

2020

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# Annual report



Business  
activities



Millennium Leasing  
in figures



Risk  
management



Important facts  
from the company's life

**Millennium**  
leasing



## Letter from the president

**Dear Sirs or Madams,**

2020 was a year that is certainly memorable for us on all levels. For Millennium Leasing, as for the leasing industry as a whole, it was a period of focus first on ensuring business continuity in the days when we were experiencing successive pandemic-related restrictions, then — an action unprecedented in its scale to ensure that our customers could take advantage of the suspension of lease payments, and then — rebuilding our business operations in an environment that poses new challenges for us. Ensuring business continuity meant that in a legal environment where Article 709 (2) of the Civil Code still requires a lease agreement to be in writing under pain of nullity, we had to organize ourselves to work remotely within days for the safety of our employees. With great commitment of everyone and technological support from Bank Millennium, we managed to do that, maintaining business continuity, IT security and protection of information concerning



our customers.

At the same time, in accordance with the rules adopted by the Polish Bank Association and approved by supervisory authorities, we offered and processed a total of over 13,883 customer requests for reducing instalments for a period of 6 months. This activity, without additional compensation, provided 4,107 customers with the comfort of financial liquidity in the most difficult period for them. We can see the effects of this not only in our conversations with them, but also in the excellent quality of handling of leasing instalments in the period after the said action. Also, as part of our activities aimed at supporting our customers, in June 2020, we were the first company in Poland to conclude an agreement with ARP Leasing S.A., establishing the principles and procedures of cooperation in the use by our customers of the anti-crisis shield support program, prepared for entrepreneurs in the transport industry. In the new conditions, we returned to business

activity. We managed to dramatically accelerate the processes of digitalization of our customer relations, even though the legal environment remained unchanged. By the end of the year, we reached 231 contracts signed remotely, using electronic signatures. 12,135 customers activated access to eBOK (electronic Customer Service Office) services developed on the MilleNet banking platform. Sales activity also allowed us to rebuild sales in the last months of the year (Q4 sales were almost 50% higher than in Q3), develop a network of cooperating suppliers of photovoltaic installations, thanks to which our MilleSun program can support energy transformation of Polish businesses and build solid foundations for growth in subsequent periods. The success of this year was only possible thanks to people. Our partners in business, who trusted us, our employees, who faced these challenges. I would like to thank everyone who, with their commitment and creativity, helped us get through the year with a satisfying result.

Yours faithfully,

Marcin Balicki

President of the Board of 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 Board of Bank Millennium SA

**Andrzej Gliński**  
Vice Chairman of the Supervisory Board  
Member of the Board of Bank Millennium SA

**Fernando Bicho**  
Member of the Supervisory Board  
Vice President of the Board of Bank Millennium SA

**António Pinto Júnior, Wojciech Haase,  
Wojciech Rybak, Jarosław Hermann**  
Members of the Supervisory Board  
Members of the Board of Bank Millennium SA



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



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

**Edward Marek Łazarz**  
Member of the Board of Millennium Leasing sp. z o.o.

**Agnieszka Kozakiewicz-Pietrzak**  
Member of the Board of Millennium Leasing sp. z o.o.

**Piotr Maj**  
Member of the 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	number of branches in Poland
1991	72
number of supported contracts	market share by value
68,000	4.1%
PLN 6.5 billion	5.3
value of active leasing agreements	% portfolio decline

According to the data of the Polish Leasing Association, the company is 8th in the ranking of leasing companies in Poland in terms of the value of all leasing objects (movables and real property). It owns a 4.1% market share. More than 244.5 thousand leasing agreements concluded thus far for a total amount of PLN 37.5 billion stand as a testament to the scale of the Company’s operations.



Annual report 2020



**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 2020, Millennium Leasing signed 13.4 thousand lease agreements worth PLN 2.5 billion, less than in 2019, which was the result of the outbreak of the COVID-19 pandemic. As at 31 December 2020, the number of contracts managed by the Company amounted to almost 68 thousand and the value of the capital employed in active contracts was PLN 6.5 billion which means a 5.3% decrease compared to 31 December 2019. The Company's financial results were also negatively influenced by the COVID-19 pandemic evolving during the year. Main issues resulting from this situation include declining of interest income which is related to decreased contracts' sales volume and growth in credit

reserves created in regard to progressing deterioration of economic prosperity. The Company had almost 26 thousand customers in its portfolio. The net financial result of Millennium Leasing in 2020 was PLN (10) million, with interest from income at PLN 192.6 million. The balance sheet total as at 31 December 2020 was PLN 6.71 billion.

In 2020, in terms of the value of assets financed through leasing (movables and real property), the Company ranked 8th amongst leasing businesses in Poland with a 4.1% share of the Polish leasing market. The structure of assets in the Millennium Leasing portfolio (as at 31.12.2020) is as follows: heavy transport – 38.4%, machinery and equipment – 35.4%, passenger cars, vans, and trucks – 22.1%, real property – 4.2%. The total value of the items financed by leasing in machinery and equipment group amounted to almost PLN 0.94 billion with a 6.2% share in the leasing market. In the category of heavy road vehicles financed through leasing, the company ranked 6th with

5.5% market share, respectively: semitrailers/trailers – 7.3%, lorries over 3.5 t – 4.6%, buses – 5.8% and tractor units – 4.8%. In the group of light vehicles (passenger vehicles, vans, and trucks up to 3.5 t), the company gained a 2.1% market share. In the ranking of leased properties, the Company ranked fourth and its market share accounted for 10.6%.

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.

4.1%

share of the total leasing market



10.6%

real property



6.2%

machinery and equipment



6.4%

heavy transport



2.1%

passenger vehicles, vans, and trucks up to 3.5 t



# Risk management

In 2020, Millennium Leasing determined revaluation write-downs for leasing receivables in accordance with IFRS 9 standards. As on 31 December 2020, provisions created for leasing receivables amounted to PLN 168.3 million, constituting 2.6% 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 at **31 December 2020**, provisions created for leasing receivables amounted to

**PLN 168.3 milion,**  
constituting  
**2.6%**  
of the receivables portfolio.



# Important facts from the company's life

## Additional products and attention to a comprehensive offer



### MilleSun

In 2020 the company continued developing the **MilleSun** program allowing businesses aiming at reduction of energy costs and focusing on ESG development operations to lease photovoltaic installations. The company's clients could benefit from the access to a complex service that enabled them to cut the operating costs even during the leasing contract. Only in 2020 Millennium Leasing acquired 647 new clients. By the end of 2020, **1,000 company's clients** had **tried the PV installations** with a total **value of 75 mln PLN**.



### Leasing with BGK guarantee

A new offer for SMEs regarding leasing contracts secured by BGK guarantee. Millennium Leasing signed an agreement with BGK which resulted in a **guarantee limit of PLN 200 million** available for the company. This instrument was created in cooperation with European Investment Fund from Pan-European Guarantee Fund in order to support and protect businesses affected by COVID-19 pandemic.



### Vendor program

As a part of the vendor programs, the company cooperates with leading suppliers - segment leaders as well as local, smaller entities. Our business partners provide cars, trucks, tractors and semitrailers, construction machines, production machines, printing machines, and photovoltaic installations. **As a result of this cooperation** our business partners and their clients receive **access to special leasing products and conditions** in terms of financing period, initial lease payment as well as the installments. In addition they are offered a simplified leasing process and are provided with professional assistance in contract conclusion. Partners' employees also receive access to tools enabling them to prepare a preliminary lease installment calculation. By the end of 2020 the company had acquired approx **300 partners**.



### eBOK platform

A new service implemented in Millenet to enable Millennium Leasing clients to manage their lease contracts online. By the end of 2020, **12,135 clients** had registered in the service.



# Business initiatives to respond to the challenges of the COVID-19 pandemic

## E-signature

In May 2020, a programme was introduced to enable the **remote signing of documents** (lease agreements with appendices) using a qualified signature. In the approval process, documents are transmitted between the parties via e-mail. The use of qualified e-signature **speeds up** and simplifies the lease agreement signing process, but the driving force behind its introduction was the search for secure processes in the face of the COVID-19 pandemic and related lockdown. According to Q4 2020 data, **131 Clients have used e-signature** and the number of agreements concluded using e-signature is 231.

## PMI

Launch of a PMI action for the entire sales network to gauge the mood level of ML's portfolio Clients based on questions about their **investment plans for 2020 and 2021**. 2,222 Millennium Leasing Clients took part in the action, of whom 43% declared that they have investment plans for 2020 and 2021, while 37% declared no investment plans.

Reasons for no investment plans by Clients:

- 47% no need
- 20% investment on hold due to COVID

Among Clients with investment plans, 50% indicated a completion date for 2021, 30% for Q4 2020, 20% for Q3 2020.

## Payment holidays

From 16 March 2020, Millennium Leasing granted payment holidays to Clients. Payment holidays consisted in lowering the amount of 3 leasing

instalments and extending the duration of contracts by 3 months. From 08.06.2020, the ZBP moratorium was in force and Clients could apply for a reduction of 3 leasing instalments or extension of the holidays granted so far by another 3 instalments. As part of these two actions in 2020, **5,851 requests from clients were positively examined**, 13,883 payment holidays were granted, affecting 4,107 clients, and covering leasing contracts with an exposure value of **PLN 1,178.2 mln** as at 31.12.2020 (18.6% of the receivables portfolio).



According to Q4 2020 data, **131 Clients have used e-signature** and the number of agreements concluded using e-signature is 231.





# Out of concern for safety

Following the COVID-19 pandemic outbreak in March 2020, Millennium Leasing had to face a rapid reorganisation of work to ensure the **safety of all employees** staying in the head office as well as to ensure the convenience of work and access to necessary materials when performing work remotely. **Hybrid working was quickly implemented** to reduce the number of people in one space at the same time. A system was introduced whereby the maximum number of people present in the office was to use no more than 30% of the office space and **flexible working hours** to avoid crowds on public transport when arriving and returning from the office. Parking spaces were also made available for those commuting by private transport. Employees who used desktop computers on a daily basis were provided with portable equipment and company phones. The office space was equipped with antibacterial



liquid dispensers and workplaces were designated with a distance of 2 metres. Each employee has also been provided with protective face masks. Out of concern for the health of employees most at risk of contracting COVID-19, **we have made it possible** for those in the higher risk group **to work in a full remote system**.

## Working model during COVID-19

During the pandemic outbreak, we implemented a hybrid working model, creating a safe space in the office.

For those in the high-risk group, out of concern for their health, we made it possible to work in a full remote system.





**Millennium Leasing sp. z o.o.**

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