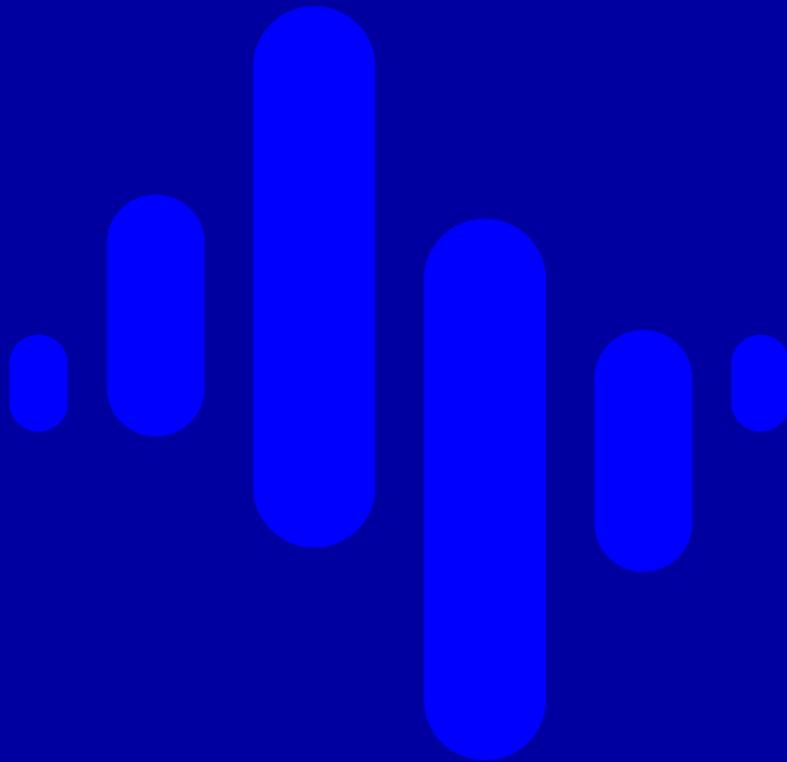


Nordea

FINANCE



Interim financial statement Q3 - 2022

Nordea Finance Equipment AS

Unaudited figures

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Report of the Board of Directors as of September 30, 2022

In the first nine months of 2022, Nordea Finance Equipment AS has:

- established new financing to clients for MNOK 14 936,0 (MNOK 11 758,1 for the same period in 2021)
- net banking income of MNOK 1 239,3 (MNOK 1 140,6)
- net loan losses, gain MNOK 11,2 (MNOK -13,0)
- total profit for the period MNOK 656,0 (MNOK 521,9)
- total assets of MNOK 44 328,4 (MNOK 40 118,5)
- capital adequacy ratio of 22,31% (22,08%) for tier 1 capital and 23,99% (23,90%) for total capital

Business activities

Monetary policy is tighten in all our markets in an attempt to dampen the inflation. This impact prices on liquidity, though access to liquidity is still good. The future direct and indirect impact on the Scandinavian economies and the company's operations is uncertain. We still observe longer delivery times but activity is still trending positive for both the Equipment and Receivable business line.

For the first nine months in 2022 the new financing in Scandinavia is higher compared to 2021 as we have observed increased activity since April 2022. In the nine months, Nordea Finance Equipment AS has established new financing in Scandinavia of MNOK 14 936,0 compared to MNOK 11 758,1 for the same period in 2021. This is an increase of 27,0 %. Margins for new financing are lower compared to the same period last year.

In equipment finance, we maintain our position as market leader in Norway. In Norway the activity and volumes after nine months ends at MNOK 9 352,6 which is higher compared to MNOK 6 436,4 at the end of the third quarter of 2021. In Sweden new financing volumes decrease compared to last year from MNOK 2 962,0 to MNOK 2 869,0, but with margin increasing. Also in Denmark we now observe increased volumes from MNOK 2 356,6 to MNOK 2714,4. Margins are however decreasing.

Total assets at end of third quarter 2022 are MNOK 44 328,5 which is 10,5 % higher than MNOK 40 118,6 at end of September 2021.

287 people were employed in Nordea Finance Equipment AS at the end of the third quarter. This is a decrease in staff of 28 since year end 2021. Turn-over in the period ends at 16,7 % compared to 11,5 % in the same period last year. The high turn-over is affected by the ongoing process to integrate Nordea Finance Equipment. The turn-over rate is monitored closely.

Financial Results

Nordea Finance Equipment AS has Net Banking Income of MNOK 1 239,3 in the first nine months of 2022 compared to MNOK 1 140,6 in the same period in 2021. Net Interest Income after nine months ends at MNOK 999,9 which is higher compared to MNOK 917,0 at end of third quarter of 2021. Net fees, income on other activity and net gains on financial instruments at fair value have increased with 7% to MNOK 239,4 compared with MNOK 223,6 in the same period last year. The main driver for this increase is higher gains from repossessed assets as well as higher net commission and fee income.

Operating expenses amount to MNOK 408,7 the period ending September 30, 2022, compared to MNOK 461,5 in the same period in 2021. This represents a decrease of MNOK 52,8 or 11,4%. The decrease in operating expenses is mainly due to the reduction in staff cost which is decreasing with 13,7%.

Total Cost of Risk year to date amounts to a gain of MNOK 11,2 compared to a loss of MNOK 13,0 in the same period last year. Total write-down for impairment represents 1,1% of outstanding loans at end of the quarter compared to 1,3% at end of third quarter last year.

The operating income is MNOK 841,7 in the first nine months of 2022, compared to MNOK 666,2 in the first nine months of last year. The main drivers for the MNOK 175,5 increase in operating profit is related to improved interest income and other income in 2022.

Nordea Finance Equipment AS produces a net result after tax of MNOK 656,0 for the period from January 1 to September 30, 2022. This compares to a net result after tax of MNOK 521,9 in the same period last year.

Risk management and Capital adequacy

The regulatory capital as of September 30th is MNOK 7 866,8. The regulatory capital consists of MNOK 7 316,8 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 third quarter was MNOK 32 790,5, with credit risk weighted assets of MNOK 29 878,6, and a capital requirement for operational risk corresponding to risk weighted assets of MNOK 2 911,9.

The capital adequacy at end of September 2022 was 24,0 %. Tier 1 capital ratio was 22,3 %. At end of September 2022, the countercyclical buffer requirements in and Denmark and Sweden is 1% ,in Norway 1,5%. In Denmark the countercyclical buffer rate will be set 2% from 31 December 2022, with a further increase to 2.5% valid from 31. March 2023. In Sweden the current buffer will increase second quarter 2023 to 2%. In Norway the buffer will increase to 2,0% in December 2022 and 2,5% from January 2023. The other capital buffer requirements are constant in the period and the total capital buffer requirement above the prudential minimum capital levels is 6,6% compared to 7,6% at end of third quarter 2021. The additional prudential pillar 2 requirement is increased from 1,5% to 1,7%.

The capital coverage is thus robust 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.

Oslo, November 14, 2022

Ari Kaperi

Chairman

Peter Hupfeld

Vice chairman

Ulrik Modigh

Petteri Änkilä

Ellen Pløger

Hans Christian Hustad

Sjur Loen

CEO

INCOME STATEMENT

<i>(in NOK thousand)</i>	<i>Notes</i>	Q3, 2022	Q3, 2021	YTD Q3, 2022	YTD Q3, 2021	FY, 2021
Total interest income	4	505 433	352 859	1 309 249	1 051 010	1 424 419
Total interest expenses	4	-142 566	-42 892	-309 344	-133 996	-190 108
Fee and commission income	5	79 194	79 831	235 174	230 174	301 833
Fee and commission expense	5	-51 957	-51 577	-148 751	-147 358	-185 603
Net gains and losses on financial instruments	6	2 520	1 241	1 799	85	1 115
Other operating income	5	42 258	44 192	151 139	140 700	196 413
Net banking income		434 882	383 654	1 239 265	1 140 616	1 548 069
Staff costs	7	-91 940	-95 746	-267 801	-303 505	-390 810
Other expenses	7	-43 467	-78 571	-140 918	-157 981	-233 369
Gross operating income		299 475	209 337	830 545	679 130	923 889
Net loan losses	11	-16 537	8 095	11 188	-12 946	-16 162
Operating income		282 938	217 432	841 733	666 184	907 728
Income tax expense	15	-62 439	-48 028	-185 759	-144 248	-318 515
Profit for the period		220 499	169 404	655 974	521 935	589 213

Other comprehensive income

Items that could be reclassified:

Exchange differences on translation of foreign operations		1 511	-1 080	-517	-2 389	-3 925
Taxes		-332	-238	114	526	864

Items that cannot be reclassified:

Actuarial gains and losses		1 499		22 671		25 219
Taxes		-330		-4 988		-5 548
Total comprehensive income of the period		2 348	-1 318	17 280	-1 863	16 610

Attributable to:

Equity holder of the parent		222 847	168 086	673 254	520 072	605 823
Total		222 847	168 086	673 254	520 072	605 823

BALANCE SHEET - ASSETS & LIABILITIES

<i>(in NOK thousand)</i>	<i>Notes</i>	Q3, 2022	Q3, 2021	FY, 2021
Cash and balances with central banks		9	9	9
Hedging derivative assets	6,20,21	481 535	1 167	14 265
Loans to credit institutions	8	430 870	676 921	927 801
Loans to the public	9,10,11,12,13	43 207 166	39 123 251	39 339 645
Fair value changes		-34 615	17 777	14 559
Repossessed assets		18 202	11 026	8 965
Deferred tax assets	15	11 985	15 293	129 149
Tangible and intangible fixed assets		47 574	71 553	61 602
Other assets		131 045	219 239	100 267
Total		44 328 387	40 118 460	40 581 703
Hedging derivative liabilities	6,20	11	140 721	75 468
Deposits by credit institutions	16,18	34 131 799	30 429 057	30 841 653
Deposits and borrowings from the public		176 691	232 592	231 516
Other liabilities		1 317 558	1 247 454	951 302
Retirement benefit liabilities		56 964	100 412	76 611
Deferred tax liabilities	15	0	0	0
Current tax liabilities	15	84 704	166 677	517 787
Subordinated liabilities	17	550 235	550 128	550 197
Total liabilities		36 317 963	32 867 042	33 244 535
Share capital		945 436	945 436	945 436
Share premium account		240 639	240 639	240 639
Retained earnings		6 824 349	6 065 343	6 151 093
Total equity		8 010 424	7 251 418	7 337 168
Total		44 328 387	40 118 460	40 581 703

STATEMENT OF CHANGES IN EQUITY

<i>in NOK thousand</i>	Share capital	Share premium	Retained earnings	Translation differences	Actuarial gains and losses	Total
Equity 01.01.21	945 436	240 639	5 572 906	-1 039	-26 595	6 731 347
Profit for the period			521 935			521 935
Other comprehensive income				-1 864		-1 864
Dividends						0
Total equity 30.09.2021	945 436	240 639	6 094 842	-2 903	-26 595	7 251 419
Equity 01.01.22	945 436	240 639	6 162 120	-4 101	-6 924	7 337 170
Profit for the period			655 974			655 974
Other comprehensive income				-403	17 683	17 280
Dividends						0
Total equity 30.09.2022	945 436	240 639	6 818 094	-4 504	10 759	8 010 424

CASH FLOW STATEMENT

<i>Amounts in NOK thousand</i>	YTD Q3, 2022	YTD Q3, 2021
Operations		
Interest income	1 270 277	1 005 298
Interest expenses	-309 344	-133 996
Other receipts	295 318	256 704
Operating expenses	-377 899	-473 781
Receipts on previous losses	15 292	19 921
Paid taxes	-35 494	-82 937
Net cash flow from operations	858 150	591 209
New investments leasing	-13 290 493	-9 766 396
Proceeds from sale of leasing assets	2 270 974	2 271 646
Decrease in loans (net)	7 069 395	7 871 353
Decrease (increase) in other receivables	-310 169	13 538
Decrease (increase) in advance payments	-30 778	-34 044
Net cash flow from current financial activity	-4 291 071	356 097
Decrease (increase) in tangible assets	23 010	-3 735
Net cash flow from investment activity	23 010	-3 735
Increase (decrease) in deposits from customers	-54 825	-119 730
Payment of dividends	0	0
Increase (decrease) subordinated debt	0	0
Increase (decrease) in loans from credit institutions	3 347 986	-1 304 714
Increase (decrease) in debt	-327 243	371 869
Increase (decrease) accrued costs	-51 870	-770
Currency exchange without cash effect	-403	-1 864
Net cash flow from long term financial activity	2 913 645	-1 055 209
Net cash flow	-496 266	-111 638
Cash at the 1st of January	927 120	787 913
Cash at end of period	430 854	676 275
Reconciliation cash at end of period		
Cash and balances with central banks	9	9
Deposits with credit institutions	430 844	676 266
Cash at end of period	430 854	676 275

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 Essendrops gate 7, Oslo.

The interim financial statements for the period ended September 30th 2022, were authorised for issue by the Board of Directors on November 14th, 2022.

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 9 month period ending September 30th 2022, 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 2021.

IFRS, IFRIC interpretation and amendments applied by Nordea Finance Equipment AS as at January 1st, 2022

The following amended standards issued by the International Accounting Standards Board (IASB) were implemented by Nordea Finance Equipment on 1 January 2022, but have not had any significant impact on Nordea Finance Equipment's financial statements.

Accounting standards, amendments or interpretation	Adoption date by the European Union	
	Effective date	Effective date
Amendments to IFRS 3 Business Combinations	25.10.2018	01.01.2022
Amendments to IAS 16 Property, Plant and Equipment	14.10.2020	01.01.2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	14.05.2020	01.01.2022

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 September 30, 2022. 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 September 2022.

Accounting standards, Amendments or interpretation adopted by the European Union on September 30, 2022

No new standards

Accounting standards, amendments or interpretations not yet adopted by the European Union on September 30, 2022

Accounting standards, amendments or interpretations	Adoption date by the IASB	
	Effective date	Effective date
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies	01.02.2021	01.01.2023
Amendments to IAS 8 - Definition of Accounting Estimates	01.02.2021	01.01.2023

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 2022.

4. NET INTEREST INCOME

<i>(in NOK thousand)</i>	Q3, 2022	Q3, 2021	YTD Q3, 2022	YTD Q3, 2021
Interest income from financial institutions, valued at amortised cost	4 368	1 934	12 468	6 414
Interest income from customers financial leases and loans, valued at amortised cost	498 249	350 244	1 289 678	1 041 705
Interest income financial instruments	2 816	681	7 103	2 891
Total interest income	505 433	352 859	1 309 249	1 051 010
Interest expenses to financial institutions, valued at amortised cost	-144 397	-36 331	-302 170	-112 134
Interest expenses on deposits and debt to customers, valued at amortised cost	-1 659	-243	-2 327	-880
Interest expenses financial instruments	10 501	-1 946	14 495	-6 960
Interest expenses on subordinated liabilities	-5 565	-3 459	-15 147	-10 910
Other interest expenses	-1 446	-913	-4 195	-3 111
Total interest expenses	-142 566	-42 892	-309 344	-133 996
Net interest income	362 867	309 967	999 904	917 014

5. NET FEES AND INCOME ON OTHER ACTIVITY

<i>(in NOK thousand)</i>	Q3, 2022	Q3, 2021	YTD Q3, 2022	YTD Q3, 2021
Fee and commission income from loans and similar to customers	79 194	79 831	235 174	230 174
Fee and Commission income	79 194	79 831	235 174	230 174
Fee and commission expenses from loans and similar to customers	-49 156	-48 282	-139 706	-136 734
Other fee and commission expense	-2 801	-3 295	-9 045	-10 624
Fee and Commission expense	-51 957	-51 577	-148 751	-147 358
Net commission and fee income	27 237	28 255	86 423	82 816
Gains and losses repossessed assets	5 051	6 226	33 066	15 363
Termination gain and loss	27 087	28 409	89 166	97 468
Income from extension of leasing contracts	9 920	9 528	28 767	27 573
Other income	200	29	140	297
Total income other activity	42 258	44 192	151 139	140 700

6. NET GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE

<i>(in NOK thousand)</i>	Q3, 2022	Q3, 2021	YTD Q3, 2022	YTD Q3, 2021
Net gains on financial derivatives, trading	564	243	3 010	981
Change in fair value on financial derivatives, hedging	8 700	8 389	47 363	25 701
Change in fair value on hedged fixed interest loans	-6 802	-7 117	-48 678	-26 448
Net change in value and gains on foreign currency	58	-274	103	-149
Net gains/losses on financial instruments at fair value through P	2 520	1 241	1 799	85

7. OPERATING EXPENSES

<i>(in NOK thousand)</i>	Q3, 2022	Q3, 2021	YTD Q3, 2022	YTD Q3, 2021
Payroll	-64 746	-69 130	-183 234	-212 319
Pensions	-7 896	-8 686	-23 794	-26 859
Social security costs	-10 408	-11 661	-29 377	-34 996
Other staff cost	-8 890	-6 268	-31 396	-29 332
Staff costs	-91 940	-95 746	-267 801	-303 505
Rent and other office costs	-4 116	-3 734	-10 746	-9 302
Fees and temporary staff	-18 726	-21 345	-67 565	-65 050
Travel and marketing	-2 611	-1 727	-8 429	-4 593
Other operating costs	-2 789	-3 008	-8 604	-10 618
Intragroup services	-10 096	0	-27 119	0
Depreciation and gain/loss	-5 128	-48 757	-18 456	-68 417
Other expenses	-43 467	-78 571	-140 918	-157 981
Total operating expenses	-135 407	-174 317	-408 720	-461 486

8. LOANS TO CREDIT INSTITUTIONS

(in NOK thousand)

	YTD Q3, 2022	YTD Q3, 2021
Deposits with credit institutions	430 844	676 266
Loans to credit institutions	27	655
Due from banks before impairment	430 870	676 921
Impairment of individually impaired loans	0	0
Revaluation of hedged item	0	0
Net due from banks	430 870	676 921

9. LOANS TO THE PUBLIC

(in NOK thousand)

	YTD Q3, 2022	YTD Q3, 2021
Equipment loans	5 896 892	5 173 517
Factoring receivables	190 492	230 827
Factoring loans	1 781 848	1 676 562
Financial lease agreements	35 797 197	32 560 925
Customer loans before impairment	43 666 429	39 641 831
Impairment of individually impaired loans	-459 263	-518 579
Net due from customers	43 207 166	39 123 251

10. ALLOWANCES RECOGNISED AND CUSTOMER LOANS

(in NOK thousand)

	Stage 1	Stage 2	Stage 3	YTD Q3, 2022 Total
Allowances on loans as of 01.01	-134 269	-67 273	-291 080	-492 622
Allowances on new loans	-54 386	-14 428	-12 154	-80 968
Movement from S1 to S2	10 902	-25 726	0	-14 824
Movement from S1 to S3	1 179	0	-26 037	-24 858
Movement from S2 to S3	0	7 550	-50 471	-42 921
Movement from S3 to S2	0	-2 170	29 518	27 348
Movement from S3 to S1	-309	0	8 390	8 081
Movement from S2 to S1	-3 410	19 762	0	16 352
Loans terminated	5 940	2 948	18 604	27 492
Change within stage	40 620	11 320	65 717	117 657
Allowances on loans at end of period	-133 733	-68 017	-257 513	-459 263
Customer loans before impairment	39 710 271	3 332 587	623 572	43 666 430

(in NOK thousand)

	Stage 1	Stage 2	Stage 3	YTD Q3, 2021 Total
Allowances on loans as of 01.01	-95 778	-72 873	-366 305	-534 956
Allowances on new loans	-45 912	-10 276	-17 054	-73 241
Movement from S1 to S2	9 620	-29 339	0	-19 718
Movement from S1 to S3	1 277	0	-34 788	-33 511
Movement from S2 to S3	0	4 948	-38 405	-33 456
Movement from S3 to S2	0	-1 517	32 531	31 014
Movement from S3 to S1	-462	0	7 223	6 761
Movement from S2 to S1	-4 585	21 994	0	17 409
Loans terminated	5 547	3 480	28 635	37 663
Change within stage	6 701	11 935	64 820	83 457
Allowances on loans at end of period	-123 591	-71 646	-323 343	-518 579
Customer loans before impairment	35 216 928	3 595 703	829 200	39 641 831

11. LOSSES AND ALLOWANCES RECOGNISED IN PROFIT AND LOSS

(in NOK thousand)

	YTD Q3, 2022	YTD Q3, 2021
Losses on loans		
Write-downs for loan losses at end of period	-459 263	-518 579
Exchange rate adjustments (opening balance)	-32 496	-42 459
Write-downs for loan losses as at 01.01	492 622	534 956
Total actual losses	-4 967	-6 785
Income on actual losses	15 292	19 921
Net loan losses	11 188	-12 946

12. LEASING (FINANCIAL LEASING ASSETS)

<i>(in NOK thousand)</i>	YTD Q3, 2022	YTD Q3, 2021
Purchase cost 01.01	62 031 965	61 443 990
Exchange rate difference	446 644	-686 049
Fair value changes	-34 615	17 777
Inflow during the year	13 290 493	9 766 396
Outflow during the year	-9 358 334	-8 837 509
Purchase cost at end of period	66 376 153	61 704 605
Accumulated ordinary depreciation 01.01	26 652 700	25 403 661
Exchange rate difference	173 356	-265 335
Ordinary depreciation during the year	8 221 664	8 083 625
Reversed depreciation sold assets	-7 236 144	-6 702 662
Accumulated depreciation at end of period	27 811 576	26 519 289
Book value leasing assets at end of period	38 564 577	35 185 316
Customer receivable	-2 771 126	-2 593 033
Other accruals	3 747	-31 357
Book value in the balance sheet at end of period	35 797 197	32 560 925
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	9 257 343	8 295 535
1 to 5 years	29 314 920	26 269 193
After 5 years	0	
Future minimum finance lease rental	38 572 263	34 564 728
Average interest	3,66%	2,99%
Present value of minimum lease payments	35 474 550	32 188 866
Unearned finance income	2 740 451	2 021 579

13. RISK CLASSIFICATION

<i>(in NOK thousand)</i>	YTD Q3, 2022	
Days outstanding status	Net loans to customers	Whereof past due, non-doubtful
Not past due	41 443 425	
1-29	1 392 004	1 348 280
30-59	59 595	56 605
60-89	218 185	195 263
90-179	62 827	19 800
> 180	19 061	8 444
> 1 year	12 070	3 794
Total	43 207 166	1 632 186
<i>(in NOK thousand)</i>		
Days outstanding status	YTD Q3, 2021	
Not past due	Net loans to customers	Whereof past due, non-doubtful
Not past due	37 707 252	
1-29	1 138 289	1 086 347
30-59	69 502	59 547
60-89	140 108	125 747
90-179	39 508	8 873
> 180	12 643	6 159
> 1 year	15 950	3 770
Total	39 123 252	1 290 443

<i>(in NOK thousand)</i>	YTD Q3, 2022	YTD Q3, 2021
Net loans to customers	43 207 166	39 123 252
Positive market value derivatives	481 535	1 167
Guarantee liabilities and loan commitments	2 995 223	1 933 937
Total credit exposure	46 683 924	41 058 356

14. DOUBTFUL LOANS

<i>(in NOK thousand)</i>	YTD Q3, 2022	YTD Q3, 2021
Gross doubtful loans	623 572	829 200
- Write-downs on impaired assets	-257 513	-323 343
Net doubtful loans	366 059	505 857

15. INCOME TAX

The company calculates the tax payable based on an estimated effective tax rate. For 2021 the effective tax rate was 34,48 % at year end and the expected effective tax rate for 2021 was 22,0 %. For 2022 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 30 September 2022. The main contributor to the fluctuation in effective tax rate is exchange rate effects from the portfolio.

<i>(in NOK thousand)</i>	YTD Q3, 2022	YTD Q3, 2021
Current income tax expense	-84 704	-184 332
Gross deferred tax expense	-101 055	40 084
Income tax expense for the period	-185 759	-144 248

16. DEPOSITS BY CREDIT INSTITUTIONS

<i>(in NOK thousand)</i>	YTD Q3, 2022	YTD Q3, 2021
Demand deposits and current accounts	0	0
Term deposits borrowings	34 048 051	30 410 245
Related payables	83 748	18 812
Revaluation of hedged item due to banks	0	0
Total	34 131 799	30 429 057

17. SUBORDINATED LIABILITIES

<i>(in NOK thousand)</i>	YTD Q3, 2022	YTD Q3, 2021
Subordinated liabilities	550 000	550 000
Subordinated liabilities related payables	235	128
Total	550 235	550 128

18. INFORMATION ON RELATED PARTIES

<i>(in NOK thousand)</i>	YTD Q3, 2022	YTD Q3, 2021
<i>Assets/interest income</i>		
Loans to Group companies	27	655
Revaluation of hedged item	0	0
Interest income from group companies	0	0
Other assets	679	3 376
<i>Liability/interest expense</i>		
Loans from Group companies	29 128 345	25 062 710
Related payables Group companies	67 399	15 293
Revaluation of hedged item due to banks	0	0
Other liabilities	0	0
Interest expenses to group companies	-242 371	-85 211
Subordinated liabilities	550 000	550 000
Interest expenses on subordinated liabilities	-15 147	-10 910

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

19. CAPITAL ADEQUACY

<i>(in NOK thousand)</i>	YTD Q3, 2022	YTD Q3, 2021
<i>Common Equity Tier 1 capital</i>		
Share capital	945 436	945 436
Share premium account	240 639	240 639
Other equity	6 168 375	5 543 408
Independently reviewed interim profits net of any foreseeable charge and dividend	0	0
Common Equity Tier 1 capital before regulatory adjustment	7 354 450	6 729 483
<i>Common equity Tier 1 capital: Regulatory adjustment</i>		
Deferred tax assets	0	0
Intangible assets (net of related tax liability)	-13 317	-12 998
Value adjustments due to the requirements for prudent valuation	-52	-36
Negative amounts resulting from the calculation of expected loss	-24 260	-32 545
Total regulatory adjustments to Common Equity Tier 1	-37 628	-45 579
Common Equity Tier 1 capital	7 316 822	6 683 904
Additional Tier 1 capital	0	0
Tier 1 capital	7 316 822	6 683 904
<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	7 866 822	7 233 904
<i>Calculation basis</i>		
<i>Standardised method</i>		
Local and regional authorities (including municipalities)	192 118	203 368
Institutions	101 206	144 732
Corporate	9 865 310	8 536 754
Other	155 473	198 877
Engagements in default	148 315	174 168
Total Credit risk, standardised method	10 462 422	9 257 899
<i>IRB method</i>		
Corporate - small and medium sized businesses	14 038 226	12 667 112
Corporate - other	5 377 913	5 519 301
Total Credit risk, IRB method	19 416 140	18 186 413
Credit risk weighted assets	29 878 562	27 444 312
Operational risk, basic indicator approach	2 911 940	2 822 333
Additional requirement according to Basel II floor	0	0
Total calculation basis	32 790 503	30 266 645
<i>Capital ratios and buffers</i>		
Common Equity Tier 1	22,31 %	22,08 %
Tier 1	22,31 %	22,08 %
Total capital	23,99 %	23,90 %
Capital requirement including institution specific buffers	11,14 %	12,13 %
...of which: capital conservation buffer	2,50 %	2,50 %
...of which: countercyclical buffer	1,31 %	0,63 %
...of which: systemic risk buffer	2,83 %	4,50 %
...of which: systemically important institution buffer	0,00 %	0,00 %
Common Equity Tier 1 above minimum capital requirements and capital buffers	11,17 %	9,95 %
Tier 1 capital above minimum capital requirements and capital buffers	9,67 %	8,45 %
Total capital above minimum capital requirements and capital buffers	9,35 %	8,27 %

<i>Capital ratios and buffers, nominal amounts</i>		
Institution specific buffer requirement	3 653 994	3 671 344
...of which: capital conservation buffer	819 763	756 666
...of which: countercyclical buffer	430 572	190 680
...of which: systemic risk buffer	928 086	1 361 999
...of which: systemically important institution buffer	0	0
Common Equity Tier 1 above minimum capital requirements and capital buffers	3 661 567	3 012 560
Tier 1 capital above minimum capital requirements and capital buffers	3 169 710	2 558 560
Total capital above minimum capital requirements and capital buffers	3 064 780	2 503 227
Amount below the thresholds for deductions		
Deferred tax assets arising from temporary differences	11 985	15 293
Pillar 2 requirement		
Additional core capital buffer requirement ratio	1,7 %	1,5 %
Additional core capital buffer requirement	555 454	454 000
Leverage ratio		
Total Leverage Ratio exposure	45 813 722	41 766 116
Leverage Ratio	16,0 %	16,0 %

Nordea Finance Equipment AS has been validated to calculate capital requirements and capital adequacy according to Advanced Internal Rating

20. 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 2021.

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

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

<i>(in NOK thousand)</i>	YTD Q3, 2022	YTD Q3, 2021
Financial assets - Level 2		
Hedging derivative assets	481 535	1 167
Revaluation differences	-34 615	17 777
Total assets	446 920	18 944
Financial liabilities - Level 2		
Financial liabilities at fair value through profit and loss	0	0
Hedging derivative liabilities	11	140 721
Total liabilities	11	140 721

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

21. 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>	YTD Q3, 2022	YTD Q3, 2021
Financial derivatives -assets		
Gross amount	481 535	1 167
Amounts that are offset	0	0
Net amount in financial position	481 535	1 167
Financial instruments on balance sheet	-11	-140 721
Cash collateral in the balance sheet	-488 360	0
Net position	-6 836	-139 554
Financial derivatives -liabilities		
Gross amount	11	140 721
Amounts that are offset	0	0
Net amount in financial position	11	140 721
Financial instruments on balance sheet	-11	-140 721
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

22. CONTINGENCIES

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

23. ASSETS PLEDGED AND RECEIVED AS SECURITY

Nordea Finance Equipment AS has no assets pledged as security.

24. EVENTS AFTER THE REPORTING PERIOD

The company is at the date of issue, 14 November 2022, not familiar with matters that are likely to change the assessment of the financial

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