



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 991 809 880
Organisasjonsform: Aksjeselskap
Foretaksnavn: BNP PARIBAS LEASING SOLUTIONS AS
Forretningsadresse: Langelandsvegen 51
6010 ÅLESUND

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Fabrice Perret
Dato for fastsettelse av årsregnskapet: 11.03.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 06.05.2022



Resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|--|-------------|-------------------|-------------------|
| RESULTATREGNSKAP | | | |
| Renteinntekter og lignende inntekter | | | |
| Renteinntekter beregnet etter effektivrentemetoden av utlån til og fordringer på kredittinstitusjone | 3,9 | 353 000 | 220 000 |
| Renteinntekter beregnet etter effektivrentemetoden av utlån til og fordringer på kunder | 1,3 | 580 000 | 741 000 |
| Øvrige renteinntekter | 1,27 | 88 102 000 | 81 906 000 |
| Sum renteinntekter og lignende inntekter | | 89 035 000 | 82 867 000 |
| Rentekostnader og lignende kostnader | | | |
| Rentekostnader beregnet etter effektivrentemetoden på gjeld til kredittinstitusjoner og finansiering | 15 | 19 671 000 | 14 980 000 |
| Rentekostnader beregnet etter effektivrentemetoden på utstedte verdipapirer | 16 | 3 542 000 | 11 503 000 |
| Øvrige rentekostnader | | 19 000 | 7 000 |
| Sum rentekostnader og lignende kostnader | | 23 232 000 | 26 490 000 |
| Netto renteinntekter | | 65 803 000 | 56 377 000 |
| Provisjonsinntekter og inntekter fra banktjenester | 4 | 8 326 000 | 7 590 000 |
| Provisjonskostnader og kostnader ved banktjenester | 5 | 2 758 000 | 1 936 000 |
| Utbytte og andre inntekter av egenkapitalinstrumenter | | | |
| Inntekter av aksjer, andeler og andre egenkapitalinstrumenter | 28 | 119 000 | 96 000 |
| Sum utbytte og andre inntekter av egenkapitalinstrumenter | | 119 000 | 96 000 |
| Netto verdiendring og gevinst/tap på valuta og finansielle instrumenter | | | |
| Sum netto verdiendring og gevinst/tap på valuta og finansielle instrumenter | | 0 | 0 |
| Andre driftsinntekter | | 7 580 000 | 1 736 000 |
| Lønn og andre personalkostnader | 21,24 | 29 610 000 | 26 397 000 |
| Andre driftskostnader | 6,10,3 1 | 18 159 000 | 14 252 000 |



Resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|--|--------------|-------------------|-------------------|
| Av-/nedskrivninger, verdiendringer og gevinst/tap på ikke-finansielle eiendeler | | | |
| Avskrivninger | 11,12, 13 | 3 637 000 | 2 846 000 |
| Sum av-/nedskrivninger, verdiendringer og gevinst tap på ikke-finansielle eiendeler | | -3 637 000 | -2 846 000 |
| Kredittap på utlån, garantier mv. og rentebærende verdipapirer | | | |
| Kredittap på utlån målt til amortisert kost eller virkelig verdi med 9 verdiendring over andre inntekt | | 3 541 000 | 4 168 000 |
| Sum kredittap på utlån, garantier og rentebærende verdipapirer | | 3 541 000 | 4 168 000 |
| Resultat før skatt fra videreført virksomhet | | | |
| Skatt på resultat fra videreført virksomhet | 7 | 5 327 000 | 3 585 000 |
| Resultat etter skatt fra videreført virksomhet | | 18 796 000 | 12 615 000 |
| Resultat før andre inntekter og kostnader | | 18 796 000 | 12 615 000 |
| Andre inntekter og kostnader | | | |
| Sum andre inntekter og kostnader | | 0 | 0 |
| Totalresultat for regnskapsåret | | 18 796 000 | 12 615 000 |



Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|--|-----------|----------------------|----------------------|
| BALANSE - EIENDELER | | | |
| Utlån til og fordringer på kredittinstitusjoner og finansieringsforetak | | | |
| Utlån og fordringer på kredittinstitusjoner og finansieringsforetak til virkelig verdi | 10,23 | 61 517 000 | 72 408 000 |
| Sum utlån og fordringer på kredittinstitusjoner og finansieringsforetak | | 61 517 000 | 72 408 000 |
| Utlån til og fordringer på kunder | | | |
| Utlån og fordringer på kunder til virkelig verdi | 8,9 | 14 498 000 | 15 547 000 |
| Utlån og fordringer på kunder til amortisert kost | 8,9,14,27 | 1 558 579 000 | 1 385 452 000 |
| Sum utlån og fordringer på kunder | | 1 573 077 000 | 1 400 999 000 |
| Rentebærende verdipapirer | | | |
| Rentebærende verdipapirer til virkelig verdi | 28,3 | 9 980 000 | 9 881 000 |
| Sum rentebærende verdipapirer | | 9 980 000 | 9 881 000 |
| Immaterielle eiendeler | | | |
| Immaterielle eiendeler | 12 | 2 692 000 | 2 260 000 |
| Varige driftsmidler | | | |
| Eierbenyttet eiendom | 11 | 935 000 | 714 000 |
| Andre varige driftsmidler | 13 | 20 310 000 | 2 324 000 |
| Sum varige driftsmidler | | 21 245 000 | 3 038 000 |
| Andre eiendeler | | | |
| Eiendeler ved utsatt skatt | | 10 161 000 | 18 288 000 |
| Andre eiendeler | 18 | 8 458 000 | 722 000 |
| Sum andre eiendeler | | 18 619 000 | 19 010 000 |
| SUM EIENDELER | | 1 687 130 000 | 1 507 596 000 |

BALANSE - GJELD OG EGENKAPITAL

GJELD



Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|--|----------------|----------------------|----------------------|
| Innlån fra kredittinstitusjoner og finansieringsforetak | | | |
| Innlån fra kredittinstitusjoner og finansieringsforetak til virkelig verdi | 10,15 | 1 361 016 000 | 912 498 000 |
| Sum innlån fra kredittinstitusjoner og finansieringsforetak | | 1 361 016 000 | 912 498 000 |
| Innskudd og andre innlån fra kunder | | | |
| Sum innskudd og andre innlån fra kunder | | 0 | 0 |
| Gjeld stiftet ved utstedelse av verdipapirer | | | |
| Gjeld stiftet ved utstedelse av verdipapirer til virkelig verdi | 16,29 | 0 | 320 118 000 |
| Sum gjeld stiftet ved utstedelse av verdipapirer | | 0 | 320 118 000 |
| Avsetninger | | | |
| Forpliktelser ved utsatt skatt | 7 | 23 843 000 | 11 917 000 |
| Andre avsetninger | 13,7,1 0,17 | 51 920 000 | 31 538 000 |
| Sum avsetninger | | 75 763 000 | 43 455 000 |
| Ansvarlig lånekapital | | | |
| Sum ansvarlig lånekapital | | 0 | 0 |
| Fondsobligasjonskapital | | | |
| Sum fondsobligasjonskapital | | 0 | 0 |
| Sum gjeld | | 1 436 779 000 | 1 276 071 000 |
| EGENKAPITAL | | | |
| Innskutt egenkapital | | | |
| Aksjekapital/eierandelskapital | 1,19 | 100 000 000 | 100 000 000 |
| Sum innskutt egenkapital | | 100 000 000 | 100 000 000 |
| Opptjent egenkapital | | | |
| Annen egenkapital | 19,2 | 150 351 000 | 131 525 000 |
| Sum opptjent egenkapital | | 150 351 000 | 131 525 000 |
| Sum egenkapital | | 250 351 000 | 231 525 000 |



Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---------------------------------|-------------|----------------------|----------------------|
| SUM GJELD OG EGENKAPITAL | | 1 687 130 000 | 1 507 596 000 |



Skatteetaten

Vår dato
16.12.2020

Din/Deres dato
27.11.2020

Saksbehandler
Lars Waalorp

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon
32212244

Org.nr
974761076

Vår referanse
2020/6223849

Postadresse
Postboks 9200 Grønland
0134 OSLO

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS
Postboks 748 Sentrum
0106 OSLO

Att. Krister Omenås

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for BNP Paribas Leasing Solutions AS, org.nr. 991 809 880

Vi viser til deres brev av 27. november 2020 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for BNP Paribas Leasing Solutions AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering BNP Paribas Leasing Solutions AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

BNP Paribas Leasing Solutions AS er eid av et utenlandsk selskap og er en del av et internasjonalt konsern. Selskapet tilbyr lån, leasing og finansieringsløsninger for kjøp av maskiner og utstyr til næringslivet. Flere av styremedlemmene i selskapet er utenlandske.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i



samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er eid av et utenlandsk selskap og er en del av et internasjonalt konsern. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere i bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



To the General Meeting of BNP Paribas Leasing Solutions AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BNP Paribas Leasing Solutions AS, which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

*PricewaterhouseCoopers AS, Langelandsvegen 35, NO-6010 Ålesund
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*

Independent Auditor's Report - BNP Paribas Leasing Solutions AS



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and a true and fair view of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

(2)



Independent Auditor's Report - BNP Paribas Leasing Solutions AS



attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Ålesund, 12 March 2021
PricewaterhouseCoopers AS

Nils Robert Stokke
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

BNPLS - Auditor's report

Signers:

| Name | Method | Date |
|---------------------|---------------|------------------|
| Stokke, Nils Robert | BANKID | 2021-03-12 15:10 |

This document package contains:

- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



This file is sealed with a digital signature.
The seal is a guarantee for the authenticity
of the document.



BNP PARIBAS
LEASING SOLUTIONS

Business is ON

ANNUAL REPORT 2020

BNP PARIBAS LEASING SOLUTIONS AS





BNP PARIBAS LEASING SOLUTIONS AS

Annual Report 2020

BNP Paribas Leasing Solutions AS was founded as Landkreditt Finans AS in October 2007. The company's purpose is object financing - leasing and sales mortgage financing - as well as activities related to this. BNP Paribas Leasing Solutions AS is headquartered in Ålesund, and has sales offices in Oslo, Gjøvik, Bergen and Trondheim. The Leasing Solutions headquarter for the Nordic region is situated in Oslo with a shared service centre for certain functions.

All shares in the company are owned by BNP Paribas Leasing Solutions SA, Luxembourg since July 2018. The company is contributing to realizing the owners' strategies for growth in Norway, as well as grow the business in the Nordic countries.

Product & Market

The use of lease financing in agriculture, the company's main market, is constantly growing and the strategy is to take a larger market share of this market in close co-operation with local vendors and global manufacturers.

The company's target customer group is small and medium-sized corporate customers and in addition to the agriculture market, the company has expanded its business into markets like forestry, construction, material handling and transport. Since 2020, the company has developed its business in the IT, Software and Medical markets as well.

New sales in 2020 have been NOK 780.8 million (purchase price of the financed assets). Of this, leasing amounts to NOK 774.3 million and loans to NOK 6.5 million. Compared to 2019 new sales have increased by about 12%.

Financial Risk

BNP Paribas Leasing Solutions AS's activities involve various types of financial risk. Through good work routines and follow-up through internal control procedures, the company seeks to ensure that all types of risks are adequately managed. When implementing Basel III, rules have also been adopted for assessing the capital requirement in relation to other types of risk than credit risk.

At the end of 2020, the book value of leasing and loan commitments was NOK 1,573 million after reduction for write-downs for losses totalling NOK 10.2 million. All agreements are secured in the form of property rights or 1st priority mortgages.

To ensure that the company has sound liquidity, long-term financing agreements have been entered into with the BNP Paribas Group. With the reimbursement of the last bond loan raised in previous periods

before the end of 2020, the company is now 100% financed by BNP Paribas S.A. Norway Branch in Oslo. All loans from BNP Paribas S.A. Norway Branch have agreements on floating interest rates.

As of 31 December 2020, the liquidity coverage ratio is calculated at 155,88 percent. The formal minimum requirement is 100 percent.

BNP Paribas Leasing Solutions AS has only a few loans with a fixed interest rate, i.e. most of the loans and leasing contracts are based on floating interest rates. In practice, this means that within a relatively short period of time (according to current rules, 6 weeks for private and 4 weeks for business customers), interest rate changes can be implemented on all loans if the market interest rate changes.

It is the Board's assessment that financial risk has been treated in a reassuring manner.

Board of directors

In the Board's opinion, the accounts give a correct picture of the business and the assumption of continued operations forms the basis for the preparation of the annual accounts.

Statement of the annual accounts

The book value of the portfolio at the end of the year was NOK 1,573.0 million. Total assets amounted to NOK 1,687.1 million. BNP Paribas Leasing Solutions AS had a profit after loss and tax of NOK 18.8 million. At the end of the financial year, loss provisions were implemented in accordance with the rules in IFRS 9. This has resulted in increased loss provisions in 2020 by a total of NOK 3.5 million (NOK 0.4 million on customers in stages 1 and 2, and NOK 3.9 million on customers in stage 3).



Due to an increase in portfolio (leasing and loans), net cash flow from operating activities amounted to NOK -137.0 million, while cash flow from investing activities amounted to NOK -2.6 million. In addition, loans to credit institutions were repaid of NOK -326.3 million and bond loans were repaid for NOK -320 million. This is financed by raising new loans of NOK 775.5 million.

As of 31 December 2020, BNP Paribas Leasing Solutions AS has equity of NOK 250.4 million and a tier 1 capital of NOK 247.6 million. The risk-weighted balance sheet amounts to NOK 1,188,2 million. The common equity tier 1 capital ratio will thus be 20.60 percent. The formal minimum requirements for equity means that BNP Paribas Leasing Solutions AS must have a capital adequacy ratio of at least 15.5 percent, consisting of 12.0 percent common equity tier 1 capital and 3.5 percent additional capital. The unweighted tier 1 capital ratio amounts to 14.7 percent at the end of the financial year. The minimum requirement is 5.0 percent.

In the board's opinion, the company has good control and management systems. Internal control is considered satisfactory.

After the closing of the accounts, no circumstances have arisen that are of significance for the assessment of the company's position.

Organization, environment and gender equality

The company had 27 permanent employees as of 31 December 2020. Of these, 12 were women (44,4 percent). The number of man-years amounted to 25.5 in the financial year. Absence due to illness amounted to 5,1 percent. In the context of work, there have been no injuries or accidents that are the cause of sick leave. It is the board's opinion that the working environment in the company is good. At the end of the

financial year, the board consisted of 5 members, of which 1 was a woman. Both the board and the company's management are aware of the societal expectations of measures to promote gender equality in the business.

Environmental

The company does not pollute the external environment.

Future prospects

BNP Paribas Leasing Solutions AS has secured financing from the BNP Paribas group. The financing takes place at ordinary market conditions (3 months Nibor + margin).

In collaboration with the company's parent company, we also expect in 2021 to take additional market shares in object financing both in agriculture and other relevant industries including IT, software and Healthcare.

Several digitization projects have been initiated for automation of work tasks. This will optimize both customers 'and suppliers' positive experience of the company. The company is subject to the group's GDP's guidelines for money laundering, GDPR and KYC.

The company is optimistic about the possibilities for further growth and will adapt the organization's capacity accordingly.


Fair overview/account of the annual accounts

In the Board's opinion, the annual accounts with notes provide a true and fair view of the development, results and position of the business as of 31 December 2020.

Allocation of the result for the year

The board proposes that the profit for the year of NOK 18.797 million be transferred to other equity.

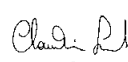
Ålesund, 31st of December 2020

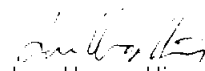

Hans Wolfgang Pinner
Chairman of the board


Firmato digitalmente da: Denis Jean Jacques Delespaul
Data: 31/03/2021 15:56:16


Denis Delespaul
Board member


Clement Perrin
Board member


465432
2021.03.31
12:15:27 +02'00'
Claudin Francoise Smith
Board member


Lars Horgen Hinze
Board member


Fabrice Perret
CEO Nordic cluster



INCOME STATEMENT

| (amount in TNOK) | Note | <u>31/12/2020</u> | <u>31/12/2019</u> |
|---|----------|-------------------|-------------------|
| Interest income | | | |
| Interest income from loans to credit institutions | 3,9 | 353 | 220 |
| Interest income from loans to customers | 1,3 | 580 | 741 |
| Leasing income | 1,27 | 88 102 | 81 906 |
| Total interest income | | 89 036 | 82 866,8 |
| Interest expenses | | | |
| Interest expenses from credit institutions | 15 | 19 671 | 14 980 |
| Interest expenses bonds | 16 | 3 542 | 11 503 |
| Other interest expenses | | 19 | 7 |
| Total interest expenses | | 23 232 | 26 490 |
| Net interest income | | 65 804 | 56 377 |
| Commissions and fees | | | |
| Commissions and fees income | 4 | 8 326 | 7 590 |
| Commissions and fees expenses | 5 | 2 758 | 1 936 |
| Net commissions and fees | | 5 568 | 5 654 |
| Net income on financial instruments | 28 | 119 | 96 |
| Other income | | 7 580 | 1 736 |
| Net Banking Income | | 79 070 | 63 863 |
| Total payroll, fees and other staff cost | 21,24 | 29 610 | 26 397 |
| Total other operating expenses | 6,10,31 | 18 159 | 14 252 |
| Depreciation of fixed and intangible assets | 11,12,13 | 3 637 | 2 846 |
| Gross Operating Income | | 27 664 | 20 368 |
| Losses on customers | 9 | 3 541 | 4 168 |
| Operating Income | | 24 124 | 16 201 |
| Tax | 7 | 5 327 | 3 585 |
| Profit for the period | | 18 797 | 12 615 |
| Other income and expenses | | | |
| Profit for the year | | 18 797 | 12 615 |
| Profit for the year | | 18 797 | 12 615 |
| Disposal of profit for the year | | | |
| Portion attributable to equity | 19 | 18 797 | 12 615 |
| Total | | 18 797 | 12 615 |



BALANCE SHEET

| (amount in TNOK) | Note | <u>31/12/2020</u> | <u>31/12/2019</u> |
|---|-----------|-------------------|-------------------|
| Assets | | | |
| Deposit with credit institutions | | | |
| Deposit with credit institutions | 10,23 | 61 517 | 72 408 |
| Loans and receivables to customers | | | |
| Loans to customers | 8,9 | 14 498 | 15 547 |
| Finance Lease customers | 8,9,14,27 | 1 558 579 | 1 385 452 |
| Total loans and receivables from customers | | 1 573 077 | 1 401 000 |
| Certificates and bonds | | | |
| Certificate with Norwegian State Bank | 28,3 | 9 980 | 9 881 |
| Total certificates and bonds | | 9 980 | 9 881 |
| Intangible assets | | | |
| Intangible assets | 12 | 2 692 | 2 260 |
| Total intangible assets | | 2 692 | 2 260 |
| Fixed assets | | | |
| Office equipment | 11 | 935 | 714 |
| Leases (Right to use) | 13 | 20 310 | 2 324 |
| Total fixed assets | | 21 245 | 3 038 |
| Prepaid expenses and earned, not received income | | | |
| Earned, not received income | | 10 161 | 18 288 |
| Other receivables | 18 | 8 457 | 721 |
| Total prepaid expenses and earned, not received income | | 18 617 | 19 009 |
| Total assets | | 1 687 129 | 1 507 596 |



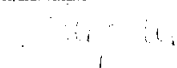
BALANCE SHEET

| (amount in TNDK) | Note | 31/12/2020 | 31/12/2019 |
|---|-------|------------------|------------------|
| Liabilities and equity | | | |
| Loan from credit institutions | | | |
| Loan from credit institutions | 10,15 | 1 361 016 | 912 498 |
| Total due to credit institutions | | 1 361 016 | 912 498 |
| Bonds | | | |
| Bonds | 16,29 | 0 | 320 118 |
| Total bonds | | 0 | 320 118 |
| Deferred tax | | | |
| Deferred tax | 7 | 23 843 | 11 917 |
| Total deferred tax | | 23 843 | 11 917 |
| Accrued liabilities and commitments | | | |
| Account liabilities | | 11 641 | 12 168 |
| Lease liability | 13 | 22 804 | 2 342 |
| Payable tax | 7 | 0 | 5 642 |
| Accrued expenses | 10,17 | 15 548 | 9 469 |
| Public liabilities | | 1 927 | 1 918 |
| Total liabilities and commitments | | 51 920 | 31 538 |
| Total liabilities | | 1 436 779 | 1 276 072 |
| Equity | | | |
| Paid equity | | | |
| Share capital (100.000.000 shares a kr 1,-) | 1,19 | 100 000 | 100 000 |
| Other reserves | | | |
| Retained earnings | | 150 351 | 131 525 |
| Total equity | 19,2 | 250 351 | 231 525 |
| Total liabilities and equity | 19 | 1 687 129 | 1 507 596 |

Ålesund, 31st of Desember 2020 / 11th of March 2021


Hans Wolfgang Pinner
Chairman of the board

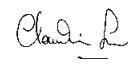
Firmato digitalmente da: Denis Jean Jacques Delespaul
Data: 31/03/2021 15:52:16


Denis Delespaul
Board member



Clement Perrin
Board member

465432
2021.03.31
12:16:05
+02'00'


Claudin Francoise Smith
Board member



Lars Horgen Hinze
Board member



Fabrice Perret
CEO Nordic cluster



CASH FLOW STATEMENT

| (amount in T NOK thousand kroner) | Note | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|-------|-------------------|-------------------|
| Result before taxes | | 24 124 | 16 201 |
| Interest recognized by customers | | -87 403 | -82 647 |
| Payment by tenant from customers leasing | | 93 481 | 72 949 |
| Payment of tenant from customers loans | | 663 | 749 |
| Write-downs on loans and finance lease | 8 | 3 541 | 4 060 |
| Depreciation | 11,12 | 970 | 647 |
| Value change state certificate | | -99 | 26 |
| Recognized interest expenses on securities | | 3 492 | 11 503 |
| Payment of tenant on bond loan | | -3 610 | -12 066 |
| Recognized interest expenses other loans | | 19 519 | 14 921 |
| Payment tenant other loans | | -20 221 | -13 676 |
| Paid taxes | 7 | -5 642 | -5 636 |
| Payments leases | 8 | -588 161 | -571 560 |
| Payment installment leases | 8 | 450 231 | 428 124 |
| Disbursements repayment loans | 8 | -4 009 | -5 472 |
| Repayments repayment loans | 8 | 5 303 | 9 427 |
| Ends timeout records | | -29 656 | -7 591 |
| Net cash flow from operating activities | | -137 477 | -140 041 |
| Purchase of property, plant and equipment | | -2 633 | -1 964 |
| Net cash flow from investing activities | | -2 633 | -1 964 |
| New loans from credit institutions | | 775 500 | 587 600 |
| Repayment of loans from credit institutions | | -326 281 | -231 241 |
| Repayment of bond loans | 16 | -320 000 | -150 000 |
| Paid share dividend | 19 | 0 | -55 000 |
| Net cash flow from financing activities | | 129 219 | 151 359 |
| Net change in cash during the year | | -10 892 | 9 354 |
| Liquidity 01.01 | | 72 408 | 63 055 |
| Liquidity 31.12 | | 61 517 | 72 408 |

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

GENERAL

BNP Paribas Leasing Solutions AS financial statements are prepared in accordance with international accounting standards according to section 3-9 of the Norwegian Accounting Act (simplified IFRS). The accounts are presented in Norwegian kroner and had no transactions in foreign currency. All amounts in the accounts and notes are rounded to the nearest NOK 1,000, unless otherwise stated.

BNP Paribas Leasing Solutions AS was founded in October 2007 and the business consists of leasing financing and loans to customers. The business is licensed, and the company received a license from Finanstilsynet on 28 May 2008. 2020 is thus the company's Twelfth full operating year.

ASSETS MANDATORILY AT FAIR VALUE THROUGH P&L

The category includes the company's portfolio of certificates and bonds, as they are part of a portfolio that is managed and valued on the basis of fair value in accordance with a documented risk management or investment strategy. The portfolio is used as a buffer in LCR's reporting to Finanstilsynet to meet the liquidity requirement.

Changes in the value of financial assets determined at fair value are included in «Net income from financial instruments».

LOANS & ADVANCES AT AMORTISED COSTS

The category includes «Loans to and receivables from credit institutions» and «Loans to and receivables from customers».

BNP Paribas Leasing Solutions AS capitalizes loans and receivables at fair value with the addition of transaction costs. In subsequent periods, these balance sheet items are measured at amortized cost calculated using the effective interest rate. Impairment is made in accordance with IFRS 9, which involves a three-step approach, where loans and receivables go through three categories as the credit risk changes. Loans and receivables are presented net in the company's balance sheet

BNP Paribas Leasing Solutions AS considers loans & advances at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

FINANCE LEASE AGREEMENTS

In accordance with IFRS 16, a financial lease is defined as a lease in which substantially all the risks and rewards of ownership of an asset are transferred. Property rights can, but do not have to be transferred. Based on this definition, all the company's leases entered into are classified as financial. Such agreements are therefore entered in the balance sheet as rental financing at cost price, reduced by any advances and less annuity depreciation in accordance with the payment schedule for the individual contract. Impairment is done in accordance with IFRS 9, which involves a three-step approach, where loans and receivables go through three categories as the credit risk changes. Rental financing contracts are presented net in the company's balance sheet.

Contracts with a guaranteed residual value (from the supplier) are depreciated to this residual value over the term of the contract.

The depreciation part (instalment) of the forward amount is entered in a separate account in the income statement, but in the annual settlement this is netted against gross rental income. Net rental income consists of the interest portion of the forward amount.

Upon termination of leasing contracts, a gain / loss calculation is performed. This can happen both at the end of the leasing contract and at early termination during the contract period. Gains from the sale of leased assets arise when they are sold at a price that is higher than the book value. Otherwise, losses will occur. Both capital gains and losses are included as part of the rental financing income.

In accordance with IFRS 16, an estimate of future gains from the realization of the objects in the leasing portfolio has been carried out. Expected realized amounts are distributed over the lease period and are recognized as income as part of the effective interest under lease financing income in the income statement.

For tax purposes, depreciation is carried out on the leasing objects according to the balance method.



PROVISION FOR LOSSES MODEL

According to IFRS 9, the provision for losses must be recognized based on expected credit loss (ECL). The general model for write-downs of financial assets in IFRS 9 applies to financial assets that are measured at amortized cost or at fair value with changes in value over other income and expenses and which did not incur losses on initial recognition. In addition, loan commitments, financial guarantee contracts that are not measured at fair value through profit or loss and lease receivables are also included.

The measurement of the provision for expected losses in the general model depends on whether the credit risk has increased significantly since the first recognition in the balance sheet. In the case of initial recognition and when the credit risk has not increased significantly after initial recognition, the provisions are based on 12-month expected losses («step 1»). 12-month expected loss is the loss that is expected to occur over the life of the instrument, but which can be linked to events that occur in the first 12 months. If the credit risk has increased significantly after initial recognition but there is no objective evidence of loss, the provisions are based on expected loss over the entire useful life («step 2»). If the credit risk has increased significantly and there is objective evidence of impairment (default), provisions are made for expected losses over the useful life («step 3»).

Impairment losses in accordance with IFRS 9 are described in more detail in Note 2 Risk management and internal control.

FIXED ASSETS

Property, plant and equipment are recorded in the balance sheet at acquisition cost, including depreciation and write-off. Expenses are added to the cost of fixed assets and are depreciated in line with these.

Maintenance costs are considered as a cost directly in the year they arise. Depreciable fixed assets are depreciated on a straight-line basis over their estimated useful lives at the following rates:

| | |
|-------------------------------|------|
| Office Furniture | 20 % |
| Office Machines | 20 % |
| Computer Equipment (hardware) | 33 % |

INTANGIBLE ASSETS

Expenses for intangible assets are capitalized to the extent that the criteria for capitalization are met. This means that such expenses are capitalized when it is considered probable that the future financial benefits associated with the asset will flow to the company and the acquisition cost can be measured reliably. Capitalized intangible assets are depreciated on a straight-line basis over their expected useful lives (5 years). Intangible assets entered in the accounts as of

31 December 2020 apply to specially adapted computer programs.

FINANCIAL LIABILITIES ACCOUNTED AT AMORTIZED COSTS

Financial liabilities accounted for at amortized cost are initially recognized at fair value less transaction costs and with the addition of accrued effective interest. In subsequent periods, loans are recognized at amortized cost calculated using the effective interest rate. The difference between the disbursed loan amount (less transaction costs) and the redemption value is recognized in the income statement over the term of the loan.

ASSESSMENT OF OTHER OBLIGATIONS

Other liabilities (for example accounts payable, tax payable and accrued expenses) are booked at nominal value, and are not adjusted for interest rate adjustments.

PROVISIONS

BNP Paribas Leasing Solutions AS provisions are recorded when the company has an obligation (legally or self-imposed) relating to a prior event, it is probable (more probable than not) that a financial settlement will take place as a result of the obligation and the actual amount can be reliably measured.

INTEREST AND FEE INCOME

Interest income is recognized as income using the effective interest method (internal interest rate). The internal rate of return is determined by discounting contractual cash flows within the expected term. Cash flows include set-up fees and direct transaction costs.

Interest income on financial assets in step 1 and step 2 is calculated using the effective interest method on the gross value of the financial asset, while interest income on financial assets in step 3 is calculated based on the amortized cost of the financial asset.

OTHER INCOME AND EXPENSES

Other income is recognized as income in the period in which it is earned. Administration and operating costs are expensed in the period in which they are incurred.

INTEREST AND COMMISSION COSTS

Interest expenses related to liabilities measured at amortized cost are recognized in the income statement on an ongoing basis based on an effective interest method. All fees related to interest-bearing borrowing are included in the calculation of the effective interest rate and are thus amortized over the expected term. The effective interest method is a method for calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period.



If lending or leasing contracts have been arranged from external parties, an agreement on commission payment has been established with some distributors. In such cases, the commission amount is expensed at the start of the contract.

INCOME TAX

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Calculation and specification of tax costs are shown in a separate note.

Deferred tax is the difference between the carrying amount of an asset or a liability and the tax value of the asset or liability. Deferred tax is determined by tax rates and rules that apply on the balance sheet date.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, liquid investments that can be immediately and with insignificant exchange rate risk converted into known cash amounts and with a maturity date shorter than three months from the acquisition date.

ACCOUNTING ESTIMATES AND DISCRETIONARY EVALUATIONS

The preparation of annual financial statements in conformity with generally accepted accounting principles requires that occasionally management must make estimates and assumptions. Estimates and discretionary evaluations are regularly assessed and are based on historic experience and other factors, including the expectations of future events that are considered to be probable under the current circumstances.

The company prepares estimates and makes pre-suppositions and assumptions connected to the future. The accounting estimates that are based on this will seldom be entirely in accordance with the final outcome. Some accounting principles are considered to be especially important to enlighten the company's financial position because they require the management to make difficult or subjective assessments and determine estimates that are, for the most part, uncertain at the time the estimates are made. Further information on these types of assessments and estimates is provided below.

Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that must be considered probable.

Calculation of estimated consideration on sale of leased property and write-down on loans includes the use of judgment. The most important assumptions for estimated future gains on the sale of leases and write-downs on loans are described in note 27.

IFRS 16

IFRS 16 - Leases primarily affects accounting for lessee, and will result in the recognition of almost all leases. The standard removes the current distinction between operational and financial leasing. The new standard requires the identification of an asset (i.e. the right to use it), and an associated financial obligation to pay rent. This applies to almost all leases. An optional exemption exists for leases that are short-term or have low value.

According to IFRS 16, a contract is a lease agreement if the contract mediates the right to control the use of an identified asset for a period in exchange for consideration.

The standard became effective from 1 January 2019, and has an impact on the accounting of the company's leases for office premises and apartments. Upon introduction, the present value of the tenancy is calculated based on the conditions in the individual tenancy agreement. Total tenancy is entered on the assets side of the balance sheet with a counter-item in the corresponding liability on the liabilities side. Depreciation of leasehold rights (based on maturity) and calculated interest on the lease liability are recognized in the income statement. The introduction of the standard had no effect directly on equity.

In this connection, reference is made to note 13.

NOTE 2 RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

Financial activities entail a need for management, administration and control of risk. Good risk management shall be a strategic tool for increasing value creation in BNP Paribas Leasing Solutions AS. This is the role of the Nordic Chief Risk officer to make sure that a good risk management is in place. Internal control shall contribute to ensuring efficient operations, control the most significant risks of significance for the achievement of the company's goals, ensure high quality internal and external reporting and contribute to compliance with all relevant laws, regulations and internal guidelines. The company's board adopts the general principles for risk management and internal control.

The company's profitability depends, among other things, on the ability to identify, manage and price risks that arise in connection with financial services. The board of BNP Paribas Leasing Solutions AS aims to help ensure that the company's operations have a low risk profile.

The board of BNP Paribas Leasing Solutions AS determines the overall risk limits for, among other things, the following areas:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The board is responsible for ensuring that the company has equity that is prudent based on the risk and scope of the company's activities and for ensuring that capital requirements that follow from laws and regulations are complied with. According to current rules, the tier 1 capital requirement shall be 11.0% and the total capital requirement 15,5%. We are in dialogue with the Norwegian Financial Supervisory Authority about the Pillar 2 requirement. Estimated capital adequacy as at 31 December 2020 is shown in note 20.

BNP Paribas Leasing Solutions AS has no equity items in the accounts other than tier 1 capital.

The board is also responsible for establishing appropriate systems and routines for risk management and internal control.

The management of the company is responsible for ensuring that all adopted routines are implemented to uncover all risk factors, and that changes in the risk picture are identified and necessary improvement measures can be implemented.

A risk assessment is carried out annually which includes:

- risk assessments
- established control measures
- Assessment of own compliance with external and internal regulations

The result of the review is reported to the board.

Independent and effective auditing shall contribute to appropriate internal control and reliability in financial reporting. This also applies to the internal auditor. The results of the audit activities are reported on an ongoing basis to the board and the operational management.

CREDIT RISK

Credit risk is defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. Evaluating accurately the probability of default and the expected recovery on the loan or receivable in the event of default are key components of credit quality assessment.

Credit risk is the largest risk element in the company's operations, and the loan portfolio therefore receives close follow-up and monitoring. BNP Paribas Leasing Solutions AS uses an externally developed system for assessing credit risk (based on accounts, equity, payment remarks, trends for the individual industry etc.). All new customers are scored in connection with credit processing in this system. Large customers are rescored at least once a year, while other customers are rescored when requesting new engagements.

For assessing credit risk levels for new customers BNP Paribas Leasing Solutions AS has adopted the Group's methodology for measuring counterparty Risk at the time of on boarding. Every customer is rated into a specific risk class based on the external score achieved and converted into BNP Paribas Group's internal risk rating scale ranging from 1-12. (strong - weak)

The assigned ratings can be divided into the following buckets.

- Ratings 1 - 5+ = strong
- Ratings 5 - 7+ = good
- Ratings 7- 8+ = average
- Ratings 8 - 10 = weak
- Ratings 11 - 12 = Default

The board is responsible for the company's lending, and has delegated authorization limits to persons



involved in lending in accordance with standards from the group BNP Paribas Leasing Solutions. The authorizations are personal and are linked to competence, size of commitment and risk. Major cases must be approved by the credit committee or by the group's RISK department.

When activating new commitments, a depreciation plan is also registered for the individual operating asset. This depends on the type of operating asset and life expectancy. The depreciation plan is the basis for calculating market value during the leasing period.

As mentioned in note 1, the company has from 1 January 2018 introduced loss provisions in accordance with IFRS 9. In accordance with this standard, an industry approach has been chosen for estimating the loss ratio (LGD). This is based on the above risk assessment, as well as own experience with any expanded risk for certain industries. Although the company has historically had very low losses, an extended loss ratio has been used for contractors:

- | | |
|--------------------|-------|
| - Agriculture | 0,04% |
| - Entreprenør | 0,14% |
| - Other industries | 0,04% |

To calculate expected losses (ECL) in accordance with IFRS 9, the portfolio is divided into 3 steps based on credit risk. The division is based on default lists for the individual customer:

STAGE 1

At the first accounting, the company calculates a day-1 loss, corresponding to 12 months' expected credit loss.

Stage 1 comprises all financial assets that do not have a significantly higher credit risk than on initial recognition. The provision for losses corresponds to the expected loss for the next 12 months. All loans and receivables that have not been transferred to step 2 or 3 are placed in this category.

STAGE 2

Includes loans and receivables that have had a significant increase in credit risk since initial recognition, but where there is no objective evidence of losses. For these assets, the company sets aside for expected losses over the entire contractual life. The company has defined that a significant increase in credit risk when lending to customers occurs if payment is delayed by 30 days or more (after the end of the leasing period for the individual invoice), and / or where impaired serviceability is revealed in the group's internal risk management and classification models.

STAGE 3

Consists of loans and receivables that have had a significant increase in credit risk since granting, and / or there is objective evidence of losses on the balance sheet date. Provisions are also made for these assets for expected losses over the entire life of the contract.

The company has defined a significant increase in credit risk since granting, and where there is objective evidence of loss on the balance sheet date, to occur in the event of overdrafts and arrears older than 90 days (after the end of the leasing period for the individual invoice).

In addition, an individual assessment is made for loss provisions on customers where there is objective evidence of loss. This can be:

- Significant financial problems with the debtor
- Default or other significant breach of contract
- Granted deferral of payment or new credit for payment of instalments, agreed changes in the interest rate or in other contract terms as a result of financial problems with the debtor
- It is considered probable that the debtor will enter into debt negotiations, other financial restructuring or that the debtor's estate will be taken into bankruptcy proceedings
- Large mismatch between book value and estimated market value of the fixed asset

Such individual loss provisions are booked in Stage 3.

Estimated losses in accordance with the above are entered as a provision for losses on the accounting line «Losses on customers» in the income statement with a counter-item in own write-downs accounts in the balance sheet.

Determination of loss

When any collateral has been realized and there is no doubt that the company will not receive any more payments on the commitment, the loss is defined as established. In such cases, all receivables related to commitments are booked off the balance sheet and booked as established losses on the accounting line «Losses and write-downs on loans» in the income statement. At the same time, any previous loss provisions are reversed on the commitment.

It is otherwise referred to note 9.

The result of loss calculation in accordance with IFRS 9 is shown in note 9. This also shows a change in provisions from implementation on 1 January 2019.



SPECIAL NOTES ON COVID-19 IMPACT IN A 2020 PERSPECTIVE

The impact of covid 19 has had relatively low impact on the Norwegian leasing portfolio.

Main reasons for this development is attributed to the following rationale:

- The customer / portfolio makeup is dominated by customers within the agriculture industry which have not been subject to a general reduction in demand in the market for the products and services delivered.
- Most customers of BNP LS Norway in the construction segment have not noticed a large drop in activities, while the customers that have experienced a drop in activity have been efficient in downscaling their business with temporary layoffs and postponement of projects for short periods only.
- Macroeconomic reports for Norway show that the number of bankruptcies remain quite low, mostly due to government crisis packages keeping struggling industries afloat. Industries related to tourism, servicing of foods and beverage and the hotel industry which have been particularly affected by the Covid-19 pandemic are not within the customer group of BNP LS Norway.
- Actual number of customers receiving initial moratoria / rescheduling of their contracts due to payment issues caused by the Covid-19 pandemic were in total less than 60 customers for the entire year of 2020. The concentration of moratoria granted for the BNP LS Norway customers were provided in March / April 2020. The vast majority of these customers ended their 3 month moratoria during the summer of 2020 and have returned to their initial payment plan.
- Having that said, the long term effects of the pandemic in the Nordics are yet to unfold and relying on the recovery of society in general. It is the belief of the management that BNP LS Norway with its current customer composition is not exposed to extensive risks for declining payment behaviour from its customers given the current situation and future outlook.

MARKET RISK

Market risk for BNP Paribas Leasing Solutions AS is mainly related to interest rate risk.

The company has no loans with a fixed interest rate, i.e. all loans and leasing contracts are based on floating interest rates. In practice, this means that within a relatively short period of time (according to current rules, 6 weeks for private and 4 weeks for business customers), interest rate changes can be implemented on all loans if the market interest rate changes.

The company is financed with loans from group companies (BNP Paribas S.A. Norway Branch). The loan agreements with the bank are based on floating interest rates with repayment over 4-5 years. The market risk for BNP Paribas Leasing Solutions AS is therefore considered small.

LIQUIDITY RISK

In case of liquidity stress, the amount of capital will have marginal effect on the institution's capacity to face the crisis. This crisis will not lead to a loss for the institution but impair its capacity to refinance its assets. Since capital and liquidity are disconnected, the Group BNP Paribas considers that there is no need for additional capital to cover liquidity risk.

The liquidity risk is managed globally at Group and local levels under governance, steering actions, monitoring tools and mitigation strategies defined in a dedicated Group Liquidity Risk Management Policy document. This ensures that liquidity is globally managed and balanced in terms of businesses' funding needs and related liquidity risk management.

BNP Paribas Leasing Solutions AS funds its activity through intragroup funding, respecting the operational limits allocated to it by BNP Paribas Leasing Solutions ALCO, monitored locally, and reported quarterly through LS Nordics sub-ALCO.

As of 31 December 2020, the liquidity coverage ratio is calculated at 155,88 percent. The formal minimum requirement is 100 percent.

OPERATIONAL RISK

The BNP Paribas general policy regarding operational risk is to have the operating management be accountable for managing the risks generated by the activity under his/her responsibility. An independent control function, acts as a second line of defence, defining the global framework, challenging output from risk and control assessment, testing the risk mitigation framework and independently reporting risks to the Senior Management. In 2015 this second line of defence function was made fully independent and transferred under the hierarchical supervision of RISK. In July 2016, the Target Operating Model and the main evolution of the organization of this second line of defence named Operational Risk and Control (ORC) were presented and the gradual implementation started.

This principle presupposes that the managers identify and assess their risks, formalize and disclose them transparently, and take measures to prevent and correct any vulnerability identified in this manner, while doing so in consistency with the Risk Appetite Statement defined by the BNP Paribas group and its



translation throughout the entities for which they are responsible. The major steps of the risk and control self-assessment (RCSA) exercise for operational risk are:

- The identification, analysis and the assessment of the underlying risks.
- The analysis of the actual functioning of the control system and of dynamic risk indicators.
- The residual risk, which provides an assessment of the risk having taken into account the actual functioning of the control framework and its results in terms of risks at a given point of time.

The RCSA exercise should be conducted on a yearly basis, or more frequently should it be needed. The most material risks identified need then be analysed more deeply for risk management purposes. On a half yearly basis, BNP Paribas group runs a formal process of reporting of key attention points in terms of operational risk through a bottom up approach, each

level being subject to a formal sign-off from the Head of the entity concerned. This exercise is made from the RCSA outputs, analysis of actual incidents, results from controls & key risks indicators and output from audits assignments (internal audits, external audits, supervisory reviews ...). It is challenged by the independent control function ORC in charge of operational risk and permanent control framework. This process results in a consolidated report that is submitted to the Group Internal Committee, the Group Executive Committee and the Board.

In significant entities in the Advanced Measurement Approach (AMA) perimeter, key material risks are also quantified through scenarios (known as potential incident in BNP Paribas taxonomy). These potential incidents are key inputs of the internal model that will define capital requirement for operational risk and are formalized through cases. Two cases should be considered, the likely case and the worst case. In this respect, emerging risks or large loss risks should be subject to an enhanced attention.

NOTE 3 INTEREST INCOME

Interest income from credit institutions consists of interest income from Loans and Finance Leases agreements. Interest and similar income from loans to customers apply to interest on repayment loans. Revenue from Lease payment is recorded in accordance with the annuity principle.

NOTE 4 OTHER INCOME ON LOANS & FINANCE LEASES

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|-----------------------------|-------------------|-------------------|
| Income Fee on Finance Lease | 8 240 | 7 480 |
| Income fee on Loans | 86 | 110 |
| Total Income Fees | 8 326 | 7 590 |

NOTE 5 COMMISSIONS COSTS

Commissions costs consist of brokerage commissions for Loans and Finance Leases agreements with partner.

NOTE 6 OTHER OPERATING EXPENSES

| Audit costs | <u>31/12/2020</u> | <u>31/12/2019</u> |
|---|-------------------|-------------------|
| Statutory Audit | 378 | 416 |
| Other assurances services | 8 | 0 |
| Tax advisory fee (incl. Technical assistance with tax return) | 26 | 8 |
| Other assistance | 148 | 64 |
| Total audit Fees | 560 | 489 |



NOTE 7 TAX COSTS

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|---|-------------------|-------------------|
| Profit before tax | 24 152 | 16 201 |
| Permanent differences | 59 | 96 |
| Change temporary differences fixed assets | 125 338 | 150 258 |
| Change temporary differences receivables | -188 616 | -145 476 |
| Change temporary differences on capitalized leases | 2 476 | 18 |
| Change temporary differences in accounting provisions | -682 | 682 |
| Change temporary differences prepaid leasehold | -3 625 | 3 864 |
| Basis for payable taxes in the income statement | -40 897 | 25 644 |
| Tax payable 2020 | -8 997 | 5 642 |
| Change in deferred tax due to changed tax rate | 0 | 0 |
| Change in deferred tax with new rate (old rate in 2018) | 14 324 | -2 056 |
| The tax expense for the year in the income statement | 5 327 | 3 585 |
| Specification of temporary differences | | |
| Fixed assets | -1 731 956 | -1 606 618 |
| Receivables | 1 565 647 | 1 377 031 |
| Capitalized leases | -2 495 | -18 |
| Accounting Provisions | 0 | -682 |
| Prepaid leasing rent | 288 079 | 284 453 |
| Tax losses carried forward | -10 897 | 0 |
| Basis for deferred taxes | 108 378 | 54 167 |
| Deferred tax in the balance sheet | 23 843 | 11 917 |
| <i>Used tax rate payable tax</i> | <i>22%</i> | <i>22%</i> |
| <i>Used tax rate deferred tax</i> | <i>22%</i> | <i>22%</i> |

NOTE 8 LOANS & FINANCE LEASES CONTRACTS

| Loans by type of receivable: | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|-------------------|-------------------|
| Finance lease contracts | 1 568 675 | 1 392 159 |
| Loans contracts | 14 502 | 15 547 |
| Total gross Loans and Finance Lease | 1 583 177 | 1 407 707 |
| Provision Stage 1 | -479 | -820 |
| Provision Stage 2 | -25 | -62 |
| Provision Stage 3 | -9 596 | -5 825 |
| Total Net Loans and Finance Lease | 1 573 077 | 1 401 000 |

BNP Paribas Leasing Solutions AS has ownership of all leased assets. On loans, 1st priority mortgage security and / or bail has been established. The company has no customers with committed credit facilities



NOTE 8 LOAN & LEASING CONTRACTS TO CLIENTS

LOAN AND LEASING CONTRACTS BY GEOGRAPHICAL AREA AND INDUSTRY

| Loans and Leasing contracts by region | 31/12/2020 | | 31/12/2019 | |
|--|------------------|---------------|------------------|----------------|
| | Value | % | Value | % |
| Viken | 340 943 | 21,5% | 352 200 | 25,02% |
| Vestfold og Telemark | 159 172 | 10,1% | 156 753 | 11,14% |
| Agder | 25 301 | 1,6% | 13 615 | 0,97% |
| Troms og Finmark | 92 748 | 5,9% | 70 170 | 4,98% |
| Innlandet | 266 420 | 16,8% | 230 279 | 16,36% |
| Vestland | 211 138 | 13,3% | 174 791 | 12,42% |
| Møre og Romsdal | 76 143 | 4,8% | 70 543 | 5,01% |
| Nordland | 76 987 | 4,9% | 56 033 | 3,98% |
| Trøndelag | 185 188 | 11,7% | 148 099 | 10,52% |
| Oslo | 87 342 | 5,5% | 53 509 | 3,80% |
| Rogaland | 61 795 | 3,9% | 81 715 | 5,80% |
| Total gross Loans and Finance Lease | 1 583 177 | 100,0% | 1 407 707 | 100,00% |

| Divided by industry | 31/12/2020 | | 31/12/2019 | |
|--|------------------|---------------|------------------|----------------|
| | Value | % | Value | % |
| Public administration | 2 756 | 0,2% | 8 479 | 0,60% |
| Agriculture, forestry and fishing | 835 247 | 52,8% | 709 373 | 50,39% |
| Construction | 397 182 | 25,1% | 368 815 | 26,20% |
| Wholesale and retail trade | 26 661 | 1,7% | 28 548 | 2,03% |
| Transport and storage | 48 122 | 3,0% | 54 270 | 3,86% |
| Real estate activities | 49 009 | 3,1% | 67 026 | 4,76% |
| Information and communication | 246 | 0,0% | 139 670 | 9,92% |
| Other services | 223 953 | 14,1% | 31 527 | 2,24% |
| Total gross Loans and Finance Lease | 1 583 177 | 100,0% | 1 407 707 | 100,00% |

BNP Paribas Leasing Solutions AS has its own classification system for assessing credit risk for all customers (both for loans and Finance Leases). This takes into account both the customer's financial situation and the asset / mortgage's market value in relation to the book value of the commitment. The company places the entire portfolio in different buckets (scale from 1-12). An annual reclassification is planned based on the customer's financial situation on commitments above a certain size. The assessments also include a separate write-down plan for the mortgage's stipulated custody value.

| Risk Group | BNPP Notation | 31/12/2020 | | 31/12/2019 | |
|--|----------------|-----------------------|---------------|-----------------------|---------------|
| | | Loans & Finance Lease | Doubtful | Loans & Finance Lease | Doubtful |
| Strong | Ratings 1 - 5+ | 980 735 | 23 846 | 393 315 | 11 117 |
| Good | Ratings 5 - 7+ | 555 915 | 15 313 | 998 208 | 28 215 |
| Average | Ratings 7- 8+ | 6 962 | 0 | 16 184 | 457 |
| Weak | Ratings 8 - 10 | 406 | 0 | 0 | 0 |
| Default | Ratings 11 -12 | 0 | 0 | 0 | 0 |
| Total gross Loans and Finance Lease | | 1 544 018 | 39 159 | 1 407 707 | 39 790 |

| Risk Group in % | BNPP Notation | Loans & Finance Lease | Doubtful in % | Loans & Finance Lease | Doubtful in % |
|--|----------------|-----------------------|---------------|-----------------------|---------------|
| Strong | Ratings 1 - 5+ | 63,52% | 1,54% | 27,94% | 0,79% |
| Good | Ratings 5 - 7+ | 36,00% | 0,99% | 70,91% | 2,00% |
| Average | Ratings 7- 8+ | 0,45% | 0,00% | 1,15% | 0,03% |
| Weak | Ratings 8 - 10 | 0,03% | 0,00% | 0,00% | 0,00% |
| Default | Ratings 11 -12 | 0,00% | 0,00% | 0,00% | 0,00% |
| Total gross Loans and Finance Lease | | 100,00% | 2,54% | 100,00% | 2,83% |



Accounting default is defined as a commitment with a delay of more than 90 days, or when there is objective evidence of events that indicate a default on the part of the customer. At the end of 2020, the book value of commitments with arrears over 90 days amounted to NOK 39.2 million.

LOANS WITH OVERDUE INSTALLMENTS

| Total balance on loan accounts with overdue installments | 31/12/2020 | | | |
|--|---------------|--------------|----------------|---------------|
| | Below 1 month | 1 - 3 months | 3 - 12 months | > 12 months |
| Retail market | 1 851 | 617 | 24 052 | 12 577 |
| Corporate market | 18 308 | 6 103 | 123 508 | 39 711 |
| Total | 20 159 | 6 720 | 147 560 | 52 288 |

| Total balance on loan accounts with overdue installments | 31/12/2019 | | | |
|--|----------------|---------------|---------------|-------------|
| | Below 1 month | 1 - 3 months | 3 - 12 months | > 12 months |
| Retail market | 0 | 0 | 0 | 0 |
| Corporate market | 212 628 | 82 035 | 22 080 | 166 |
| Total | 212 628 | 82 035 | 22 080 | 166 |

FINANCE LEASE AGREEMENTS WHERE THE COMPANY IS THE LESSOR (IFRS 16)

As mentioned, the company leases out different types of equipment under the rules for financial leasing. The table below shows expected payments from these contracts after the end of the accounting period:

| | 31/12/2020 |
|---------------------------------------|------------------|
| Less than 1 year | 434 807 |
| Between 1 and 2 years | 385 517 |
| Between 2 and 3 years | 319 310 |
| Between 3 and 4 years | 237 217 |
| Between 4 and 5 years | 161 681 |
| Over 5 years | 168 309 |
| Total | 1 706 841 |
| Unearned leasing income | -138 166 |
| Total Finance Lease agreements | 1 568 675 |

The company has no contracts in the leasing portfolio under the rules for operational leasing.

NOTE 9 PROVISIONS FOR LOSSES ON LOANS AND LEASING CONTRACTS TO CUSTOMERS

Impairment losses in accordance with IFRS 9 are described in note 1 Accounting principles and note 2, risk management and internal control. As stated here, the portfolio as of 31 December 2020 is divided into sectors (industry) for estimating the loss ratio. The estimate is based on historical experience with the individual industry:

| | 31/12/2020 | | | 31/12/2019 | | |
|------------------------|-------------|------------------|----------------|-------------|------------------|----------------|
| | % Provision | Portfolio | i % | % Provision | Portfolio | i % |
| Agriculture | 0,04% | 935 602 | 59,10% | 0,04% | 714 475 | 50,75% |
| Contractor | 0,14% | 449 845 | 28,41% | 0,14% | 373 681 | 26,55% |
| Other industries | 0,04% | 197 730 | 12,49% | 0,04% | 319 550 | 22,70% |
| Total Portfolio | | 1 583 177 | 100,00% | | 1 407 707 | 100,00% |

As shown in the table above, a large part of BNP Paribas Leasing Solutions AS's portfolio as of 31 December 2020 is contracts to Agriculture and forestry (approx. 59%). Based on their own experience from this customer group, these are customers who have historically had little loss. No factors have been identified that indicate increased risk and thus a need for increased write-downs for this customer group. This also applies to Other industries (12%). Furthermore, approximately 28% of the portfolio consists of loans to Contractors (industry, construction etc). Based on our experience, there is a somewhat higher risk of loss in this customer group. When calculating loss provisions in accordance with IFRS 9, a somewhat higher percentage has therefore been used here.

The portfolio is further divided into Stage 1, 2 and 3 are based on default lists. Customers with defaults up to 60 days are considered as Stage 1, customers up to 90 days are considered as Stage 2 and all customers above 90 days are considered as Stage 3.

In addition to the loss provisions calculation in accordance with the rules in IFRS 9, an individual assessment of customers with an increased risk of loss has also been carried out. This assessment also includes the leasing object's probable net market value. The loss provision after this assessment has been added to Stage 3.



The tables below show the loss provision for the individual stage and how this has changed since 1 January 2020. The total loss provision as of 31 December 2020 amounts to NOK 10.248 million.

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|------------|--|--|---------------|
| Classification for first time capitalization and fresh loans | | Significant increase in credit risk since the first recognition in the balance sheet | Significant increase in credit risk since initial recognition and objective evidence of losses | |
| Expected loss over 12 months | | Expected loss over the life of the instrument | Expected loss over the life of the instrument | |
| Provision for losses 01.01.2020 | 820 | 62 | 5 825 | 6707 |
| Transfers | | | | |
| Transfer from stage 1 so stage 2 | 4 | 4 | | 0 |
| Transfer from stage 1 so stage 3 | 6 | | 6 | 0 |
| Transfer from stage 2 so stage 3 | | 1 | 1 | 0 |
| Transfer from stage 3 so stage 2 | | 194 | 194 | 0 |
| Transfer from stage 3 so stage 1 | 367 | | 367 | 0 |
| Transfer from stage 2 so stage 1 | 27 | 27 | | 0 |
| New financial assets issued or acquired | 272 | 188 | 4 200 | 3 742 |
| Increase or release without staging changes | 473 | 21 | 292 | 202 |
| Modification of contractual cash flows from financial assets that have not been derecognised | | | | |
| Provision for losses 31.12.20 | 479 | 24 | 9 744 | 10 248 |

Provisions for losses are calculated based on expected credit loss (ECL) using the 3-step method as described in note 1, Accounting principle.

| Specification of the period's loss expense on lease financing agreements and loans | 2020 | 2019 |
|--|--------------|--------------|
| Variation in Stage 1 | -341 | 129 |
| Variation in Stage 2 | -38 | 20 |
| Variation in Stage 3 | -573 | 7 |
| New individual provision | 4 492 | 4 044 |
| Established losses covered by previous individual write-downs | 0 | 108 |
| Reversal of previous individual write-downs | 0 | -140 |
| Write-downs on lease financing agreements and loans | 3 541 | 4 168 |

Variation in loss provision by stage

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|------------|---|---|--------------|
| Expected loss over 12 months | | Expected loss over the life of the instrument | Expected loss over the life of the instrument | |
| Provision for losses 01.01.2019 | 691 | 42 | 1 914 | 2 647 |
| Transfers | | | | |
| Transfer from stage 1 so stage 2 | 31 | 31 | | 0 |
| Transfer from stage 1 so stage 3 | 9 | | 9 | 0 |
| Transfer from stage 2 so stage 3 | | 3 | 3 | 0 |
| Transfer from stage 3 so stage 2 | | 5 | 5 | 0 |
| Transfer from stage 3 so stage 1 | 4 | | 4 | 0 |
| Transfer from stage 2 so stage 1 | 18 | 18 | | 0 |
| New financial assets issued or acquired | 347 | 12 | 3 911 | 4 271 |
| Increase or release without staging changes | 60 | 4 | 7 | 72 |
| Modification of contractual cash flows from financial assets that have not been derecognised | 141 | 2 | 4 | 139 |
| Provision for losses 31.12.2019 | 820 | 62 | 5 825 | 6 707 |



EXPLANATION OF THE TABLES ABOVE:

Transfer between stages

Shows the effect of customers who have changed steps during the period. The amounts in the tables show value at the beginning of the period (ie 01.01.2020).

New financial assets issued or acquired

Shows the effect of accessing new leases in the financial year.

Financial assets deducted during the period

Shows the effect of access contracts that have been terminated during the financial year.

Modification of contractual cash flows from financial assets that have not been derecognised

Shows the effect of contracts in the portfolio from 01.01.2020 which are still ongoing at the end of the period 31.12.2020, but where the book value has been reduced by instalment payments throughout the year. Also includes changed balance on contracts that have changed steps in the financial year (see transfer between steps).

LOANS TO CUSTOMERS DISTRIBUTED BY CUSTOMER GROUPS AND STAGING

| | Gross Amount | Provision for losses | | | Total |
|------------------|------------------|----------------------|-----------|--------------|------------------|
| | | Stage 1 | Stage 2 | Stage 3 | |
| Agriculture | 935 602 | 165 | 5 | 6 725 | 928 706 |
| Contractor | 449 845 | 280 | 18 | 1 493 | 448 053 |
| Other industries | 197 730 | 34 | 1 | 1 377 | 196 318 |
| Total | 1 583 177 | 479 | 25 | 9 596 | 1 573 077 |

NOTE 10 TRANSACTIONS AND BALANCES WITH GROUP COMPANIES

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|-------------------|-------------------|
| Interest and similar income from Loans to and receivables from credit institutions | 314 | 137 |
| Interest and similar costs on debt to credit institutions | 19 448 | 14 906 |
| Management fees | 6 224 | 6 257 |
| Rent for group companies | 1 440 | 866 |
| | | |
| Loans and advances to credit institutions | 33 835 | 58 029 |
| Loans from credit institutions with agreed maturity | 1 361 016 | 912 498 |
| Accrued expenses and received unearned income | 1 582 | 1 688 |

Transactions with group companies consists of three items :

- Bank borrowing in order to support the activity of the company. All loans granted are considered as floating and calculated based on the NIBOR 3M + margin.
- Office rent for a sharing building in Oslo
- Management fees generated by the central functions of BNP Paribas Leasing Solutions



NOTE 11 OFFICE MACHINES AND FIXTURES

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|------------------------------------|-------------------|-------------------|
| Acquisition cost 01.01 | 1 976 | 1 647 |
| Access during the year | 0 | 329 |
| Departure of the year | -350 | 0 |
| Acquisition cost 31.12 | 1 626 | 1 976 |
| Acc. depreciation | -1 337 | -1 261 |
| Book Value 31.12 | 289 | 714 |
| Depreciation for the year (linear) | -346 | -245 |
| Depreciation for the year in% | 20% - 33% | 20% - 33% |

NOTE 12 INTANGIBLE ASSETS

| | <u>IT System</u> | <u>31/12/2020</u> | <u>31/12/2019</u> |
|------------------------------------|------------------|-------------------|-------------------|
| Acquisition cost 01.01 | 5 401 | 5 401 | 3 765 |
| Access during the year | 1 057 | 1 057 | 1 635 |
| Departure of the year | 0 | 0 | 0 |
| Acquisition cost 31.12 | 6 457 | 6 457 | 5 401 |
| Accumulated Depreciation | -3 765 | -3 765 | -3 141 |
| Book Value 31.12 | 2 692 | 2 692 | 2 260 |
| Depreciation for the year (linear) | -624 | -624 | -401 |
| Depreciation for the year in% | 20% | 20% | 20% |

NOTE 13 CAPITALIZED LEASES

As mentioned in note 1, IFRS 16 - Leases was implemented from 1 January 2019. This will apply to all leases over EUR 5,000. A total of 6 such agreements have been entered into, with varying maturities from 3 to 10 years. Most agreements contain an option clause to continue the lease after the expiration date. The rent is usually adjusted according to the consumer price index.

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--|-------------------|-------------------|
| Acquisition cost | 4 258 | 3 254 |
| Access during the year | 20 653 | 1 753 |
| Departure of the year | 0 | -749 |
| Acquisition cost | 24 911 | 4 258 |
| Accumulated Depreciation | -4 602 | -1 934 |
| Booked value | 20 310 | 2 324 |
| Depreciation for the year (based on rental period) | -2 667 | -2 199 |

Changes in accounting principles to IFRS 16 in 2019 have the following effect in the income statement.

| | | |
|------------------------------------|--------------|--------------|
| Interest cost on rental obligation | 152 | 59 |
| Depreciation of tenancy | 2 667 | 2 199 |
| Total | 2 819 | 2 258 |



NOTE 14 FINANCE LEASES

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|---|-------------------|-------------------|
| Acquisition cost 01.01 | 2 622 870 | 2 379 948 |
| Access during the year | 763 186 | 689 449 |
| Departure of the year | -577 428 | -446 527 |
| Acquisition cost 31.12 | 2 808 628 | 2 622 870 |
| Accumulated depreciation | -1 044 677 | -1 000 474 |
| Gross net asset value 31.12 | 1 763 950 | 1 622 395 |
| Not earned advance rent | -288 079 | -284 453 |
| Residual value before loss provision | 1 475 872 | 1 337 942 |
| Depreciation for the year | -450 231 | -428 124 |
| Tax value leasing object | 983 626 | 1 607 684 |

NOTE 15 DEBT TO CREDIT INSTITUTIONS

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|----------------------------|-------------------|-------------------|
| Loans from group companies | 1 361 016 | 912 498 |
| Average interest rate | 1,43% | 2,15% |

The effective interest rate is calculated as net interest expenses divided by the average debt in the year.

Change in loans from credit institutions during the financial year

| | | |
|---------------------------------------|------------------|----------------|
| Loans from credit institutions 01.01. | 912 498 | 554 894 |
| Installments Reimbursed | -326 281 | -231 241 |
| New loans | 775 500 | 587 600 |
| Increase in accrued interest | -701 | 1 245 |
| Loans from credit institutions | 1 361 016 | 912 498 |

NOTE 16 DEBT CREATED BY ISSUING SECURITIES

| Securities no. | Begin Date | End Date | Type of Loan | Interests Rates | Next Repricing | <u>31/12/2020</u> | <u>31/12/2019</u> |
|----------------|------------|------------|--------------|-----------------|----------------|-------------------|-------------------|
| N00010782576 | 24/01/2017 | 24/03/2020 | Bullet | 3,03% | - | 0 | 170 000 |
| N00010798036 | 21/06/2017 | 21/09/2020 | Bullet | 2,74% | - | 0 | 150 000 |
| | | | | | | 0 | 320 000 |

During the year 2020 all remaining bonds were reimbursed and replaced by loans from group companies.

As of 31 December 2020, the average effective interest rate on bond loans is 2.51 per cent (2.52 per cent in 2019). All bonds are issued in Norwegian kroner.

The effective interest rate on the bond debt is calculated by converting each borrowing to an annual effective interest rate and then weighting each borrowing by the size of the loan.



NOTE 17 ACCRUED COSTS

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|-----------------------------|-------------------|-------------------|
| Accruals on Finance Lease | 6 760 | 1 363 |
| Accruals on Commissions | 0 | 168 |
| Accruals on repayment loans | 33 | 39 |
| Accruals on Management fee | 1 582 | 1 688 |
| Accruals on Staff costs | 7 173 | 6 211 |
| Total Accrued costs | 15 548 | 9 469 |

NOTE 18 SPECIFICATION OF OTHER RECEIVABLES

| | <u>31/12/2020</u> | <u>31/12/2019</u> |
|--------------------------------|-------------------|-------------------|
| Prepaid costs | 295 | 617 |
| Refund VAT | 31 | 31 |
| Refund Tax | 6 602 | 0 |
| Other accruals | 1 529 | 72 |
| Total other receivables | 8 457 | 720 |

NOTE 19 SHARE CAPITAL AND EQUITY

| | <u>Capital</u> | <u>Retained Earnings</u> | <u>Total Equity</u> |
|--------------------------|----------------|--------------------------|---------------------|
| Equity 01.01.2019 | 100 000 | 173 910 | 273 910 |
| Dividend paid in 2019 | 0 | -55 000 | -55 000 |
| Annual result 2019 | 0 | 12 615 | 12 615 |
| Equity 31.12.2019 | 100 000 | 131 525 | 231 525 |
| Annual result 2020 | 0 | 18 797 | 18 797 |
| Equity 31.12.2020 | 100 000 | 150 321 | 250 321 |

The share capital consists of 100,000,000 shares of NOK 1. BNP Paribas Leasing Solutions SA, Luxembourg, owns all shares.



NOTE 20 CAPITAL ADEQUACY

| | 31/12/2020 | 31/12/2019 |
|--|------------------|------------------|
| OWN FUNDS | 247 649 | 229 255 |
| TIER 1 CAPITAL | 247 649 | 229 255 |
| COMMON EQUITY TIER 1 CAPITAL | 247 649 | 229 255 |
| Capital instruments eligible as CET1 Capital | 100 000 | 100 000 |
| <i>Paid up capital instruments</i> | <i>100 000</i> | <i>100 000</i> |
| Retained earnings | 150 351 | 131 525 |
| Adjustments to CET1 due to prudential filters | -10 | -10 |
| Other intangible assets | -2 692 | -2 260 |
| Total Risk Exposure Amount | 1 201 973 | 1 422 264 |
| Risk Weighted Assets for Credit, Counterparty Credit and Dilution Risks and Fri | 1 073 835 | 1 307 862 |
| Institutions | 12 304 | 14 482 |
| Corporates | 183 249 | 708 633 |
| Retail | 750 508 | 448 683 |
| Exposures in default | 34 343 | 59 686 |
| Other items | 93 431 | 76 378 |
| Total Risk Exposure for Operational Risk | 128 139 | 114 402 |
| OpR Basic Indicator Approach (BIA) | 128 139 | 114 402 |
| Overall capital requirement ratio (OCR) | 20,60% | 16,12% |
| CET1 Capital ratio | 20,60% | 16,12% |
| T1 Capital ratio | 20,60% | 16,12% |
| Unweighted tier 1 capital | 14,70% | 15,23% |

The current capital structure allows BNP Paribas Leasing Solutions to comply with its regulatory capital expectations, including the CET1 ratio constraint arising from the SREP/Pillar 2 capital requirements decision, set at 14,5% in 2020. As a reminder, the initial level of capital expectations in 2020 before the Covid pandemic crisis was set at 16%.

NOTE 21 PAYROLL EXPENSES AND REMUNERATION

| | 31/12/2020 | 31/12/2019 | | | | | |
|--|---------------|--------------|----------------------|----------------|-------------------|-------------------|-------------|
| Number of employees | 27,00 | 24,00 | | | | | |
| Number of Full Time Equivalent | 26,92 | 21,30 | | | | | |
| Remuneration to members of the board | 100 | 100 | | | | | |
| Remuneration to the CEO | 4 314 | 1 946 | | | | | |
| Pension insurance CEO | 64 | 176 | | | | | |
| Remuneration of the CEO | Salary | Bonus | Other Benefit | Pension | Total 2020 | Total 2019 | Loan |
| Arne Petter Osberg | 1 115 | 390 | 0 | 64 | 1 570 | 2 122 | 0 |
| Fabrice Perret | 2 140 | 414 | 255 | 0 | 2 809 | 0 | 0 |
| Remuneration to the board | Fee | Bonus | Other | Pension | Total | Loan | |
| Hans Wolfgang Pinner (Chairman of the Board) | 0 | 0 | 0 | 0 | 0 | 0 | |
| Lars Hørgen Hinze | 50 | 0 | 0 | 0 | 50 | 0 | |
| Denis Desespaul | 50 | 0 | 0 | 0 | 50 | 0 | |
| Claudin Francoise Smith | 0 | 0 | 0 | 0 | 0 | 0 | |

REMUNERATION SCHEME IN BNP PARIBAS LEASING SOLUTIONS AS

BNP Paribas Leasing Solutions has established a remuneration scheme in accordance with regulations on remuneration in financial institutions etc. As an overriding principle, BNP Paribas Leasing Solutions AS's practice of remuneration conditions must be competitive.

The variable remuneration shall be balanced against the company's risk exposure and control so that unnecessary and undesirable risk is not taken. The company's total remuneration schemes must be good, simple



and predictable in order to contribute to a good performance culture. The remuneration scheme for BNP Paribas Leasing Solutions AS shall be in accordance with the company's overall goals, risk tolerance and long-term interests.

In 2020, a variable remuneration of approximately NOK 1.376 million was paid. This remuneration was mainly accrued in 2019 and set aside in the accounts this year. The variable remuneration is distributed to all employees based on the objectives achieved. Correspondingly, variable remuneration has been set aside in the accounts for 2020 of NOK 2,881 million.

| Payroll Expenses | 31/12/2020 | 31/12/2019 |
|---|---------------|---------------|
| Salaries/wages | 21 937 | 18 067 |
| Social security fees | 3 496 | 3 008 |
| Pension expenses | 2 062 | 1 742 |
| Other remuneration | 2 114 | 3 580 |
| Total Risk Exposure for Operational Risk | 29 610 | 26 397 |

NOTE 22 SPECIFICATION OF MAIN ITEMS IN THE BALANCE SHEET GROUPED BY REPRICING DATE

| | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 Years | No maturity | 31/12/2020 Total |
|--|------------------|------------------|--------------|---------------|-------------------|----------------|---------------------|
| Loans and advances to credit institutions | 61 517 | 0 | 0 | 0 | 0 | 0 | 61 517 |
| Net loans to and receivables from customers | 1 522 341 | 0 | 0 | 0 | 0 | 50 736 | 1 573 077 |
| Certificates Norwegian state | 0 | 0 | 9 980 | 0 | 0 | 0 | 9 980 |
| Fixed assets | 0 | 0 | 0 | 0 | 0 | 935 | 935 |
| Other intangible assets | 0 | 0 | 0 | 0 | 0 | 2 692 | 2 692 |
| Total advance and not received | 38 927 | 0 | 0 | 0 | 0 | 0 | 38 927 |
| Total Assets | 1 622 786 | 0 | 9 980 | 0 | 0 | 54 363 | 1 687 129 |
| Loans from credit institutions | 0 | 1 361 016 | 0 | 0 | 0 | 0 | 1 361 016 |
| Debt created by issuing securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Supplier tax, payable tax, etc | 29 115 | 0 | 0 | 22 804 | 0 | 0 | 51 920 |
| Deferred tax | 0 | 0 | 0 | 0 | 0 | 23 843 | 23 843 |
| Equity | 0 | 0 | 0 | 0 | 0 | 250 350 | 250 350 |
| Total debt and equity | 29 115 | 1 361 016 | 0 | 22 804 | 0 | 274 194 | 1 687 129 |
| Other off-balance sheet fine, derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net interest exposure | 1 585 021 | 1 361 016 | 9 980 | 20 755 | 0 | 213 230 | 0 |
| Net interest exp. in% of subordinated capital | 94 | 81 | 1 | 1 | 0 | 13 | 0 |
| Interest rate risk the entire balance 1% | 1 321 | -2 268 | 62 | -519 | 0 | 0 | -1 404 |
| Interest rate risk in% of subordinated capital | 51,7% | -88,7% | 2,4% | -20,3% | 0,0% | 0,0% | -55,0% |
| Corresponding grouping of the balance sheet for 2019: | | | | | | | |
| | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 Years | No maturity | Total |
| Loans and advances to credit institutions | 72 408 | 0 | 0 | 0 | 0 | 0 | 72 408 |
| Net loans to and receivables from customers | 1 354 905 | 298 | 0 | 0 | 0 | 45 797 | 1 401 000 |
| Certificates Norwegian state | 0 | 0 | 9 881 | 0 | 0 | 0 | 9 881 |
| Fixed assets | 0 | 0 | 0 | 0 | 0 | 3 038 | 3 038 |
| Other intangible assets | 0 | 0 | 0 | 0 | 0 | 2 260 | 2 260 |
| Total advance bet. and uppij. not received in int. | 19 009 | 0 | 0 | 0 | 0 | 0 | 19 009 |
| Total Assets | 1 446 322 | 298 | 9 881 | 0 | 0 | 51 095 | 1 507 596 |
| Debt and equity 31 December 2019 | | | | | | | |
| Loans from credit institutions with agreed maturity | 0 | 912 498 | 0 | 0 | 0 | 0 | 912 498 |
| Debt created by issuing securities | 0 | 320 118 | 0 | 0 | 0 | 0 | 320 118 |
| Supplier tax, payable tax, pile, costs etc | 29 196 | 0 | 0 | 2 342 | 0 | 0 | 31 538 |
| Deferred tax | 0 | 0 | 0 | 0 | 0 | 11 917 | 11 917 |
| Equity | 0 | 0 | 0 | 0 | 0 | 231 525 | 231 525 |
| Total debt and equity | 29 196 | 1 232 616 | 0 | 2 342 | 0 | 243 442 | 1 507 596 |
| Other off-balance sheet fine, derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net interest exposure | 1 417 125 | 1 232 318 | 9 881 | 2 342 | 0 | 192 347 | 0 |
| Net interest exp. in% of subordinated capital | 94 | 82 | 1 | 0 | 0 | 13 | 0 |
| Interest rate risk the entire balance 1% | 1 181 | -2 054 | 62 | -58 | 0 | 0 | -670 |
| Interest rate risk in% of subordinated capital | 51,0% | -88,7% | 2,7% | -2,5% | 0,0% | 0,0% | -37,6% |



SPECIFICATION OF DEBT BY DUE DATE:

| | 31/12/2020 | | | | | | Total |
|---|---------------|---------------|----------------|----------------|-------------------|-------------|------------------|
| | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 Years | No maturity | |
| Loans from credit institutions | 23 363 | 62 940 | 327 690 | 947 022 | 0 | 0 | 1 361 016 |
| Debt created by issuing securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rental obligation | 310 | 620 | 3 223 | 12 004 | 6 648 | 0 | 22 804 |
| Provision for accrued costs and liabilities | 15 155 | 5 562 | 1 629 | 0 | 0 | 0 | 22 346 |
| Total Debt & Equity | 38 828 | 69 122 | 332 542 | 959 026 | 6 648 | 0 | 1 406 166 |

| | 31/12/2019 | | | | | | Total |
|---|---------------|----------------|----------------|----------------|-------------------|-------------|------------------|
| | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 Years | No maturity | |
| Loans from credit institutions with agreed maturity | 16 075 | 41 705 | 144 840 | 805 387 | 0 | 0 | 1 008 006 |
| Debt created by issuing securities | 0 | 171 406 | 153 083 | 0 | 0 | 0 | 324 489 |
| Rental obligation | 200 | 399 | 1 796 | 0 | 0 | 0 | 2 395 |
| Provision for accrued costs and liabilities | 25 584 | 1 289 | 4 465 | 0 | 0 | 0 | 31 339 |
| Total Debt & Equity | 41 859 | 214 800 | 304 183 | 805 387 | 0 | 0 | 1 366 229 |

NOTE 23 RESTRICTED BANK DEPOSITS

As requested, one bank account is tied up to cover the tax deductions. The current balance is TNOK 1.053.

NOTE 24 PENSIONS

The company has established a defined contribution pension scheme for all employees (OTP). The pension scheme meet the requirements of the Act on Mandatory Occupational Pensions. An agreement has also been entered into on the AFP scheme for all employees.

NOTE 25 OBLIGATIONS

BNP Paribas Leasing Solutions AS has no assets that are pledged. The portfolio also does not contain any contracts where the company has guaranteed residual value.

NOTE 26 EARNED INTEREST ON FUTURE SALES OF FINANCE LEASES ASSETS

As described in note 1, an estimate of future capital gains from Finance Leases assets has been made. The estimation is made on the basis of the leasing portfolio and booked as rental financing income in the income statement and as rental financing agreements in the balance sheet. In the table below, the amounts recognized as income and accrued interest are specified

| | 31/12/2020 | 31/12/2019 |
|-------------------------|---------------|---------------|
| Open Balance | 45 797 | 39 697 |
| Flow of the year | 4 939 | 6 100 |
| Closing Balance | 50 736 | 45 797 |



NOTE 27 CERTIFICATES - THE NORWEGIAN STATE

| Securities number and name | Investment | Risk Category | Procurement Cost | Book Value | Share Listed | Fair Value |
|----------------------------|------------|---------------|------------------|------------|--------------|------------|
| NO0010908635 | 10 000 | 0% | 9 980 | 9 980 | 100% | 9 980 |

As of 31 December 2020, the effective interest rate on investments in interest-bearing securities is 1.16%. The effective interest rate is calculated by taking the nominal interest rate on the investment adjusted for accruals of premiums / discounts. The security is not subject to interest rate adjustment. BNP Paribas Leasing Solutions AS invests in certificates that satisfy the requirements of the Liquidity Coverage Ratio. Due date is December 15, 2021.

NOTE 28 ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST

All the securities debt that were held were reimbursed in 2020.

| | Book Value 2020 | Real Value 2020 | Book Value 2019 | Real Value 2019 |
|---|--------------------|--------------------|--------------------|--------------------|
| Debt created by issuing securities at a mortized cost | 0 | 0 | 320 118 | 321 074 |

NOTE 29 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The group uses the following level division when assessing fair value :

- Level 1: Applies to investments in government securities and units in fixed income funds with a quoted price in an active market for an identical asset or liability
- Level 2: Applies to investments in interest rate swaps, covered bonds and own bonds where valuation is based on other observable factors, either directly (price) or indirectly (derived from price), than quoted price (level 1)
- Level 3: Applies to investments where valuation is based on factors that are not taken from observable markets

As of 31 December 2020, BNP Paribas Leasing Solutions AS only has a government certificate with a 0-coupon interest rate that is accounted for at fair value. The certificate expires in December 2021 and belongs to level 1 when determining fair value. There has been no transfer between levels 1 and 2 during the period.

