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## Corporate Banking

As part of the Corporate Banking segment Bank Millennium offers professional services to entrepreneurs with annual revenues from sale above PLN 5 million and, moreover, to institutions and public sector entities.

Services for Corporate Banking Clients are provided by an extensive countrywide sales network. Clients can use Relationship Managers and Consultants working in 37 Corporate Centres supported by Product Advisors specialising in leasing, factoring, trade finance, Treasury transactions and transactional banking.

Apart from direct contact with Bank Employees and access to the TeleMillennium telephone service, the Clients have the possibility of using modern tools such as:

- Millenet for Corporates online banking system (with the „Trade Finance” module),
- Mobile banking, i.e. access to accounts and banking operations by mobile means.

A comprehensive product offer in the corporate area allows to build customised cooperation proposals based on diagnoses of the Clients' needs, understanding their realities and those of their sector. All Clients starting their cooperation with Bank Millennium have guaranteed full support in the process of launching direct service through electronic channels (current settlements, FX platform, trade finance service and mobile banking).

In the reported period our activities also focused on further improvement of service quality for Corporate Clients. In consequence, not just business results improved, but up also went the level of Client satisfaction as shown both in an internal satisfaction survey and in the independent survey conducted by GfK Polonia.

## Loans

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2014 was a period of dynamic growth in the value of financing provided to enterprises by Bank Millennium. The volume of loans in the Bank's portfolio increased in 2014 by PLN 1.5 bn (growth of 13% year on year) thus reaching the value of PLN 13.5 bn. This increment happened despite continued limited enterprises' demand for financing with banking credit, which results from a good liquidity situation of companies and possibility of covering a major part of current needs from own funds. 2014 saw a considerable (20%) growth by value of investment loans granted by the Bank.

The Bank constantly increases its share in Medium and Large financing. For this purpose the Structured Financing Department was created in 2014 specialising in large structured financial transactions, including project finance transactions in real-estate area. The offer of credit products in Q1 2015 will be extended by the umbrella loan – common credit limit for several enterprises making up a group of related entities. This is also connected with the plan of further strengthening of the position relating to funding companies from the mid corporate segment.

Work is under way on providing new functionality in the Millenet for Corporates online banking system, which will allow Clients to send an electronic version of documents in the lending process. The launching of a new channel of supplying documents will increase the Client's convenience in contacts with the Bank and, moreover, it will make the funding process more efficient.

Bank Millennium participates in the governmental programme of enterprise promotion with the use of guarantees from Bank Gospodarstwa Krajowego. Under an agreement concluded with BGK, the Bank may offer to SMEs PLN funding secured with de minimis guarantees of the Polish Government. High guarantee value, even up to 60% of the loan value (maximum PLN 3.5 million), long period of financing – up to 24 months in the case of loans for current needs or up to 96 months for investment needs, make the programme is popular among Clients. Steps connected with obtaining the loan and guarantees are implemented directly at Bank Millennium.

## Specialist Financing – Factoring

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In 2014 Bank Millennium's realised factoring turnover was PLN 12.1 bn. This is yet another record-breaking year in this area. The growth rate was recorded at 30%. In 2014 Bank Millennium moved up in the ranking of factoring institutions by one spot and is currently 5th, having increased its market share from 8.2% at year-end 2013 to 9.5%.

In view of the value of realised turnover broken down into factoring without recourse (full factoring and reverse factoring) and factoring with recourse, in 2014 Bank Millennium recorded a growth rate respectively at the level of 31% and 29%. These results demonstrate that the whole factoring portfolio of the Bank is uniformly growing and the Bank increases its turnover both in factoring without recourse, which corresponds to growing demands in this target group category, as well as in classic factoring transactions.

Such good result stems from steady growth in the number of transactions and level of factoring limits with the observance of a high degree of their utilisation. From January till the end of the year the portfolio of factoring assets went up 16%, achieving the value of PLN 1.59 bn. The Bank is fourth in the market in terms of the number of functioning agreements and the size of factoring assets.

## Trade Finance

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In 2014 the Bank significantly improved the structure of the trade finance portfolio in terms of potential transaction risk. On the one hand there still persisted a noticeable falling trend in terms of the portfolio share of long-term transactions (in excess of 5 years), but, on the other hand, the share of letters of credit was significantly growing in new transactions. In January 2014 letters of credit constituted 10% of new transaction amounts, and in November this was already 47%. In 2014 year 45% more letters of credit were opened than in the preceding year. The volume of new letters of credit went up threefold.

2014 saw the expansion of the group of Clients using the „Trade Finance” module offered in the Millenet for Corporates online banking system. The advanced functionality of Millenet enables the Clients a comprehensive Web-based management of bank guarantees and documentary letters of credit.

Thanks to platform implementation the transaction rate has definitely gone up (the transaction rate is the number of transactions originated at the Bank by the Client). Our Clients like this manner of transaction processing, as evidenced by the order automation ratio defined as the ratio of the number of electronic orders to all orders in the case of documentary letters of credit. In the second half of the year it stood, on average, at 83%, and in November even 96%.

The „Trade Finance” Module has been appreciated by experts and editors of the Global Finance magazine preparing the ranking of the best online banks for corporate clients in Central and Eastern Europe, in which Bank Millennium came first in the „Best Trade Finance Services” category.

## Client Settlement Service

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2014 is a continuation of a stable growth of volumes accumulated on current accounts by 8%, which stems from a consistent rise in the number of transaction products and the number and volumes of operations on Client accounts by 17% y/y.

Bank Millennium offers a comprehensive array of transactional banking products supported by a productive and ergonomic online and mobile banking system. Corporate Clients may use without any limitations all the Bank's branches. Transactional communication with Clients uses also dedicated channels through SSH/SFTP and PGP protocols. In transactional banking the Bank currently focuses on solutions ensuring high quality of Client service, streamlining of processes in accordance with the Lean methodology and operational efficiency in order to increase the base of clients actively using a variety of transactional solutions.

In the first half of 2014 the offer was supplemented by Millennium MasterCard Prepaid Commercial cards in EUR, liquidity services were expanded through cash pool type solutions, Bank Millennium was also registered with the SWIFT for Corporates service, MT101 settlements were automated and the MT 101 multiple functionality was launched.

The Bank prepared processes assuring from January 2015 compliance of its business with FATCA, i.e. the tax international compliance improvement agreement and implementation of FATCA legislation.

## Electronic Banking

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In 2014 work continued on developing Millenet for Corporates as a uniform access platform for Corporate Clients. The scope of services offered in the service system was expanded by access to the Millennium Forex Trader FX platform and module for ordering and handling of payment cards. Thanks to projects which have already been implemented the system now allows our Clients to electronically manage Treasury products, trade finance and transactional banking. Access to many services after just one logging and by means of the same authorisation tools effectively increases the Client's comfort and boosts the number of performed transactions. The card ordering module will (in the next projects) be expanded by the possibility of submitting applications for other banking products and ultimately is to completely replace paper-based applications.

An important project was also the new path for implementing online banking services for clients starting their cooperation with the Bank. It lays emphasis on providing specialist support from an electronic banking expert (already from the first meeting with the Client) to the first transaction performed in the system. Thanks to the new process the transaction activity of new clients faster achieves the levels assumed for a given cooperation.

In 2014 the Bank was able to achieve a considerable, almost double growth in the number of users of corporate mobile banking. Mobile applications introduced new types of transactions (instant transfers and Sorbnet). Moreover, the possibility of handling several companies in a single application was implemented. It is planned to implement further projects enhancing mobile banking functionality.

## Deposits

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In 2014 Bank Millennium improved the structure of companies deposit products increasing the share of current accounts in the total volume to 27%. 2014 was yet another year in which costs of financing by means of corporate term deposits were strictly controlled - they fell on average in a year by 0.05%. The volume of corporate deposits at the year-end 2014 was PLN 17.8 billion.