BNP PARIBAS
LEASING SOLUTIONS

Equipment finance for a changing world

QUARTERLY REPORT Q2 2024

BNP PARIBAS LEASING SOLUTIONS AS

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BNP Paribas Leasing Solutions AS was founded as Landkreditt Finans AS. 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.

All shares in the company are owned by BNP Paribas Leasing Solutions S.A. in Luxembourg. The company is contributing to realizing the owners' strategies for growth in Norway.

PRODUCT & MARKET

The company has continued its expansion to support the growth of its clients and industrial partners by offering rental and finance solutions with services for their professional equipment sales.

In addition to the strong historical presence in the agriculture market , BNP Paribas Leasing Solutions AS has supported small and medium-size customers in industries like construction and public works, material handling, transportation and forestry. The company is also developing its business in the IT, office equipment, Software, specialized technologies and healthcare markets and energy transition.

New sales up to the first half year of 2024 amounted to NOK 717 million (purchase price of the financed assets). Most contracts are leasing contracts. Compared to the same period of last year, new sales have decreased by -4%.

RISK

The company has an internal control system covering all types of risks generated by its business activities in accordance with the three lines of defence organization and the procedures of BNP Paribas Group. The company has put in place risk metrics to monitor these risks that are regularly reviewed by the Board of Directors.

The company applies the solvency standards of Basel III as required by the Norwegian regulator and computes its capital requirements accordingly. Moreover the company assesses the adequacy of its own funds, in regard of the risks generated by its usual activities, including a forward looking capital planning (ICAAP).

At the end of Q2, the book value of leasing and loan commitments was NOK 3 045 million after reduction for write-downs caused by losses totaling NOK 40 million. All agreements are secured in the form of property rights of the asset or first priority mortgages.

To ensure that the company has sound liquidity, long-term financing agreements have been entered into with BNP Paribas Group. The company is financed by BNP Paribas S.A. Norway Branch in Oslo and BNP Paribas Leasing Solutions S.A. in Luxembourg. The borrowings are concluded with floating and fixed interest rates.

As at 30 June 2024, the liquidity coverage ratio is calculated at 141%. The minimum requirement is 100%.

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 4 weeks for business customers), interest rate changes can be implemented for the majority of its agreements if the market interest rate changes.

It is the Board's assessment that financial risk has been treated according to risk procedures approved by the board.

The company has subscribed an insurance program put in place by BNP Paribas Group that covers the financial consequences, as well as the criminal and civil defense costs, of claims from third parties arising from errors and omissions of board members, directors and officers while conducting their managing, representation or survey duties.

STATEMENT OF THE QUARTERLY ACCOUNTS

The book value of the portfolio at the end of the second quarter 2024 was NOK 3 045 million. Total assets amounted to NOK 3 317 million. BNP Paribas Leasing Solutions AS had a profit before tax of NOK 1,1 million. At the end of the second quarter, loss provisions implemented in accordance with the rules in IFRS 9 amounted to NOK 20,7 million (accrual of NOK 1,6 million on customers in stage 1 and 2, NOK -13,3 million on customers in stage 3 and NOK -5,7 million on write-offs).

As at 30 June 2024, BNP Paribas Leasing Solutions AS's own funds amounted to NOK 526,2 million. The risk-weighted assets amounted to NOK 2 345,7 million.

In November 2023, the company issued a subordinated debt for an amount of NOK 65 million that is eligible as Tier 2 capital.

BNP Paribas Leasing Solutions AS was compliant with the Norwegian capital requirements with a total capital adequacy ratio of 22,43% comparing to a requirement of 17,5% as at 30 June 2024.

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 43 permanent employees as at 30 June 2024. Of these, 22 are women (53%). The average full time equivalent employees (FTEs) amounted to 43 in the first half year. 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 2 were women.

As part of BNP Paribas Group, the company fully integrates the challenge of professional equality in its HR programs, including wage equality, professional promotion, training, skills development, and other areas. It pursues its efforts to promote diversity in professional positions and representativity of women, with a view to shared governance.

The company has implemented the measures in accordance with the Norwegian Transparency Act and published a report at the end of June 2023, published at www.leasingsolutions.bnpparibas.no.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

At the heart of BNP Paribas Group's strategy, there is a strong desire to participate in building a more sustainable and better shared future. This willingness translates our Corporate Engagement approach, in particular by helping to achieve the 17 United Nations Sustainable Development Goals (SDGs).

At BNP Paribas Leasing Solutions AS, we share this belief and want to fully support this approach with concrete measures.

To ensure that BNP Paribas Leasing Solutions has a maximum impact and is able to serve its customers, its partners and the society as a whole, each and every employee of the company embodies and assumes this responsibility.

BNP Paribas Leasing Solutions is constantly expanding the range of equipment financed to include those that foster transition to cleaner forms of energy. The company also develops solutions and associated services for better lifecycle management of equipment. In order to support its clients in reducing waste and preserving natural resources.

For BNP Paribas Leasing Solutions, diversity and inclusion are not just a matter of responsibility, but also something that concerns collective performance. The company is truly committed, alongside its employees, to treasure and respect each person's differences, while fighting against all forms of discrimination and harassment.

BNP Paribas Leasing Solutions offers training programs to all employees allowing them to develop their skills and knowledge around sustainability and diversity as well as to volunteer with local associations during their working hours.

The company's and Group's assessments are available at www.leasingsolutions.bnpparibas.no.

FUTURE PROSPECTS

In collaboration with the parent company, additional opportunities are foreseen in established markets (i.e. agriculture) and new markets including but not limited to specialized technologies, software, energy transition and healthcare.

Several digitization projects have been initiated for automation of work tasks and improvement of web portals. This will optimize both customers and vendors journeys. The company is subject to BNP Paribas guidelines regarding anti-money laundering, Financial Security, Anti-corruption, KYC and data protection.

The company is optimistic about the possibilities for further growth in the markets mentioned above and will continue to adapt its organization accordingly.

BOARD'S OPINION

The board confirms that the financial statements give a true picture of its financial position and results as at 30 June 2024. We confirm that, in accordance with §3-3a of the Norwegian Accounting Act, the going concern assumption is satisfied, and this assumption has been applied in the preparation of the financial statements.

Oslo, 5th of September 2024

Hans Wolfgang Pinner
Chairman of the board

Audrey Joulia
Board member

Lars Horgen Hinze
Board member

Sophie Testelin
Board member

Claudine Françoise Smith
Board member

Arnault Leglaye
CEO Nordic cluster

INCOME STATEMENT

(amounts in KNOK)	Notes	30/06/2024	30/06/2023
Interest incomes			
Interest income from loans to customers	3	787	783
Leasing income	3	121 989	88 182
Total interest incomes		**122 776**	**88 964**
Interest expenses			
Interest expenses from credit institutions		-76 672	-51 356
Other interest expenses		-24	-5
Total interest expenses		**-76 696**	**-51 361**
Net interest incomes		**46 080**	**37 603**
Commissions and fees			
Commissions and fees income	5a	5 823	5 353
Commissions and fees expenses	5b	-1 781	-2 239
Net commissions and fees		**4 042**	**3 114**
Other incomes and expenses		4 501	1 338
NET BANKING INCOME		**54 624**	**42 056**
Payroll, fees and other staff costs	6,18	-23 055	-21 838
Other operating expenses		-7 996	-6 170
Depreciation and amortisation		-1 797	-2 361
GROSS OPERATING INCOME		**21 776**	**11 687**
COST OF RISK	8	**-20 651**	**-5 584**
PROFIT BEFORE TAX		**1 125**	**6 103**
Tax		-912	-1 343
PROFIT FOR THE PERIOD		**213**	**4 760**

N.B. The tax line represents the theoretical tax charge and is only indicative.

OTHER COMPREHENSIVE INCOME

(amounts in KNOK)	30/06/2024	30/06/2023
Other comprehensive income		
Profit for the period	1 125	4 760
Other incomes and expenses		
Total comprehensive income for the period	**1 125**	**1 966**
Total comprehensive income for the period is attributable to:		
Attributable to shareholders	1 125	4 760
Total Comprehensive income	**1 125**	**4 760**

BALANCE SHEET

(amounts in KNOK)	Notes	30/06/2024	30/06/2023
ASSETS			
Deposit with credit institutions		**195 324**	**155 833**
Loans and receivables to customers			
Loans to customers	7, 8	21 400	26 186
Finance Lease customers	4,7, 8	3 024 089	2 629 151
Total loans and receivables from customers		**3 045 490**	**2 655 337**
Certificates and bonds			
Treasury Bill	15	9 589	9 696
Total certificates and bonds		**9 589**	**9 696**
Intangible assets			
Intangible assets		5 744	4 945
Total intangible assets		**5 744**	**4 945**
Property, Plant and Equipment			
Office equipment		660	1 143
Leases (Right to use)		9 518	12 190
Property, Plant and Equipment		**10 178**	**13 333**
Prepaid expenses and earned, not received incomes			
Accounts receivables		32 372	19 109
Other receivables	11	17 978	13 742
Total prepaid expenses and earned, not received incomes		**50 350**	**32 851**
TOTAL ASSETS		**3 316 674**	**2 871 995**

BALANCE SHEET

(amounts in KNOK)	Notes	30/06/2024	30/06/2023
LIABILITIES			
Loan from credit institutions			
Loan from credit institutions	9	2 653 554	2 394 525
Total due to credit institutions		**2 653 554**	**2 394 525**
Deferred tax			
Deferred tax		32 331	29 991
Total deferred tax		**32 331**	**29 991**
Accrued liabilities and commitments			
Account liabilities		48 026	41 740
Lease liability		12 365	12 831
Payable tax		912	1 221
Accrued expenses	10	34 968	26 191
Public liabilities		2 746	2 763
Subordinated debt	14	65 431	0
Total liabilities and commitments		**164 450**	**84 746**
TOTAL LIABILITIES		**2 850 335**	**2 509 262**
EQUITY			
Share capital	13	295 000	195 000
Retained earnings	13	171 126	162 974
Profit/Loss of the period	13	213	4 760
TOTAL EQUITY		**466 339**	**362 734**
TOTAL LIABILITIES AND EQUITY		**3 316 674**	**2 871 995**

Oslo, 5th of September 2024

Hans Wolfgang Pinner
Chairman of the board

Audrey Joulia
Board member

Lars Horgen Hinze
Board member

Sophie Testelin
Board member

Claudine Françoise Smith
Board member

Arnault Leglaye
CEO Nordic cluster

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

GENERAL

The financial statements of BNP Paribas Leasing Solutions AS have been prepared in accordance with IFRS® Accounting Standards as adopted for use in the European Union.

The financial statements are presented in Norwegian kroner and had no transactions in foreign currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand NOK 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.

The financial statements have been approved by the Board of Directors on 16 May 2024 and were signed accordingly.

ASSETS MANDATORILY AT FAIR VALUE THROUGH P&L

The category includes the company's treasury bill, as it is 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 AMORTIZED 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 after taking into account impairment in the company's balance sheet

BNP Paribas Leasing Solutions AS considers loans and advances at amortized 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 recognized in profit or loss when the asset is derecognized, 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.

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

PROPERTY, PLANT AND EQUIPMENT

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 %

LEASING – BNPPLS AS A LESSEE

A lease is a contract that conveys the user the right to control the use of an asset for a period of time in exchange for consideration. The right to use an asset is recognized on the commencement date as a right-of-use (ROU) asset and the obligation to pay lease payments is recognized as a lease liability. The ROU asset is initially measured as the present value of the lease payments plus initial direct costs and the cost of obligations to refurbish the asset less any lease incentives. The discount rate used to calculate the lease liability for each contract is the incremental borrowing rate. The lease payments are adjusted with KPI, and any subsequent measurement is expensed accordingly. Judgement has to be exercised when assessing the lease term and it considers the economic incentive to exercise an option or termination option.

Leases are related to office premises contracts mainly.

In this connection, reference is made to note 14.

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 amortized on a straight-line basis over their expected useful lifetime (5 years). Intangible assets entered in the accounts as at 30 June 2024 apply to specially adapted software 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 stage 1 and stage 2 is calculated using the effective interest method on the gross value of the financial asset, while interest income on financial assets in stage 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 the service has been rendered. 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. Temporary differences are calculated between the carrying amount of assets and liabilities for financial reporting and the amounts used for taxation purpose. Calculation and specification of tax costs are shown in a separate note.

Temporary differences are 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.

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. They are based on historic experience as well as the expectations of future events that are considered to be probable under the current circumstances.

Accounting estimates are used for: (i) the calculation of estimated consideration on sale of leased property and (ii) write-down on loans and leasing contracts. The most important assumption for estimated future gains on the sale of leases is described in note 4 and the risk management is described in note 2.

CHANGES IN ACCOUNTING PRINCIPLES

BNP Paribas Leasing Solutions AS has implemented the amendments to IAS 1.117 regarding material disclosures of accounting principles. Beyond that, no new accounting standards have been implemented in first quarter of 2024 that have had a material effect on the company's financial statements.

There are no new standards or changes to standards that have not been made applicable to the preparation of the first quarter of 2024 financial statements that are expected to have a material effect on the company's accounts.

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. Risk management shall contribute to ensure efficient operations, control the most significant risks to contribute to 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 in ensuring that the company's operations maintain 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 15,5% and the total capital requirement 17,5%.

In addition to Tier 1 capital, BNP Paribas Leasing Solutions AS raised a subordinated debt that is eligible as capital instrument T2.

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 exposure are identified and necessary improvement measures can be implemented.

A risk assessment is carried out annually which includes review of:

- 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 audit. 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 to 10 (Strong to 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

In addition, ratings 11-12 are assigned to customers in 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 BNP Paribas Leasing Solutions Group. The authorizations are personal and are linked to competence, size of commitment and risk. Credit proposals may be decided between the Risk Management Function and the business to secure adherence to the 4 eyes principle. Business proposals that are considered significant require the involvement of Group's RISK department prior to a credit decision.

When activating new commitments, a depreciation plan is also registered for the individual financed asset. This depends on the type of asset and life expectancy and secondary market value. 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. For all exposures considered in stage 1 and stage 2 or IFRS9 classification a collective loss ratio is attributed to the portfolio.

Loan loss provisions for stage 1 and 2 are maintained according to BPLS group policies and calculated to ensure that both historical and future evolution is accounted for. Exposures in stage 1 are calculated based on a 12-month PD assessment and stage 2 (exposures subject to a significant increase in risk, SICR) on a calculation of lifetime provisions.
As the methodology describes the split between stage 1 and 2 is done based on an assessment of days past due for an exposure at the point of reporting.

Stage 1 includes all performing exposures up to 30 days with delay in payments and stage 2 are exposures that are 30 days past due and more, but not in default.

To ensure that future estimations of loan losses are taken into account the forward looking element is maintained based on an annual recalculation of the Specific Provision ratio (SPR) applied to all Stage 1 and Stage 2 exposures. This annual assessment is based on significant changes in the evolution of historical losses as well as the future expected evolution based on market trends. Subsequent to the annual assessment and recalculation of the SPR, the new SPR is applied for all Stage 1 and Stage 2 exposures for both existing portfolio and future evolution.

STAGE 1
At the 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 All loans and receivables that have not been transferred to stage 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 (e.g. customers in forbearance).

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) and the amount in arrears have breached regulatory threshold qualifying the customer as being in default.

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
- 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

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 "Cost of Risk" 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 all possibilities for further recovery have been explored, the loss is defined as established.
In such cases, all receivables related to commitments are derecognized from the balance sheet and recognized as established losses on the accounting line "Losses and write-downs on loans" in the profit and loss statement. At the same time, any previous loss provisions are reversed on the commitment.

MARKET RISK

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

The company has very few loans with a fixed interest rate and therefore 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 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. 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

Liquidity risk is the risk that the company will not be able to honor its commitments or unwind or settle a position due to the market environment or idiosyncratic factors (i.e. specific to BNP Paribas), within a given timeframe and at a reasonable cost.

Liquidity risk reflects the risk of the Group being unable to fulfil current or future foreseen or unforeseen cash or collateral requirements, across all time horizons, from the short to the long term.

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, following the operational limits allocated to it by BNP Paribas Leasing Solutions' ALCO, monitored locally, and reported quarterly through Sub-ALCO.

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. Risk Management, 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. This second line of defence function is made fully independent and under the hierarchical supervision of the Corporate Risk Function.

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. The major steps of the risk and control self-assessment (RCSA) exercise for operational risk are:

- The identification, analysis and the assessment of the inherent 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 (Risk Control Self-Assessment) exercise is performed on an annual basis.
The most material risks identified need then be analyzed more deeply for risk management purposes. BNP Paribas Group runs a formal process of reporting of key attention points in terms of operational risk through a bottom-up approach. This exercise is made from the RCSA outputs, analysis of actual operational incidents, results from controls & key risks indicators and output from audits assignments (internal audits, external audits, supervisory reviews, etc.). It is challenged by the independent control function ORM in charge of operational risk and permanent control framework.

NOTE 3 INTEREST INCOMES FROM LOANS AND LEASING TO CUSTOMERS

Interests and similar incomes from loans to customers apply to interests on repayment loans. Revenues from lease payments are recorded in accordance with the annuity principle.

NOTE 4 EARNED INCOMES ON FUTURE SALES GAIN FOR FINANCE LEASES

As described in note 1, an estimate of future sales gains from finance lease agreements is made.
The estimation is made on the current leasing portfolio. It is recognized within the finance lease incomes in the income statement and as finance lease customers agreements in the balance sheet.
The assessment is prepared based on historical data for the sale of a leased object at the end of its normal leasing term.

Below is the amount recognized within the income statement:

in KNOK	30/06/2024	30/06/2023
Open Balance	**69 042**	**61 975**
Flow of the year	4 685	3 758
Closing Balance	**73 727**	**65 734**

NOTE 5 COMMISSIONS AND FEES INCOME

5.a. These are fees associated to the administration of customers' contracts. It includes establishment fees, reminder fees, invoicing fees and those are earned when the service is rendered and accounted for in the appropriate accounting period. The establishment fees are spread over the lifetime of the contracts.

in KNOK	30/06/2024	30/06/2023
Income Fee on Finance Lease	5 794	5 315
Income Fee on Loans	29	38
Total Income Fees	**5 823**	**5 353**

5.b. Commissions costs consist of brokerage commissions for loans and finance lease agreements with partners and vendors.

NOTE 6 PAYROLL EXPENSES AND REMUNERATION

Payroll Expenses (in KNOK)	30/06/2024	30/06/2023
Salaries/wages	16 920	15 302
Social security fees	3 115	2 882
Pension expenses	1 722	1 344
Other remuneration	1 298	2 310
Payroll, fees and other staff costs	**23 055**	**21 838**

	30/06/2024	30/06/2023
Number of employees	43	39
Number of Full Time Equivalent	43,0	38,0

NOTE 7 LOANS & FINANCE LEASE CONTRACTS

Loans by type of receivable (in KNOK)	**30/06/2024**	**30/06/2023**
Finance lease contracts	3 064 047	2 645 972
Loans contracts	21 400	26 186
Total Gross Loans and Finance Lease	**3 085 447**	**2 672 158**
Provision Stage 1	-6 040	-3 728
Provision Stage 2	-483	-858
Provision Stage 3	-33 435	-12 235
Total Net Loans and Finance Lease	**3 045 490**	**2 655 337**

BNP Paribas Leasing Solutions AS has ownership of all leased assets. For loans, first priority mortgage security and / or bail has been established.

LOANS AND LEASING CONTRACTS BY GEOGRAPHICAL AREA AND INDUSTRY:

BREAKDOWN BY REGION (in KNOK)	**30/06/2024**		**30/06/2023**	
Viken	867 031	28%	76 227	3%
Vestfold & Telemark	264 498	9%	474 937	18%
Agder	108 549	4%	175 875	7%
Troms & Finnmark	140 081	5%	122 220	5%
Innlandet	472 121	15%	105 867	4%
Vestland	246 925	8%	82 014	3%
Møre & Romsdal	212 776	7%	154 003	6%
Nordland	147 724	5%	342 545	13%
Trøndelag	347 437	11%	248 907	9%
Oslo	154 191	5%	246 569	9%
Rogaland	124 115	4%	642 995	24%
Total gross Loans and Finance Lease	**3 085 447**	**100%**	**2 672 158**	**100%**

BREAKDOWN BY INDUSTRY (in KNOK)				
Public administration	90 250	3%	1 161 488	43%
Agriculture, forestry and fishing	1 161 116	38%	754 381	28%
Construction	887 013	29%	6 381	0%
Wholesale and retail trade	145 424	5%	349 154	13%
Transport and storage	156 342	5%	113 660	4%
Real estate activities	104 627	3%	92 587	3%
Information and communication	2 092	0,1%	104 310	4%
Other services	538 583	17%	90 197	3%
Total gross Loans and Finance Lease	**3 085 447**	**100%**	**2 672 158**	**100%**

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 consideration 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 done based on the customer's financial situation on exposures above a certain size. The assessments also include a separate write-down plan for the mortgage's stipulated custody value.

in KNOK		30/06/2024		30/06/2023	
Risk Group	**BNP Paribas Notation**	**Loans & Finance Lease**	**Doubtful**	**Loans & Finance Lease**	**Doubtful**
Strong	Ratings 1 - 5+	699 378	0	931 011	0
Good	Ratings 5 - 7+	1 753 881	0	1 586 193	0
Average	Ratings 7 - 8+	135 648	0	57 040	0
Weak	Ratings 8 - 10	22 993	0	5 356	0
Default	Ratings 11 - 12	257 453	216 094	0	92 559
Total gross Loans and Finance Lease		**2 697 825**	**216 094**	**2 275 825**	**92 559**

Risk Group	**BNP Paribas Notation**	**Loans & Finance Lease**	**Doubtful in %**	**Loans & Finance Lease**	**Doubtful in %**
Strong	Ratings 1 - 5+	23%	0%	35%	0%
Good	Ratings 5 - 7+	57%	0%	59%	0%
Average	Ratings 7 - 8+	4%	0%	2%	0%
Weak	Ratings 8 - 10	1%	0%	0,2%	0%
Default	Ratings 11 - 12	8%	7%	0%	3%
Total gross Loans and Finance Lease		**93 %**	**7%**	**98 %**	**3%**

NOTE 8 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 at 30 June 2024 is divided into sectors (industries) for estimating the loss ratio. The estimate is based on historical experience:

	30/06/2024			30/06/2023		
in KNOK	**% Provision**	**Portfolio**	***in %***	**% Provision**	**Portfolio**	***in %***
Agriculture	0,18%	1 161 116	*38%*	0,08%	1 161 488	*43%*
Contractor	0,18%	887 013	*29%*	0,28%	754 381	*28%*
Other industries	0,18%	1 037 318	*34%*	0,08%	756 290	*28%*
Total Portfolio		**3 085 447**	***100%***		**2 672 158**	***100%***

As shown in the table above, a large part of BNP Paribas Leasing Solutions AS's portfolio as at 30 June 2024 is contracts to Agriculture (38%).

In Q4-2023, the company has updated its provision rate with the intention to harmonize the rates across the different industries in alignment with Group practice. This is subject to follow-up and in case of significant variance, the SPR rate will be recalculated accordingly.

Following the IFRS9 regulation the portfolio is divided into Stage 1, 2 and 3. Customers with between up todays to 30 days in arrears are considered as Stage 1. Customers beyond 30 days and up to 90 days are considered as Stage 2. All customers above 90 days are considered as Stage 3 exposures, providing regulatory thresholds native to the IFRS9 regulation are triggered with terms to absolute and relative thresholds.
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 and potential risk mitigators in place including personal / company guarantees. The loss provision after this assessment has been added to Stage 3.

The individual assessment where there is objective evidence of loss takes into consideration:

- 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

The tables below show the loss provision for the individual stage and how this has changed since 1 January 2024. The total loss provision as at 30 June 2024 amounts to NOK 40 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	
in KNOK	Expected loss over 12 months	Expected loss over the life of the instrument	Expected loss over the life of the instrument	
Provisions for losses 01.01.24	**4 519**	**444**	**20 091**	**25 054**
Transfers :				
Transfer from stage 1 to stage 2	-131	639		508
Transfer from stage 1 to stage 3	-165		17 829	17 664
Transfer from stage 2 to stage 3		-118	3 351	3 234
Transfer from stage 3 to stage 2		13	-20	-7
Transfer from stage 3 to stage 1	67		-1 403	-1 336
Transfer from stage 2 to stage 1	39	-3		36
Financial assets deducted during the period				0
New financial assets issued or acquired	1 398	43	533	1 974
Modification of contractual cash flows from financial assets that have not been derecognised	314	-536	-6 947	-7 170
Provisions for losses 30.06.24	**6 040**	**483**	**33 435**	**39 958**

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

SPECIFICATION OF THE PERIOD'S LOSS EXPENSE ON LEASE FINANCING AGREEMENTS AND LOANS:

in KNOK	30/06/2024	30/06/2023
Variation in Stage 1	124	1 039
Variation in Stage 2	-5	-95
Variation in Stage 3	12 811	-602
New individual provision	1 974	4 622
Established losses covered by previous individual write-downs	0	0
Reversal of previous individual write-downs	0	0
Write off made during the year	5 748	620
Write-downs on lease financing agreements and loans	**20 651**	**5 584**

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 (i.e. 01.01.2024).

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 derecognized

Shows the effect of contracts in the portfolio from 01.01.2024 which are still ongoing at the end of the period 30/06/2024, but where the book value has been reduced by instalment payments throughout the year. Changed balance on contracts that have changed steps in the financial year are also included (see transfer between stages).

NOTE 9 LOANS FROM CREDIT INSTITUTIONS

in KNOK	30/06/2024	30/06/2023
Loans from group companies	2 653 554	2 394 525
Average interest rate	6,10%	4,47%

The 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

in KNOK	30/06/2024	30/06/2023
Loans from credit institutions 01.01	**2 651 032**	**2 236 004**
Installments Reimbursed	-495 144	-312 419
New loans	498 000	468 000
Increase in accrued interest	-334	2 940
Loans from credit institutions 30.06	**2 653 554**	**2 394 525**

NOTE 10 ACCRUED EXPENSES

in KNOK	30/06/2024	30/06/2023
Accruals on Commissions, Subsidies	27 288	20 506
Accruals on Management fees	3 055	0
Accruals on Staff costs	4 625	5 684
Total Accrued Expenses	**34 968**	**26 191**

NOTE 11 OTHER RECEIVABLES

in KNOK	30/06/2024	30/06/2023
Prepaid costs	1 268	1 202
Refund VAT	9 982	11 714
Refund Tax	21	13
Other accruals	1 968	813
Receivables from Group companies	4 739	0
Total other receivables	**17 978**	**13 742**

NOTE 12 CAPITAL ADEQUACY

in KNOK	30/06/2024	30/06/2023
OWN FUNDS	**526 174**	**353 018**
TIER 1 CAPITAL	**461 174**	**353 018**
COMMON EQUITY TIER 1 CAPITAL	**461 174**	**353 018**
Capital instruments eligible as CET1 Capital	295 000	195 000
Paid up capital instruments	*295 000*	*195 000*
Retained earnings	171 126	162 974
Adjustments to CET1 due to prudential filters	-10	-10
Other intangible assets	-4 942	-4 945
TIER 2 CAPITAL	**65 000**	**0**
Capital instruments eligible as T2 Capital	65 000	**0**
Total Risk Exposure Amount	**2 345 657**	**1 959 591**
Risk Weighted Assets for Credit, Counterparty Credit and Dilution Risks and Free Deliveries	**2 130 095**	**1 768 744**
Retail	1 320 351	1 229 355
Corporates	495 520	446 159
Exposures in default	273 988	59 344
Institutions	40 236	33 886
Other items	**50 365**	**53 976**
Total Risk Exposure for Operational Risk (basic indicator approach)	**142 772**	**136 870**
Off-balance sheet items	**22 426**	**0**
CET1 Capital ratio	**19,66%**	**18,01%**
T2 Capital ratio	**2,77%**	**0,00%**
Total capital adequacy ratio	**22,43%**	**18,01%**
Overall capital requirement ratio (OCR)	**17,50%**	**16,00%**
Unweighted tier 1 capital	13,06%	11,94%

NOTE 13 RELATED PARTIES

in KNOK	30/06/2024	30/06/2023
Interest and similar costs on debt to credit institutions	82 299	53 235
o/w BNP Paribas S.A. Norway Branch	*22 495*	*28 380*
o/w BNP Paribas Leasing Solutions S.A.	*59 804*	*24 855*
Management fees	6 157	5 740
Rent for group companies	1 320	1 645
Loans and advances to credit institutions	126 939	33 783
Loans from credit institutions with agreed maturity	2 653 554	2 394 525
o/w BNP Paribas S.A. Norway Branch	*667 409*	*1 207 114*
o/w BNP Paribas Leasing Solutions S.A.	*1 986 146*	*1 187 411*
Subordinated loan	65 431	0
o/w BNP Paribas Leasing Solutions S.A.	*65 431*	*0*
Accrued expenses and received unearned income	3 055	0

Transactions with Group companies consists of three items:

- Bank borrowings in order to support the activity of the company. All loans granted are a mix of floating and fixed rates based on the market conditions;
- Subordinated loan which is eligible as Tier 2 capital instrument;
- Office rent;
- Management fees invoiced by the central functions of BNP Paribas Leasing Solutions or other Group companies.

NOTE 14 SUBORDINATED DEBT

BNP Paribas Leasing Solutions raised a subordinated loan in November 2023 amounting to NOK 65 million and that is eligible as Tier2 Capital instrument in accordance with the relevant regulations.

The subordinated loan is made for 10 calendar years and therefore expires on 30 November 2033.

in KNOK	30/06/2024	30/06/2023
Subordinated debt	65 000	0
Subordinated debt accrued interests	432	0
Subordinated debt as at 30/06/2024	**65 432**	**0**

NOTE 15 TREASURY BILL

	Investment	Risk Category	Procurement Cost	Book Value	Share Listed	Fair Value
NO0013081935	10 000	0%	9 589	**9 589**	**100%**	**9 589**

BNP Paribas Leasing Solutions AS invests in certificates that satisfy the requirements for the Liquidity Coverage Ratio. The due date is December 18, 2024.

NOTE 16 OFF-BALANCE SHEET ITEMS

BNP Paribas Leasing Solutions granted framework agreements to customers amounting to a total of NOK 27,2 million which, as at 30 June 2024, remains unused. The company has outstanding offers/agreements that are not reflected in the balance sheet valued at NOK 73,4 million.
The company reserves the right to reprice interest terms, in the event of a change in the underlying economic situation of the customer, or irregular market conditions in the Norwegian or international markets, or circumstances that otherwise affect the company's access to liquidity or capital.

in KNOK	30/06/2024
Off-balance sheet items with 20% credit conversion factor	18 579
Off-balance sheet items with 50% credit conversion factor	3 847
TOTAL	**22 426**

NOTE 17 RESTRICTED BANK DEPOSITS

As requested, a bank account is dedicated to cover the tax deductions. The balance as at 30 June 2024 is NOK 1,353 million.

NOTE 18 PENSIONS

The company has established a defined contribution pension scheme for all employees (OTP). The pension scheme meets the requirements of the Act on Mandatory Occupational Pensions. An agreement has also been entered into on the AFP scheme for all employees. Reference to note 6.

NOTE 19 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.