

# Danske Leasing A/S

Birkerød Kongevej 25, 3460 Birkerød  
CVR no. 78 86 76 12

## Annual Report for 2022

This annual report has been adopted at the  
annual general meeting on 20 February 2023

Chairman of the meeting

Kasper Friis-Hansen

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**The company**

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Danske Leasing A/S  
Birkerød Kongevej 25  
3460 Birkerød  
Denmark  
Tel.: 45 12 12 12  
Registered office: Rudersdal, Denmark  
CVR no.: 78 86 76 12  
Founded: 10 September 1985  
Financial year: 01.01 - 31.12

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**Executive Board**

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Dennis Christian Thodsen Bodin  
Niels Æbelholt Krabbe

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**Board of Directors**

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Claus Sørup Rasmussen  
Kim Erik Borau  
Niels Valdemar Bang-Hansen  
Christin Kyrme Tuxen  
Mikko Sakari Laukka  
Morten Nielsen

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**Auditor**

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Deloitte Statsautoriseret Revisionspartnerselskab  
Statsautoriseret Revisionspartnerselskab

## Statement by the Executive Board and Board of Directors on the annual report

The Board of Directors and Executive Board have today considered and approved the annual report of Danske Leasing A/S for the financial year 1 January - 31 December 2022.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements provide a fair presentation of the Company's assets, liabilities and financial position as at 31 December 2022 and of the results of the Company's activities for the financial year 1 January - 31 December 2022.

It is our opinion that the management's review provides a fair view of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

We recommend that the annual general meeting approve the Annual Report.

Birkerød, 9 February, 2023

### Executive Board

Dennis Christian Thodsen  
Bodin



Niels Ebelholt Krabbe



### Board of Directors

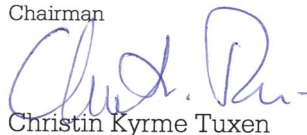
Claus Sørup Rasmussen  
Chairman



Kim Erik Borau



Niels Valdemar Bang-Hansen

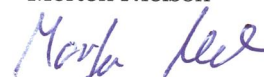


Christin Kyrme Tuxen



Mikko Sakari Laukka

Morten Nielsen



**To the shareholder of Danske Leasing A/S**

**Opinion**

We have audited the financial statements of Danske Leasing A/S for the financial year 01.01.2022 - 31.12.2022 which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

**Statement on the management's review**

Management is responsible for management review.

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

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

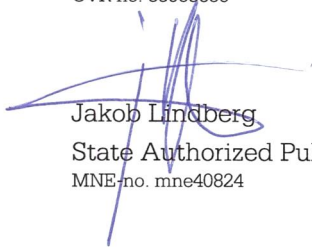
Moreover, it is our responsibility to consider whether management review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management review.

Copenhagen, *9 February 2023*

**Deloitte Statsautoriseret  
Revisionspartnerselskab**

Statsautoriseret Revisionspartnerselskab  
CVR no. 33963556



Jakob Lindberg  
State Authorized Public Accountant  
MNE-no. mne40824



Lica Lyngsø Nielsen  
State Authorized Public Accountant  
MNE-no. mne47801

**FINANCIAL HIGHLIGHTS**

**Key figures**

Figures in DKKm	2022	2021	2020	2019	2018
<i>Profit/loss</i>					
Revenue	895	1,392	1,337	1,292	1,138
Operating profit	765	461	366	412	368
Total net financials	-93	-54	-44	-92	-97
Profit before tax	672	379	318	327	251
Profit for the year	477	296	257	246	169

*Balance*

Total assets	16,895	19,379	19,962	19,247	19,541
Investments in property, plant and equipment	607	2,336	30,018	3,260	2,642
Equity	4,051	3,574	3,278	3,021	2,776

**Ratios**

	2022	2021	2020	2019	2018
<i>Profitability</i>					
Return on equity	12.5%	8.6%	8.2%	8.5%	6.3%

The ratios are calculated in accordance with the "Recommendations and Ratios", issued by the Danish Society of Financial Analysts. For definitions, please refer to the "Accounting policies" section.

*Ratios definitions*

Return on equity: 
$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$



### **Primary activities**

Danske Leasing A/S is a wholly owned subsidiary of Danske Bank A/S. In Denmark, Danske Bank A/S and Danske Leasing A/S provide leasing, financing of hire purchase and other financial services. The companies' activities are marketed through the business unit Nordania Leasing and operates with its own brand.

Danske Leasing A/S' principal activity is leasing, covering operating leases as well as finance leases for cars and properties. In addition, the Company is also engaged in the leasing of investment properties and financing of hire purchase for cars.

### **Development in activities and financial affairs**

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK 476,714k against DKK 295,686K for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK 4,050,868k.

The profit for Danske Leasing A/S exceeds the expectations for the year and the operating profit in Danske Leasing A/S has increased due to positive development of prices in the used cars market.

### **Outlook**

For 2023, the Company expects to realise a profit before tax that is below 2022-level mainly due to expected lower activity within leasing and hire purchase of cars, as well as the consequence of lower income from sales of used leasing cars.

### **Financial risks**

The Company's most significant risks are credit risks, residual value risks and interest rate and liquidity risks. Credit and residual value risks are identified through an assessment of both client and leased assets in connection with the conclusion of the individual financing arrangement. Interest rate and liquidity risks are hedged through matchfunding via Danske Bank A/S.

The Company's estimates for impairment for bad debts are in accordance with Danske Bank A/S' measurement principles.

### **Uncertainty concerning recognition and measurement**

The Company's investment properties are measured at fair value. The fair value is calculated for the individual properties based on a number of assumptions, including the net earnings budgeted for the individual properties and the required rate of return determined, see the description in "Investment properties" under "Accounting policies". The required rates of return have been fixed in such a way as to reflect the market's current required rate of return for similar properties. The determination of the required rates of return is subject to uncertainty, see in this regard note 10 to the financial statements.

### **Subsequent events**

No events have occurred after the end of the financial year, which may materially affect the assessment of the Annual Report.

### **Corporate social responsibility**

Danske Leasing A/S follows Danske Bank's corporate responsibility policy. For details in this regard, please refer to the consolidated financial statements of Danske Bank for 2022. [Danskebank.com/sustainability](https://danskebank.com/sustainability)

### **Gender diversity**

Statement on achieving the target figures and on the underrepresented gender policy can be found on the website of the company Danske Bank A/S Annual Report. [Danskebank.com/investor-relations/reports](https://danskebank.com/investor-relations/reports)

### **Data ethics**

The company is part of the Danske Bank Group. Reference is made to the group statement on data ethics in the annual report for 2022 for the parent company Danske Bank A/S, CVR-no. 61 12 62 28. [Danskebank.com/corporate-governance](https://danskebank.com/corporate-governance)

**Income statement**

Note		2022 DKK '000	2021 DKK '000
1	<b>Revenue</b>	<b>895,182</b>	<b>1,392,009</b>
	Other operating income	431,971	216,482
2/3	Other external expenses	-144,358	-139,940
	<b>Gross profit</b>	<b>1,182,795</b>	<b>1,468,551</b>
	Depreciation and impairments losses of property, plant and equipment	-500,203	-1,023,402
4	Impairments of accounts receivable	81,294	15,930
	<b>Profit before fair value adjustments</b>	<b>763,886</b>	<b>461,079</b>
10	Fair value adjustment of investment properties	1,155	-34,296
	<b>Operating profit</b>	<b>765,041</b>	<b>426,783</b>
5	Income from equity investments in joint ventures	0	5,683
6	Financial income	22,393	158
7	Financial expenses	-115,307	-53,565
	<b>Profit before tax</b>	<b>672,127</b>	<b>379,059</b>
8	Tax on profit for the year	-195,413	-83,373
	<b>Profit for the year</b>	<b>476,714</b>	<b>295,686</b>
	<b>Proposed appropriation account</b>		
	Proposed dividend for the financial year	2,192,376	0
	Retained earnings	-1,715,662	295,686
	<b>Total</b>	<b>476,714</b>	<b>295,686</b>

**Balance sheet**

<b>ASSETS</b>		31.12.22	31.12.21
Note		DKK '000	DKK '000
	Investment properties	168,527	218,663
	Other fixtures and fittings, tools and equipment	2,341,967	3,862,301
<b>10</b>	<b>Total property, plant and equipment</b>	<b>2,510,494</b>	<b>4,080,964</b>
	<b>Total non-current assets</b>	<b>2,510,494</b>	<b>4,080,964</b>
	Trade receivables	11,098,079	12,619,203
	Income tax receivable	144,797	106,866
	Other receivables	263,444	276,542
<b>11</b>	<b>Prepayments</b>	<b>155,557</b>	<b>228,009</b>
<b>12</b>	<b>Total receivables</b>	<b>11,661,877</b>	<b>13,230,620</b>
	<b>Cash</b>	<b>2,482,759</b>	<b>1,927,137</b>
<b>13</b>	<b>Discontinuing operations</b>	<b>240,252</b>	<b>140,083</b>
	<b>Total current assets</b>	<b>14,384,888</b>	<b>15,297,840</b>
	<b>Total assets</b>	<b>16,895,382</b>	<b>19,378,804</b>

**Balance sheet**

<b>EQUITY AND LIABILITIES</b>		31.12.22	31.12.21
		DKK '000	DKK '000
Note			
14	Share capital	10,000	10,000
	Retained earnings	1,848,492	3,564,154
	Proposed dividend for the financial year	2,192,376	0
	<b>Total equity</b>	<b>4,050,868</b>	<b>3,574,154</b>
15	Provisions for deferred tax	336,696	392,531
	<b>Total provisions</b>	<b>336,696</b>	<b>392,531</b>
16	Payables to other credit institutions	7,758,536	9,207,670
	<b>Total long-term payables</b>	<b>7,758,536</b>	<b>9,207,670</b>
16	Short-term part of long-term payables	3,832,320	4,411,380
	Trade payables	59,470	51,771
	Payables to group enterprises	19,769	318,272
	Deposits	169,285	211,572
	Income taxes	0	179,709
	Other payables	668,438	1,031,745
	<b>Total short-term payables</b>	<b>4,749,282</b>	<b>6,204,449</b>
	<b>Total payables</b>	<b>12,507,818</b>	<b>15,412,119</b>
	<b>Total equity and liabilities</b>	<b>16,895,382</b>	<b>19,378,804</b>
17	Contingent liabilities		
18	Related parties		

**Statement of changes in equity**

Figures in DKK '000	Share capital	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.22 - 31.12.22				
Balance as at 01.01.22	10,000	3,564,154	0	3,574,154
Net profit/loss for the year and proposed dividend	0	-1,715,662	2,192,376	476,714
Balance as at 31.12.22	10,000	1,848,492	2,192,376	4,050,868

	2022 DKK '000	2021 DKK '000
<b>1. Revenue</b>		
Revenue comprises the following activities:		
Interest on accounts receivable, finance leases	86,760	108,997
Lease receivables re. operating leases and investment properties	687,140	1,261,453
Interest on accounts receivable, other	130,308	125,026
Fees received	58,799	169,181
Fees paid	-67,824	-272,647
<b>Total</b>	<b>895,183</b>	<b>1,392,010</b>

**2. Staff costs**

Average number of employees during the year	2	2
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There are no employees in the company besides the Executive Board.

On 4 of July 2022, Claus Sørup Rasmussen resigned from Executive Board and Dennis Christian Thodsen Bodin joined Executive Board.

The remuneration of the Executive Board and Board of Directors was paid by the parent company Danske Bank Danmark A/S. The estimated remuneration for Danske Leasing A/S is part of the salary paid of Danske Bank A/S.

The estimated remuneration of the Executive Board is DKK 1.1 million for Danske Leasing A/S in 2022.

The estimated remuneration of Board of Directors is DKK 1.3 million for Danske Leasing A/S in 2022.

No member of the Executive Board or Board of Directors has received direct remuneration for membership of the Executive Board or Board of Directors of the subsidiary Danske Leasing A/S.

	2022 DKK '000	2021 DKK '000
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**3. Fees to auditors appointed by the general meeting**

Statutory audit of the financial statements	218	200
Other services	109	158
<b>Total</b>	<b>327</b>	<b>358</b>

**4. Impairments of accounts receivable**

The year's reversal of previous year's impairments of receivables 81,294 for 2022 (15,930 for 2021)

**5. Income from equity investments in joint ventures**

Share of profit or loss of joint ventures	0	5,683
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**6. Financial income**

Interest, group enterprises	22,184	0
Other interest income	71	158
Foreign currency translation adjustments	138	0
<b>Total</b>	<b>22,393</b>	<b>158</b>



	2022 DKK '000	2021 DKK '000
<b>7. Financial expenses</b>		
Interest, group enterprises	101,815	52,803
Other interest expenses	13,492	0
Other financial expenses	0	762
<b>Total</b>	<b>115,307</b>	<b>53,565</b>

**8. Tax on profit for the year**

Current tax for the year	-34,436	104,610
Deferred tax, change in tax rate	182,307	-21,237
Adjustment of tax in respect of previous years	47,542	0
<b>Total</b>	<b>195,413</b>	<b>83,373</b>

**9. Proposed appropriation account**

Proposed dividend for the financial year	2,192,376	0
Retained earnings	-1,715,662	295,686
<b>Total</b>	<b>476,714</b>	<b>295,686</b>

**10. Property, plant and equipment**

Figures in DKK '000	Investment properties	Other fixtures and fittings, tools and equipment
Cost as at 01.01.22	481,416	5,214,108
Additions during the year	0	606,697
Disposals during the year	-51,290	-2,435,565
Cost as at 31.12.22	430,126	3,385,240
Depreciation and impairment losses as at 01.01.22	0	-1,351,806
Depreciation during the year	0	-494,051
Reversal of depreciation of and impairment losses on disposed assets	0	802,584
Depreciation and impairment losses as at 31.12.22	0	-1,043,273
Fair value adjustments as at 01.01.22	-262,754	0
Fair value adjustments during the year	1,155	0
Fair value adjustments as at 31.12.22	-261,599	0
Carrying amount as at 31.12.22	168,527	2,341,967

Investment properties are, see "Accounting policies", measured at fair value using the return-based model. The average required rate of return for the Company's properties is 5.76 per cent at 31.12.2022 (7.70 per cent at 31.12.2021). An increase of the required rate of return by an average 1 percentage point will reduce the total fair value by DKK 6.7 million.

31.12.22	31.12.21
DKK '000	DKK '000

**11. Prepayments**

Prepaid lease payments	155,557	228,009
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	31.12.22	31.12.21
	DKK '000	DKK '000

## 12. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	10,075,017	11,392,434
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Of this, finance leases with properties as the underlying asset t.DKK 3,050,379 (2021 t.DKK 3,257,188).

## 13. Discontinuing operations

Lease assets held for sale

*Assets relating to discontinuing operations:*

Other fixtures and fittings, tools and equipment	240,252	140,083
Total assets relating to discontinuing operations	240,252	140,083

## 14. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share capital	10,000	10,000,000

The share capital consists of 10,000 shares with a nominal value of 1,000 each. No share confers special rights on any shareholder.

The share capital has not changed for the past 5 years.

	31.12.22	31.12.21
	DKK '000	DKK '000

**15. Deferred tax**

Deferred tax as at 01.01.22	392,531	413,769
Deferred tax recognised in the income statement	-55,835	-21,238
Deferred tax as at 31.12.22	336,696	392,531

Deferred tax primarily concerns property, plant and equipment and accounts receivable, finance leases.

**16. Long-term payables**

Figures in DKK '000	Repayment	Outstanding	Total	Total
	first year	debt after 5	payables at	payables at
		years	31.12.22	31.12.21
Payables to credit institutions	3,832,320	459,294	11,590,856	13,619,050
Total	3,832,320	459,294	11,590,856	13,619,050

**17. Contingent liabilities**

*Guarantee commitments*

Irrevocable loan commitments amount to 1,488,236 at 31.12.2022 ( 1,006,025 at 31.12.2021).

*Other contingent liabilities*

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The remaining VAT adjustment liability is 216,755 at 31.12.2022 (239,155 at 31.12.2021).

**18. Related parties**

Controlling influence	Basis of influence
Danske Bank A/S, Copenhagen, Denmark	Owner of Capital
Balances	31.12.22 DKK '000
Payables to group enterprises	-19,769

Receivables from group companies recognised under current assets and short-term payables to group enterprises consist of balances which are settled on an ongoing basis and in accordance with the company's standard terms of agreement and payment. No write-downs have been made on the receivables.

## 19. Accounting policies

### GENERAL

The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies are unchanged compared with 2021.

The format of the income statement and the balance sheet has been adapted to the Company's activity.

The Company's financial statements are included in the consolidated financial statements of Danske Bank A/S, Copenhagen, Denmark. Consequently, no cash flow statement is prepared in accordance with section 86(4) of the Danish Financial Statements Act, and in accordance with section 99a(6) no statement on corporate social responsibility has been prepared. The Company's estimates for impairment losses are in accordance with Danske Bank A/S' measurement principles.

### Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities and investment properties measured at fair value are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably. Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risk occurring before the presentation of the annual report which confirm or invalidate affairs and conditions existing at the balance sheet date.

**19. Accounting policies** - continued -**CURRENCY**

The annual report is presented in Danish kroner (DKK).

Assets and liabilities in foreign currencies are translated into Danish kroner (DKK) using the exchange rates published by Danmarks Nationalbank at year-end. Income and expenses in foreign currencies are translated using the exchange rates ruling at the transaction date.

**Principles for transactions between group companies**

The Company is part of the Danske Bank Group which consists of a number of independent legal entities. Transactions between Group companies are settled at market prices. Costs paid centrally are invoiced to the companies in the form of calculated unit prices based on consumption and activity in accordance with the rules on Transfer Pricing or at market prices if such exist.

**INCOME STATEMENT****Revenue**

Revenue includes interest income on accounts receivable and leasing income from property, plant and equipment. Furthermore, it includes fee and commission income from the Company's lending and leasing activities. Interest income, fees and commission income are accrued over the life of the loans and the term of the leases.

**Other operating income**

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise.

**Other external expenses**

External expenses comprise costs associated with the operation and management of the Company's lending and leasing activities.

**Depreciation and impairment losses**

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

**19. Accounting policies** - continued -

Fixtures, fittings, tools and equipment are depreciated on a straight-line basis considering the economic life and scrap value of the asset.

	Useful lives, years	Residual value DKK '000
Buildings	50	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

Land is not depreciated.

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

**Measurement of accounts receivable**

Accounts receivable are written down to allow for any impairment following their initial recognition. Accounts receivable are written down for impairment on basis of a number of estimates, including recognition of expected losses on accounts receivable, expected future cash flows and the value of collateral. The impairment losses are determined by the expectations for the debtor's ability to pay. The repayment ability depends on a number of factors, including the debtor's earnings capacity, the general economic growth and unemployment. Expectations for a deteriorated repayment ability will be reflected in a deteriorated credit quality and consequently a lower client rating. The Company's estimates for impairment losses are in accordance with Danske Bank A/S' measurement principles.

**Fair value adjustment of investment properties**

The preparation of the financial statements requires Management to make a number of significant estimates and judgments concerning future circumstances which have an influence on the carrying amount of assets and liabilities. The areas in which Management's critical estimates and judgments have the most significant effect on the financial statements are:

- Impairment losses relating to credit and residual value risks which concern accounts



**19. Accounting policies** - continued -

receivable as well as property, plant and equipment.

Management's estimates and judgments are based on assumptions considered by Management to be reasonable but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected future events or situations may occur. Therefore, making such estimates and judgments is difficult and when they involve transactions with clients and other counterparties, they will always entail uncertainty, even under stable macroeconomic conditions. The Company follows the same principles as Danske Bank A/S.

**Income from equity in group enterprises and associates**

The proportionate share of the profit or loss for the year is recognised in the income statement after full elimination of intercompany profit/loss and less amortisation of goodwill under the item "Income from investments in joint venture".

**Other net financials**

Financial income comprises interest and interest-like income from accounts receivable and cash funds. Interest on accounts receivable is, however, recognised in "Revenue".

**Tax on profit/loss for the year**

Tax for the year, consisting of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and directly in equity with the portion attributable to equity transactions.

Danske Leasing A/S is jointly taxed with its parent company.

The current Danish income tax is distributed between the jointly taxed companies in proportion to their taxable incomes (full absorption with refunds for tax losses). The jointly taxed companies are included in the Danish tax prepayment scheme.

**19. Accounting policies** - continued -**BALANCE SHEET****Property, plant and equipment***Investment properties*

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus any directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date. However, the value of the property is reduced if the lessee has a purchase option with a purchase price lower than the fair value. The fair value is determined by applying the yield-based model as the calculated value of expected cash flows from each property.

The calculation is based on budgeted net earnings for the next year that have been adjusted to normal earnings. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc .

The value in use is calculated using a required rate of return determined for the individual properties based on the applicable market conditions on the balance sheet date for the relevant property type, the location of the property, the credit quality of the lessees etc., so that the required rate of return is estimated to reflect the market's current required rate of return for similar properties.

*Other property, plant and equipment*

The value in use is calculated using a required rate of return determined for the individual properties based on the applicable market conditions on the balance sheet date for the relevant property type, the location of the property, the credit quality of the lessees etc., so that the required rate of return is estimated to reflect the market's current required rate of return for similar properties.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Fixtures, fittings, tools and equipment comprise operating equipment leased out through operating leases. This equipment is recognised in the balance sheet at cost less depreciation and impairment. Depreciation is provided on a straight-line basis, taking into account the economic life and scrap value of the asset.

**19. Accounting policies** - continued -**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

**Receivables**

Accounts receivable, finance leases are recognised in the balance sheet under "Current assets" and are measured at amortised cost, i.e. cost less repayments and front-end fee etc. and write-downs for bad debts. The repayments are calculated according to the annuity principle considering the term of the individual leases.

Other receivables are recognised at amortised cost, usually corresponding to nominal value, less write-downs for bad debts when an objective indication of impairment exists.

**Prepayments**

Prepayments comprise prepaid expenses concerning the following year.

**Cash**

Cash includes deposits in bank account.

**19. Accounting policies** - continued -**Equity**

The proposed dividend for the financial year is recognised as a separate item in equity.

**Current and deferred tax**

Current tax obligations and receivable tax are recognized in the balance sheet as calculated tax on profit/loss for the year, regulated tax from previous years, and account payments.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

**Payables**

Liabilities in the form of debt to credit institutions are recognised at cost at the time the liability is incurred. Subsequently, they are measured at amortised cost. Other liabilities are measured at amortised cost.

**CASH FLOW STATEMENT**

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.

**19. Accounting policies** - continued -**DISCONTINUING OPERATIONS**

Operating lease assets that are put up for sale are reclassified as current assets under the item "Assets held for sale" and include lease assets put up for sale when the lease expires as well as assets taken over in connection with non-performing facilities. Lease assets put up for sale are measured at cost or fair value less expected sales costs, whichever is the lower. Cost is the carrying amount when the lease expires. Any profit or loss is recognised in the income statement under "Other operating income".