Business is ON

ANNUAL REPORT 2020

BNP PARIBAS LEASING SOLUTIONS AS

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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	Clement Perrin Board member	Lars Horgen Hinze Board member
Denis Delespaul Board member	Claudin Francoise Smith Board member	Fabrice Perret CEO Nordic cluster

INCOME STATEMENT

(amount in TNOK)	Note	31/12/2020	31/12/2019
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	31/12/2020	31/12/2019
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**
Intingable assets			
Intingable assets	12	2 692	2 260
Total intingable 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 TNOK)	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

Clement Perrin
Board member

Lars Horgen Hinze
Board member

Denis Delespaul
Board member

Claudin Francoise Smith
Board member

Fabrice Perret
CEO Nordic cluster

CASH FLOW STATEMENT

(amount in TNOK thousand kroner)	Note	31/12/2020	31/12/2019
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 AMORTED 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 presumptions 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%
- Entreprenor 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

	31/12/2020	31/12/2019
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	31/12/2020	31/12/2019
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

	31/12/2020	31/12/2019
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 deffered taxes	108 378	54 167
Deferred tax in the balance sheet	**23 843**	**11 917**
Used tax rate payable tax	*22%*	*22%*
Used tax rate deferred tax	*22%*	*22%*

NOTE 8 LOANS & FINANCE LEASES CONTRACTS

Loans by type of receivable:	31/12/2020	31/12/2019
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	
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	
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.

		31/12/2020		31/12/2019	
Risk Group	***BNPP Notation***	***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

	31/12/2020			
Total balance on loan accounts with overdue installments	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**

	31/12/2019			
Total balance on loan accounts with overdue installments	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	0
Transfer from stage 1 so stage 3	-6	0	6	0
Transfer from stage 2 so stage 3	0	-1	1	0
Transfer from stage 3 so stage 2	0	194	-194	0
Transfer from stage 3 so stage 1	387	0	-387	0
Transfer from stage 2 so stage 1	27	-27	0	0
New financial assets issued or acquired	-272	-186	4 200	3 742
Inncrease 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 individuel 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	
	Expected loss over 12 months	Expected loss over the life of the instrument	Expected loss over the life of the instrument	Total
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
Inncrease or release without staging changes	-60	-4	-7	-72
Modification of contractual cash flows from financial assets that have not been dere	-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

		Provision for losses			
	Gross Amount	Stage 1	Stage 2	Stage 3	Total
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

	31/12/2020	31/12/2019
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

	31/12/2020	31/12/2019
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

	IT System	31/12/2020	31/12/2019
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.

	31/12/2020	31/12/2019
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

	31/12/2020	31/12/2019
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

	31/12/2020	31/12/2019
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	31/12/2020	31/12/2019
NO0010782576	24/01/2017	24/03/2020	Bullet	3,03%	-	0	170 000
NO0010798036	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

	31/12/2020	31/12/2019
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

	31/12/2020	31/12/2019
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

	Capital	Retained Earnings	Total Equity
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
Paid up capital instruments	*100 000*	*100 000*
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 Fr	**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 Oseberg	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 Horgen Hinze	50	0	0	0	**50**	**0**
Denis Delespaul	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 finc. 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%**	**-88,8%**	**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 upptj. not received innt.	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 finc. 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**	**-59**	**0**	**0**	**-870**
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:

	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 Years	No maturity	31/12/2020 Total
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**

	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 Years	No maturity	31/12/2019 Total
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	**324 488**
Rental obligation	200	399	1 796	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 amortized 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.