



Interim financial statement Q1 2021

Unaudited figures

Nordea Finance Equipment

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Report of the Board of Directors as of March 31, 2021

In the first three months of 2021, Nordea Finance Equipment AS has:

- established new financing to clients for MNOK 3 451 (MNOK 3 801 for the same period in 2020).
- net banking income of MNOK 375,2 (MNOK 398,7).
- net cost of risk of MNOK 29,9 or 0,31 % of average funded assets (MNOK 25,7 or 0,26%).
- total comprehensive income of MNOK 146,5 (MNOK 165,2).
- total assets of MNOK 39 326 (MNOK 42 186).
- capital adequacy ratio of 23,2 % (20,5 %) for tier 1 capital and 25,2% (22,3 %) for total capital.

Business activities

New business volume in Scandinavia is impacted by the Covid-19 pandemic and the measures taken by governments to meet the potential consequences of the pandemic. In the first quarter of 2021, as new containment measures were introduced in many countries amid the second and third waves of the Covid-19 pandemic. As actions vary between the three Scandinavian countries so does the impact on the activity and business volumes.

For the first three months in 2021 the new financing in Scandinavia is lower compared to 2020 as we have observed reduced activity since April 2020. In the three months, Nordea Finance Equipment AS has established new financing in Scandinavia of MNOK 3 451 compared to MNOK 3 801 for the same period in 2020. This is a decrease of 9,2 %. Margins for new financing are generally higher compared to the same period last year.

In equipment finance, we maintain our position as market leader in Norway. We observe that the volume of new financing is lower, and therefore that our market share in Q1 2021 is lower compared to last year. The activity and volumes after three months ends at MNOK 5 282 which is lower compared to MNOK 6 534 at the end of the first quarter of 2020. In Sweden new financing volumes are stable compared to last year as in Denmark we observe a decrease compared to last year.

Total assets at end of first quarter 2021 are MNOK 39 326 which is 6,8 % lower than MNOK 42 186 at end of March 2020. A part of this decrease is driven by the strengthening of NOK against SEK and DKK as approximately one third of our portfolio is in these currencies.

341 people were employed in Nordea Finance Equipment AS at the end of the first quarter. This is a decrease in staff of 4 since year end 2020. Turn-over in the period ends at 1,4% compared to 1,1% in the same period last year. We consider the level of turnover acceptable.

Financial Results

Nordea Finance Equipment AS has Net Banking Income of MNOK 375,2 in the first three months of 2021 compared to MNOK 398,7 in the same period in 2020. Net Interest Income after three months ends at MNOK 300,9 which is lower compared to MNOK 310,4 at end of first quarter of 2020. Net fees, income on other activity and net gains on financial instruments at fair value have decreased with 16,0 % to MNOK 74,2 compared with MNOK 88,3 in the same period last year. The main driver for this decrease is lower gains from repossessed assets as well as higher commission expenses.

Operating expenses amount to MNOK 154,6 in the period ending March 31, 2021, compared to MNOK 165,8 in the same period in 2020. This represents a decrease of MNOK 11,2 or 6,8%. The decrease in operating expenses is mainly due to the non-existent intragroup services in the first quarter 2021.

Total Cost of Risk year to date amounts to MNOK 29,9 compared to MNOK 25,8 in the same period last year. This represents 0,31% of average outstanding loans in the period, which is an increase compared to 0,26% last year. Total write-down for impairment represents 1,4% of outstanding loans at end of the quarter compared to 1,08% at end of first quarter last year.

The operating profit is MNOK 190,7 in the first three months of 2021, compared to MNOK 207,1 in the first three months of last year. The main drivers for the MNOK 16,4 decrease in operating profit is related to the less interest income in the first quarter 2021.

Nordea Finance Equipment AS produces a net result after tax of MNOK 148,5 for the period from January 1 to March 31, 2021. This compares to a net result after tax of MNOK 161,3 in the same period last year.

Risk management and Capital adequacy

The regulatory capital as of March 31 is MNOK 7 258,4. The regulatory capital consists of MNOK 6 708,4 tier one capital, and MNOK 550,0 tier two capital.

The basis for the calculation of capital requirements and capital adequacy at the end of first quarter was MNOK 28 860,9, with credit risk weighted assets of MNOK 26 038,6, and a capital requirement for operational risk corresponding to risk weighted assets of MNOK 2 822,3.

The capital adequacy at end of March 2021 was 25,2 %. Tier 1 capital ratio was 23,2 %. At end of March 2021, the countercyclical buffer requirements in Sweden and Denmark have been lowered to 0% and in Norway to 1% as a response to the Corona situation. The other capital buffer requirements are constant in the period and the total capital buffer requirement above the prudential minimum capital levels is 5,91% compared to 6,09% at end of first quarter 2020. The additional prudential pillar 2 requirement is maintained at 1,5%. The capital coverage is thus satisfactory compared to regulatory minimum requirements and the company's internal requirements and guidelines for solidity and capital adequacy. As part of the company's capital management procedures, stress testing of all relevant risks is performed and the change in the capital requirement under various stress scenarios evaluated. The capital adequacy is considered satisfactory also considering the results of the performed stress tests.

Lysaker, May 14, 2021

Ari Kaperi
Chairman

Peter Hupfeld
Vice chairman

Ulrik Modigh

Magnus Jacobson

Mariann H. Gulbrandsen

Ellen Pløger

INTERIM FINANCIAL STATEMENT

INCOME STATEMENT

<i>(in NOK thousand)</i>	<i>Notes</i>	YTD Q1, 2021	YTD Q1, 2020	FY, 2020
Total interest income	4	347 351	433 715	1 584 413
Total interest expenses	4	-46 398	-123 312	-368 676
Commission and fee income	5	82 173	80 642	325 528
Commission and fee expenses	5	-54 903	-50 806	-201 893
Net gains and losses on financial transactions	6	856	1 359	8 026
Income on other activity	5	46 101	57 070	188 147
Net banking income		375 179	398 667	1 535 543
Total payroll, fees and other staff cost	7	-114 173	-106 605	-451 974
Total other operating expenses	7	-40 451	-59 230	-235 696
Gross operating income		220 555	232 833	847 874
Cost of risk	11	-29 903	-25 737	-173 305
Operating income		190 652	207 096	674 568
Taxes	15	-42 136	-45 825	-20 234
Profit for the period		148 516	161 271	654 335

Other comprehensive income

Items that could be reclassified:

Exchange differences on translation of foreign operations		-2 646	4 977	1 404
Taxes		582	-1 095	-309

Items that cannot be reclassified:

Actuarial gains and losses				0
Taxes				0

Attributable to:

Equity holder of the parent		146 452	165 153	655 429
Total comprehensive income of the period		146 452	165 153	655 429

BALANCE SHEET - ASSETS & LIABILITIES

<i>(in NOK thousand)</i>	<i>Notes</i>	Q1, 2021	Q1, 2020	FY, 2020
Cash and deposits with central banks		9	10	9
Hedging derivative assets	6,21,22	811	456 169	187
Due from banks	8	641 436	417 743	788 750
Customer loans	9,10,11,12,13	38 326 713	40 946 912	39 482 824
Revaluation differences		26 340	56 615	44 343
Reposessed assets		15 287	30 901	14 270
Deferred tax assets	15	0	0	0
Tangible and intangible fixed assets		127 449	131 383	133 254
Other assets		187 813	146 320	185 194
Total		39 325 857	42 186 053	40 648 832
Financial liabilities at fair value through profit and loss	6,21	0	0	0
Hedging derivative liabilities	6,21	167 465	134 372	330 881
Due to banks	16,18	30 340 039	33 938 026	31 733 771
Customer deposits		277 802	226 509	352 322
Other liabilities		949 992	915 732	810 588
Pension liabilities	19	98 798	95 871	97 988
Deferred tax liabilities	15	11 467	20 735	31 423
Current tax liabilities	15	52 374	63 635	10 343
Subordinated debt	17	550 121	550 101	550 169
Total liabilities		32 448 058	35 944 982	33 917 485
Share capital		945 436	945 436	945 436
Share premium account		240 639	240 639	240 639
Other equity including profit for the year		5 691 724	5 054 996	5 545 272
Total equity		6 877 799	6 241 071	6 731 347
Total		39 325 857	42 186 053	40 648 832

Lysaker, May 14th, 2021

Ari Kaperi
Chairman

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Vice chairman

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STATEMENT OF CHANGES IN EQUITY

<i>in NOK thousand</i>	Share capital	Share premium	Retained earnings	Translation differences	Actuarial gains and losses	Total
Equity 01.01.20	945 436	240 639	4 918 572	-2 134	-26 595	6 075 918
Profit for the period			161 271			161 271
Other comprehensive income				3 882	0	3 882
Dividends						0
Total equity 31.03.2020	945 436	240 639	5 079 843	1 748	-26 595	6 241 071
Equity 01.01.21	945 436	240 639	5 572 906	-1 039	-26 595	6 731 347
Profit for the period			148 516			148 516
Other comprehensive income				-2 064	0	-2 064
Dividends						0
Total equity 31.03.2021	945 436	240 639	5 721 422	-3 103	-26 595	6 877 799

CASH FLOW STATEMENT

Amounts in NOK thousand

	2021	2020
Operations		
Interest income	332 746	398 877
Interest expenses	-46 398	-123 312
Other receipts	68 655	102 378
Operating expenses	-143 204	-173 290
Receipts on previous losses	7 006	3 465
Paid taxes	47 978	-142 032
Net cash flow from operations	266 783	66 086
New investments leasing	-2 963 026	-5 930 181
Proceeds from sale of leasing assets	788 089	778 752
Decrease in loans (net)	4 776 950	3 394 899
Decrease (increase) in other receivables	501 248	-402 770
Decrease (increase) in advance payments	-41 493	-7 103
Net cash flow from current financial activity	3 061 768	-2 166 402
Decrease (increase) in tangible assets	-7 477	-5 409
Net cash flow from investment activity	-7 477	-5 409
Increase (decrease) in deposits from customers	51 294	-22 418
Payment of dividends	0	0
Payment of group contribution	0	0
Received group contribution	0	0
Increase (decrease) in equity	490 275	0
Increase (decrease) subordinated debt	0	0
Increase (decrease) in loans from credit institutions	-3 403 101	1 710 692
Increase (decrease) in debt	-228 404	417 980
Increase (decrease) accrued costs	-4 725	13 472
Currency exchange without cash effect	-2 063	3 882
Net cash flow from long term financial activity	-3 096 725	2 123 607
Net cash flow	224 349	17 882
Cash at the 1st of January	416 336	398 455
Cash at end of period	640 686	416 336
Reconciliation cash at end of period		
Cash and deposits with central banks	9	10
Deposits with financial institutions	640 677	416 326
Cash at end of period	640 686	416 336

NOTES

1. ACCOUNTING PRINCIPLES

Nordea Finance Equipment AS is a Scandinavian finance company and its business is carried out through a broad, Scandinavian distribution network with 15 regional and sales offices in Norway, 4 offices in Sweden and 2 in Denmark. Nordea Finance Equipment AS forms part of Nordea Bank Abp, a group listed on the stock exchange with head office in Helsinki, Finland. The Group consolidated financial statement is prepared by Nordea Bank, and is available on www.nordea.com.

The company is a limited company incorporated and domiciled in Norway. Its registered office is in Strandveien 18, Lysaker.

The interim financial statements for the period ended March 31st 2021, were authorised for issue by the Board of Directors on May 14th, 2021.

Nordea Finance Equipment AS's activities are neither seasonal nor cyclical in nature, its period results were not affected by any seasonal or cyclical factors.

The interim financial statements for Nordea Finance Equipment AS for the 3 month period ending March 31st 2021, are prepared and presented in accordance with the revised IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with the financial statement as at 31 December 2020.

IFRS, IFRIC interpretation and amendments applied by Nordea Finance Equipment AS as at January 1st, 2021

Accounting standards, amendments or interpretation	Adoption date by the European Union	
	Union	Effective date
Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7)	26.09.2019	01.01.2021

Accounting standards, Amendments or interpretation to be applied in the future

Not all of the accounting standards and interpretations published by the IASB (International Accounting Standards Board) have been adopted by the European Union at March 31, 2021. These accounting standards and interpretations are required to be applied from annual periods beginning on January 1, 2022 at the earliest or on the date of their adoption by the European Union. Accordingly, they were not applied by Nordea Finance Equipment AS as of March 2021.

Accounting standards, Amendments or interpretation adopted by the European Union on March 31, 2021.

No new standards

Accounting standards, amendments or interpretations not yet adopted by the European Union on March 31, 2021

Accounting standards, amendments or interpretations	Adoption date by the IASB	
	the IASB	Effective date
IFRS 17 Insurance Contracts	18.05.2017	01.01.2022
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	23.02.2020	01.01.2023
Amendments to IFRS 3 - Updating a Reference to the Conceptual Framework	01.03.2018	01.01.2022
Amendments to IFRS 16, Covid related ren concessions	28.05.2020	01.07.2021

2. IMPORTANT ACCOUNTING ESTIMATES AND DISCRETIONARY EVALUATION

The preparation of interim financial statements in conformity with generally accepted accounting principles requires that occasionally management must make estimates and assumptions. Estimates and discretionary evaluations are regularly assessed and are based on historic experience and other factors, including the expectations of future events that are considered to be probable under the current circumstances.

The company prepares estimates and makes presumptions and assumptions connected to the future. The accounting estimates that are based on this will seldom be entirely in accordance with the final outcome. Some accounting principles are considered to be especially important to enlighten the company's financial position because they require the management to make difficult or subjective assessments and determine estimates that are, for the most part, uncertain at the time the estimates are made. The key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

No changes in significant accounting policies in 2021.

4. NET INTEREST INCOME

(in NOK thousand)

	2021	2020
Interest income from financial institutions, valued at amortised cost	2 759	4 139
Interest income from customers financial leases and loans, valued at amortised cost	343 371	425 473
Interest income financial instruments	1 222	4 103
Total interest income	347 351	433 715
Interest expenses to financial institutions, valued at amortised cost	-39 020	-114 553
Interest expenses on deposits and debt to customers, valued at amortised cost	-467	-653
Interest expenses financial instruments	-1 898	-1 217
Interest expenses on subordinated debt	-3 790	-5 703
Other interest expenses	-1 224	-1 186
Total interest expenses	-46 398	-123 312
Net interest income	300 953	310 403

5. NET FEES AND INCOME ON OTHER ACTIVITY

(in NOK thousand)

	2021	2020
Commission and fee income from loans and similar to customers	82 173	80 642
Commission and fee income	82 173	80 642
Commission and fee expenses from loans and similar to customers	-51 215	-49 962
Other commission and fee expenses	-3 688	-844
Commission and fee expenses	-54 903	-50 806
Net commission and fee income	27 270	29 836
Gains and losses repossessed assets	2 938	4 954
Termination gain and loss	33 468	42 161
Income from extension of leasing contracts	9 357	9 516
Other income	337	439
Total income other activity	46 101	57 070

6. NET GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE

(in NOK thousand)

	2021	2020
Net gains on financial derivatives, trading	628	0
Change in fair value on financial derivatives, hedging	17 538	-36 942
Change in fair value on hedged fixed interest loans	-17 847	37 799
Net change in value and gains on foreign currency	537	502
Net gains/losses on financial instruments at fair value through P&L	856	1 359

7. OPERATING EXPENSES

(in NOK thousand)

	2021	2020
Payroll	-73 652	-73 766
Pensions	-10 059	-10 937
Social security costs	-14 240	-12 538
Other staff cost	-16 222	-9 363
Total payroll, fees and other staff cost	-114 173	-106 605
Rent and other office costs	-2 445	-2 752
Fees and temporary staff	-22 934	-22 705
Travel and marketing	-1 265	-7 147
Other operating costs	-4 103	-4 392
Intragroup services	0	-12 805
Depreciation and gain/loss	-9 703	-9 429
Total other operating expenses	-40 451	-59 230
Total operating expenses	-154 624	-165 834

8. DUE FROM BANKS

(in NOK thousand)

	2021	2020
Deposits with financial institutions	640 677	416 326
Loans to financial institutions	759	1 416
Due from banks before impairment	641 436	417 743
Impairment of individually impaired loans	0	0
Revaluation of hedged item	0	0
Net due from banks	641 436	417 743

9. CUSTOMERS LOANS

(in NOK thousand)

	2021	2020
Equipment loans	4 776 452	4 531 278
Factoring receivables	303 184	358 630
Factoring loans	1 510 356	1 952 758
Financial lease agreements	32 280 816	34 551 949
Customer loans before impairment	38 870 808	41 394 615
Equipment loans allowance S1	-4 614	-2 023
Factoring receivables allowance S1	-6 953	-4 417
Financial lease agreements allowance S1	-103 269	-58 902
Equipment loans allowance S2	-2 998	-994
Financial lease agreements allowance S2	-76 157	-38 948
Equipment loans allowance S3	-14 586	-7 801
Factoring receivables allowance S3	-24 375	-23 295
Financial lease agreements allowance S3	-311 143	-311 324
Impairment of individually impaired loans	-544 095	-447 703
Net due from customers	38 326 713	40 946 912

10. ALLOWANCES RECOGNISED AND CUSTOMER LOANS

(in NOK thousand)

				2021
	Stage 1	Stage 2	Stage 3	Total
Allowances on loans as of 01.01	-95 778	-72 873	-366 305	-534 956
Allowances on new loans	-16 242	-992	-1 806	-19 039
Movement from S1 to S2	5 945	-16 569	0	-10 624
Movement from S1 to S3	643	0	-23 562	-22 919
Movement from S2 to S3	0	3 313	-30 715	-27 402
Movement from S3 to S2	0	-1 180	22 869	21 690
Movement from S3 to S1	-91	0	1 315	1 223
Movement from S2 to S1	-2 982	9 898	0	6 917
Loans terminated	1 257	496	3 006	4 759
Change within stage	-7 588	-1 231	45 075	36 256
Allowances on loans at end of period	-114 835	-79 137	-350 122	-544 095
Customer loans before impairment	34 111 811	3 900 524	858 473	38 870 808

(in NOK thousand)

				2020
	Stage 1	Stage 2	Stage 3	Total
Allowances on loans as of 01.01	-65 513	-37 335	-321 490	-424 338
Allowances on new loans	-7 374	-1 105	-2 161	-10 640
Movement from S1 to S2	3 294	-15 414	0	-12 120
Movement from S1 to S3	599	0	-32 184	-31 586
Movement from S2 to S3	0	1 525	-19 022	-17 497
Movement from S3 to S2	0	-901	9 181	8 280
Movement from S3 to S1	-143	0	9 284	9 141
Movement from S2 to S1	-2 229	10 276	0	8 047
Loans terminated	562	1 255	9 830	11 648
Change within stage	5 462	1 758	4 142	11 362
Allowances on loans at end of period	-65 342	-39 942	-342 420	-447 703
Customer loans before impairment	37 838 137	2 755 235	801 243	41 394 615

11. LOSSES AND ALLOWANCES RECOGNISED IN PROFIT AND LOSS

(in NOK thousand)

	2021	2020
Losses on loans		
Write-downs for loan losses at end of period	-544 095	-447 703
Exchange rate adjustments (opening balance)	-18 389	18 349
Write-downs for loan losses as at 01.01	534 956	424 338
Total actual losses	-9 381	-24 187
Income on actual losses	7 006	3 465
Cost of risk	-29 903	-25 737

12. LEASING (FINANCIAL LEASING ASSETS)

(in NOK thousand)

	2021	2020
Purchase cost 01.01	61 443 990	59 416 966
Exchange rate difference	-998 059	2 485 321
Inflow during the year	2 963 026	3 376 676
Outflow during the year	-2 965 959	-3 106 320
Purchase cost at end of period	60 442 999	62 172 643
Accumulated ordinary depreciation 01.01	25 403 661	23 766 522
Exchange rate difference	-384 600	910 356
Ordinary depreciation during the year	2 642 830	2 620 652
Reversed depreciation sold assets	-2 221 015	-2 395 007
Accumulated depreciation at end of period	25 440 877	24 902 523
Book value leasing assets at end of period	35 002 122	37 270 120
Customer receivable	-2 686 536	-2 670 467
Other accruals	-34 770	-47 705
Book value in the balance sheet at end of period	32 280 816	34 551 949

Customer receivables are ordinary leasing receivables and advancement on leasing rent. Up front fees constitute other accruals.

Overview of future minimum finance lease rental:

Within 1 year	8 233 134	8 945 257
1 to 5 years	26 071 589	28 326 649
After 5 years		
Future minimum finance lease rental	34 304 723	37 271 906
Average interest	3,01 %	3,68 %
Present value of minimum lease payments	31 606 712	34 196 713
Unearned finance income	2 023 907	2 719 958

13. RISK CLASSIFICATION

(in NOK thousand)

Days outstanding status	2021	
	Net loans to customers	Whereof past due, non-doubtful
Not past due	37 147 291	
1-29	886 994	821 949
30-59	206 023	175 236
60-89	31 409	16 434
90-179	32 188	14 002
> 180	12 565	6 620
> 1 year	10 241	477
Total	38 326 713	1 034 719

(in NOK thousand)

Days outstanding status	2020	
	Net loans to customers	Whereof past due, non-doubtful
Not past due	39 263 552	
1-29	1 301 399	1 242 805
30-59	250 072	225 538
60-89	13 500	5 903
90-179	89 128	4 904
> 180	21 673	6 413
> 1 year	7 588	0
Total	40 946 912	1 485 562

Credit exposure:

(in NOK thousand)

	2021	2020
Net loans to customers	38 326 713	40 946 912
Positive market value derivatives	811	456 169
Guarantee liabilities and loan commitments	1 783 395	1 593 568
Total credit exposure	40 110 918	42 996 649

14. DOUBTFUL LOANS

<i>(in NOK thousand)</i>	2021	2020
Gross doubtful loans	858 473	801 243
- Write-downs on impaired assets	-350 103	-342 420
Net doubtful loans	508 370	458 823

15. INCOME TAX

The company calculates the tax payable based on an estimated effective tax rate. For 2020 the effective tax rate was 3,0 % at year end and the expected effective tax rate for 2020 was 22,1 %. For 2021 this is expected to be 22,0 %. Deferred tax assets are for interim based on an estimate for the year. The estimate is prepared based on previous years' development in the leasing portfolio, adjusted for year acquisitions and disposals. Expected changes in the deferred tax is recognised with 22,0 % for the period ending 31 March 2021. The main contributor to the fluctuation in effective tax rate is exchange rate effects from the portfolio.

<i>(in NOK thousand)</i>	2021	2020
Current income tax expense	-52 374	-63 635
Gross deferred tax expense	10 238	17 810
Income tax expense for the period	-42 136	-45 825

16. DUE TO BANKS

<i>(in NOK thousand)</i>	2021	2020
Demand deposits and current accounts	89 593	284 480
Term deposits borrowings	30 230 583	33 226 797
Related payables	19 863	50 318
Revaluation of hedged item due to banks	0	376 431
Total	30 340 039	33 938 026

17. SUBORDINATED DEBT

<i>(in NOK thousand)</i>	2021	2020
Subordinated debt	550 000	550 000
Subordinated debt related payables	121	101
Total	550 121	550 101

18. INFORMATION ON RELATED PARTIES

<i>(in NOK thousand)</i>	2021	2020
Assets/interest income		
Loans to Group companies	759	1 416
Revaluation of hedged item	0	0
Interest income from group companies	0	0
Other assets	6 308	0
Liability/interest expense		
Loans from Group companies	23 528 527	25 242 689
Related payables Group companies	14 572	34 831
Revaluation of hedged item due to banks	0	376 431
Other liabilities	0	4 712
Interest expenses to group companies	-28 494	-84 571
Subordinated debt	550 000	550 000
Interest expenses on subordinated debt	-3 790	-5 703

Funding is primarily provided by the parent company Nordea Bank Abp, on the basis of a framework agreement and limits. All transactions are made on market terms.

19. EMPLOYEE BENEFITS

For the period ending 31 March 2021, it is not obtained a new actuary estimate. It is therefore not presented any effect of actuarial gains and losses in other comprehensive income. The company considers the possible effect of actuarial gains and losses as immaterial for the assessment of the financial position for the 3-month period ending 31 March 2021.

20. CAPITAL ADEQUACY

(in NOK thousand)

	2021	2020
<i>Common Equity Tier 1 capital</i>		
Share capital	945 436	945 436
Share premium account	240 639	240 639
Other equity	5 543 208	4 893 725
Independently reviewed interim profits net of any foreseeable charge and dividend	0	0
Common Equity Tier 1 capital before regulatory adjustment	6 729 283	6 079 800
<i>Common equity Tier 1 capital: Regulatory adjustment</i>		
Deferred tax assets		
Intangible assets (net of related tax liability)	-12 875	-4 981
Value adjustments due to the requirements for prudent valuation	-53	-113
Negative amounts resulting from the calculation of expected loss	-7 930	-74 526
Total regulatory adjustments to Common Equity Tier 1	-20 858	-79 620
Common Equity Tier 1 capital	6 708 425	6 000 180
Additional Tier 1 capital	0	0
Tier 1 capital	6 708 425	6 000 180
<i>Tier 2 capital: instrument and provision</i>		
Subordinated debt	550 000	550 000
Tier 2 capital before regulatory adjustment	550 000	550 000
Tier 2 capital: regulatory adjustment	0	0
Total regulatory adjustment to Tier 2 capital	0	0
Tier 2 capital	550 000	550 000
Total capital	7 258 425	6 550 180
<i>Calculation basis</i>		
Standardised method		
Local and regional authorities (including municipalities)	170 786	176 241
Institutions	133 436	89 187
Corporate	8 009 333	9 777 480
Other	227 766	176 711
Engagements in default	178 914	178 038
Total Credit risk, standardised method	8 720 235	10 397 657
IRB method		
Corporate - small and medium sized businesses	11 980 472	11 233 134
Corporate - other	5 337 904	4 901 540
Total Credit risk, IRB method	17 318 376	16 134 675
Credit risk weighted assets	26 038 611	26 532 331
Operational risk, basic indicator approach	2 822 333	2 809 063
Additional requirement according to Basel II floor	0	0
Total calculation basis	28 860 944	29 341 394
<i>Capital ratios and buffers</i>		
Common Equity Tier 1	23,24 %	20,45 %
Tier 1	23,24 %	20,45 %
Total capital	25,15 %	22,32 %
Capital requirement including institution specific buffers	10,41 %	10,59 %
...of which: capital conservation buffer	2,50 %	2,50 %
...of which: countercyclical buffer	0,62 %	0,59 %
...of which: systemic risk buffer	2,79 %	3,00 %
...of which: systemically important institution buffer	0,00 %	0,00 %
Common Equity Tier 1 above minimum capital requirements and capital buffers	12,84 %	9,85 %
Tier 1 capital above minimum capital requirements and capital buffers	11,34 %	8,35 %
Total capital above minimum capital requirements and capital buffers	11,24 %	8,23 %
<i>Capital ratios and buffers, nominal amounts</i>		
Institution specific buffer requirement	3 003 501	3 108 662
...of which: capital conservation buffer	721 524	733 535
...of which: countercyclical buffer	178 014	174 523

...of which: systemic risk buffer	805 220	880 242
...of which: systemically important institution buffer	0	0
Common Equity Tier 1 above minimum capital requirements and capital buffers	3 704 925	2 891 518
Tier 1 capital above minimum capital requirements and capital buffers	3 272 011	2 451 398
Total capital above minimum capital requirements and capital buffers	3 244 792	2 414 570
Amount below the thresholds for deductions		
Deferred tax assets arising from temporary differences	0	0
Pillar 2 requirement		
Additional core capital buffer requirement ratio	1,50 %	1,5 %
Additional core capital buffer requirement	432 914	440 121
Leverage ratio		
Total Leverage Ratio exposure	41 129 428	43 101 064
Leverage Ratio	16,31 %	13,9 %

Nordea Finance Equipment AS has been validated to calculate capital requirements and capital adequacy according to Advanced Internal Rating Based Approach for the major portfolios. The capital adequacy calculations are consequently based on Nordea Finance Equipment AS internal parameters a.o. for PD ("Probability of Default"), LGD ("Loss given Default"), M ("Maturity") for these portfolios. In the framework of the change of ownership, Nordea Group and Nordea Finance Equipment AS have sent an application package to ECB for continued use of the IRB models for capital purposes. ECB has approved continue use.

The capital requirement for Operational Risk is calculated according to the Basic Indicator / Standard Approach for operational risk. The entity does not take Market Risk positions, and the capital requirement for market risk is nil.

21. METHOD FOR CALCULATION OF FAIR VALUE OF FINANCIAL INSTRUMENTS

Regarding financial instruments recorded at fair value, see description in note 1 Accounting Principles, in the financial statements for 2020.

Lending (loans and financial leasing) to and receivables on customers:

The pricing of lending (loans and financial leasing) is based on market prices. Stipulated prices include additions to cover credit risk. The value of impaired engagements is determined by discounting expected future cash flows. We therefore assess that the recorded value is a fair estimate of fair value for loans and receivables valued at amortised cost.

Loans from financial institutions and deposits from customers:

Fair value is determined to be equal recorded value for loans from financial institutions and deposits from customers valued at amortised cost.

Nordea Finance Equipment AS uses the following hierarchy related to determining and disclosing the fair value of financial instruments:

- 1) Quoted (unadjusted) prices in active markets for identical assets or liabilities (level 1)
- 2) Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (level 2)
- 3) Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (level 3)

<i>(in NOK thousand)</i>	2021	2020
Financial assets - Level 2		
Hedging derivative assets	811	456 169
Revaluation differences	26 340	56 615
Total assets	27 151	512 784
<i>(in NOK thousand)</i>		
Financial liabilities - Level 2		
Financial liabilities at fair value through profit and loss	0	0
Hedging derivative liabilities	167 465	134 372
Total liabilities	167 465	134 372

Nordea Finance Equipment AS does not have any financial instruments classified in level 1 or 3.

22. OFFSETTING

The company has established CSA agreements (collateral security agreement) with its main counterparts. The agreements involve a mutual commitment to provide collateral for derivatives trading between the parties.

<i>(in NOK thousand)</i>	2021	2020
Financial derivatives -assets		
Gross amount	811	456 169
Amounts that are offset	0	0
Net amount in financial position	811	456 169
Financial instruments on balance sheet	-167 465	-134 372
Cash collateral in the balance sheet	0	-284 480
Net position	-166 654	37 317

<i>(in NOK thousand)</i>	2021	2020
Financial derivatives -liabilities		
Gross amount	167 465	134 372
Amounts that are offset	0	0
Net amount in financial position	167 465	134 372
Financial instruments on balance sheet	-167 465	-134 372
Cash collateral in the balance sheet	0	0
Net position	0	0

Nordea Finance Equipment AS has set-off rights for leasing agreements where customers also have entered into factoring arrangements with the company.

23. CONTINGENCIES

Nordea Finance Equipment AS had no major legal disputes pending at the end of the reporting period.

24. ASSETS PLEDGED AND RECEIVED AS SECURITY

Nordea Finance Equipment AS has no assets pledged as security.

25. EVENTS AFTER THE REPORTING PERIOD

The company is at the date of issue, 14 May 2021, not familiar with matters that are likely to change the assessment of the financial position as at 31 March 2021.

Nordea Finance Equipment AS

Nordea Finance Equipment AS is a leading finance company in the Nordic region. Our services are marketed under the brand Nordea Finance. We are a part of the Nordea Group, and a separate sister company to Nordea Finans until we merge into one Nordea Finance. Through our network of 21 offices in Norway, Sweden and Denmark we have a strong local presence. We have total managed assets of NOK 42 billion and 360 skilled employees, all working to provide our more than 50.000 clients and partners with good solutions for their business.

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