BNP PARIBAS
LEASING SOLUTIONS

Equipment finance for a changing world

ANNUAL REPORT 2021

BNP PARIBAS LEASING SOLUTIONS AS

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Annual Report 2021

BNP Paribas Leasing Solutions AS was founded as Landkreditt Finans AS in October 2007, and received approval as a mortgage company from Finanstilsynet in May 2008. After a change of shareholders in July 2018, Landkreditt Finans AS became BNP Paribas Leasing Solutions 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 SA, Luxembourg since July 2018. In its third year from the change of ownership, the company is contributing to realizing the owners' strategies for growth in Norway.

Product & Market

The company has continued to expand in agriculture with its partner Felleskjøpet Agri, SA. The use of lease financing in agriculture is constantly growing and the strategy is to continue to take a larger share of this market.

In addition to agriculture, BNP Paribas Leasing Solutions AS has supported small and medium-sized corporate customers in forestry, construction, material handling and transport. The company is also developing its business in the IT, Software and Medical markets. Work has been done to establish collaborative agreements and network solutions with other suppliers.

New sales in 2021 have been NOK 1,062 million (purchase price of the financed assets). Of this, leasing amounts to NOK 1 001,5 million and loans to NOK 60,5 million. Compared to 2020, new sales have increased by about 36%.

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 (ICAAP).

At the end of 2021, the book value of leasing and loan commitments was NOK 1,911 million after reduction for write-downs for losses totalling NOK 9,3 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. The company is 100% financed by BNP Paribas S.A. Norway Branch in Oslo. Loans from BNP Paribas S.A. Norway Branch have agreements on floating and fixed interest rates.

As of 31 December 2021, the liquidity coverage ratio is calculated at 106,03 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, 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.

The company has established an insurance program for all board members and executives. The coverage includes losses incurred by the board members or employee through work for the company and ensures that the board member or executives under normal circumstances does not suffer any personal losses.

Statement of the annual accounts

The book value of the portfolio at the end of the year was NOK 1,911 million. Total assets amounted to NOK 2,118 million. BNP Paribas Leasing Solutions AS had a profit after loss and tax of NOK 16,7 million. At the end of the financial year, loss provisions implemented in accordance with the rules in IFRS 9 resulted in reduced loss provisions in 2021 by a total of NOK 0,8 million (NOK +1 million on customers in stages 1 and 2, and NOK -1,8 million on customers in stage 3).

Due to an increase in portfolio (leasing and lending), net cash flow from operating activities amounted to

NOK -295.0 million, while cash flow from investing activities amounted to NOK -4.2 million. In addition, loans to credit institutions were repaid of NOK -520,4 million. This is financed by raising new loans of NOK 900,8 million.

As of 31 December 2021, BNP Paribas Leasing Solutions AS has equity of NOK 256 million and a tier 1 capital of NOK 257,2 million. The risk-weighted balance sheet amounts to NOK 1 447,3 million. The common equity tier 1 capital ratio will thus be 17,29 per cent. The formal minimum requirements for equity means that BNP Paribas Leasing Solutions AS must have a capital adequacy ratio of at least 15.5 per cent, consisting of 12.0 per cent common equity tier 1 capital and 3.5 per cent additional capital. The unweighted tier 1 capital ratio amounts to 11,88 per cent at the end of the financial year. The minimum requirement is 4.5 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 33 permanent employees as of 31 December 2021. Of these, 17 were women (51 per cent). The number of man-years amounted to 25.5 in the financial year. Absence due to illness amounted to 5,1 per cent. 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.

Scaling up sustainable finance and social and environmental responsibility

BNP Leasing Solutions Norway follows the Group strategy in terms of environmental, social and governance policies.

The Group will be guided by three major strategic paths in accelerating its commitments to sustainable finance, social and environmental responsibility, along with the five priority areas aligned with the customer objectives and the United Nations' Sustainable Development Goals – savings, investments and sustainable financing; transition towards carbon neutrality; circular economy; natural capital & biodiversity; and combatting exclusion.

It will undertake an alignment of portfolios to achieve carbon-neutrality objectives while laying out a CO2 emissions reduction trajectory corresponding to financing of the sectors with the highest levels of emissions and aligning business lines with shared objectives taking into account client transitions.

The Group will strengthen its processes and steering tools to support evolving needs and standards, and will strengthen its governance.

The BNP Paribas 3 Step IT joint venture offers companies a complete service for managing their technological equipment at each stage of its life cycle. This circular economy approach is integrated across the entire life cycle of the equipment and has many environmental benefits: 97% of products taken back are reconditioned and resold and 3% are recycled responsibly; extending the life of a piece of equipment delays the production of new equipment and distributes the carbon footprint related to its production over two users; the resale of equipment enables companies to reduce CO2 emissions associated with this equipment by approximately 36%.

Future prospects

BNP Paribas Leasing Solutions AS has secured financing from the BNP Paribas group. The financing takes place at ordinary market conditions.

In collaboration with the company's parent company, additional market shares in object financing both in agriculture and other relevant industries including IT, software and Healthcare have materialised.

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 in the markets mentioned above and will continue to adapt its organization accordingly.

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

BOARDS' OPINION

The board confirms that the financial statements give a true picture of its financial position and results as of 31 December 2021. 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.

Allocation of the result for the year

The board proposes that the profit for the year of NOK 16.744 million be transferred to other equity.

Ålesund, 31st of December 2021

DocuSigned by: Wolfgang Pinner D37111FF745C4B9... Hans Wolfgang Pinner Chairman of the board	DocuSigned by: Clément Perrin 1BAFCB44A2F9410... Clement Perrin Board member	DocuSigned by: Lars Horgen Hinze 4B64B93E9E62463... Lars Horgen Hinze Board member
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INCOME STATEMENT

Income statement (amount in KNOK)	Note	31.12.2021	Restated 31.12.2020
Interest income			
Interest income from loans to credit institutions	3	5	353
Interest income from loans to customers	1,3	2 031	580
Leasing income	1	85 450	88 102
Total interest income		**87 487**	**89 035**
Interest expenses			
Interest expenses from credit institutions		20 472	19 671
Interest expenses bonds	15	0	3 542
Other interest expenses		9	19
Total interest expenses		**20 481**	**23 232**
Net interest income		**67 006**	**65 803**
Commissions and fees			
Commissions and fees income	4	8 070	7 660
Commissions and fees expenses	5	4 459	2 759
Net commissions and fees		**3 611**	**4 901**
Net income from financial instruments		20	119
Other income		9 137	7 580
Net Banking Income		**79 774**	**78 403**
Payroll, fees and other staff cost	20,23	33 423	29 610
Other operating expenses	6,1	18 920	15 683
Depreciation and amortisation	11,12,13	4 366	3 637
Gross Operating Income		**23 064**	**29 473**
Cost of Risk	9	1 562	3 541
Profit before tax		**21 503**	**25 932**
Tax	7	4 759	5 725
Profit for the period		**16 744**	**20 208**

OTHER COMPREHENSIVE INCOME

Other comprehensive income (amount in KNOK)	Note	31.12.2021	Restated 31.12.2020
Other comprehensive income			
Profit for the period		16 744	20 208
Other income and expenses			
Total comprehensive income for the period		**16 744**	**20 208**
Total comprehensive income for the period is attributable to			
Attributable to shareholders	18	16 744	20 208
Total Comprehensive income		**16 744**	**20 208**

BALANCE SHEET

Balance sheet (amount in KNOK)	Note	31.12.2021	Restated 31.12.2020
Assets			
Deposit with credit institutions			
Deposit with credit institutions	10,22	142 688	61 517
Loans and receivables to customers			
Loans to customers	8,9	65 818	14 498
Finance Lease customers	8,9, 25	1 844 928	1 553 939
Total loans and receivables from customers		**1 910 746**	**1 568 437**
Certificates and bonds			
Certificate with Norwegian State Bank	26	9 910	9 980
Total certificates and bonds		**9 910**	**9 980**
Intangible assets			
Intangible assets	12	4 203	2 692
Total intangible assets		**4 203**	**2 692**
Plant, Property and Equipment			
Office equipment	11	1 882	935
Leases (Right to use)	13	16 854	22 786
Plant, Property and Equipment		**18 736**	**23 721**
Prepaid expenses and earned, not received income			
Accounts receivables		21 522	10 161
Other receivables	17	10 391	8 457
Total prepaid expenses and earned, not received income		**31 913**	**18 618**
Total assets		**2 118 195**	**1 684 965**

BALANCE SHEET

Balance sheet (amount in KNOK)	Note	31.12.2021	Restated 31.12.2020
Liabilities and equity			
Loan from credit institutions			
Loan from credit institutions	10,14	1 742 468	1 361 016
Total due to credit institutions		**1 742 468**	**1 361 016**
Bonds			
Bonds	15,27	0	0
Total bonds		**0**	**0**
Deferred tax			
Deferred tax	7	28 004	23 367
Total deferred tax		**28 004**	**23 367**
Accrued liabilities and commitments			
Account liabilities		48 424	11 641
Lease liability	13	17 024	22 804
Payable tax	7	122	0
Dividend		0	0
Accrued expenses	16	23 362	15 548
Public liabilities		2 807	1 927
Total liabilities and commitments		**91 740**	**51 920**
Total liabilities		**1 862 212**	**1 436 303**
Equity			
Paid equity			
Share capital (100.000.000 shares a kr 1,-)	1,18	100 000	100 000
Retained earnings		139 240	128 454
Profit of the year		16 744	20 208
Total equity	18,2	**255 984**	**248 662**
Total liabilities and equity	18	**2 118 195**	**1 684 965**
Contingent liabilities			
Liabilities outside Balance Sheet	24	0	0
Total contingent liabilities		**0**	**0**

Ålesund, 31st of Desember 2021 / 30th of March 2022

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Hans Wolfgang Pinner
Chairman of the board

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Board member

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Board member

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Claudine Françoise Smith
Board member

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Arnault Leglaye
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Arnault Leglaye
CEO Nordic cluster

CASH FLOW STATEMENT

Cash flow statement (amount in NOK thousand kroner)	Note	31.12.2021	Restated 31.12.2020
Operating Income		21 503	24 124
Interest recognized by customers		-83 419	-87 403
Payment by tenant from customers leasing		86 508	93 481
Payment of tenant from customers loans		1 826	663
Write-downs on loans and finance lease		1 562	3 541
Depreciation	11,12	1 304	970
Value change state certificate		70	-99
Recognized interest expenses on securities		0	3 492
Payment of tenant on bond loan		0	-3 610
Recognized interest expenses other loans		20 175	19 519
Payment tenant other loans		-19 145	-20 221
Paid taxes	7	-5 642	-5 642
Dividend paid		-9 424	0
Payments leases	8	-765 255	-588 161
Payment installment leases	8	508 424	450 231
Disbursements repayment loans	8	-83 272	-4 009
Repayments of loans	8	32 149	5 303
Ends timeout records		-2 413	-29 656
Net cash flow from operating activities		**-295 048**	**-137 477**
Sale of property, plant and equipment		0	0
Purchase of property, plant and equipment		-4 203	-2 633
Net cash flow from investing activities		**-4 203**	**-2 633**
New loans from credit institutions		900 892	775 500
Repayment of loans from credit institutions		-520 470	-326 281
Repayment of bond loans	15	0	-320 000
Paid share dividend	19	0	0
Net cash flow from financing activities		**380 422**	**129 219**
Net change in cash during the year		**81 171**	**-10 892**
Deposits with credit institutions as of 01.01		**61 517**	**72 409**
Deposits with credit institutions as of 31.12		**142 688**	**61 517**

CHANGE IN EQUITY

	Capital	Retained Earnings	Total Equity
Equity 01.01.2020	100 000	131 553	231 553
Dividend paid in 2020	0	0	0
Correction of errors (net of tax)		-3 098	-3 098
Restated equity 01.01.2020 (restated)	100 000	128 455	228 455
Profit for the year (restated)	0	20 208	20 208
Equity 31.12.2020 (restated)	100 000	148 663	248 663
Dividend paid in 2021		-9 424	-9 424
Annual result 2021	0	16 744	16 744
Equity 31.12.2021	100 000	155 983	255 983

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

GENERAL

BNP Paribas Leasing Solutions AS financial statements are prepared in accordance with International Financial Reporting Standards and related interpretations as adopted by EU, in effect as of 31 December 2021. In 2020 the financial statements were prepared according to section 3-9 of the Norwegian Accounting Act, simplified IFRS. As the recognition and measurement criteria in simplified IFRS in all material respects are similar to IFRS adopted by EU, this change in reporting framework did not have any impacts on previous years' reported financial statements figures. Consequently, an opening balance sheet as of 1 January 2020, and specific reconciliations required by IFRS 1, would not be material information for users of the financial statements. This information has therefore not been prepared.

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. 2021 is thus the company's thirteen full operating year.

The financial statements were approved by the Board of Directors on 30 March 2022 and were signed accordingly.

ASSETS MANDATORILY AT FAIR VALUE THROUGH P&L

The category includes the company's portfolio of certificates, 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 after taking into account impairement 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.

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 – BNP 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 recognised on the commencement date as a right of use (ROU) asset and the obligation to pay lease payments is recognised 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 13.

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 amortised on a straight-line basis over their expected useful lives (5 years). Intangible assets entered in the accounts as of 31 December 2021 apply to specially adapted computer programs.

FINANCIAL LIABILITIES ACCOUNTED AT AMORTIZED COSTS

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

ASSESSMENT OF OTHER OBLIGATIONS

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

PROVISIONS

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

INTEREST AND FEE INCOME

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

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

OTHER INCOME AND EXPENSES

Other income is recognized as income in the period in which 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 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. 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 (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 25 and the risk management in note 2.

NOTE 2 RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

Financial activities entail a need for management and control of risk. Sound risk management shall be a strategic tool for increasing value creation in BNP Paribas Leasing Solutions AS. It is the responsibility of the Nordic Chief Risk officer to ensure the implementation of proper risk management framework. 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 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 11.0% and the total capital requirement 15,5%.

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) BNP Paribas Leasing Solutions AS starts its rating from scale 4.

The assigned ratings can be divided into the following buckets.

- Ratings 4 - 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. 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 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 low losses, an extended loss ratio has been historically applied used for counterparties based on market segmentation:

- Agriculture 0,04%
- Entreprenor 0,14%
- Other industries 0,04%

In 2021, the company decided that the ratios would be changed to (factor of 2):

Group 1: Agriculture and ELS other – 0,08%

Group 2: Construction, TS – 0,28%

The rationale for the distinction of markets is that Agriculture portfolio which is the vast majority of group 1 is related with a considerably lower risk and less volatility than the construction portfolio providing the overall payment behaviour and stability of the farming industry.

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) 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 «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 all possibilities for further recovery have been explored, the loss

is defined as established. In such cases, all receivables related to commitments are derecognised from the balance sheet and recognised 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.

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 (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

Liquidity risk is the risk that the Bank will not be able to honour 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, 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 2021, the liquidity coverage ratio is calculated at 106,03 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. This second line of defence function is made fully independent and under the hierarchical supervision of RISK.

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 (Risk Control Self Assessment) 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 ORM in charge of operational risk and permanent control framework.

SCALING UP SUSTAINABLE FINANCE AND SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

BNP Leasing Solutions Norway follows the Group strategy in terms of environmental, social and governance policies. The Group deploys its responsibility environmental in three complementary axes:

- Supporting our clients in the transition towards a low-carbon and environmentally friendly economy.

- The reduction of the related environmental footprint

- The development of knowledge and sharing best environmental practices. The Group participates, with its stakeholders, to the development of knowledge and the awareness of all stakeholders. He is indeed convinced that the energy and ecological transition can be a success only if all the actors act in concert to accomplish the necessary transformation of society as a whole.

NOTE 3 INTEREST INCOME FROM LOANS TO CREDIT INSTITUTIONS AND LOANS TO CUSTOMERS

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 COMMISSIONS AND FEES 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.

	31.12.2021	Restated 31.12.2020
Income Fee on Finance Lease	7 565	7 574
Income fee on Loans	505	86
Total Income Fees	**8 070**	**7 660**

NOTE 5 COMMISSIONS AND FEES EXPENSES

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

NOTE 6 OTHER OPERATING EXPENSES

	31.12.2021	31.12.2020
Statutory Audit	335	378
Other assurances services	0	8
Tax advisory fee (incl. Technical assistance with tax return)	34	26
Other assistance	119	148
Total audit Fees	**488**	**560**
Office running costs	3835	3 488
External fees (3rd parties providers)	14597	11 635
Other Operating Expenses	**18 920**	**15 683**

NOTE 7 TAX COSTS

	31.12.2021	31.12.2020
This year's tax expense		
Entered tax on ordinary profit/loss:		
Payable tax	122	-6 600
Changes in deferred tax	4 637	11 927
Tax expense on ordinary profit/loss	**4 759**	**5 327**
Taxable income:		
Ordinary profit/loss before tax	21 503	25 932
Permanent differences	2 605	59
Changes temporary differences	-12 655	-65 108
Allocation of loss to be brought forward	-10 897	0
Taxable income	**555**	**-39 117**
Payable tax in the balance:		
Payable tax on this year's result	122 189	0
Total payable tax in the balance	**122 189**	**0**
Calculation of effective tax rate		
Profit before tax	21 503	25 932
Calculated tax on profit before tax	4 731	5 712
Tax effect of permanent differences	28	13
Total	**4 759**	**5 725**
Effective tax rate	22,1 %	22,1 %

The tax effect of temporary differences and loss to be carried forward that has formed the basis for deferred tax and deferred tax advantages, speicifed on type of temporary differences:

	31.12.2021	31.12.2020
Tangible fixed assets	-2 036 974	-1 731 956
Accounts receivable	1 854 806	1 565 647
Lease agreeements brought to the balance	-170	-2 495
Allocations and more	-5 672	-4 640
Other differences	315 300	290 556
Total	**127 291**	**117 112**
Accumulated loss to be brought forward	0	-10 897
Basis for calculation of deferred tax	**127 291**	**106 215**
Deferred tax (22%)	**28 004**	**23 367**

NOTE 8 LOANS & FINANCE LEASES CONTRACTS

Loans by type of receivable:	**31.12.2021**	**Restated 31.12.2020**
Finance lease contracts	1 854 259	1 564 035
Loans contracts	65 818	14 502
Total gross Loans and Finance Lease	**1 920 078**	**1 578 538**
Provision Stage 1	-1 405	-479
Provision Stage 2	-146	-25
Provision Stage 3	-7 780	-9 596
Total Net Loans and Finance Lease	**1 910 746**	**1 568 438**

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	31.12.2021		Restated 31.12.2020	
Viken	435 045	22,7%	339 944	21,5%
Vestfold og Telemark	172 740	9,0%	158 705	10,1%
Agder	43 794	2,3%	25 227	1,6%
Troms og Finnmark	108 523	5,7%	92 476	5,9%
Innlandet	335 509	17,5%	265 639	16,8%
Vestland	197 405	10,3%	210 520	13,3%
Møre og Romsdal	98 788	5,1%	75 920	4,8%
Nordland	89 424	4,7%	76 762	4,9%
Trøndelag	236 082	12,3%	184 645	11,7%
Oslo	137 778	7,2%	87 086	5,5%
Rogaland	64 990	3,4%	61 614	3,9%
Total gross Loans and Finance Lease	**1 920 078**	**100 %**	**1 578 538**	**100 %**

Divided by industry

Public administration	84 078	4,4%	2 748	0,2%
Agriculture, forestry and fishing	858 421	44,7%	832 800	52,8%
Construction	534 119	27,8%	396 018	25,1%
Wholesale and retail trade	65 937	3,4%	26 583	1,7%
Transport and storage	51 149	2,7%	47 981	3,0%
Real estate activities	72 009	3,8%	48 865	3,1%
Information and communication	39 215	2,0%	245	0,0%
Other services	215 150	11,2%	223 297	14,1%
Total gross Loans and Finance Lease	**1 920 078**	**100,0%**	**1 578 538**	**100,0%**

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 4-12). 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.

		31.12.2021		Restated 31.12.2020	
Risk Group	*BNPP Notation*	*Loans & Finance Lease*	*Doubtful*	*Loans & Finance Lease*	*Doubtful*
Strong	Ratings 4 - 5+	839 854	0	980 735	23 846
Good	Ratings 5 - 7+	944 907	0	551 276	15 313
Average	Ratings 7- 8+	32 571	0	6 962	0
Weak	Ratings 8 – 10	34 810	0	406	0
Default	Ratings 11 -12	2 761	65 174	0	0
Total gross Loans and Finance Lease		**1 854 904**	**65 174**	**1 539 379**	**39 159**

Risk Group in %	*BNPP Notation*	*Loans & Finance Lease*	*Doubtful in %*	*Loans & Finance Lease*	*Doubtful in %*
Strong	Ratings 4 - 5+	45,28 %	0,00 %	63,71 %	1,55 %
Good	Ratings 5 - 7+	50,94 %	0,00 %	35,81 %	0,99 %
Average	Ratings 7- 8+	1,76 %	0,00 %	0,45 %	0,00 %
Weak	Ratings 8 – 10	1,88 %	0,00 %	0,03 %	0,00 %
Default	Ratings 11 -12	0,15 %	3,51 %	0,00 %	0,00 %
Total gross Loans and Finance Lease		**100,00 %**	**3,51 %**	**100,00 %**	**2,54 %**

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 2021, the book value of commitments with arrears over 90 days amounted to NOK 65,2 million.

LOANS WITH OVERDUE INSTALLMENTS

Below is the total commitment on all customers who have loans with overdue installments.

Total balance on loan accounts with overdue installments	Below 1 month	1 - 3 months	3 - 12 months	> 12 months	31.12.2021
Retail market	13 645	977	117	0	**14 739**
Corporate market	49 581	1 498			**51 079**
Total	**63 226**	**2 475**	**117**	**0**	**65 818**

Loans and leasing contracts - movements during the year:

	31.12.2021	31.12.2020
Loans to customers as of 01.01	14 502	15 547
Additions during the year	83 272	4 009
Repayments during the year	-32 149	-5 303
Earned not billed interest	193	249
Loans to customers as of 31.12	**65 818**	**14 502**

	31.12.2021	Restated 31.12.2020
Finance Leases to customers as of 01.01	1 564 035	1 397 028
Additions during the year	765 255	588 161
Retirement during the year	-508 424	-450 231
Accounts Receivables and Earned not billed interest	33 393	29 078
Finance Leases to customers as of 31.12	**1 854 259**	**1 564 035**

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 represented by capital and interest from these contracts after the end of the accounting period:

	31.12.2021	31.12.2020
Less than 1 year	512 552	396 351
Between 1 and 2 years	453 998	321 843
Between 2 and 3 years	379 508	267 681
Between 3 and 4 years	291 361	199 032
Between 4 and 5 years	190 024	125 489
Over 5 years	219 369	120 571
Total	**2 046 813**	**1 430 967**

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 2021 is divided into sectors (industry) for estimating the loss ratio. The estimate is based on historical experience with the individual industry:

					Restated	
		31.12.2021			31.12.2020	
	% Provision	Portfolio	*i %*	% Provision	Portfolio	*i %*
Agriculture	0,08 %	858 421	44,71 %	0,04 %	933 515	59,14 %
Contractor	0,28 %	534 119	27,82 %	0,14 %	448 546	28,42 %
Other industries	0,08 %	527 537	27,47 %	0,04 %	196 477	12,45 %
Total Portfolio		**1 920 078**	**100,00 %**		**1 578 538**	**100,00 %**

As shown in the table above, a large part of BNP Paribas Leasing Solutions AS's portfolio as of 31 December 2021 is contracts to Agriculture and forestry (approx. 45%). Customers belonging to Agriculture and forestry have historically shown a pattern for 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 (27%). Furthermore, approximately 28% of the portfolio consists of loans to Contractors (industry, construction etc). Based on BNP experience, there is a higher risk of loss in this customer group and that is reflected in calculating the loss provisions in accordance with IFRS 9.

The portfolio is further divided into Stage 1, 2 and 3 are based on default lists. Customers with defaults up to 30 days are considered as Stage 1, customers up to 90 days are considered as Stage 2 and all customers above 91 days are considered as Stage 3.

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 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 2020. The total loss provision as of 31 December 2021 amounts to NOK 9,3 million.

Variation in loss provision by stage

	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 01.01.2021	479	25	9 744	10 248
Transfers :				
Transfer from stage 1 to stage 2	-14	61		47
Transfer from stage 1 to stage 3	-6		3 267	3 261
Transfer from stage 2 to stage 3		-11	489	478
Transfer from stage 3 to stage 2		2	-186	-185
Transfer from stage 3 to stage 1	1		-996	-995
Transfer from stage 2 to stage 1	5	-2		3
New financial assets issued or acquired				0
Increase or release without staging changes	656	77	1637	2 370
Modification of contractual cash flows from financial assets that h	284	-5	-6 176	-5 897
Provision for losses 31.12.21	1405	146	7 780	9 332

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	***2021***	***2020***
Variation in Stage 1	926	-341
Variation in Stage 2	122	-38
Variation in Stage 3	-3 601	-573
New individual provision	1 637	4 492
Established losses covered by previous individual write-downs	0	0
Reversal of previous individual write-downs	0	0
Write off made during the year	2 477	
Write-downs on lease financing agreements and loans	**1 561**	**3 540**

Below is 2020 historic data:

	Stage 1	Stage 2	Stage 3	Total
	Expected loss over 12 months	Expected loss over the life of the instrument	Expected loss over the life of the instrument	
Provision for losses 01.01.2020	820	62	5 825	6 707
Transfers :				
Transfer from stage 1 to stage 2	-4	4	0	0
Transfer from stage 1 to stage 3	-6	0	6	0
Transfer from stage 2 to stage 3	0	-1	1	0
Transfer from stage 3 to stage 2	0	194	-194	0
Transfer from stage 3 to stage 1	387	0	-387	0
Transfer from stage 2 to 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

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. 01.01.2021).

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 01.01.2021 which are still ongoing at the end of the period 31.12.2021, 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

	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	Provision for losses	Gross Amount	Provision for losses	Gross Amount	Provision for losses	Gross Amount	Provision for losses
Agriculture	1120 885	454	40 984	78	10 888	1863	1172 757	2 396
Contractor	590 034	906	33 296	68	30 316	3 061	653 646	4 035
Other industries	64 836	45	533	0	28 305	2 856	93 674	2 901
Total	1 775 755	1 405	74 813	146	69 509	7 780	1 920 078	9 332

NOTE 10 RELATED PARTIES

	31.12.2021	31.12.2020
Interest and similar income from Loans to and receivables from credit institutions	0	314
Interest and similar costs on debt to credit institutions	19 898	19 448
Management fees	10 384	6 224
Rent for group companies	2 029	1 440
Loans and advances to credit institutions	43 141	33 835
Loans from credit institutions with agreed maturity	1 742 468	1 361 016
Accrued expenses and received unearned income	214	1 582

Transactions with group companies consists of three items:

- Bank borrowing 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.
- Office rent
- Management fees generated by the central functions of BNP Leasing Solutions.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT - COSTS AND DEPRECIATION

	31.12.2021	31.12.2020
Acquisition cost 01.01	2 542	1 976
Access during the year	1 478	0
Departure of the year	0	566
Acquisition cost 31.12	**4 020**	**2 542**
Acc. depreciation	-2 139	-1 607
Book Value 31.12	**1 882**	**935**
Depreciation for the year (linear)	-532	-346
Depreciation for the year in%	20% - 33%	20% - 33%

NOTE 12 INTANGIBLE ASSETS - COSTS AND AMORTISATION

	31.12.2021	31.12.2020
Acquisition cost 01.01	6 457	5 401
Additions during the year	2 283	1 057
Departure of the year	0	0
Acquisition cost 31.12	**8 740**	**6 457**
Accumulated Depreciation	-4 537	-3 765
Book Value 31.12	**4 203**	**2 692**
Depreciation for the year (linear)	-773	-624
Depreciation for the year in%	20 %	20 %

NOTE 13 LEASES (RIGHT TO USE) - FOR THE LESSEE

This will apply to all leases over EUR 5,000. Maturities are ranging from 3 to 10 years. Most agreements contain an option clause to continue the lease after the expiration date. The option clause has not been considered in calculating the right to use and lease liability. The rent is usually adjusted according to the consumer price index.

	31.12.2021	31.12.2020
Acquisition cost	24 911	4 258
Additions during the year	1 298	20 653
Departure of the year	-5 030	0
Acquisition cost	**21 179**	**24 911**
Accumulated Depreciation	-4 325	-4 602
Booked value	**16 854**	**20 310**
Depreciation for the year (based on rental period)	-3 062	-2 667

The impact on the income statement for the year is as below:

	31.12.2021	31.12.2020
Interest cost on rental obligation	297	152
Depreciation of tenancy	3 062	2 667
Total	**3 359**	**2 819**

NOTE 14 LOANS FROM CREDIT INSTITUTIONS

	31.12.2021	31.12.2020
Loans from group companies	1 742 468	1 361 016
Average interest rate	1,14 %	1,43 %

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.	1 361 016	912 498
Installments Reimbursed	-520 470	-326 281
New loans	900 892	775 500
Increase in accrued interest	1 030	-701
Loans from credit institutions	**1 742 468**	**1 361 016**

NOTE 15 BONDS

During the year 2020 all remaining bonds were reimbursed and replaced by loans from group companies. In 2021 the company is financed by loans from group companies.

Evolution of the securities during the financial year	31.12.2021	31.12.2020
Securities 01.01. (incl. accrued interest)	0	320 118
Paid installments	0	-320 000
New loans	0	0
Accrued interest	0	-118
Securities 31.12.	**0**	**0**

NOTE 16 ACCRUED COSTS

	31.12.2021	31.12.2020
Accruals on Commissions, Subsidies	17 375	6 760
Accruals on repayment loans	36	33
Accruals on Management fee	214	1 582
Accruals on Staff costs	5 736	7 173
Total Accrued costs	23 362	15 548

NOTE 17 OTHER RECEIVABLES

	31.12.2021	31.12.2020
Prepaid costs	514	295
Refund VAT	*5 366*	31
Refund Tax	75	6 602
Other accruals	4 437	1 529
Total other receivables	10 392	8 457

NOTE 18 SHARE CAPITAL AND EQUITY

Total Equity	Capital	Retained Earnings	Total Equity
Equity 01.01.2020	**100 000**	**131 553**	**231 553**
Dividend paid in 2020	0	0	0
Correction of errors (net of tax)		-3 098	-3 098
Restated equity 01.01.2020 (restated)	**100 000**	**128 455**	**228 455**
Profit for the year (restated)	0	20 208	20 208
Equity 31.12.2020 (restated)	**100 000**	**148 663**	**248 663**
Dividend paid in 2021		-9 424	-9 424
Annual result 2021	0	16 744	16 744
Equity 31.12.2021	**100 000**	**155 983**	**255 983**

The share capital consists of 100,000 shares of NOK1. All shares are owned by BNP Leasing Solutions SA, Luxembourg.

Correction of error in previous periods

(i) Establishment fees income are spread over the life of the leasing contracts and loans. In 2021 we corrected a computational error in calculation of the accrual of the fees. The error resulted in a material overstatement of fees income for 2020 and prior financial years and a corresponding overstatement of the leasing portfolio. The error has been corrected by restating each of the affected financial statement line items for the prior period as shown in the table below.

(ii) In addition, an error in computational error in calculation of lease liability in 2020 are corrected in the restated results for 2020.

	Income statement				Balance sheet			
	Commis-sions and fees income	Other operating expenses	Tax	Profit for the perid	Finance lease customers	Deferred tax	Lease liability	Equity
Financial statement 01.01.2020					1 385 452	23 843		231 525
Correction of error					-3 972	874		-3 098
Restated 01.01.2020					**1 381 480**	**24 717**	**-**	**228 427**
Financial statement 2020	8 326	18 159	5 327	18 797	1 558 579	23 843	22 804	250 351
Correction of error	-667	-2 476	398	1 411	-4 640	-476	-2 476	-1 716
Restated 2020	**7 659**	**15 683**	**5 725**	**20 208**	**1 553 939**	**23 367**	**20 328**	**248 635**

NOTE 19 CAPITAL ADEQUACY

	31.12.2021	31.12.2020
OWN FUNDS	**251 771**	**245 960**
TIER 1 CAPITAL	**251 771**	**245 960**
COMMON EQUITY TIER 1 CAPITAL	**251 771**	**245 960**
Capital instruments eligible as CET1 Capital	100 000	100 000
Paid up capital instruments	*100 000*	*100 000*
Retained earnings	155 984	148 662
Adjustments to CET1 due to prudential filters	-10	-10
Other intangible assets	-4 203	-2 692
Total Risk Exposure Amount	**1 456 105**	**1 201 556**
Risk Weighted Assets for Credit, Counterparty Credit and Dilution Risks and Free Deliveries	**1 317 331**	**1 073 834**
Institutions	28 538	12 304
Corporates	234 909	183 249
Retail	912 111	750 508
Exposures in default	17 457	34 343
Other items	124 316	93 431
Total Risk Exposure for Operational Risk	**138 775**	**127 722**
OpR Basic indicator Approach (BIA)	138 775	127 722
Overall capital requirement ratio (OCR)	17,29 %	20,47 %
CET1 Capital ratio	17,29 %	20,47 %
T1 Capital ratio	17,29 %	20,47 %
Unweighted tier 1 capital	11,88 %	14,60 %

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 2021.

NOTE 20 PAYROLL EXPENSES AND REMUNERATION

Payroll Expenses	31.12.2021	31.12.2020
Salaries/wages	25 268	21 937
Social security fees	4 161	3 496
Pension expenses	2 479	2 062
Other remuneration	1 514	2 114
Total Payroll, fees and other staff costs	**33 423**	**29 610**

	31.12.2021	31.12.2020
Number of employees	33,00	27,00
Number of Full Time Equivalent	31,04	26,92
Remuneration to members of the board	100	100
Remuneration to the CEO	3 532	4 314
Pension insurance CEO	0	64

Remuneration of the CEO	Salary	Bonus	Other Benefits	Pension	Total 2021	Total 2020	Loan
Arne Petter Oseberg	0	0	0	0	0	1 570	0
Arnault Leglaye	907	0	129	0	1 036		
Fabrice Perret	1 745	477	274	0	2 496	2 809	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 2021, a variable remuneration of approximately NOK 1,376 million was paid. This remuneration was mainly accrued in 2020 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 2021 of NOK 2,881 million.

NOTE 21 SPECIFICATION OF MAIN ITEMS IN THE BALANCE SHEET GROUPED BY REPRICING DATE

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	31.12.2021 Total
Loans and advances to credit institutions	142 688	0	0	0	0	0	**142 688**
Net Loans to and receivables from customers	1 860 289	0	0	-5 672	0	56 129	**1 910 746**
Certificates Norwegian state	0	0	9 910	0	0	0	**9 910**
Fixed assets	0	0	0	0	0	1 882	**1 882**
Other intangible assets	0	0	0	0	0	4 203	**4 203**
Total advance and not received	48 767	0	0	0	0	0	**48 767**
Total Assets	**2 051 744**	**0**	**9 910**	**-5 672**	**0**	**62 214**	**2 118 195**
Loans from credit institutions	0	1 742 468	0	0	0	0	**1 742 468**
Debt created by issuing securities	0	0	0	0	0	0	**0**
Supplier tax, payable tax, etc	74 716	0	0	17 024	0	0	**91 740**
Deferred tax	0	0	0	0	0	28 004	**28 004**
Equity	0	0	0	0	0	255 984	**255 984**
Total debt and equity	**74 716**	**1 742 468**	**0**	**17 024**	**0**	**283 988**	**2 118 196**
Other off-balance sheet fine. derivatives	0	0	0	0	0	0	**0**
Net interest exposure	1 977 028	-1 742 468	9 910	-22 696	0	-221 774	**0**
Net interest exp. in% of subordinated capital	93	-82	0	-1	0	-10	**0**
Interest rate risk the entire balance 1%	**1 648**	**-2 904**	**62**	**-567**	**0**	**0**	**-1 762**
Interest rate risk in% of subordinated capital	**64,4%**	**-113,4%**	**2,4%**	**-22,2%**	**0,0%**	**0,0%**	**-68,8%**

Corresponding grouping of the balance sheet for 2020 (restated):

	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	61 517	0	0	0	0	0	**61 517**
Net Loans to and receivables from customers	1 522 341	0	0	-4 640	0	50 736	**1 568 437**
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	41 403	0	0	0	0	0	**41 403**
Total Assets	**1 625 262**	**0**	**9 980**	**-4 640**	**0**	**54 363**	**1 684 965**
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	29 116	0	0	22 804	0	0	**51 921**
Deferred tax	0	0	0	0	0	23 367	**23 367**
Equity	0	0	0	0	0	248 662	**248 662**
Total debt and equity	**29 116**	**1 361 016**	**0**	**22 804**	**0**	**272 029**	**1 684 965**
Other off-balance sheet fine. derivatives	0	0	0	0	0	0	**0**
Net interest exposure	1 596 145	-1 361 016	9 980	-27 444	0	-217 666	**0**
Net interest exp. in% of subordinated capital	95	-81	1	-2	0	-13	**0**
Interest rate risk the entire balance 1%	**1 330**	**-2 268**	**62**	**-686**	**0**	**0**	**-1 562**
Interest rate risk in% of subordinated capital	**53,5%**	**-91,2%**	**2,5%**	**-27,6%**	**0,0%**	**0,0%**	**-62,8%**

The disclosure has been done based on the book value of the assets, debts and equity. The fair value is estimated to close to the book value.

SPECIFICATION OF DEBT BY DUE DATE:

31.12.2021	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 Years	No maturity	Total
Loans from credit institutions	15 186	140 954	368 885	1 206 407	11 035	0	**1 742 468**
Debt created by issuing securities	0	0	0	0	0	0	**0**
Rental obligation	315	630	2 768	8 818	4 493	0	**17 024**
Provision for accrued costs and liabilities	51 233	8 873	6 286	8 306	0	284 006	**358 704**
Total Debt & Equity	**66 734**	**150 456**	**377 940**	**1 223 531**	**15 528**	**284 006**	**2 118 196**

(Restated) 31.12.2020	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 Years	No maturity	Total
Loans from credit institutions with agreed maturity	23 363	62 940	327 690	947 022	0	0	**1 361 015**
Debt created by issuing securities	0	0	0	0	0	0	**0**
Rental obligation	310	620	3 223	12 004	6 648		**22 805**
Provision for accrued costs and liabilities	15 155	5 562	1 629	6 770	0	272 029	**301 145**
Total Debt & Equity	**38 828**	**69 122**	**332 542**	**965 796**	**6 648**	**272 029**	**1 684 965**

NOTE 22 RESTRICTED BANK DEPOSITS

As requested, one bank account is tied up to cover the tax deductions. The current balance is NOK 1,398 million.

NOTE 23 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 20.

NOTE 24 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 25 EARNED INCOME 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 current leasing portfolio; it is recognised as finance lease customers income 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 through the Income Statement

	31.12.2021	31.12.2020
Opening Balance	**50 736**	**45 797**
Recognition through the Income Statement	5 393	4 939
Closing Balance	**56 129**	**50 736**

NOTE 26 CERTIFICATES - THE NORWEGIAN STATE

Securities number and name	Investment	Risk Category	Procurement Cost	Book Value	Share Listed	Fair Value
NO0010908635	10 000	0 %	9 910	9 910	100 %	9 910

As of 31 December 2021, 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, 2022.

NOTE 27 BONDS

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

NOTE 28 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 2021, 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 2022 and belongs to level 1 when determining fair value. There has been no transfer between levels 1 and 2 during the period.

NOTE 29 POST BALANCE SHEET EVENTS

Geopolitical Risk

Since the closing at 31 December 2021, the world witnessed a sudden sharp deterioration in geopolitical relations concerning Ukraine, followed by the invasion of Ukraine by Russia together with economic sanctions being imposed by governments across the world. The total impact on the financial markets and the business environment has been significantly negative and the long-term consequences on the global economy, and in particular the European and Norway economy are still uncertain. BNP Leasing Solutions Norway monitors the situation closely.
BNP Leasing Solutions Norway is evaluating the consequences of this unfolding crisis on its clients. BNP Leasing Solutions Norway has no direct balance sheet or off-balance sheet commitments towards Russian or Ukrainian counterparties. This crisis did not impact the financial statements at 31/12/2021.