

ANNUAL REPORT 2021



Finansieringselskapenes Forening

From the Managing Director

The pandemic that struck Norway in March 2020 persisted throughout 2021. After almost two years of lockdowns and reopenings, Norway was locked down once again in December 2021 following the discovery of a new, more infectious variant. Financially, the lockdowns hit firms and workers hardest in the service sector.

Although restrictions came and went, the Norwegian economy grew in 2021. Mainland GDP climbed 4.2% after falling 2.3% in 2020.

Business investment picked up again after declining in 2020. Member companies' lease financing for industrial equipment, machinery and vehicles grew almost 13%, boosted by higher car sales. Leasing is an important form of financing, especially for SMEs, and more than 30% of firms' investments in vehicles and machinery were lease-financed in 2021, the same level as in 2020.

At the end of October, the European Commission presented proposals that include lower capital requirements for leasing than for loans, reflecting the lower credit risk posed by leasing. This is believed to be the first time the Commission has had a separate focus on leasing as a form of finance. Work with the Commission via Leaseurope has been ongoing for several years. The current proposals are viewed as a milestone and an acknowledgement of leasing as a form of finance.

Member companies saw demand for factoring pick up again in 2021. Turnover climbed 5% overall, and outstanding credit jumped 10%. Interest in non-recourse factoring continues to grow, and member companies are now financing greater amounts without recourse than with recourse. New, fully digital solutions for non-recourse factoring are being developed that are specially tailored to small businesses.

New car sales were much stronger than expected during the year and hit a record high. According to the Road Federation, 176 276 new cars were registered in Norway in 2021, up 25% on 2020. Member companies financed 57% of these cars and 27% of registered used cars.

Electric cars continued their ascendancy, increasing their market share from 54.3% in 2020 to 64.5%, while sales of hybrid cars slipped from 29.1% to 27.2%.

Together with the Consumer Council, the Association has been working with the Automobile Federation and the Association of Motor Car Dealers and Service Organisations on an industry standard on charges for abnormal wear and tear in consumer leasing. The new standard was launched in April 2021. The



Consumer Agency has announced that it will be looking again at the standard agreement for consumer leasing.

The new debt information services are enabling more accurate credit assessments. Together with new regulation of lending practices from May 2019, this has led to a decrease in total consumer debt every year since 2018. The reduction in 2021 was as much as 12%. The pandemic has also put a damper on credit card usage, as these cards are the preferred means of payment when travelling abroad. Turnover on credit and charge cards issued by our members grew 4% in 2021 but was still much lower than in 2019. The Association has given its input on the review of the Debt Information Act, arguing that it should cover secured debt as well as unsecured debt.

The world is changing ever faster, and both the market and customers' expectations are constantly evolving. There are also extensive regulatory changes afoot both in the EU and nationally.

Despite increased economic uncertainty, member companies are well-placed to operate healthily and profitably in the time ahead. Members continue to command a strong position as a source of finance and help meet the financing needs of both firms and households.

The Association will carry on looking after the interests of its member companies. By providing information and engaging with the authorities, we will continue to promote and ensure good market and regulatory conditions. We look back on a constructive year and forward to a full return to normal.

A handwritten signature in blue ink, appearing to read 'Christina Åhlander'.

Christina Åhlander
Adm. direktør
FINFO

Highlights

2021 in brief

- Higher business investment
- Further pressure on margins in commercial leasing
- Growth in car finance and record-high new car sales
- Increase in factoring volumes
- Further decline in unsecured consumer debt



NOK billion	2017	2018	2019	2020	2021
Members' total loan/leasing portfolio at 31 December ¹	345.3	389.8	413.3	386.9	399.5
New leasing business, total	61.7	64.7	68.5	60.3	68.1
New leasing business, cars	21.4	21.6	19.7	17.1	23.1
New business, other loans (car loans etc)	59.1	61.4	59.8	58.4	70.5
Factoring turnover, including bulk factoring	223.3	255	260.3	264.2	278.2
Factoring, outstanding credit volume	15.9	20.5	20.2	20.6	22.6
Credit cards, total turnover (international and domestic)	160.4	187.7	194.6	154.8	161.2
Card-based credit and unsecured loans, outstanding credit volume ²	95.7	103	100.9	85.7	75.4

1) Figure for 2021 is provisional.

2) The Association has admitted a number of new members in recent years. Their data are included from the date of admission.

Source: Association of Norwegian Finance Houses

Business areas

Leasing:

- Strong position as financing solution for business sector
- Behind 30% of business investment in machinery and vehicles
- Dominated by industrial equipment, machinery and commercial vehicles
- Satisfactory earnings and further low loan losses

Car finance:

- Strong growth in lease financing of cars by both firms and consumers
- Big increase in new loan financing for cars
- Member companies still dominant source of car finance

Factoring:

- Higher turnover and volumes for recourse, non-recourse and bulk factoring
- Number of invoices factored up 8%
- Increase in fully digital non-recourse factoring solutions for small businesses

Credit and charge cards:

- Turnover slightly higher but still well below pre-pandemic levels
- Reduction in number of international charge and credit cards
- Further decrease in credit volume

Consumer loans:

- Further decrease in lending
- Lower loan loss rate

Key developments

- JAN Arval AS accepted as new member of the Association Meeting with financial supervisory authority Finanstilsynet on interpretation of EBA guidelines Finanstilsynet publishes circular on lending practices for mortgages and consumer loans
- FEB FINFO launches digital courses for members
- MAR New industry standard for assessing abnormal wear and tear
- APR Changes to criteria for Enova's support scheme for purchases of electric vans
- MAY FINFO holds AGM online due to coronavirus restrictions FINFO gives input on review of Debt Information Act
- JUN At our instigation, Public Roads Administration recommends compulsory registration of lessees in the Register of Motor Vehicles Regulations issued under the Registration of Beneficial Owners Act
- JUL Anti-money laundering regulations tightened
- AUG Finanstilsynet rules that gambling with unlicensed foreign gambling companies can be grounds to close a customer's accounts
- SEP Ministry of Finance proposes stricter requirements for banks to provide cash services
- OCT FINFO sends two letters to Ministry of Finance on the introduction of VAT on electric cars Consumer Council provides important guidance on marketing credit European Commission proposes lower capital requirements for leasing

- NOV Supreme Court judgement on legal protection after purchasing moveable property Liaison meeting with Finanstilsynet
- DEC Members asked to correct errors in contributions to FINFO on a voluntary basis Finanstilsynet responds to our letter concerning EBA guidelines

Member companies' credit volume. Share of total credit volume



About FINFO

The Norwegian Association of Finance Houses (FINFO) is a trade body for financing companies operating in Norway. Members are financing companies with a licence to carry on business in the areas of leasing, factoring, secured loans, credit cards and other consumer finance. Companies that provide operating leases and do not have a licence may also be members. The Association may also admit associate members.

Members cover from 65% to more than 90% of volumes in their respective markets. The Association had 39 members at the end of the year: 15 Norwegian-owned companies, 10 foreign-owned companies, 13 branches of foreign financial institutions, and one

company carrying on cross-border activities from Sweden. The Association also had one associate member.

The Association engages with the authorities to protect member companies' interests and responds to legislative proposals affecting their business. This work is anchored in various committees in which representatives of member companies participate. The Association also runs courses with a focus on training in products and compliance. It is a member of Eurofinas, Leaseurope and the EU Federation for the Factoring and Commercial Finance Industry (EUF) and has a co-operation agreement with Finance Norway.

Developments at member companies

Member companies' business in 2021

Member companies saw increased volumes of new business in both the consumer market and the business market. Total lending grew 3.3% to NOK 399 billion.

Earnings

The market for our members is complex, resulting in major variations between companies in terms of both earnings and assets. Several members have been reintegrated into their parent banks in recent years and are therefore no longer independent companies. Some members no longer produce independent financial statements, and so we have decided not to present totals for earnings, net interest income and loan losses in the annual report.

Leasing

Strong growth in leasing of cars and other vehicles

Lease financing of new business assets and cars climbed 13% to NOK 68.1 billion. Consumer leasing of cars rose 29%. Business leasing of cars and other vehicles increased 19%, fuelled by increased financing of cars and vans, while leasing of other assets was on a par with 2020.

Wide variety of leased assets

Member companies' leasing portfolio grew 5.8% in 2021 after shrinking 1.2% in 2020, and amounted to NOK 169 billion at the end of the year. Industrial equipment and machinery made up around 29% of the portfolio, heavy goods vehicles 31%, and cars 28%. Manufacturing, construction and services are the sectors that make the greatest use of leasing to finance assets.

High levels of leasing

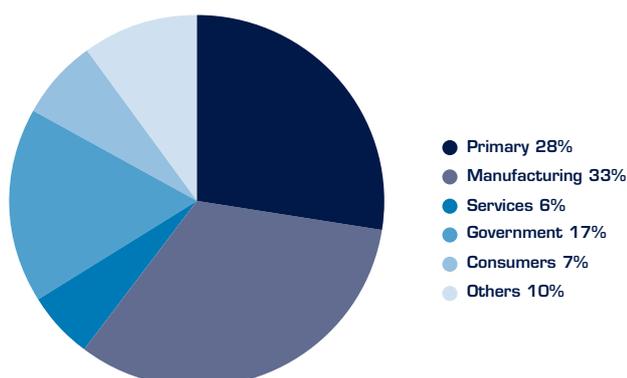
Provisional figures from Statistics Norway show that business investment in commercial vehicles, machinery and equipment in Norway totalled NOK 178 billion in 2021, up from NOK 169 billion in 2020.

Member companies lease-financed around 30% of these investments and so command a strong position as a source of finance for the business sector.

New leasing business NOK billion



New leasing business by sector



Car finance

Much stronger sales of new cars and increase in used car sales

After falling for three years, sales of new cars grew strongly in 2021. According to the Road Federation, a record 176 276 new cars were registered in Norway in 2021, up 25% on 2020.

The number of cars changing hands was 527 799, up 8 448 or 1.6% on 2020.

Member companies' fleet solutions covered 66 916 cars at the end of the year, compared with 66 108 at the end of 2020.

A changing market

The Norwegian car market is changing. Zero-emission cars increased their market share from 54.3% in 2020 to 64.5% in 2021, while sales of hybrid cars slipped from 29.1% to 27.2%. Diesel cars' share of new registrations has plummeted, from 76% in 2011 to 4% in 2021.

Member companies loan- or lease-financed 100 428 new cars (57% of the total, up from 52% in 2020) and 142 179 used and imported used cars (27%, up from 26%).

Increase in leasing of cars and commercial vehicles under 3.5 tonnes

Car leasing grew 35.5% to NOK 23.1 billion in 2021. Consumer leasing accounted for 55% of the total volume, down from 58% in 2020.

Leasing of commercial vehicles under 3.5 tonnes, mainly vans, was up 23% on 2020 at NOK 8.5 billion. The transport and construction sectors have traditionally made extensive use of vehicle leasing.

High share of consumer car loans

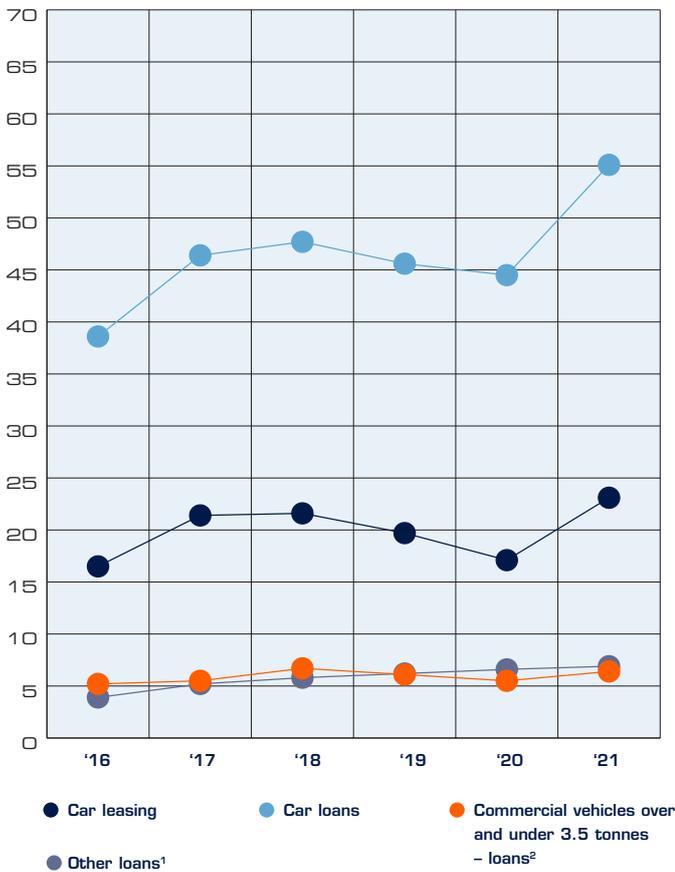
Both firms and consumers also finance car purchases with loans from member companies, generally secured against the vehicle. Consumers accounted for almost 90% of total car loans in 2021. Sales of car loans climbed 24% to NOK 55 billion. Sales of new loans for commercial vehicles under 3.5 tonnes climbed 21% to NOK 4.5 billion.

Factoring

Growth in turnover, credit volume and number of invoices factored

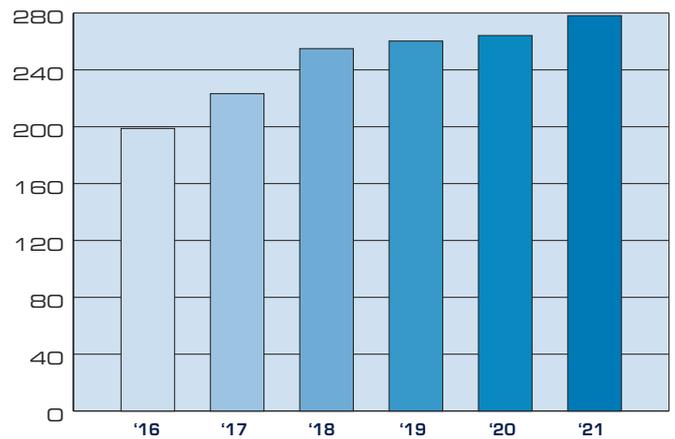
Factoring turnover increased 5% to NOK 278 billion in 2021. Recourse and non-recourse factoring grew 7% and almost 10% respectively. Outstanding credit was NOK 22.6 billion, up 10% on 2020. The number of invoices factored rose 4.5% to 7 million.

Car finance
New business NOK billion

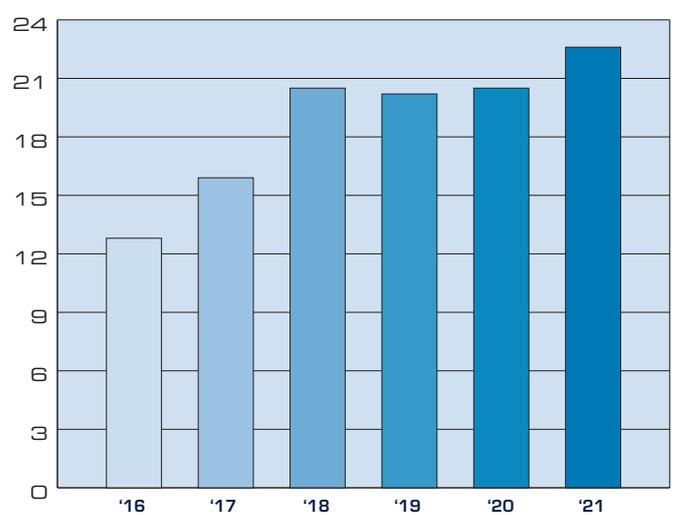


1) Caravans, motorhomes, trailers under 3.5 tonnes, motorbikes, snow scooters, boats over and under 10 metres
2) Including trailers over 3.5 tonnes

Factoring turnover NOK billion



Factoring, outstanding credit NOK billion



Diverse client base

Firms in many different industries use factoring services, and awareness of the product has grown among CFOs and CEOs. Firms that opt for factoring are those that sell their goods and services on credit, mainly to other businesses. Many operate domestically, but importers and exporters also use factoring services.

Online solutions

The online solutions offered by factoring companies improve efficiency. Active sales work and growing awareness of factoring as a product, combined with ongoing product development, are expected to boost demand further and bring continued growth.

Factoring without recourse

Non-recourse factoring is a growing area with products specially tailored to small businesses. Members are developing fully digital solutions that can be integrated into firms' ERP and billing systems.

Payment cards

Outstanding credit on member companies' charge and credit cards totalled NOK 30.6 billion at the end of 2021, down 10% on a year earlier. Card turnover grew 4% to NOK 161.2 billion but remained well below pre-pandemic levels, largely due to the sharp drop in foreign travel.

Credit and charge cards

Member companies reported a total of 4.9 million international and domestic payment cards in issue in Norway at the end of 2021, down more than 1.3 million on 2018. The available credit on these cards counts towards the calculation of debt by the debt information services that started up in 2019, which is assumed to have led some customers to reduce the number of cards they hold.

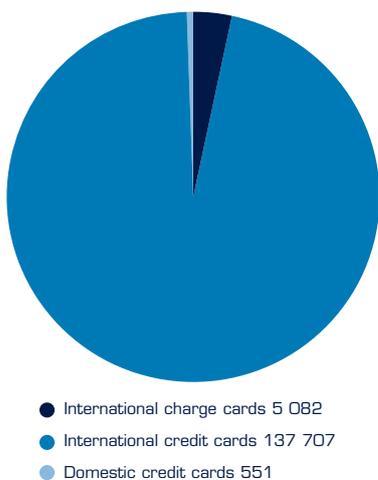
International credit cards accounted for the bulk of the cards in issue and almost 96% of payment card transactions.

The average transaction value for international credit cards rose slightly to NOK 656.

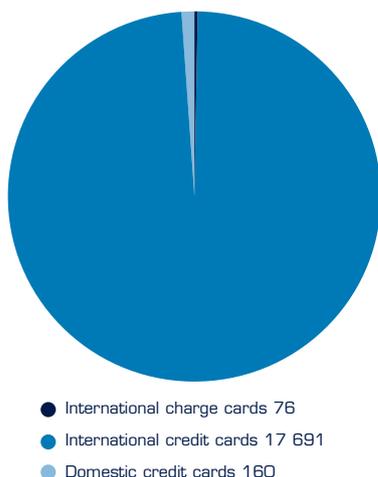
International charge cards, which are mostly used for business purchases, accounted for 4% of total turnover on international and domestic charge and credit cards. However, many international payment cards in the consumer market are also used widely for business purchases.

Total transactions using domestic credit cards fell 23% in 2021 and were modest in relation to international charge and credit cards. An average transaction value of NOK 4 100 and an average of just 1.1 transactions per year suggest that domestic credit cards are largely used only for one-off purchases. By way of comparison, international charge and credit cards were used for an average of 53 and 35 transactions respectively.

Cards, breakdown of turnover
Purchases 2021 NOK million

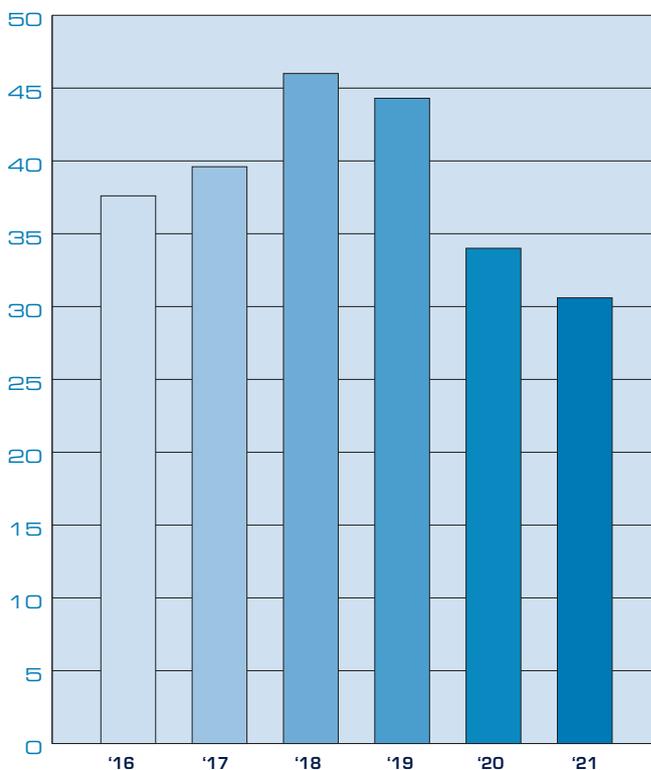


Cards, breakdown of turnover
Withdrawals 2021 NOK million



Credit and charge cards

Outstanding credit, NOK billion





Transactions abroad accounted for 14% of the turnover on international credit cards (up from 12%) and 31% on international charge cards (up from 28%).

Technological advances

Payments in Norway and abroad are increasingly card-based and/or electronic. Technological advances are also opening up new opportunities for product development and new distribution channels for card-based services. The pandemic has also greatly reduced the use of cash.

Consumer loans

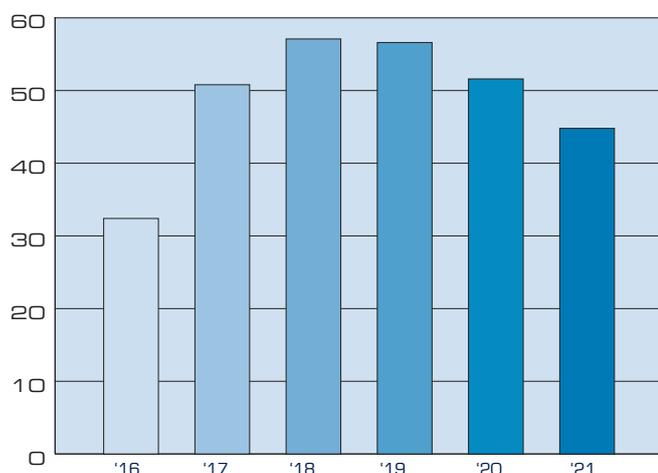
Member companies' unsecured lending to consumers (loans and lines of credit) came to NOK 44.8 billion at the end of 2021, down more than 13% on a year earlier.

Debt information services

The debt information services show much higher figures for unsecured credit – around NOK 141.5 billion rather than NOK 75 billion for our members – but include loans secured with third-party collateral, acquired non-performing debts and secured consumer loans more than five years old.

The Association has stressed the need for a general credit database that includes more types of debt to ensure better credit assessments in the years ahead, and gave input to the Ministry of Children and Families on its review of the Debt Information Act in 2021.

Unsecured debt.



Vi gjør oppmerksom på at Finfo har fått flere nye medlemmer i løpet av de siste årene. Ny medlemmers utlån er tatt med fra tidspunkt for medlemskap.

Outlook

The coronavirus outbreak has dominated developments over the past two years and led to drastic measures in Norway and elsewhere. Restrictions have now been lifted, and we are on our way out of the pandemic. The Norwegian economy is performing well, with strong growth and low unemployment. The labour market is tight, and high wage and price inflation is anticipated in 2022. The central bank's policy rate is expected to be raised four or five times this year and rise further in 2023.

Russia's invasion of Ukraine has brought great human suffering, and more than 4 million people have fled the country at the time of writing. The disruption of agricultural production will create global food shortages, and the disruption of component production will cause chain reactions, for example in the production of cars in other countries.

The sanctions against Russia mean that important goods and components can no longer be imported into Europe, which may lead to reduced activity. High oil, gas and power prices are a challenge for both households and firms and could impact negatively on purchasing power and markets. Uncertainty is mounting, which could hold back consumption and investment. The economy is expected to remain under considerable pressure in the time ahead.

The Ministry of Finance's latest forecast for the Norwegian economy shows GDP growth of 3.6% in 2022, with private consumption up 10.4% and unemployment low throughout the year.

Turnover on credit and charge cards is expected to pick up now that we are again free to travel and the hospitality industry has reopened. We also expect the steep fall in consumer loans to ease somewhat as activity recovers.

Sales of new cars in the first quarter this year were down 11% on the same period last year. Shortages of components mean long delivery times – more than a year for some models. Electric cars claimed almost 83% of the market in the first quarter and 86% in March in isolation. New registrations of hybrids fell 80%. The background to this steep fall is believed to be long delivery times and higher duties for some models. Sales of new vans fell 29% in the first quarter.

Over the rest of the year, new car sales may be affected by the increased cost of living in the form of higher interest rates, persistently high power prices and higher fuel costs.

Our members will put considerable resources into preparing for regulatory changes in 2022. For example, the new Financial Contracts Act will impact on how the companies operate. Regulations under the act are due to be sent out for consultation before the summer holidays. The Ministry of Finance has asked Finanstilsynet to review the lending regulations, and any proposed changes will be circulated in the autumn. In addition, the Ministry of Children and Families is expected to consult on regulations expanding the debt information services to include secured loans.

Member companies have a long track record of profitably financing a substantial share of investments by both firms and consumers, and have a sound foundation from which to deliver good results overall once again in 2022.

Board and administration

Board

Chair: Hanne Karoline Kræmer SpareBank 1 Finans Nord-Norge AS

Deputy chair: Stefan Davidsson DNB ASA, finance division
Sjur Loen Nordea Finans Norge AS
Carsten Thorne Nordea Finance Equipment AS
Trond Brakken Santander Consumer Bank AS
Oddbjørn Berentsen BRABank AS

Deputy members

Per Magne Hansen Toyota Kreditbank GmbH NUF
Frank Øien Danske Finans, part of Danske Bank
Eldar Larsen SpareBank 1 Factoring

Nominating committee

Chair: Tore Haugstvedt Nordea Finans Norge AS
Kenneth Sloth DNB ASA, finance division
Olav Hasund Santander Consumer Bank AS

Deputy Rune Surland SpareBank 1 Finans Østlandet AS

Administration

Christina Åhlander Managing Director
Tom Slungaard Legal Director
Torill Alsaker Administrative officer



Finansieringsselskapenes Forening

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Produksjon: Hamar Media, avd. Nydal Foto: www.scanstockphoto.com

Member companies april 2022

Member	Address	Website
ALD Automotive AS	Postboks 64, 1368 Stabekk	www.aldautomotive.no
Arval AS	Postboks 4748 Nydalen, 0421 Oslo	www.arval.no/nb
AS Finansiering	Postboks 2023 Vika, 0125 Oslo	www.finansiering.no
Bank Norwegian AS	Postboks 338 Sentrum, 0101 Oslo	www.banknorwegian.no
BMW Financial Services Norge NUF	Postboks 1, 1330 Fornebu	www.bmw.no/finans
BNP Paribas Leasing Solutions AS	Postboks 4014 Moa, 6048 Ålesund	www.leaseingsolutions.bnpparibas.no
BRABank ASA	Holbergsgate 21, 0166 Oslo	www.brabank.no
Brage Finans AS	Postboks 7780, 5020 Bergen	www.brage.no
Danske Bank, branch	Postboks 1170, 0107 Oslo	www.danskebank.no
De Lage Landen Finans Norge NUF	Postboks 184, 1325 Lysaker	www.delagelanden.com
DNB ASA, finance division	Postboks 1600 Sentrum, 0021 Oslo	www.dnb.no
Eika Kredittbank AS	Postboks 2349 Solli, 0201 Oslo	www.eika.no
Ekspress Bank NUF (BNP Paribas Personal Finance)	Postboks 1189 Sentrum, 0107 Oslo	www.ekspressbank.no
EnterCard Norge, branch of EnterCard Group AB	Postboks 6783 St. Olavs plass, 0130 Oslo	www.entercard.no
Factoring Finans AS	Søndre gate 16, 7011 Trondheim	www.factoringfinans.no
Handelsbanken NUF	Postboks 1342 Vika, 0113 Oslo	www.handelsbanken.no
Ikano Bank AB (publ), Norway branch	Postboks 295, 1372 Asker	www.ikanobank.no
Instabank ASA	Drammensveien 177, 0277 Oslo	www.instabank.no
Komplett Bank ASA	Vollsveien 2 b, 1366 Lysaker	www.komplettbank.no
LeasePlan Norge AS	Postboks 6019 Etterstad, 0601 Oslo	www.leaseplan.no
Nordax Bank AB	Box 23124, 104 35 Stockholm, Sweden	www.nordax.no
Nordea Finans Equipment	Postboks 105, 1325 Lysaker	www.nordeafinance.com
Nordea Finans Norge AS	Postboks 1166 Sentrum, 0107 Oslo	www.nordeafinans.no
Resurs Bank AB NUF	Postboks 979 Sentrum, 0104 Oslo/ Langkaia 1, 0150 Oslo	www.resursbank.no
Santander Consumer Bank AS	Postboks 177, 1325 Lysaker	www.santander.no
Scania Finans AB, Norway branch	Postboks 250 Leirdal, 1011 Oslo	www.scania.no
SEB Kort Bank AB, Oslo branch	Postboks 1373 Vika, 0114 Oslo	www.seb.no
Siemens Financial Services AB NUF	Postboks 1 Alnabru, 0613 Oslo	www.siemens.no/finance
SpareBank 1 Factoring AS	Postboks 1347 Sentrum, 6001 Ålesund	www.factoring.no
SpareBank 1 Finans Midt-Norge AS	Postboks 4797 Sluppen, 7467 Trondheim	www.sb1finans.no
SpareBank 1 Finans Nord-Norge AS	Postboks 6801 Langnes, 9298 Tromsø	www.snnfinans.no
SpareBank 1 Finans Østlandet AS	Postboks 223, 2302 Hamar	www.sb1fo.no
SpareBank 1 Kreditt AS	Postboks 4794, 7467 Trondheim	www.sparebank1.no
SpareBank 1 SR-Bank ASA	Postboks 114, 4065 Stavanger	www.sparebank1.no/sr-bank
Svea Bank AB, Norway branch	Postboks 2220 Sentrum, 7412 Trondheim	www.svea.com/no/nb/start/
TF Bank Norge	Postboks 956 Sentrum, 5808 Bergen	www.tfbank.no
Toyota Kreditbank GmbH NUF	Postboks 704, 3003 Drammen	www.toyotafinans.no
Volkswagen Møller Bilfinans	Postboks 6671 Etterstad, 0609 Oslo	www.bilfinans.no
Volvo Finans Norge AS	Postboks 27, 0614 Oslo	www.vfsc.com

Associate member

Kreditor Finans AS	Postboks 782 Sentrum, 0106 Oslo	www.kreditor.no
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