portfolio



Important facts from the company's life

Additional products and attention to a comprehensive offer



Leasing
EkoEnergia
—
MilleSun

Millennium Leasing becomes involved with financing energy-saving investments for business clients. To that end, the Company takes advantage of programmes organised by the EBRD PoIGEFF), but also, as is the case for the **Leasing EkoEnergia** product, the Company uses its own funds to refund a part of the financing costs to clients. The financing programme **MilleSun** for photovoltaic installations was also launched last year to encourage not only energy independence but above all environmental care.



dedicated
repair network

Millennium Leasing continued the development of a **dedicated repair network** focused on customer safety throughout the duration of the contract. The company provides customers with dedicated helpline for customers to report any accident and damage quickly and efficiently. Millennium Leasing's solution is guaranteed by, among others, a free of charge replacement car for the duration of the repair, facilities of the best car services, no fees for issuing the authorization to receive compensation as well as a non-cash settlement.



AutoKomfort+
—
prepaid cards

In 2019, the **AutoKomfort+** service, launched in 2016, facilitating quick and economical servicing of vehicles up to 3.5 t, was also available from Millennium Leasing. It gives clients access to wholesale purchases of service parts and labour at attractive discounted prices throughout Poland. This also includes authorised vehicle service stations. In the past year, Millennium Leasing extended the product with convenient **prepaid cards**, allowing customers to retain more control over the costs associated with their car fleet.



leading insurance
companies

Through a broker, the Company's clients can purchase a **range of services offered by leading insurance companies** in order to secure comprehensive insurance against risks associated with leasing. Clients have a choice of their preferred property and vehicle insurance products (including long-term insurance guaranteeing fixed premiums across the entire insurance period) as well as additional insurance products.

Continuous development

Millennium Leasing supports the potential of every employee by providing access to a wide range of internal training. They cover diverse areas such as personal development, managerial skills as well as internal processes and procedures. Numerous training programmes and benefits allow the company to achieve a high level of employee work motivation and commitment in the performance of their duties. The care for this area is evidenced by the fact that Millennium Leasing was awarded the title of **Reliable Employer of the Year 2019** for the first time.

In 2019, under the **MilleStaze** Development Programme, Millennium Leasing enabled employees to expand their knowledge through a cycle of in-house internships. By learning about the specific work of other departments, programme participants have had the opportunity to acquire additional skills, to look more broadly at their role in the company's entire business process, and above all to verify expectations and perceptions of their own development.

In the past year, the company continued its **programme in the development of coaching skills**, which was launched in 2018. Initial training for new employees is conducted in Millennium Leasing by senior colleagues who, in addition to their daily tasks, also develop their coaching competencies.

For years, the company has been giving students and graduates the opportunity to develop their

skills, interests and to gain their first professional experience. A permanent feature of our offer is the **paid internship programme**, which aims to enable students to apply the knowledge gained during their studies in practice. Each trainee is accompanied by an experienced staff member who is responsible for the implementation process, and care during the internship.



In 2019, **37 people** were on internships in Millennium Leasing, in various departments of the company in Poznań, Warsaw and Wrocław. Student internships are a great way to acquire valuable, committed employees and associates. **Of the 37 people, 15 (40%) are still in Millennium Leasing** today in various forms of employment.



Respect for diversity and friendly working conditions

For Millennium Leasing, diversity is not only a value in itself, but also a factor that influences the good atmosphere in teams. The company creates a friendly working environment for people with varying levels of experience, seniority and competence, allowing them to freely develop their skills, thereby increasing the effectiveness and innovation of the company.

Millennium Leasing

diversity is not only a value in itself



Millennium Leasing employees

Millennium Leasing employees are diverse in terms of gender, education and age, among others. The company has a diverse employment structure and for years has had a high level of stability. Nearly **40% of employees are associated with the company for more than 9 years.**

Employee volunteering

Millennium Leasing employees are happy to share their time, skills and knowledge with those in need, and we enable them to do so also during their work, supporting them financially and organisationally. In 2019, we supported organizations focusing on the problems of social exclusion. Our volunteers provided help to organisations such as:



Stowarzyszenie mali bracia Ubogich

Those under the care of Stowarzyszenie mali bracia Ubogich (Association of little brothers of the Poor) - as part of the volunteer action a group of Millennium Leasing employees from the company's headquarters in Warsaw organised a group trip to a theatre for seniors the association's cares. The Association of little brothers of the Poor counters the marginalisation of the elderly, breaks stereotypes about old age and alerts society about the difficult situation of the elderly in Poland.



Samodzielni Robinsonowie

Those under the care of Fundacja Samodzielni Robinsonowie (Independent Robinsons Foundation) - as part of the volunteer action, an internship programme was organized as part of the Safe Internship campaign in the Krakow branch of Millennium Leasing. The purpose of this initiative is to enable young people under the care of educational institutions to gain their first professional experience in a safe and friendly business environment. Under the watchful eye of the company's employees who have assumed the role of "mentors" for those under their care, they successfully managed to complete three 80-hour internships in which youth from foster care took part. For the participants of the programme, it was often their first contact with the labour market and a unique opportunity to test their skills.

Millennium

leasing

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