Annual report 2022

Nordea Finance Equipment AS

Contents

Key Figures

NOK thousand	2022	2021	2020	2019	2018
Profit & Loss					
Net banking income	1 825 649	1 548 069	1 535 543	1 575 492	1 404 699
Operating expenses	-565 503	-624 179	-687 670	-613 288	-608 177
Operating profit before losses	**1 260 145**	**923 889**	**847 873**	**962 204**	**796 521**
Losses on loans	-27 645	-16 162	-173 305	-61 661	-57 995
Net profit before tax	**1 232 500**	**907 728**	**674 568**	**900 543**	**738 526**
Return on assets ratio	2,20 %	1,45 %	1,66 %	2,25 %	1,93 %
Loans outstanding					
Equipment Norway	27 899 831	24 299 689	23 945 451	24 519 528	23 349 957
Factoring	1 862 085	1 787 687	1 787 104	2 160 528	2 406 142
Equipment Denmark	8 194 681	6 934 418	7 259 811	6 992 946	6 717 579
Equipment Sweden	7 330 817	6 795 914	7 025 413	5 953 728	5 587 644
Total loans	**45 287 414**	**39 817 708**	**40 017 779**	**39 626 730**	**38 061 322**
Capital adequacy					
Risk weighted assets	34 152 785	29 271 548	27 539 357	27 841 156	31 247 353
Total regulatory capital	7 845 511	7 854 980	7 269 501	6 545 244	5 917 334
Capital adequacy ratio	22,97 %	26,83 %	26,40 %	23,51 %	18,94 %

Board of Directors' report

About the company

Nordea Finance Equipment AS (NFE) is a Scandinavian finance company. NFE became a wholly owned subsidiary of Nordea Bank Abp 1st October 2020, NFE is marketed under the trademark Nordea Finance. Under this trademark NFE operates alongside Nordea's other finance entities in the Nordic countries.

In NFE, business is carried out through a broad, Scandinavian distribution network with 15 regional sales offices in Norway, 4 offices in Sweden and 2 in Denmark, now in co-operation with sister companies in the respective countries. The company's head quarter is located in Oslo, Norway. It's business registration number is 987 664 398.

From 1st April 2022 Sjur Loen was appointed as managing director for both NFE and Nordea Finans Norge AS.

Our activities

With a local presence and an European network, NFE aims to satisfy the requirements of Scandinavian businesses for capital-intensive equipment, liquidity and administrative services.

Nordea Finance offers its products from four business lines; Equipment, Receivable, Car and Retail finance. The product are distributed through NFE / Nordea sales organization and co-operation.

Regulatory development

Basel III is the global framework for capital adequacy, stress tests and liquidity risk in the banking sector. In December 2017, the final Basel III framework, often referred to as Basel IV, was published. Basel IV was supposed to be introduced in 2022, but was postponed to 2023 due to Covid-19. It contains changes for credit risk, market risk, operational risk, CVA risk, unweighted equity coverage and the introduction of a new floor for the calculation basis. The proposal from the EU Parliament is expected in the first half of 2023, with the tripartite negotiations between the Commission, the Council and the Parliament in the second half of 2023. The new regulation is expected to enter into force on 1st January 2025.

The new floor for calculating the capital requirement is set at 72.5% of the standard method at the aggregate level, which means that the capital requirement will be based on 72.5% of total risk-weighted assets under pillar 1 calculated according to the standard method for credit and market risk and operational risk. The floor will be phased in by 50% from 2025 to full implementation with 72.5% with effect from 1st January 2030 in addition to transitional rules for calculating risk-weighted assets of the floor until the end of 2032. Before the requirements can become applicable to Nordea, the Basel IV framework must first be introduced into EU law.

The new Financial Agreements Act with associated regulations entered into force on 1st January 2023. Certain provisions enter into force 1st July 2023. The law does not entail any major changes for NFE.

The Transparency Act is a new law that entered into force on 1st July 2022. The Act imposes several duties on businesses such as the duty to provide information and the duty to carry out due diligence assessments. The obligation to provide information means that anyone can ask questions related to how the company works to safeguard human rights and decent working conditions internally and externally towards suppliers and business partners. At nordeafinance.no arrangements have been made for such questions. By 30th June 2023, the company's due diligence assessment will be made public on the same page.

Comments on the Income statement

(previous year's figures are shown in brackets**)**

Income

NFE produces an operating result of MNOK 1,232.5 (907.7). Total comprehensive income, after tax and OCI, is MNOK 981.5 (605.8).

In 2022, the Net Banking Income amounts to MNOK 1,825.6 (1,548.1). This is an increase of MNOK 277.6 from 2021. The increase in Net Banking Income comes mainly from higher interest margin on funded assets and an improvement in other income.

Net Interest Income amounts to MNOK 1,392.7 (1,234.3), which is an increase of MNOK 158.4 or 12,8% during the year. The increase in Net Interest Income is explained by improved Net Interest Margin. The average volume of financing to clients increased by MNOK 2,403.6 or 6,2% from MNOK 38,888.9 in 2021 to MNOK 41,292.5 in 2022. The

Other Income (Net Fee and commission, Net gains and losses on financial instruments and operating income) represents MNOK 432.9 (313.8). This is an increase of MNOK 119.1 or 37,9%. The largest source of Other Income is gains on sale of assets and repossessed equipment, which includes residual income from prolongation of leasing contracts after ordinary contract term and early termination of contracts. These gains on sales represent more than half of Other Income with MNOK 313.2 (195.7). Net income from Commissions and fees represents MNOK 116.2 (116.2).

Operating Expenses amount to MNOK 565.5 in 2022 compared to MNOK 624.2 in 2021. This is an decrease of MNOK 58.7 or 9,4% during the year. The decrease in operational expenses comes mainly from reduction in payroll.

Expenses

Staff expenses amount to MNOK 359.9 (390.8) and represent thus 63.6% (62.6%) of total Operating Expenses which is close to same level as last year. The reduction in Payroll is reflecting the reduction in number of employees .

Other Expenses amount to MNOK 205.5 (233.4). This is a decrease by MNOK 27.8 or 11.9%.

Loan losses

Net loan losses and provisions recognized in the account for 2022 were MNOK 27.6 (16.2). This is an increase of 71.0% in 2022. The cost of risk represents 0.06% (0.04%) of average funded assets in 2022.

Net loans outstanding by end of 2022 was MNOK 44,805.6 (39,325.1). This is an increase of 13.9% during the year. The branches in Sweden and Denmark represented 34.4% of net loans to customers at the end of the year. This is a slight decrease in relative share compared to end of 2021.

In line with the development in total loans outstanding, our funding, i.e. loans and deposits from financial institutions with agreed maturity, is up with 13,5% and reaches at the end of 2022 MNOK 35,006.6 (30,841.7). Net loans to customers represent thus 127,9% of loans and deposits from financial institutions with agreed maturity as at 31.12.2022. This is a slightly increased level compared to the end of 2021.

Total write-downs for credit risk was at year end MNOK 481.8 (492.6) corresponding to 1.0% (1.2%) of total outstanding loans to customers. This is a decrease of MNOK 10.8 during the year. Gross doubtful loans were MNOK 639.9 (672.2), which is a decrease of MNOK 32.2 or 4.2%. This represented 1.4% (1.6%) of total loans to customers. We observe generally relatively low cost of risk, and experience an slight increase in levels of allowance in stage 1 and 2, but a lower levels of defaulted engagements. Write-downs for credit losses are done based on individual engagements, and the company has not made write-downs for groups of assets. The Board assesses that the write-downs for credit losses represent a satisfactory estimate of expected losses in the portfolio by year-end 2022.

Assets that are repossessed as a result of defaulted leasing and loan contracts amounted at year end to MNOK 18.6 (9.0) from total 394 (227) contracts. Turnover during the year from the sale of repossessed assets amounted to MNOK 263.7 (214.7) which is higher than in 2021. The company has achieved acceptable prices on sale of repossessed assets in 2022, and the market for second-hand equipment has generally been good. A substantial part of the sale of repossessed assets is handled through NFE's web-based auction portal.

Comments on the Balance sheet

Assets and lending activities

Gross lending to customer as 31st December 2022 amounted to MNOK 44,805.6 (39,325.1). The increase is mainly in financing of assets in Equipment Finance.

Liability

NFE main funding is from Nordea Bank Abp. Unused facility as 31st December 2022 was MNOK 11,685.5.

Current tax liabilities amount to MNOK 181.1 (517.8) by end of 2022.

Equity and subordinary loan

Equity ended at MNOK 8,323.2 (7,337.2), of which MNOK 976,4 million is the result for 2022. The company has subordinated loans with a total value of MNOK 550.0 due in June 2028.

Capital management

Nordea strives to be efficient in its use of capital and therefore actively manages its balance sheet with respect to assets, liabilities and risk. NFE reports risk exposure amounts according to applicable external regulations (CRR/CRD IV), which stipulate the limits for the minimum capital (the capital requirement).

Minimum capital requirements

Risk exposure amount (REA) is calculated in accordance with CRR/CRD IV. NFE had 59.5% of its REA for credit risk covered by internal rating based (IRB). Rating and scoring are key components in the credit risk management. For operational risk the standardized approach is applied.

Internal capital requirement

NFE bases its internal capital requirements under the Internal Capital Adequacy Assessment Process (ICAAP) on risks defined by CRR/CRD IV, and risks internally defined under Pillar 2.
The following major risk types are included in the internal capital requirement: credit risk, market risk, operational risk, interest rate risk in the banking book and business risk.
The ICAAP also describes NFE's management, mitigation and measurement of material risks and assesses the adequacy of internal capital by defining internal capital requirements reflecting the risk of the institution. As a complement to the ordinary credit risk quantification, comprehensive stress testing is performed at least annually in accordance with current requirements, after which capital requirements are measured. Regulatory buffers were introduced with the implementation of the CRR/CRD IV rules.

Own funds

Own funds is the sum of tier 1 and tier 2 capital. Tier 1 capital consists of both common equity tier 1

(CET1) and additional tier 1 capital. CET1 capital is considered to be capital of the highest quality with ultimate loss-absorbance characteristics and consists predominately of paid in capital and retained earnings. Accumulated profit in accordance with the audited accounts can be included in the own funds when any foreseeable charge or dividend has been deducted from the amount of profit.
Additional tier 1 and tier 2 capital consist mostly of undated and dated subordinated loans, respectively. Holdings of other financial sector entities' subordinated loans are deducted from the corresponding tier.

MNOK	2022	2021
Equity	8 318	7 337
Proposed actual dividend	- 994	-
Common Equity Tier 1 capital before regulatory adjustment	**7 324**	**7 337**
Intangible assets (net of related tax liability)	- 10	- 13
Value adjustments due to the requirements for prudent valuation	- 0	- 0
Negative amounts resulting from the calculation of expected loss	- 18	- 19
Total regulatory adjustments to Common Equity Tier 1	**- 29**	**- 32**
Common Equity Tier 1 capital	**7 295**	**7 305**
Additional Tier 1 capital		
Tier 1 capital (net after deduction)	**7 295**	**7 305**
Tier 2 capital before regulatory adjustment	**550**	**550**
Tier 2 capital: regulatory adjustment	-	-
Total regulatory adjustment to Tier 2 capital	-	-
Tier 2 capital	**550**	**550**
Own funds (net after decuction)	**7 845**	**7 855**

Capital position and risk-weighted exposure

NFE's Common Equity Tier 1 capital ratio was 21.36% at the end of 2022, a decrease of 3.6 percentage points from the end of last year. Total Capital ratio decreased 3.9 percentage points to 22.97%.
Risk Exposure Amount (REA) was MNOK 34,152.8 (29,271.5), an increase of 17% compared to the end of last year. The main driver for the increase in REA was the IRB retail portfolio, primarily stemming from a growth rate of loans to the public of 14% during 2022.
Own Funds was MNOK 7,845 at the end of 2022, of which MNOK 550 is a subordinated loan. The Tier 1 capital and the Common Equity Tier 1 capital were MNOK 7,295 (no additional Tier 1 capital).
Further information on capital management and capital adequacy is presented in Note 30 Capital adequacy and in the Capital and Risk Management Report at www.nordea.com.

Allocation of net profit for the year

NFE reported an operating profit for the year of MNOK 1,232.5, and a net profit after tax of the year of MNOK 999.2. The Board of Directors will propose to the Annual General Meeting that the company distributes 100% of the net profit as dividend to parent company Nordea Bank Abp depending on approval from Finanstilsynet.
According to IFRS, distribution of group contributions and dividends will not be booked before formal decision is made in the Annual General Meeting. All net profit as of 31st December 2022 is therefore distributed to retained earnings in the balance sheet as of 31st December 2022. The Board of NFE is of the view that total equity and capital adequacy following the allocation will be sound, and well in excess of the minimum requirements subject to CRR and CRD IV, implemented in Norway on 31st December 2019.

Other information

The Board considers that the financial statements give a true and fair view of the company's financial position. Other than what is stated in the accounts there have not been any events after balance-sheet date that may have any significant impact on the financial statements. Based on the results of the year, the Board concludes that there are grounds for going concern, and this forms the basis for the preparation of the financial statements for 2022.

Corporate governance

NFE is a wholly owned subsidiary of Nordea Bank Abp, and is subject to comprehensive reporting to and controls from the parent company. Furthermore, the company has established a number of functions to ensure good monitoring and control of the company development, use of resources and risk taking. The company takes credit risk through lending and financing of equipment, while other types of risk are hedged or limited to the extent this is possible and practicable. The company's principles and guidelines for internal governance and internal control are based on among other CEBS guidelines and recommendations. It is established formal committees and procedures for monitoring and control, including control of credit risk, financial risks, operational risks as well as for internal control, compliance, anti-money laundering and audit. The Board of Directors has established a dedicated risk committee for the monitoring of the company's risk governance, i.e. risk appetite and strategies, risk tolerance and exposures, risk management and pricing of assets and liabilities. Furthermore NFE has a system for management testing of internal controls. The tool facilitates testing, documentation and reporting and supervision of any anomalies, and should thus contribute to further strengthening internal control.

In order to increase staff awareness and comprehension, the company has training programs on among others international sanctions, anti-money laundering, anti-corruption and management of conflicts of interest. NFE thus complies with the internal requirements defined by the parent company, and the company representatives participate in relevant external forums to contribute to the development of rules and regulations for financing companies.

Board and CEO insurance

Section 3-3a of the Norwegian Accounting Act (Regnskapsloven) requires disclosures of insurance coverage for board members and the CEO of the company. NFE is covered by the Nordea group insurance covering the personal liabilities of its management (e.g. board members, CEO). The policy limit is in line with good standard for global banks.

Risk management

Maintaining risk awareness in the organization is engrained in NFE business strategies. The Nordea group has defined clear risk, liquidity and capital management frameworks, including policies and instructions for different risk types, capital adequacy and capital structure, which have been implemented by NFE. The Board has the overarching risk management responsibility and decides on NFE's risk strategy and the Risk Appetite Framework. For further information see note 24 on "Risk Management".

Credit Risk

In the business of financing assets (equipment leasing) and receivables (factoring) credit risk is the most important risk for the company. Effectively managing credit risk is fundamental. The company has implemented credit policies, organizing procedures and regulations as well as models which address this need.

NFE has developed classification models for risk assessment and management of credits, which provide a good view of the risk profile of the portfolio. The classification builds on debtor solidity and market value assessments of the assets.

Regulators have validated NFE's use of internal models for the calculation of capital requirements according to the Advanced Internal Rating based approach. For the purpose of calculation of capital requirements, NFE uses calibrated models for among others the calculation of the probability that a debtor defaults (PD) as well as the final loss in case of a default (LGD).

The financing provided is generally secured by direct ownership (leasing) or pledge (loans). The value development of the financed objects is therefore critical in assessing and controlling the risk profile of the portfolio, and knowledge about the object's second-hand value, liquidity and markets is fundamental for the credit quality and total loss in the portfolio.

The risk management approach is to balance credit risk (counterparty) and asset value development of the financed equipment or invoice serving as security for our financing.

Liquidity- and capital risk

Since the experiences of the severe consequences of the financial crisis in Europe and globally, regulators have focused increasingly on ensuring banks and financial institutions have access to necessary liquidity at all times. NFE has continuously adapted the maturity profile of funding to match maturities of lending in order to ensure stable long-term funding and long-term coverage of liquidity requirements. As part of liquidity planning and management, we assess sensitivities and continuously maintain liquidity contingency back-up plans. NFE contribute to the Nordea Group liquidity planning and assessment of liquidity reserve requirements.

NFE main source of funding remains the parent company and we maintain a close contact with our parent. In total we can conclude that the company has had access to satisfactory levels of funding and liquidity.

The company is subject to internal and external capital adequacy requirements. The internal guidelines compel the company always to comply with the internal requirements which are stricter than the regulatory minimum requirements. As part of the company's policy and procedures for capital management, the company regularly performs assessment of the capital situation and capital adequacy in given stress tests for various scenarios and relevant types of risk. This has been carried out in accordance with the regulatory requirements for internal processes for the assessment of capital adequacy (Internal Capital Adequacy Assessment Process or ICAAP) and for liquidity (Internal Liquidity Adequacy Assessment Process or ILAAP). The analysis demonstrates that the company's capital adequacy, solidity and liquidity are satisfactory in respect of expected future growth and also following the stress tests that have been performed.

Sustainability

The activities of NFE do not pollute the external environment; however, some leasing objects may cause pollution when they are used.

In accordance with the sustainability-related ambition of the Nordea Group, NFE is committed to sustainable business development by combining financial performance with environmental and social responsibility as well as sound governance practices. At the core of our operations is the development and provision of financial services and offerings that support the transition to a sustainable economy and with that, enable customers to make conscious and sustainable choices. For more information see https://www.nordea.com/en/sustainability/sustainable-choice.

NFE launched initiative to support clients in the green transition in 2018. Over the next years we have as an objective that a substantial part of new financing shall be related to climate action projects, including replacement of technology with newer, cleaner technologies, taking steps to reduce emissions or consumption of energy and adapting to new requirements for greener equipment to support our clients' economic activities.

For more information on how the Nordea Group works with sustainability, please see Nordea's Annual Report, Sustainability Notes 2022 , and other relevant sustainability reporting, published at https://www.nordea.com/en/sustainability/reports/.

Nordea defines Environmental, social and corporate governance (ESG) risk as the risk of an adverse financial impact in the short to longer term, deriving from the direct or indirect impact that environmental (including climate), social and governance issues may have on Nordea. It is important for Nordea to integrate ESG assessments into our risk management frameworks.

ESG factors may impact Nordea directly or indirectly through our counterparties, employees, shareholders, customers, partners, or service providers, and can drive risks to our capital (credit, market, and operational risk), liquidity and the long-term viability of our business model. When ESG is seen as driving fully or partially an existing risk category, for example credit risk, Nordea has defined this effect as an ESG-related component of that risk – in this instance "ESG-related credit risk". Impacts from ESG factors can be further segmented, e.g. for climate change there are both economic transition and physical hazard related impacts.

Further information on ESG related risk in Nordea can be found in Pillar 3, Nordea's capital and risk reporting, which for FY2022 for the first time includes ESG related risk disclosures. For more information see https://www.nordea.com/en/investors/capital-and-risk-reports-pillar-3.

Operational risk and internal control

As part of Nordea group, the company has worked in line with the group's principles and framework for internal control and corporate governance. Assessments are made of relevant risks and the efficiency of internal controls. The results of these assessments are considered satisfactory.

NFE has implemented and operated procedures for operational risk management. As a part of this, the company monitors and reports on key risk indicators for operational risk and scenario analysis of different stress scenarios, in addition to reporting of events and losses and the group's framework for self-assessment of risks and controls. On an overall level, the Board assesses the level of operational risk losses in the company as acceptable.

The organization and working environment

Companies have a responsibility for their employees as well as their impact on the societies in which they operate – for instance in terms of working conditions, labour rights, and diversity. These topics are also about sustainability and are covered in Nordea Code of Conduct.

At the end of the year the company had 282 employees, whereof 211 in the Norwegian operations, 30 in Sweden and 41 in Denmark. The number of staff has decreased by 31 employees during the year. The average number of FTE has decreased by 33.1 FTE in 2022 compared to 2021, with an average of 276.7 (309.8) FTE in 2022. During the year, the company has recruited 30 (10) new employees.

NFE focuses on ensuring that its employees experience equal opportunities, and initiatives and measures designed to achieve this have been incorporated into the company's strategy plan. Furthermore, the company has established functions and procedures to prevent any form of discrimination. This includes the Remuneration and Recruitment Committee and the Work Environment Committee, whose members are equally staff representatives and company management, anonymous whistle-blower protection procedures for employees, periodic staff appraisal reviews as well as staff satisfaction surveys where any potential discrimination shall be identified and avoided.

Nordea has zero tolerance for any form of harassment and bullying in the workplace. Separate group directives have been drawn up with clear instructions for managers and employees on how to deal with such unwanted behaviour.

No personal injuries, material damage or significant accidents have been registered in 2022.

Turnover is higher in 2022 with 21% (14%). The turnover rate is monitored closely, and can partly be explained by effects from the integration, a very hot labour market and scarce resources within the finance sector, and people moving to other positions within the Group.

The number of days of absence due to illness is significant higher in 2022 compared to the year before, with a level of in total 2.983 (2.860) absence days. The rate of absence during 2022 is app. 5% (4%). NFE has a strong and continuous focus on measures to keep the rate of absence as low as possible. This is done by offering regular management training and support from Group People on how to prevent long-term sick leave as well as close cooperation with our company health provider. Throughout 2022, the focus and efforts on a safe and sound working environment has been strong. The work pressure has been high in parts of the organization due to the continued integration process and a high turnover rate, and measures have been taken to increase the number of staff in areas that are most affected.

The Board is not aware of any personal injuries occurred at work in 2022. The working environment at NFE is considered to be good. A People Pulse surveys gives the management and relevant stakeholders strong data to implement actions.

There has been conducted several cultural activities, such as “Get together” party and other team building activities.

Equality

For years we have worked actively and systematically to promote gender equality and prevent discrimination. This is both a natural part of our business thinking and also an important part of our way of seeing our corporate social responsibility. As a Scandinavian company with more than 50.000 corporate customers - ethical, social, and environmental considerations need to be implemented in daily business and governance. Standing up against discrimination is a part of this and a part of understanding how society develops and which expectations large corporates are facing.

NEF had a total of 282 employees by year end whereof 45% men and 55% women. 43% of leaders are women.

In Norway, 20 employees are working part-time. All women, and all voluntarily.

Based on the 2022 gender pay analysis, pay gap between men and women in Norway are primarily related to structural differences in what jobs men and women hold. For Nordea Group, in August 2022, the unadjusted pay gap between women and men was 16.7%. At year-end 2022, this gap was reduced to 15.7%. For NFE, we observe approximately 23% difference in average fixed pay when not adjusted for positions or profiles of employees. The unadjusted gender pay gap for people in leadership roles was 36.6% and 18.9% for other employees. The unadjusted pay gap is largely explained by different representation of men and women in workforce structures i.e. that higher paid jobs are more frequently held by men. When adjusted for factors like seniority and complexity and looking at like-for-like jobs and employee profiles, the adjusted pay gap in Norway is 5.5%. Nordea continues to work on reducing gender pay related gaps through a number of different initiatives including targets to ensure equal gender representation on senior leadership levels, people leader training, monitoring and supporting targeted interventions, setting ambitions for future improvements.

Subsequent events

No events have occurred after the balance sheet date, which may materially affect the assessment of the annual financial statement of NFE.

Outlook for 2023

Russia's invasion of Ukraine continues to create uncertainty. This includes high levels of energy prices, continued supply problems and significantly higher interest rates to reduce inflationary pressures. Household spending is under pressure, hot labour markets are cooling and home prices continue to decline. The considerable amount of activity in the petroleum sector may mean that Norway does better than many other countries.

The demand for Nordea Finance credit facilities is affected by this development, but the company will continue to focus on developing and improving its close relationships with partners and Nordea's regional offices, in order to contribute with the right financing solutions at the right time.

Nordea Finance Equipment AS

Oslo, 7th March 2023

Ari Antero Kaperi Chairman	Peter Hupfeld Vice Chairman	Ulrik Gudmund Modigh
Ellen Vibeke Pløger	Petteri Juha Väinämö Änkilä	Hans Christian Hustad
Sjur Loen Managing director		

Income Statement

NOK thousand	*Notes*	2022	2021
Total interest income	2	1 972 964	1 424 419
Total interest expenses	2	-580 299	-190 108
Fee and commission income	3	306 077	301 833
Fee and commission expense	3	-189 831	-185 603
Net gains and losses on financial instruments	4	3 614	1 115
Other operating income	3	313 124	196 413
Net banking income		**1 825 649**	**1 548 069**
Staff costs	5, 6, 35	-359 977	-390 810
Other expenses	5	-205 527	-233 369
Gross operating income		**1 260 145**	**923 889**
Net loan losses	13, 14	-27 645	-16 162
Profit before tax		**1 232 500**	**907 728**
Income tax expense	7	-233 286	-318 515
Profit for the period		**999 214**	**589 213**

Other comprehensive income		
Items that could be reclassified:		
Exchange differences on translation of foreign operations	517	-3 925
Taxes	-114	864
Items that cannot be reclassified:		
Actuarial gains and losses	-23 189	25 219
Taxes	5 102	-5 548
Other comprehensive income	**-17 684**	**16 609**
Total comprehensive income of the period	**981 530**	**605 822**
Attributable to:		
Shareholders of Nordea Finance Equipment AS	981 530	605 822

Balance Sheet

NOK thousand	*Notes*	2022	2021
Cash and balances with central banks		9	9
Hedging derivative assets	4, 21, 22, 23	258 061	14 265
Loans to credit institutions	8	127 459	927 801
Loans to the public	9,10, 12, 13,14	44 805 625	39 325 086
Fair value changes		-25 693	14 559
Repossessed assets	26	18 603	8 965
Deferred tax assets	7	98 430	129 149
Tangible and intangible fixed assets	15	39 497	61 602
Other assets	16	121 554	100 267
Total asset		**45 443 545**	**40 581 703**

Hedging derivative liabilities	4, 21, 22, 23	0	75 468
Deposits by credit institutions	17	35 006 634	30 841 653
Deposits and borrowings from the public		141 506	231 516
Other liabilities	17	1 136 948	951 302
Retirement benefit liabilities	6	103 835	76 611
Current tax liabilities	7	181 054	517 787
Subordinated liabilities	18	550 337	550 197
Total liabilities		**37 120 314**	**33 244 535**
Share capital		945 436	945 436
Share premium account		240 639	240 639
Retained earnings		7 137 155	6 151 093
Total equity		**8 323 230**	**7 337 168**
Total liabilities and equity		**45 443 545**	**40 581 703**

Oslo, 7 March, 2023

Ari Antero Kaperi
Chairman

Peter Hupfeld
Vice chairman

Ulrik Gudmund Modig

Ellen Vibeke Pløger

Petteri Juha Väinämö Änkilä

Hans Christian Hustad

Sjur Loen
Managing director

Statement of changes in Equity

NOK thousand	Share capital	Share premium	Retained earnings	Translation differences	Other reserves	Total
Equity 01.01.21	945 436	240 639	5 572 906	-1 040	-26 595	6 731 346
Profit for the period			589 213			589 213
Other comprehensive income				-3 062	19 671	16 609
Dividends						0
Total equity 31.12.21	**945 436**	**240 639**	**6 162 119**	**-4 102**	**-6 924**	**7 337 168**
Equity 01.01.22	945 436	240 639	6 162 119	-4 102	-6 924	7 337 168
Profit for the period			999 214			999 214
Other comprehensive income				403	-18 087	-17 684
Dividends						0
Share based payment					4 533	4 533
Total equity 31.12.22	**945 436**	**240 639**	**7 161 334**	**-3 699**	**-20 479**	**8 323 230**

Cash flow statement

NOK thousand	2022	2021
Operations		
Interest income	1 933 822	1 362 167
Interest expenses	-580 299	-190 108
Other receipts	585 015	369 313
Operating expenses	-606 464	-604 589
Receipts on previous losses	18 803	26 398
Paid taxes	-43 211	-44 415
Other accrued and deferred item	0	470 357
Cash flows from operating activities	**1 307 668**	**1 389 123**
New investments leasing	-18 195	-13 661 455
Proceeds from sale of leasing assets	3 389 554	3 013 068
Decrease in loans (net)	-9 038 330	10 770 878
Decrease (increase) in other receivables	-172 589	-108 137
Decrease (increase) in advance payments	-21 286	84 927
Net cash flow from current financial activity	**-5 860 846**	**99 281**
Decrease (increase) in tangible assets	37 255	-12 033
Cash flows from investing activities	**37 255**	**-12 033**
Increase (decrease) in deposits from customers	-90 010	-120 317
Increase (decrease) Subordinated debt	0	29
Increase (decrease) in loans from credit institutions	4 222 821	-1 187 533
Increase (decrease) in leasing liabilities	-496 446	-25 793
Increase (decrease) accrued costs	74 948	0
Currency exchange without cash effect	403	-3 552
Cash flows from financing activities	**3 716 248**	**-1 337 166**
Net cash flow	**-799 676**	**139 207**
Cash at the 1st of January	927 120	787 912
Cash at end of period	**127 444**	**927 120**
Change cash during the period	**-799 676**	**139 207**
Reconciliation cash at end of period		
Cash and balances with central banks	9	9
Deposits with credit institutions	127 433	927 111
Cash at end of period	**127 444**	**927 120**

Notes to the financial statements

1. Accounting policies

Company information

NFE 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. 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 Essendropsgate 7, Oslo.

The financial statements for the year ended 31st December 2022 were approved in the board meeting at 7th March 2023 subject to the General Assembly's final approval.

The basis of preparation of the financial statements

NFE separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), approved by the E.U. The financial statements are set up on an historic cost basis, with the exception of the specific recognition criteria for financial instruments as described below.

Branches

The financial statements show the figures for NFE, comprising the business operations in Norway, Denmark (branch) and Sweden (branch).

Functional currency and presentation currency

The functional currency is determined in each unit in NFE based on the currency within the unit's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rates are recognised continuously in the accounting period. NFE's presentation currency is Norwegian Kroner (NOK).

The statement of financial position figures of branches with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period for balance sheet items, and the exchange rate at the date of the transaction for profit and loss items. The monthly average exchange rates are used as an approximation of the transaction exchange rate. Exchange differences are recognised in other comprehensive income ("OCI").

Comparable figures

Comparable figures are prepared for profit and loss, balance, cash flow statement and notes.

The use of estimates

The preparation of financial statements in accordance with IFRS includes assessments, estimates and assumptions that affect both which accounting principle is applied and the reported amounts for assets, liabilities, revenues and expenses. The actual amounts can vary from estimated figures. Changes in accounting estimates are applied in the period in which the estimates are changed, and in all future periods affected

The preparation of annual financial statements in conformity with generally accepted accounting principles requires that occasionally management must make estimates and assumptions. Estimates and discretionary evaluations are regularly assessed 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. Further information on these types of assessments and estimates is provided below.

Impairment of financial assets

Loan write-downs

When evaluating the need for write-downs the most important assessment is related to estimating the most probable future cash flows from the customer. In principle, all cash flows from the loan shall be identified, and an evaluation must be made as to which cash flows are deferred. With the large number of loans that are subject to assessment, these types of calculations must be made based on approximations and experience.

Expected sales gain
As part of the equipment leasing activity, NFE may obtain sales gains from disposal of leased assets. Based on historic observations, tendencies and development in the second-hand market, estimated sales gains from disposal of leased assets further to the contract coming to end of term are included in interest income.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
NFE´s financial assets are: derivatives, loan to customers and cash and cash equivalents. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and business model for managing them.

NFE classified its financial assets in categories:

- Financial assets at amortised cost
- Derivatives at fair value designated as hedging instruments in line with IAS 39

Financial assets at amortised cost
NFE measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Financial assets at amortised cost includes loans, leasing and factoring.

Leasing, as lessor
NFE' leasing activities comprise financial lease agreements. Financial leasing is classified as leasing and for accounting purposes treated as loans. Contracts with residual value are written off to the residual value over the duration of the contract.

The interest component of the lease payments is recorded as interest income in accordance with the principles described in the point for loans, while the principal component reduces the lease loan. Revenue from lease payment is recorded in accordance with the annuity principle. For tax purposes, the leasing objects are depreciated using the declining balance method.

Direct marginal revenues and costs when first calculated and the expected gains on sale are included in net interest income. Other leasing gains on sale are posted under other revenues.

Leasing, as lessee
IFRS 16 requires lessees to account for most leases under a single on-balance sheet model. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term ("right of use asset"). The standard includes a number of optional practical expedients related to recognition and initial application. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset.

NFE applied the following practical expedients to leases previously classified as operating leases:

- Exemption for short-term leases (defined as 12 months or less)
- Exemption for low value assets
- Excluded any initial direct costs from the measurement of the right-of-use asset
- Applied hindsight when determining the lease term for contracts containing options

Factoring
Factoring is recorded in accordance with the net method, i.e. the loan to the user of the factoring service is recorded in the balance sheet. This loan is classified as loan factoring. If NFE has assumed the credit risk for the receivables then this loan is classified as receivables factoring. Retention of margin and other customer accounts is classified as such when prepayment to customer is lower than factoring receivables.

Derivatives at fair value designated as hedging instruments
In accordance with the transitional measures provided by IFRS 9, the NFE has elected to continue recognising hedging transactions under IAS 39 as adopted by the European Union.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- NFE has transferred its rights to receive cash flows from the asset or has assumed an

obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

a. NFE has transferred substantially all the risks and rewards of the asset, or
b. NFE has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Derivatives are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Fair value hedges

Derivatives designated as hedging instruments are measured at their fair value and changes in the fair value are recognised in the statement of comprehensive income as they arise. Correspondingly, a change in the fair value of the hedged object which is due to the risk that the object is hedged against, is recognised in the statement of comprehensive income.

The hedge accounting is discontinued if:

a. the hedging instrument expires or is terminated, exercised or sold, or
b. the hedge does not meet the abovementioned hedge requirements, or
c. the company chooses to discontinue hedge accounting for other reasons.

If the hedge assessment is terminated, the changes which have been made in the carrying amount of the hedged object are amortised over the remaining economic life using the effective interest rate method if the hedging instrument is a financial instrument that has been recognised according to the effective interest rate method.

Risk classification

Interest rate

Hedging the interest rate risk from fixed interest rate contracts is implemented through swap contracts where we pay fixed and receive variable interest. This enables us to hedge our financial risk against changes in interest rates, and the loans outstanding match the funding.

Interest rate swaps that do not qualify as hedging instruments are presented in the balance sheet in the line item for financial liabilities at fair value through profit and loss and changes in value are included in "Net gains on financial instruments at fair value".

Foreign exchange

A Cross Currency Swap is an agreement between two parties to exchange interest payments and principal on loans denominated in two different currencies. In a cross currency swap, a loan's interest payments and principal in one currency would be exchanged for an equally valued loan and interest payments in a different currency. Such swaps allow NFE to switch its loan and interest repayments in EUR into currencies as NOK, DKK and SEK, or other currencies when required.

Impairment of financial assets

All debt instruments classified as financial assets, measured at amortised cost, as well as lease receivables, loan commitments and issued financial guarantee contracts, will be systematically subject to provision for expected credit losses. This provision will be recognised as soon as loans are granted or as soon as commitments are issued, without waiting for objective evidence of impairment to occur. The purpose of this approach is to recognise credit losses in profit or loss on a timely basis, symmetrically to the recognition in profit or loss of the credit spread embedded in the interest income. Thus, these financial assets will be allocated among three categories according to the gradual deterioration of their credit risk since their initial recognition, and an impairment loss will be recognised for each of these categories as follows:

Credit risk category	Stage 1 Performing assets	Stage 2 Underperforming assets	Stage 3 Credit-impaired or defaulted assets
Transfer criteria	Initial recognition of the instrument in stage 1	Credit loss on the instrument has increased significantly since initial recognition (300 bps) / 30 days past due	Evidence that the instrument has become credit-impaired/ 90 days past due/ under bankruptcy/ default contagion
Measurement of expected credit loss	12-month expected credit loss	Lifetime expected credit loss	Lifetime expected credit loss
Interest income recognition basis	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

In NFE IFRS9 model, the forward looking approach is taken into account in the PD parameters as described in section 2.3 of IFRS9 model documentation. A macro model is built between fictive variables representing evolution of NFE portfolio and macro variables. Based on forecasted macroeconomic variables, the evolution of the portfolio is predicted. The macro-economic forecasted variables are provided by the Nordea Group, Enterprise Risk Management department on a quarterly basis. Three scenarios are taken into account, the scenarios are then weighted to get the final ECL. The scenarios weights are provided by Nordea Group, Credit Risk Portfolio Control and Simulation.

On a quarterly basis, Risk modelling simulates the effect of updating the macro-scenarios and presents the results to NFE provision committee. The outcome of the provision committee is presented to NF committee.

Credit-impaired or defaulted assets stage 3

Objective evidence of impairment for credit risk on loans includes significant financial problems at the debtor, defaulted payments or other material breaches of contract, instances where it is considered probable that the debtor will initiate debt settlement negotiations or other specific circumstances that have occurred.

Write-downs will be made if objective evidence of a decline in value can be identified.

If there is objective evidence that an impairment in value has occurred, the loss is measured as the difference between the asset’s value in the balance sheet and the net present value of estimated future cash flows (excluding future credit losses which have not occurred), discounted with the financial asset’s original effective interest rate (i.e. the effective interest rate calculated at inception). The asset’s balance sheet value is reduced using a separate provision account. The loss amount is included in the Profit and Loss statement.

Loans are defined as being in default when the delay in payment exceeds 90 days and the delay is not due to accidental circumstances at the customer. If a customer has several contracts, but only one is in default, the entire customer engagement is reported as being in default.Loans that are at risk of default are not necessarily in default, however the customer’s financial standing and the value of the securities indicate a risk of default.

The recovery of loans in default takes place with a new assessment when the applicable payment plans have been followed for a period and the loan is no longer deemed to be at risk of defaultWrite-downs for credit losses are made for loans on an individual basis.

When the company collects assets for realisation of a security interest or sells leased objects, and this is due to customer default, the lease object is classified as a repossessed asset and temporarily valued at the assumed net realisable value.Actual losses on realisation are recorded to losses on loans in the income statement.

Revenue from contracts with customers

Accrual accounting for interest income, sales gains, commissions and fees

Commissions received and paid, fees and other related amounts are included in the calculation of the effective interest rate, and are covered by IFRS 9.

Revenue from the sale of goods

NFE recognises revenue from the sale of goods (repossessed assets) at the point in time when control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. Revenue is generally recognised on delivery of the goods. NFE considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the effects of variable consideration, the existence of significant financing components and consideration payable to the customer.

Revenue from sale of services
NFE recognises fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- Fees for ongoing services are recognised as income over the life of the service
- Fees for one-off services, are recognised as income when the service is provided

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economical realities.

Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income. Amounts distributed to holders of financial instruments that are classified as equity will be recorded directly in equity.

Pension obligations

As of 1st January 2013 NFE applied IAS 19 Employee Benefits (June 2011) ("IAS 19R") and changed the basis for calculating the pension liability and costs. NFE previously used the corridor approach when recognising unamortised changes in accounting estimates. The corridor approach is no longer accepted and all changes in accounting estimates shall be recognised in other comprehensive income in accordance with IAS 19R. A distinction is made between insured and uninsured schemes.From 31st December 2009, the benefit plan in Norway is replaced with a defined contribution schemes. The Swedish and Danish branches only operate defined contribution schemes. The pension calculations are undertaken by actuaries on the basis of assumptions that can change in the future.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset. Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the company where temporary differences have arisen.
Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Provisions

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

Intangible assets

Capitalised software is recorded as an intangible asset and depreciated using the straight-line method based on the estimated lifetime, 3-7 years, from when the software is operational.Capitalisation occurs when the circumstances in accordance with IAS 38 have been metThe costs associated with maintaining the economic value of IT systems are expensed directly.

Machinery, tools and equipment, means of transportation

Tangible assets are valued at their cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the statement of comprehensive income.

The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset ready for its intended use. Costs incurred after the asset is in use, such as regular maintenance costs, are recognised in the statement of comprehensive income, while other costs that are expected to provide future financial benefits are capitalized.

Depreciation is calculated using the straight-line method over the useful life spanning from 3 to 10 years.

Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

In the statement of cash flows, the overdraft facility is stated minus the balance of cash and cash equivalents.

Cash Flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year of total operations. NFE's cash flow has been prepared in accordance with the indirect method. The cash flows are classified by operating, investing and financing activities.

Contingent liabilities and assets

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.
Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

Events after the reporting period

New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

Changes in standards and interpretations issued but not yet effective

Standards and interpretations issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. NFE intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the financial statements are issued.

- IASB has published the following amendments which were implemented by Nordea on 1st January 2022 but have not had any significant impact on Nordea's financial statements:
- Amendments to International Financial Reporting Standard (IFRS) 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to IFRS Standards 2018–2020

Other amendments to IFRS

The IASB has published the following new or amended standards that are assessed not to have any significant impact on Nordea's financial statements or capital adequacy in the period of initial application:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current – Deferral of Effective Date; and Non-current Liabilities with Covenants
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

Important accounting estimates and discretionary evaluations

The preparation of annual financial statements in conformity with generally accepted accounting principles requires that occasionally management must make estimates and assumptions. Estimates and discretionary evaluations are regularly assessed 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.Further information on these types of assessments and estimates is provided below.

Impairment of financial assets

Loan write-downs

When evaluating the need for write-downs the most important assessment is related to estimating the most probable future cash flows from the customer.In principle, all cash flows from the loan shall be identified, and an evaluation must be made as to which cash flows are deferred.With the large number of loans that are subject to assessment, these types of calculations must be made based on approximations and experience.

For further information about the procedure used for the write-downs,

Expected sales gain

As part of the equipment leasing activity, NFE may obtain sales gains from disposal of leased assets. Based on historic observations, tendencies and development in the second-hand market, estimated sales gains from disposal of leased assets further to the contract coming to end of term are included in interest income.

Changes in significant accounting policies

The accounting principles and the basis for the assessments and presentation are essentially unchanged in relation to the annual report for 2021.

2. Net interest income

NOK thousand	2022	2021
Interest income from financial institutions, valued at amortised cost	41 622	9 047
Interest income from customers financial leases and loans, valued at amortised cost	1 918 509	1 409 035
Interest income financial instruments	12 779	4 130
Other interest income	53	2 207
Total interest income	**1 972 964**	**1 424 419**
Interest expenses to financial institutions, valued at amortised cost	-551 531	-161 635
Interest expenses on deposits and debt to customers, valued at amortised cost	-15 796	-1 113
Interest expenses financial instruments	29 894	-8 388
Interest expenses on subordinated liabilities	-22 381	-14 859
Other interest expenses	-20 484	-4 112
Total interest expenses	**-580 299**	**-190 108**
Net interest income	**1 392 666**	**1 234 311**

3. Net fees and income on other activity

NOK thousand	2022	2021
Fee and commission income from loans and similar to customers	306 077	301 833
Fee and commission income	**306 077**	**301 833**
Fee and commission expenses from loans and similar to customers	-177 555	-171 415
Other fee and commission expense	-12 276	-14 189
Fee and commission expense	**-189 831**	**-185 603**
Net commission and fees income	**116 246**	**116 230**
Gains and losses repossessed assets	37 470	22 134
Termination gain and loss	235 567	136 434
Income from extension of leasing contracts	40 131	37 185
Other income	-45	659
Total income other activity	**313 124**	**196 413**

4. Net gains and losses on financial instruments

NOK thousand	2022	2021
Net gains on financial derivatives, trading	2 416	1 221
Change in fair value on financial derivatives, hedging	41 023	29 531
Change in fair value on hedged fixed interest loans	-39 749	-29 671
Net change in value and gains on foreign currency	-76	34
Net gains and losses on financial instruments	**3 614**	**1 115**

5. Operating Expenses

NOK thousand	2022	2021
Payroll	-229 849	-272 238
Pensions	-31 477	-35 580
Social security costs	-37 278	-45 309
Other staff cost	-61 373	-37 683
Staff costs	**-359 977**	**-390 810**
Rent and other office costs	-16 332	-11 977
Fees and temporary staff	-94 561	-93 767
Travel and marketing	-15 152	-9 419
Other operating costs	-12 663	-14 438
Intragroup services	-40 627	0
Depreciation and gain/loss	-26 192	-103 767
Other expenses	**-205 527**	**-233 369**
Total operating expenses	**-565 503**	**-624 179**

Fees paid to PriceWaterhouseCoopers and cooperating companies are made up as follows (exclusive VAT):

NOK thousand	2022	2021
Statutory audit	630	1 393
Other attestation services	0	993
Tax advice	0	2 163
Other non-audit services	77	2 673
Total	**707**	**7 222**

6. Pensions

NFE is obligated to follow the Act on Mandatory company pensions. The company's pension scheme complies with the requirement as defined in the Act.

NFE has defined contribution plans for employees in Norway, Sweden and Denmark. The contributions comprise between 4,5% and 14,4% of salaries. As at 31st December 2022, 302 members were covered by the plans.

As a replacement of the old AFP-plan a new AFP-plan has been established. The new AFP-plan is in the contrary to the old, not an early retirement plan, but a plan that gives a lifelong contribution to the ordinary pension. The employees can choose to exercise the new AFP plan starting at the age of 62 years, in addition to working, and it will continue accruing if working until the age of 67 years. The new AFP-plan is a defined benefit multi-company plan which is financed through contributions that are determined by a percentage of the employee's salaries. There is currently no reliable measure and allocation of liabilities and assets in the plan. The plan is accounted for as a defined contribution plan where no accruals are made and the contributions are accounted for as they occur. For

2022 the contribution has been set to 2,6% of the total salaries between 1 G and 7,1 G to the employees. The plan will be unfunded and it is expected that the level of contribution will increase in the following years.

The company has an additional pension scheme that covers a total of 12 employees. The pension scheme gives the right to defined future benefits, which are mainly dependent on salary level at time of retirement. The following assumptions were used calculating the future pension obligations for the defined benefit pension scheme. For the period ending 31st December 2022, the DBO is recognised based on the actuarial calculation performed as of 31st December 2022.

Economic assumptions

Percentage	2022	2021
Discount rate	3,40 %	1,96 %
Rate of Salary Increase	3,50 %	2,25 %
Rate of Price Inflation	2,00 %	1,50 %
Rate of Social Security Increase	3,50 %	2,25 %
Pension increase rate - in payment	2,30 %	2,25 %
Pension increase rate - in deferment	2,30 %	2,25 %

Pension cost

NOK thousand	2022	2021
Employer Service Cost	2 364	1 942
Net interest	1 315	1 546
Social security tax or administration charge/(credit)	519	492
Net pension cost	**4 198**	**3 980**

NFE has only unfunded benefit plans. Pension cost for 2022 amounts to TNOK 4,198 (3,980) from the defined benefit plans and TNOK 27,117 (31,382) from the contribution plans. The total pension cost amounts to TNOK 31,477 (35,580).

Retirement benefit liabilities in balance sheet

NOK thousand	2022	2021
Plan assets at market value	0	0
Estimated Retirement benefit liabilities	103 835	76 611
Net pension liability	103 835	76 611
Actuarial gains (-)/losses	0	0
Plan change, curtailment	0	0
Recognised pension liability	**103 835**	**76 611**

Recognised pension liability year end 2022 amounts to TNOK 103,835 (76,611).

Change in liabilities

In calculating the pension costs and net pension liabilities, the following assumptions have been made: The discount rate is based on government bonds in Norway adjusted for the duration of the pension obligation. The duration is calculated to 13,0 years (average). Salary rates, pension adjustments and G-regulations are based on historical observations and an expected future inflation of 1,5%.

NOK thousand	2022	2021
Opening balance	76 611	97 988
Total service cost	2 364	1 942
Interest cost	1 315	1 546
Payments from internal book and emplyee	-162	-138
Tax or administartion	518	492
Actuarial (Gain) or Loss, Financial assumptions	-3 334	4 759
Actuarial (Gain) or Loss, Experience based	26 523	-29 977
Ending balance	**103 835**	**76 611**

Historical disclosure information

NOK thousand	2022	2021
Gross pension liability 31.12	103 835	76 611
Plan assets, fair value 31.12	0	0
Net pension liability	103 835	76 611
Actuarial gains/(losses)	26 523	-29 977
Experience adjustment expressed as percentage of plan liability	0,0 %	-39,1 %
Experience adjustment expressed as percentage of plan asset	0,0 %	0,0 %

The defined benefit obligation is affected by changes in actuarial assumption. The table below presents a sensitivity analysis indicating the effect changes in the assumption will have on the benefit obligation.

Percentage	2022	2021
Sensitivities in:		
Discount rate -0.5%	9,3 %	10,4 %
Discount rate +0.5%	-8,2 %	-9,2 %
Inflation rate -0.5%	-8,3 %	-7,1 %
Inflation rate +0.5%	8,5 %	7,5 %
Salary increase rate +0.5%	6,0 %	9,4 %

7. Taxes

NOK thousand	2022	2021
The tax expense for the year is made up as follows		
Taxes payable on profit for the year	181 054	517 787
Adjustment prior years	25 396	-44 342
Change in deferred tax	26 836	-154 931
Total tax expense for the year	**233 286**	**318 514**
Taxes payable are made up as follows:		
Profit on ordinary activities before tax expense	1 232 500	907 728
Permanent differences	-264 356	716 402
Change in temporary differences	-145 173	729 451
Basis for taxes payable	**822 972**	**2 353 582**
Taxes payable on profit for the year	**181 054**	**517 788**

In 2022 TNOK -266,023 (716,604) of the permanent differences is related to recognition of the operation of the company's branches in Sweden and Denmark.

NFE has assessed the Finance Tax in Norway, and has concluded that the company is exempt from this tax. Assets and liabilities with deferred tax/tax assets were measured using the tax rate of 22% both in 2021 and 2022.

NOK thousand	2022	2021
Deferred tax assets		
Property, plant and equipment	93 366	148 422
Pensions	22 844	11 306
Derivatives	0	0
Deferred tax assets - gross	**116 210**	**159 728**
Deferred tax liabilities		
Derivatives	777	-384
Other	6 682	-14 387
Exchange rate difference	-25 239	-15 808
Deferred tax liabilities - gross	-17 780	-30 578
Net recognised deferred tax assets	**98 430**	**129 149**
This year's changes in deferred tax assets		
Deferred tax asset 1.1.	129 149	-31 423
Changes against ordinary result	-26 389	154 930
Exchange rate diff deferred tax asset	-9 431	11 190
Adjustments against OCI	5 102	-5 548
Deferred tax asset 31.12.	**98 430**	**129 149**
Reconciliation from nominal to actual tax rate		
Net profit before tax	1 232 500	907 728
Expected income tax with nominal tax rates (22 %)	271 150	199 700
The tax effect of following items;		
Non-deductible costs	-63 261	163 155
Adjustment in respect of current income tax*	0	0
Other entries related to allowances previous years	25 396	-44 342
Tax expense	**233 286**	**318 514**

8. Loans to credit institutions

NOK thousand	2022	2021
Deposits with credit institutions	127 433	927 111
Loans to credit institutions	26	691
Due from banks before impairment	**127 459**	**927 801**
Impairment of individually impaired loans	0	0
Loans to credit institutions	**127 459**	**927 801**

Deposit with financial institution include restricted deposits for withholding tax of TNOK 8,563.

9. Loans to the public

NOK thousand	2022	2021
Equipment loans	6 552 990	5 187 039
Factoring receivables	220 363	252 718
Factoring loans	1 641 722	1 534 969
Financial lease agreements	36 872 339	32 842 982
Loans to the public before impairment	**45 287 414**	**39 817 709**
Equipment loans allowance S1	-9 448	-4 197
Factoring receivables allowance S1	-3 908	-14 724
Financial lease agreements allowance S1	-131 330	-115 349
Equipment loans allowance S2	-3 773	-2 097
Financial lease agreements allowance S2	-67 463	-65 176
Equipment loans allowance S3	-5 399	-9 001
Factoring receivables allowance S3	-3 387	-4 668
Financial lease agreements allowance S3	-257 081	-277 411
Loans to the public	**44 805 625**	**39 325 086**

10. Leasing (financial leasing assets)

NOK thousand	2022	2021
Purchase cost 01.01	62 031 965	61 443 990
Exchange rate difference	416 574	-1 079 342
Inflow during the year	18 195 044	13 661 455
Outflow during the year	-13 234 586	-11 994 139
Purchase costs at end of period	**67 408 997**	**62 031 965**
Accumulated ordinary depreciation 01.01	26 652 700	25 403 661
Exchange rate difference	158 180	-421 343
Ordinary depreciation during the year	11 041 308	10 837 614
Reversed depreciation sold assets	-10 237 652	-9 167 233
Accumulated depreciation at end of period	**27 614 536**	**26 652 700**
Book value leasing assets at end of period	**39 794 460**	**35 379 265**
Customer receivable	-2 933 375	-2 514 189
Other accruals	11 254	-22 094
Book value in the balance sheet at end of period	**36 872 339**	**32 842 982**

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

Overview of future minimum finance lease rental:		
Within 1 year	9 613 345	8 376 925
1 to 5 years	30 442 259	26 526 929
After 5 years	0	0
Future minimum finance lease rental	**40 055 604**	**34 903 854**
Present value non guaranteed	375 601	373 604
Present value of minimum lease payments	36 496 738	32 469 370
Unearned finance income	3 183 265	2 060 872
Average interest	4,1 %	3,0 %

Unearned finance income consists of interest, fees and future estimated sales gain. The company uses standard leasing agreements prepared in cooperation with the Association of Norwegian Finance Houses, and similar agreements in Denmark and Sweden. The company offers leasing of a broad range of equipment to Scandinavian businesses and public sector entities where the material leasing arrangements consist of equipment that fall within:

- Industry: Construction machinery, production machinery, graphic machinery, forestry machinery, fish farming installations, furnishing etc.
- Transport: Vans, trailers, buses, tractors, farming equipment, trucks, mobile cranes, automobiles, containers, helicopters, airplanes, ships etc.
- High-Tech: ICT-equipment, copy machines, office machines, medical equipment etc.

11. Allowances

The macro scenarios and scenarios weights implemented as of 31.12.2022 are the ones provided by the Nordea group for Q4 2022. They have not been updated during 2022 given the updated scenarios and scenario weights led to a large release in ECL.

In the three countries, the GDP growth variable is used in the macroeconomic model. The use of the unemployment rate variable in Sweden and Denmark will be considered for Sweden and Denmark once the macro model will be updated, this variable has a better predictive power than the GDP growth. The scenarios weights considered for the favourable, baseline and adverse scenarios are respectively 10% / 50% / 40%. Changes of components in the ECL calculation gives the following sensitivity:

Update of macro forecast :	-13,2%
Impact of macro-economic models/data:	-0,2%
New scenario weights:	-1,9%
Update macro-variable (SE/DK):	-1,5%

2022

NOK thousand	Stage 1	Stage 2	Stage 3	Total
Allowances on loans as of 01.01	-134 269	-67 273	-291 080	-492 622
Allowances on new loans	-83 956	-26 415	-34 151	-144 521
Movement from S1 to S2	13 492	-29 340	0	-15 848
Movement from S1 to S3	2 231	0	-41 275	-39 044
Movement from S2 to S3	0	8 478	-61 193	-52 714
Movement from S3 to S2	0	-1 758	38 347	36 589
Movement from S3 to S1	-479	0	27 367	26 888
Movement from S2 to S1	-2 333	21 654	0	19 321
Loans terminated	8 518	4 191	24 490	37 198
Change within stage	52 110	19 226	71 628	142 964
Allowances on loans as of 31.12	**-144 685**	**-71 236**	**-265 867**	**-481 788**

2021

NOK thousand	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	-56 306	-15 051	-22 429	-93 786
Movement from S1 to S2	8 757	-27 169		-18 412
Movement from S1 to S3	1 343		-40 320	-38 977
Movement from S2 to S3		5 826	-41 413	-35 587
Movement from S3 to S2		-2 053	34 959	32 905
Movement from S3 to S1	-38		6 143	6 106
Movement from S2 to S1	-4 408	33 689		29 281
Loans terminated	7 069	4 642	81 829	93 541
Change within stage	5 091	5 715	56 455	67 261
Allowances on loans as of 31.12	**-134 269**	**-67 273**	**-291 080**	**-492 623**

12. Transition loan to the public

2022

NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loans to the public as of 01.01	36 000 339	3 109 757	707 613	39 817 709
New loans to the public	17 228 576	944 731	97 906	18 271 213
Movement from S1 to S2	-2 506 313	1 790 233	0	-716 080
Movement from S1 to S3	-304 347	0	135 364	-168 984
Movement from S2 to S3	0	-324 249	160 428	-163 821
Movement from S3 to S2	0	69 674	-126 312	-56 638
Movement from S3 to S1	-23 648	0	43 671	20 023
Movement from S2 to S1	771 766	-1 162 905	0	-391 140
Loans terminated	-3 258 538	-408 379	-62 579	-3 729 496
Change within stage	-7 006 058	-391 498	-197 817	-7 595 373
Loans to the public before impairment	**40 901 776**	**3 627 365**	**758 274**	**45 287 414**

2021

NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loans to the public as of 01.01	35 136 360	4 017 154	864 265	40 017 779
New loans to the public	12 912 209	625 779	76 891	13 614 879
Movement from S1 to S2	-2 048 741	1 457 097	**0**	-591 644
Movement from S1 to S3	-256 170	0	112 907	-143 263
Movement from S2 to S3	0	-245 309	115 638	-129 671
Movement from S3 to S2	0	63 636	-104 936	-41 300
Movement from S3 to S1	-3 305	0	9 629	6 324
Movement from S2 to S1	1 230 686	-1 878 892	0	-648 206
Loans terminated	-3 470 658	-467 484	-122 519	-4 060 661
Change within stage	-7 500 042	-462 224	-244 262	-8 206 528
Loans to the public before impairment	**36 000 339**	**3 109 757**	**707 613**	**39 817 709**

13. Losses and allowances recognised in the profit and loss

Losses on loans

NOK thousand	2022	2021
Write-downs for loan losses at end of period	-481 788	-492 623
Exchange rate adjustments (opening balance)	961 058	-75 741
Write-downs for loan losses as at 01.01	-492 622	534 956
Total actual losses	-33 096	-9 151
Income on actual losses	18 803	26 398
Net loan losses	**-27 645**	**-16 162**

14. Loans days outstanding

2022

NOK thousand	Net loans to customers	Percentage rate	Whereof past due, non-doubtful
Days outstanding status			
Not past due	40 653 596	89,92 %	
1-29	3 946 460	8,73 %	3 873 642
30-59	239 549	0,53 %	237 302
60-89	277 174	0,61 %	213 919
90-179	71 842	0,16 %	28 300
> 180	7 490	0,02 %	1 311
> 1 year	17 029	0,04 %	9 726
Total	**45 213 139**	**100,00 %**	**4 364 200**

2021

NOK thousand	Net loans to customers	Percentage rate	Whereof past due, non-doubtful
Days outstanding status			
Not past due	37 782 846	96,08 %	
1-29	1 198 189	3,05 %	1 152 474
30-59	238 892	0,61 %	217 154
60-89	25 227	0,06 %	23 114
90-179	55 368	0,14 %	20 968
> 180	9 689	0,03 %	4 525
> 1 year	14 876	0,04 %	5 768
Total	**39 325 086**	**100,00 %**	**1 424 003**

Credit exposure:

NOK thousand	2022	2021
Net loans to customers	44 805 625	39 325 086
Positive market value derivatives	258 061	14 265
Guarantee liabilities and loan commitments	2 995 223	2 326 856
Total credit exposure	**48 058 909**	**41 666 207**

Maximal credit exposure is calculated based on net loan to customer (not considering third-party guarantees), contingent liabilities like guarantees, loan commitments, and positive market value on derivatives or fixed interest loans.

NFE has collateral through right of ownership for leased objects. Other loans and factoring are generally secured by pledge, notification or third-party guarantees.

15. Tangible fixed assets and intangible assets

2022

NOK thousand	Right of use - Real estate	Right of use - cars	Machines, fixtures, transportation equipment	Intangible assets	Total tangible and intangible fixed assets
Purchase costs 01.01	144 975	11 107	50 502	124 760	331 344
Change in value - opening balance	28	200	114	107	449
Additions	2 915	391	362	3 471	7 139
Disposals	0	-194	-25 153	0	-25 347
Purchase costs at end of period	**147 918**	**11 504**	**25 825**	**128 338**	**313 585**
Accumulated ordinary depreciation 01.01	132 059	6 505	44 073	87 106	269 743
Change in value - opening balance	30	93	147	36	306
Ordinary depreciation of the year	6 788	2 322	2 400	15 305	26 815
Change in value - during the year	0	49	197	69	315
Reversed disposed	0	-97	-22 995	0	-23 092
Accumulated depreciation at end of period	**138 877**	**8 872**	**23 822**	**102 516**	**274 087**
Book value assets at end of period	**9 041**	**2 632**	**2 003**	**25 822**	**39 498**

2021

NOK thousand	Right of use - Real estate	Right of use - cars	Machines, fixtures, transportation equipment	Intangible assets	Total tangible and intangible fixed assets
Purchase costs 01.01	143 910	11 122	53 129	94 825	302 987
Change in value - opening balance	-847	-618	-582	-16	-2 063
Additions	1 913	1 660	634	29 951	34 157
Sales	0	-1 056	-2 679	0	-3 735
Purchase costs at end of period	**144 975**	**11 107**	**50 502**	**124 760**	**331 345**
Accumulated ordinary depreciation 01.01	50 876	4 821	34 099	79 937	169 733
Change in value - opening balance	-528	-270	-484	-16	-1 299
Ordinary depreciation of the year	80 031	2 858	11 835	7 219	101 943
Change in value - during the year	-122	-67	-25	-34	-248
Reversed disposed	1 802	-836	-1 352		-386
Accumulated depreciation at end of period	**132 059**	**6 505**	**44 073**	**87 106**	**269 743**
Book value assets at end of period	**12 916**	**4 602**	**6 430**	**37 655**	**61 603**

Intangible assets consist of software, which is depreciated linearly over 3-7 year from the time the software is taken into use. Machines, fixtures, transportation equipment is depreciated linearly over 3-10 years. Tangible assets are not pledged or in any other way used as collateral.

Right of use assets

NFE has recognized right of use assets in the categories real estate and cars. The categories are presented in the table above and classified as tangible and intangible assets in the balance sheet. The corresponding lease liabilities are classified as other liabilities. The right of use assets are depreciated linearly over the duration of the lease, ranging from 1-9 years.

In addition to lease agreements related to cars and real estate, NFE is part of some other agreements, mainly related to software-licenses. These agreements are assessed and considered exempt from IFRS 16 due to low value or short term remaining lease period. The lease-costs for these agreements are expensed as they incur.

In some of the real estate and car leasing agreements, there are variable lease payments. These variable lease payments are expensed as incurred. For some of the real estate lease agreements, there is a right to renew or prolong the lease period. The probability to exercise the right is assessed when entering into a new agreement. If it is deemed reasonably possible that the agreement will be renewed, this is reflected in the right of use asset and liability calculation. If there are changes in this assessment during the lease-period, these changes are reflected in the right of use asset and right of use liability from the time of the new assessment.

Undiscounted lease liabilities and maturity of cash outflows

NOK thousand	2023	2024	2025	2026	2027-2028
	23 400	20 042	3 657	3 135	2 751

Summary of the lease liabilities

NOK thousand	2022	2021
Lease liabilities 1.1.	75 146	101 493
New/changed lease liabilities recognised	5 260	3 495
Terminated lease liabilities	-3 003	-105
Cash payments for the principal portion of the lease liabilities	-24 409	-29 095
Cash payments for the interest portion of the lease liabilities	-1 235	-1 713
Interests	1 235	1 713
Currency effects	-9	-642
Lease liabilities 31.12.	**52 985**	**75 146**

16. Other assets

NOK thousand	2022	2021
Direct and indirect taxes	107 589	79 373
Other assets	13 964	20 894
Total	**121 553**	**100 267**

17. Deposits by credit institutions

NOK thousand	2022	2021
Demand deposits and current accounts	0	57 839
Term deposits borrowings	34 876 612	30 756 095
Related payables	130 023	27 719
Total	**35 006 634**	**30 841 653**

18. Subordinated liabilities

NOK thousand	2022	2021
Subordinated liabilities	550 000	550 000
Subordinated liabilities accrued interests	337	197
Total	**550 337**	**550 197**

19. Other liabilities

NOK thousand	2022	2021
Accounts payable	401 147	393 184
VAT and duties payable	3 021	15 881
Other liabilities	552 985	222 247
Lease liability (Note 15)	52 985	75 146
Prepayments from customers	126 809	244 843
Sum other liabilities	**1 136 947**	**951 301**

20. Liabilities from finance activities

2022

NOK thousand	1 January	Cash flow	Exchange effect	Other changes	31 December
Hedging derivative liabilities	75 766	-75 766			0
Deposits by credit institutions	30 841 653	4 107 142		57 839	35 006 634
Deposits and borrowings from the public	231 516	141 056	-231 067		141 506
Leasing liabilities	75 146	52 976	-75 137		52 985
Subordinated liabilities	550 197	140	0		550 337
Liabilities from finance activities	**31 774 279**	**4 225 548**	**-306 204**	**57 839**	**35 751 463**

2021

NOK thousand	1 January	Cash flow	Exchange effect	Other changes	31 December
Hedging derivative liabilities	330 881	-237 356	-18 056		75 468
Deposits by credit institutions	31 733 771	-950 177		58 058	30 841 653
Deposits and borrowings from the public	352 322	-120 317	-489		231 516
Leasing liabilities	101 493	-25 793	-553		75 146
Subordinated liabilities	550 169	29	0		550 197
Liabilities from finance activities	**33 068 636**	**-1 333 614**	**-19 099**	**58 058**	**31 773 980**

21. Categories of financial assets and liabilities

2022

NOK thousand	Derivatives designated as hedging instruments through profit or loss	Financial instruments at amortised cost	Total
Financial assets			
Derivatives			
Hedging derivative assets	30 551		30 551
Foreign exchange forward contracts	227 510		227 510
Debt instruments			
Loans to the public		44 805 625	44 805 625
Loans to credit institutions		127 459	127 459
Cash and balances with central banks		9	9
Total assets	**258 061**	**44 933 093**	**45 191 154**
Liabilities			
Interest bearing loans and borrowings			
Deposits by credit institutions		35 006 634	35 006 634
Deposits and borrowings from the public		141 506	141 506
Other financial liabilities			
Other liabilities		1 136 948	1 136 948
Total financial liabilities	**0**	**36 285 088**	**36 285 088**

2021

NOK thousand	Derivatives designated as hedging instruments through profit or loss	Financial instruments at amortised cost	Total
Financial assets			
Derivatives			
Hedging derivative assets	1 399		1 399
Foreign exchange forward contracts	12 866		12 866
Debt instruments			
Loans to the public		39 325 086	39 325 086
Loans to credit institutions		927 801	927 801
Cash and balances with central banks		9	9
Total assets	**14 265**	**40 252 896**	**40 267 161**
Liabilities			
Interest bearing loans and borrowings			
Deposits by credit institutions		30 841 653	30 841 653
Deposits and borrowings from the public		231 516	231 516
Derivatives			
Foreign exchange forward contracts	60 104		60 104
Interest rate swap	15 364		15 364
Other financial liabilities			
Other liabilities		951 302	951 302
Total financial liabilities	**75 468**	**32 024 471**	**32 099 939**

NFE 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)

Valuation technique

The contracts in level 2 have been evaluated based on observable spot rates, yield curve and exchanges rates

2022

NOK thousand	level 1	level 2	level 3
Financial assets			
Financial derivatives	0	258 061	0
Total assets	**0**	**258 061**	**0**
Financial liablites			
Financial derivatives	0	0	0
Total liabilities	**0**	**0**	**0**

2021

NOK thousand	level 1	level 2	level 3
Financial assets			
Financial derivatives	0	14 265	0
Total assets	**0**	**14 265**	**0**
Financial liablites			
Financial derivatives	0	75 468	0
Total liabilities	**0**	**75 468**	**0**

22. Financial derivatives

Financial derivatives are contracts stipulating financial values in the form of interest rate terms for fixed periods of time. Derivatives used by NFE include interest rate swaps (IRS), currency swaps and forward rate agreements (FRA). Financial derivatives are used to manage interest rate risk from the company's ordinary operations. The table below shows nominal values as well as positive and negative market values of the interest and currency swaps. The company does not have any outstanding forward rate agreements at year end.

2022

NOK thousand	Nominal values total	Positive market value	Negative market value
Interest rate swaps NOK	475 899	16 194	0
Interest rate swaps DKK	235 554	10 746	0
Interest rate swaps SEK	134 531	3 909	0
Currency swaps USD	2 580 729	227 212	0
Currency swaps EUR			
Total	**3 426 713**	**258 061**	**0**

2021

NOK thousand	Nominal values total	Positive market value	Negative market value
Interest rate swaps NOK	719 268	1 010	15 011
Interest rate swaps DKK	393 646	175	100
Interest rate swaps SEK	315 511	214	253
Currency swaps USD	2 415 578	12 866	60 104
Currency swaps EUR	0	0	0
Total	**3 844 003**	**14 265**	**75 468**

Maturity profile, Financial derivatives

2022

NOK thousand	1 month	from 1 month to 3 months	from 3 months to 1 year	from 1 year to 5 year	> 5 years	No maturity	TOTAL
Fixed rate loans NOK	0	4 456	159 696	317 472	209 275		690 899
Fixed rate loans DKK	0	0	157 509	482 460	0		639 969
Fixed rate loans SEK	0	0	121 267	438 646	948		560 861
Interest / currency swaps USD			1 024 145	1 556 584			2 580 729
Interest / currency swaps EUR							0
Interest rate swaps NOK	0	26 946	144 865	99 421	204 667		475 899
Interest rate swaps DKK	0	39 732	75 207	120 615	0		235 554
Interest rate swaps SEK	0	34 105	59 687	40 738	0		134 530
Fixed rate borrowing NOK	0	0	25 000	190 000	0		215 000
Fixed rate borrowing DKK	0	28 380	35 475	340 560	0		404 415
Fixed rate borrowing SEK	0	42 633	71 055	312 642	0		426 330
Currency swaps USD		0	1 024 145	1 556 584			2 580 729
Currency swaps EUR							0
Net position	**0**	**-167 340**	**27 183**	**134 602**	**5 556**	**0**	**1**

In order to measure the company's interest risk, the effect of a parallel change of 1% (100bp) over the whole interest curve is measured on the company's unsecured interest positions. As at 31.12.2022 the company's interest sensitivity, impacting operating result, was calculated to TNOK 1,575.

23. Offsetting

NFE has established Credit Support Annex (CSA) agreements. The agreements involve a mutual commitment to provide collateral for derivatives trading between the parties. Any net position is related to financial derivatives entered into with the group where no CSA agreement is in place.

Related amounts to "Financial instruments on balance sheet" is not offset in the statement of financial position.

2022

NOK thousand	Gross amount	Amounts that are offset	Net amount in financial position	Financial instruments on balance sheet	Cash collateral in the balance sheet	Net position
Assets						
Financial derivatives	258 061	0	258 061	258 061	0	0
Total assets	**258 061**	**0**	**258 061**	**258 061**	**0**	**0**
Liabilities						
Financial derivatives	0	0	0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**	**0**	**0**

2021

NOK thousand	Gross amount	Amounts that are offset	Net amount in financial position	Financial instruments on balance sheet	Cash collateral in the balance sheet	Net position
Assets						
Financial derivatives	14 265	0	14 265	14 265	0	0
Total assets	**14 265**	**0**	**14 265**	**14 265**	**0**	**0**
Liabilities						
Financial derivatives	75 468	0	75 468	14 265	61 203	0
Total liabilities	**75 468**	**0**	**75 468**	**14 265**	**61 203**	**0**

24. Risk management

Operational risk

The company has implemented procedures for identification, assessment and reporting of losses caused by operational risk events. Reported events are used to adapt the control environment and procedures as well as for the calculation and allocation of capital requirements to cover operational risk. Furthermore, the company has established monitoring and reporting of several key risk indicators for operational risk in addition to metrics defined by the group. Those group metrics are used to establish the company’s Risk Appetite. The metrics are approved by the company Board of Directors and are presented to the Board of Directors on a quarterly base. Self-assessment of risks and controls is a central element in the identification and management of operational risk.

Observed losses caused by failures in internal routines, system failures, internal/external fraud and other operational events are very limited. Of the observed events, attempts of external fraud and execution errors are the most common. We assess that the existing control measures are satisfactory for uncovering and preventing this type of fraud and errors.

Financial risk management

The company is subject to the group’s guidelines for financial risk management (defined as interest rate, currency, liquidity and funding) as well as guidelines from the Board incorporated into the company's finance policy and liquidity policy. Management and control of financial risk are carried out centrally in the finance division, the treasury and asset-liability management function at the company’s headquarters. The local Funding & Capital department attends to the needs for financing, financial risk management, balance-sheet management, together with banking relations for the whole company i.e., the operations in all the countries. Funding & Capital is organised as a service centre whose main purpose is to facilitate financing and manage financial risk within defined limits. The boundaries for financial risk are restrictive and adjusted to the size and needs of the operation. The metrics used to defined those boundaries are part of the Risk Appetite Framework. The latter is approved by the

Board of Directors and the metrics statements and limits and triggers are reviewed at least each year. The monitoring is done a regular base and reported on a quarterly base to the Board of Directors.

Financial risk is reported to company's Financial Risk Committee and Country Management Team as well as to the group's unit for monitoring and control of financial risk. Funding & Capital has responsibility for managing assets and liabilities, capital requirements and capital structure.

Interest rate risk management
The finance policy is to macro hedge fixed interest rate contracts, with the objective of ensuring that the economic and accounting effects of changes in interest rate markets are held at a limited level. Our economic risk at the end of the year was almost fully hedged against changes in interest rates and the maturity profile of loans outstanding matches the funding. 3 internal swaps do not meet the hedge accounting requirements. These interest rate swaps are classified as for trading purposes and the change in market value is posted directly to the income statement.The efficiency of new hedges is tested prospectively prior to entering new hedging contracts and thereafter on a quarterly basis for existing hedging relationships. The efficiency is measured based on accumulated changes in the market value for hedging instruments and hedged contracts using the "dollar-offset" method. Please refer to the notes for a closer description of accounting effects and interest rate sensitivity.

Currency risk management
Currency risk is managed by borrowing in the same currency and with the same maturity as assets in the foreign currency. The net result from contracts in foreign currencies is exchanged into Norwegian Kroner (NOK) or other local currency on realisation. Moreover, the result from the branches in Sweden and Denmark is exchanged into NOK. To some extent the company may borrow in a different currency and use cross currency swaps. Such swaps allow NFE to switch its loan and interest repayments in e.g., EUR into local currencies as NOK, DKK, and SEK.

The efficiency of new hedges is tested prospectively prior to entering new hedging contracts and thereafter on a quarterly basis for existing hedging relationships. The efficiency is measured based on accumulated changes in the market value for hedging instruments and hedged contracts using the "dollar-offset" method. Please refer to the notes for a closer description of accounting effects and interest rate sensitivity.

Liquidity management / funding
The company's funding is mainly provided by the Nordea group. Funding from the group is based on a bilateral agreement for funding as well as funding limits according to our funding needs over time, based on budgeted and expected growth. Planning and managing liquidity and funding thus occur in close collaboration with the group unit for financing of subsidiaries and operating businesses.

NFE has been working on diversifying its sources of funding, and to attract new lenders to finance the activities. NFE have established a cooperation with the European Investment Bank since May 2014. The EIB loans are allocated according to European Investment Bank's criteria to qualifying SMEs in Denmark, Sweden and Norway with a substantial share to be allocated to financing of climate action projects and investments in technologies that reduce emissions or energy consumption.

In 2016, NFE raised new loans from European Investment Bank of MEUR 150, and a loan from Nordic Investment Bank of MEUR 150, followed by a loan of MEUR 100 in 2017 from the EIB. In 2018 we raised a new loan from NIB for financing of investment projects for SMEs and two new loans from EIB of MEUR 100 for financing of investments by SMEs and climate action projects in Denmark and Sweden and a loan of MEUR 90 for financing of client action projects and investments by SMEs in Norway. In November 2019 two additional loans from EIB of MEUR 150 were raised, for financing of investments by SMEs and climate action projects in Denmark and Sweden. In May 2020 additional 90MEUR was raised for investment in SME Norway.

Since the main source of funding stems from the parent company, we have in the entire period maintained a close contact with our owner. In total we can conclude that the company has had access to satisfactory levels of funding and liquidity.

Solidity / Capital Adequacy / Capital Management
The company's policy for capital management defines the applicable principles and guidelines for capital planning and management. Moreover, the company is subject to the group's guidelines for capital management. The internal guidelines compel the company always to comply with the internal requirements which are stricter than the local regulatory minimum requirements. A central part of the policy for capital management is regular assessment of

the capital situation and capital adequacy under stress tests for various scenarios and relevant types of risk. This has been carried out in accordance with the regulatory requirements for internal processes for the assessment of capital adequacy (Internal Capital Adequacy Assessment Process or ICAAP) and liquidity risk (Internal Liquidity Adequacy Assessment Process or ILAAP). The analysis demonstrates that the company's capital adequacy, solidity and liquidity management are satisfactory in respect of expected future growth and also following the stress tests that have been carried out.

NFE is subject to minimum capital adequacy requirements as a regulated financial institution in the Kingdom of Norway. These requirements are defined and monitored by Finanstilsynet, the Norwegian Financial Supervisory Authority of Norway. Capital requirements, including capital buffer requirements at the end of 2022, were as follows:

	31.12.2022	31.12.2021
Minimum CET1	4.5%	4.5%
CCoB	2.5%	2.5%
SRB	2.8%	2.8%
CCyB	1.9%	0.6%
Additional tier 1	1.5%	1.5%
Tier 2	2.0%	2.0%
Total Pillar 1	15.2%	14.0%
Pillar 2 requirement	1.7%	1.5%
Total requirement	16.9%	15.5%

In the planning and management of capital and compliance to internal and external requirements, NFE monitor evolution of all core elements of capital, including common equity (equity, share premium account, retained earnings, and deductible items to define regulatory capital base) as well as supplementary capital (tier 2) in the form of subordinated debt. At the end of 2022 the company had issued subordinated debt of MNOK 550. Subordinated debt is issued to strengthen the total capital adequacy level of the company. These elements are considered in capital planning and in stress testing and assessment of future capital situation.

The main principle for the company's capital is that the capital level shall at all times be sufficient to cover regulatory minimum requirements presented above, and to ensure that the company is adequately capitalised for a planning horizon of at least 15 months. The planning horizon of 15 months is assessed as sufficient to allow enough time for the shareholder (Nordea Group) to plan for capital increase, allocation of net earnings / dividends or implementation of required measures should the capital situation in NFE fall below the defined internal targets. For the current financial planning period, the internal capital level target is set at the same level as recommended by the regulatory authorities, i.e. to maintain common equity capital ratio above 15,50%.

The capital buffer and capital ratio targets are assessed by the Board of Directors when required, and at least in connection with updates to capital management policy and review of the internal capital assessment results.

Note 30 contains further quantitative information on capital and capital adequacy.

Environmental, Social, Governance (ESG)-related risks

The European Banking Authority defines ESG factors as environmental, social and governance characteristics that could positively or negatively impact Nordea, directly or indirectly. The negative consequences, primarily on financial performance or solvency of an entity, sovereign or individual, are the primary focus of ESG in the context of risk management.

- Environmental factors relates to the quality and functioning of the natural environment and systems. They include climate change and environmental degradation (e.g. air pollution, water pollution, scarcity of fresh water land contamination, biodiversity loss and deforestation)
- Social factors relate trio the rights, well-being and interest of people and communities. They included equality, health, inclusiveness, labour relation and investment in human capital
- Governance factors relate to the governance practices and companies including organisation and functioning of the management body, values and ethics, conduct and risk management frameworks, bribery and corruption, etc.

ESG factors may impact Nordea directly or indirectly through our counterparties, employees, shareholders, customers, partners, or service providers, and can drive risks to our capital (credit, market, and operational risk), liquidity and the long-term viability of our business model. When ESG is seen as driving fully or partially an existing risk category, for example credit risk, Nordea has defined this effect as an ESG-related component of that risk – in this instance “ESG-related credit risk”. Impacts from ESG factors can be further segmented, e.g. for climate change there are both economic transition and physical hazard related impacts. For reference, Nordea defines ESG within its Common Risk Taxonomy as a driver of credit, market, liquidity, operational, compliance and business model risk types.

NFE will be part of Nordea sustainability report for 2022

Corporate Governance / Internal control
As part of the Nordea group, the company has continued the development of its principles and framework for internal control and corporate governance to the standards of the group. The main risks and the efficiency of internal controls are assessed on a regular basis. The results of these assessments are satisfactory.

25. Risk classification

The company uses a risk classification system for customers and exposures. The classification is based on objective criteria and consists of two parameters, the customer's creditworthiness and the object's security coverage. Counterparty classification is based on available financial information, as well as other information. The combination of these parameters determines how the exposure is classified. Models for calculating credit risk (probability of default), loss given default and other parameters are used in estimating the risk of an exposure and the level of capital needed to cover future expected and unexpected losses. In accordance with IFRS 9, all credits are classified in stages 1-3 dependent on their credit risk. Exposures are classified in categories in accordance with capital adequacy regulations for banks and finance houses. Based on the combination of counterparty classification (probability of default (1-10)) and IFSR 9 Staging (Stage 1 - Stage 3) the exposure is classified in a matrix.

NFE internal obligor rating scale

NFE Obligor rating	Moody’s rating	S & P rating	Fitch IBCA rating	Capital Intelligence rating	1-year probability of default	
					Interval	Mean
1	Aaa	AAA	AAA	AAA	[0,0000%;0,0112%]	0,01 %
2+	Aa1	AA+	AA+	AA+	[0,0112%;0,0165%]	0,01 %
2	Aa2	AA	AA	AA	[0,0165%;0,0225%]	0,02 %
2-	Aa3	AA-	AA-	AA-	[0,0225%;0,0287%]	0,03 %
3+	A1	A+	A+	A+	[0,0287%;0,0339%]	0,03 %
3	A2	A	A	A	[0,0339%;0,0472%]	0,04 %
3-	A3	A-	A-	A-	[0,0472%;0,0894%]	0,06 %
4+	Baa1	BBB+	BBB+	BBB+	[0,0894%;0,1827%]	0,13 %
4	Baa2	BBB	BBB	BBB	[0,1827%;0,3589%]	0,26 %
4-	Baa3	BBB-	BBB-	BBB-	[0,3589%;0,7427%]	0,50 %
5+	Ba1	BB+	BB+	BB+	[0,7427%;1,5288%]	1,10 %
5	Ba2	BB	BB	BB	[1,5288%;2,6317%]	2,12 %
5-	Ba3	BB-	BB-	BB-	[2,6317%;3,8774%]	3,26 %
6+	B1	B+	B+	B+	[3,8774%;5,9829%]	4,61 %
6	B2	B	B	B	[5,9829%;9,4143%]	7,76 %
6-	B3	B-	B-	B-	[9,4143%;12,7916%]	11,42 %
7+	Caa1	CCC+	CCC+	C+	12,7916%;17,1134%]	14,33 %
7	Caa2	CCC	CCC	C	17,1134%;23,5996%]	20,44 %
7-	Caa3	CCC-	CCC-	C-	[23,5996%, ---]	27,25 %
8-10	Defaulted					

Obligor classifiaction

NOK thousand	Stage 1	Stage 2	Stage 3	Total
		IFRS 9 Stage		
[1 ; 3] High	22 080	0	0	22 080
[-3 ;-4] High/medium	6 502 580	48 427	0	6 551 007
[5+ ;-5] Medium	24 671 460	355 541	0	25 027 002
[6+ ;7+] Medium/Low	6 239 739	1 878 785	0	8 118 524
[7 ;-7] Low	359 868	1 231 261	0	1 591 128
[8 ;10] Default	0	0	758 274	758 274
Not classified	3 106 049	113 351	0	3 219 400
Total	**40 901 776**	**3 627 365**	**758 274**	**45 287 414**

2021

Obligor classifiaction

NOK thousand	Stage 1	Stage 2	Stage 3	Total
		IFRS 9 Stage		
[1 ; 3] High	14 282	15 274	0	29 557
[-3 ;-4] High/medium	5 454 171	85 423	0	5 539 593
[5+ ;-5] Medium	22 465 394	217 892	0	22 683 286
[6+ ;7+] Medium/Low	5 585 909	1 715 886	0	7 301 795
[7 ;-7] Low	321 408	1 082 184	0	1 403 591
[8 ;10] Default	0	0	672 352	672 352
Not classified	2 181 797	5 738	0	2 187 535
Total	**36 022 961**	**3 122 396**	**672 352**	**39 817 709**

26. Repossessed assets

NFE has an objective of quickly realizing repossessed assets, and maintaining stock at a reasonable level. The company does not use repossessed assets, but sells the objects to third-parties. The company has achieved acceptable prices on sale of repossessed assets in 2022, and the market for second-hand equipment has generally been very good the last couple of years.

NOK thousand	2022	2021
Repossessed assets	18 602	8 965
Write down	0	0
Booked value	**18 602**	**8 965**
Turnover	263 716	214 746
Number of objects in stock at year end	394	233

27. Interest rate risk and interest rate adjustment period

Interest rate risk arises from loan and leasing engagements where NFE receives fixed interest rate payments from the client. The interest rate can be fixed for different maturities, and in order to manage interest rate exposure, NFE applies different methods for interest rate hedging. See notes 1 and 22 for a description of hedging. Generally, a change in market interest rates will take effect faster in the interest rate to customer than it will in the funding rate. During normally a three months period this effect will however be neutralized.

Period until next interest rate adjustment

2022

NOK thousand	1 month	1 month to 3 months	3 months to 1 year	1 year to 5 year	> 5 years	No agreed or fixed rate	TOTAL
Assets							
Cash and balances with central banks	9						9
Hedging derivative assets		258 061					258 061
Loans to credit institutions	127 459						127 459
Loans to the public	5 681 882	36 596 834	142 971			2 383 937	44 805 625
- hereof foreign currency	2 952 400	11 365 210				1 601 355	15 918 964
Fair value changes	-25 693						-25 693
Other assets	121 554						121 554
Total financial assets	**5 905 211**	**36 854 895**	**142 971**	**0**	**0**	**2 383 937**	**45 287 015**
Liabilities							
Financial liabilities at FVTPL	0						0
Hedging derivative liabilities	0						0
Deposits by credit institutions	11 469 838	20 377 460	0	0	0	3 159 336	35 006 634
- hereof foreign currency	5 427 459	7 707 292	0	0	0	2 253 082	15 387 832
Deposits and borrowings from the public	141 506						141 506
Other liabilities	1 136 948						1 136 948
Retirement benefit liabilities						103 835	103 835
Current tax liabilities	181 054						181 054
Subordinated liabilities		550 337					550 337
Total financial liabilities	**12 929 346**	**20 927 798**	**0**	**0**	**0**	**3 263 171**	**37 120 314**
Net balance	**-7 024 134**	**15 927 098**	**142 971**	**0**	**0**	**-879 234**	**8 166 701**

2021

NOK thousand	1 month	1 month to 3 months	3 months to 1 year	1 year to 5 year	> 5 years	No agreed or fixed rate	TOTAL
Assets							
Cash and balances with central banks	9						9
Hedging derivative assets	14 265						14 265
Loans to credit institutions	927 801						927 801
Loans to the public	12 361 386	24 856 377	481 893	1 205 199	420 230		39 325 086
- hereof foreign currency	4 477 283	8 227 156	413 274	918 229	38 960		14 074 903
Fair value changes	14 559						14 559
Other assets	100 267						100 267
Total financial assets	**13 418 288**	**24 856 377**	**481 893**	**1 205 199**	**420 230**	**0**	**40 381 987**
Liabilities							
Financial liabilities at FVTPL	0						0
Hedging derivative liabilities	75 468						75 468
Deposits by credit institutions	10 875 285	19 207 046	0	670 327	88 995		30 841 653
- hereof foreign currency	4 471 256	8 509 999	0	620 327	88 995		13 690 577
Deposits and borrowings from the public	231 516						231 516
Other liabilities	951 302						951 302
Retirement benefit liabilities	642	1 276	5 743	30 644	38 305	0	76 611
Current tax liabilities	517 787						517 787
Subordinated liabilities		550 197					550 197
Total financial liabilities	**12 652 001**	**19 758 520**	**5 743**	**700 971**	**127 300**	**0**	**33 244 535**
Net balance	**766 287**	**5 097 858**	**476 150**	**504 228**	**292 930**	**0**	**7 137 453**

28. Liquidity risk and remaining maturity on balance sheet items

Funding is mainly provided by the parent company Nordea Bank Abp, on the basis of a framework agreement and limits. The company's liquidity risk is therefore mainly linked to the owner, and refinancing is organised in close collaboration with the group treasury department. The table below shows due date for assets and liabilities in nominal values.

Remaining maturity

2022

NOK thousand	1 month	1 month to 3 months	3 months to 1 year	1 year to 5 year	> 5 years	Without maturity	TOTAL
Assets							
Cash and balances with central banks	9						9
Hedging derivative assets	258 061						258 061
Loans to credit institutions	127 459						127 459
Loans to the public	1 593 055	1 863 629	9 162 957	3 916 093	28 269 890		44 805 625
- hereof foreign currency	611 531	1 736 339	2 982 607	10 141 286	940 678		16 412 441
Fair value changes	-25 693						-25 693
Other assets	121 554						121 554
Total financial assets	**2 074 446**	**1 863 629**	**9 162 957**	**3 916 093**	**28 269 890**	**0**	**45 287 015**
Liabilities							
Financial liabilities at fair value through profit and loss	0						0
Hedging derivative liabilities	0						0
Deposits by credit institutions	860 370	1 144 046	1 173 390	3 000 906	20 707 812	8 120 110	35 006 634
- hereof foreign currency	414 573	305 298	423 390	2 035 086	8 431 317	3 778 168	15 387 832
Deposits and borrowings from the public	141 506						141 506
Other liabilities	667 269	294 746	131 569	43 364			1 136 948
Retirement benefit liabilities					103 835		103 835
Current tax liabilities		92 949	88 105				181 054
Subordinated liabilities		337	0	550 000	0		550 337
Total financial liabilities	**1 669 145**	**1 532 078**	**1 393 064**	**3 594 270**	**20 811 647**	**8 120 110**	**37 120 314**

2021

NOK thousand	1 month	1 month to 3 months	3 months to 1 year	1 year to 5 year	> 5 years	Without maturity	TOTAL
Assets							
Cash and balances with central banks	9						9
Hedging derivative assets	14 265						14 265
Loans to credit institutions	927 801						927 801
Loans to the public	1 267 553	4 593 760	7 212 561	23 876 676	2 374 536		39 325 086
- hereof foreign currency	427 370	1 241 189	2 724 274	9 006 408	675 660		14 074 901
Fair value changes	14 559						14 559
Other assets	100 267						100 267
Total financial assets	**2 324 454**	**4 593 760**	**7 212 561**	**23 876 676**	**2 374 536**	**0**	**40 381 987**
Liabilities							
Financial liabilities at fair value through profit and loss	0						0
Hedging derivative liabilities	75 468						75 468
Deposits by credit institutions	1 754 605	2 672 822	7 525 469	17 801 745	1 087 012		30 841 653
- hereof foreign currency	527 883	897 822	2 645 368	9 274 430	345 070		13 690 573
Deposits and borrowings from the public	231 516						231 516
Other liabilities	371 252	354 317	135 441	86 361	3 930		951 302
Retirement benefit liabilities	642	1 276	5 743	30 644	38 305		76 611
Current tax liabilities	0	258 894	258 894				517 787
Subordinated debt	0	197	0	550 000	0		550 197
Total financial liabilities	**2 433 484**	**3 287 507**	**7 925 547**	**18 468 750**	**1 129 248**	**0**	**33 244 534**

29. Net position per currency

Foreign currency positions arise from contracts in foreign currencies, and from the activities in the branches in Denmark and Sweden. Net foreign currency position at year end 2022 was TNOK 2,457. Hence giving a foreign currency sensitivity of TNOK 246 with a 10% shift in exchange rates between NOK and other foreign currencies. The impact on net result and equity would be equivalent to TNOK 189. For 2021 a shift of 10% in exchange rates would have resulted in an impact of TNOK 289 before tax and TNOK 223 on net profit and equity. The foreign currency positions shown are only non functional currencies.

2022 thousand	USD	EUR	SEK	CHF	GBP	DKK
Assets						
Norway	6 315	76 744	9 941	5	74	934
Sweden	143 624	12 907	0	0	0	0
Denmark	142 057	-33	0	0	0	0
Total assets	**291 997**	**89 617**	**9 941**	**5**	**74**	**934**
Liabilites						
Norway	6 410	76 085	10 908	0	105	1 178
Sweden	143 603	13 324	0	0	0	0
Denmark	142 057	230	0	0	0	0
Total liabilities	**292 070**	**89 639**	**10 908**	**0**	**105**	**1 178**
Net balance sheet items	-74	-22	-967	6	-31	-245
Converted to NOK	**-651**	**-218**	**-941**	**53**	**-371**	**-329**
Currency sensitivity (10% shift) before tax	-65	-22	-94	5	-37	-33
Currency sensitivity (10% shift) after tax	-50	-17	-72	4	-29	-25

2021 fhousand	USD	EUR	SEK	CHF	GBP	DKK
Assets						
Norway	4 599	67 789	9 787	5	150	-1 091
Sweden	5 093	5 802	0	0	0	0
Denmark	57 827	7 514	0	0	0	0
Total assets	**67 519**	**81 106**	**9 787**	**5**	**150**	**-1 091**
Liabilites						
Norway	4 642	67 871	10 104	0	57	-848
Sweden	5 073	5 822	0	0	0	0
Denmark	57 827	7 736	0	0	0	0
Total liabilities	**67 541**	**81 428**	**10 104**	**0**	**57**	**-848**
Net balance sheet items	-23	-322	-317	5	93	-244
Converted to NOK	**-200**	**-3 220**	**-309**	**53**	**1 110**	**-328**
Currency sensitivity (10% shift) before tax	-20	-322	-31	5	111	-33
Currency sensitivity (10% shift) after tax	-15	-248	-24	4	85	-25

30. Capital adequacy

Regulatory development

The Capital Requirement Directive IV (CRD IV) and Capital Requirement Regulation (CRR) entered into force on 1st January 2014 followed by the Bank Recovery and Resolution Directive (BRRD) on 15th May 2014. The CRR became applicable in all EU countries from 1st January 2014 while the CRD IV and BRRD were implemented through national law within all EU member states from 2014. The three EEA EFTA countries Norway, Iceland and Lichtenstein, have different legal structures compared to the EU, thus a parallel implementation with the EU is seldom feasible. The CRR and CRD IV were implemented in Norway on 31st December 2019.

In June 2019, the 'banking package' containing revisions to the BRRD, the CRD and the CRR was adopted. In the EU, the revised CRD (CRD V) and BRRD (BRRD II) applied from 28th December 2020, while the majority of the changes in the CRR (CRR II) applied from 28th June 2021. In Norway, the 'banking package' entered into force 1st June 2022.

The new European Covered Bond Directive and Regulation include a harmonised EU framework for covered bonds, including common definitions, supervision and rules for allowing the use of 'European Covered Bonds' label including conditions to be granted preferential capital treatment. Norwegian Authorities intend to implement the framework at the same time as the EU, from 8th July 2022.

Regulatory minimum capital requirements
The CRR requires banks to comply with the following minimum capital requirements in relation to REA:
- CET1 capital ratio of 4,5%
- Tier 1 capital ratio of 6,0%
- Total capital ratio of 8,0%

Capital buffers
A SRB of 4.5% was implemented from 31st December 2020. On 2nd February 2021, the Norwegian Ministry of Finance requested the European Systematic Risk Board (ESRB) to issue a recommendation to other EEA states to reciprocate the SRB. On 26th May 2021, the ESRB recommended reciprocation within 18 months, but also recognizes that any overlaps caused by regulatory differences between Norway and EU should be taken into account in making the reciprocation decision. On 19th August 2021, the Finnish FSA stated that the decision on the application of the Norwegian SRB will be taken at a later stage and enter into force 12 months after the decision is taken. On 28th October 2022, the Swedish FSA decided to reciprocate the Norwegian SRB to Swedish institutions' exposures in Norway, with effect from 30th October 2022. A resetting of the SRB at the same level is notified to the ESRB and the ESA on 16th December 2022.

In Norway, the risk weight floor for residential real estate is set at 20% and for commercial real estate at 35% in accordance with article 458 of the CRR. On 16th December 2022, the Norwegian Ministry of Finance decided to extend the floors at same level until 31st December 2024.

Norges Bank has earlier decided to increase the countercyclical buffer rate from 1% to 1.5% from 30 June 2022 and to 2.0% from 31st December 2022 and to 2.5% from 31st March 2023.
With effect from 18th October 2022, Norwegian financing entities are exempted from the liquidity rules in the CRR.

Finalisation of Basel III framework ("Basel IV")
Basel III is a global regulatory framework for bank capital adequacy, stress testing and liquidity risk. In December 2017, the finalised Basel III framework, often called the Basel IV package, was published. It includes revisions to credit risk, market risk, operational risk, credit valuation adjustment (CVA) risk and the leverage ratio and introduces a new output floor.
Before being applicable to Nordea, the Basel IV package needs to be implemented into EU regulations. The EU Commission (27th October 2021) and EU Council (31st October 2022) have published their proposals for the implementation into EU regulations by amendments to the CRD and CRR. The proposal from the EU parliament is expected in the first half of 2023, with the trialogue negotiations between the Commission, Council and Parliament taking place in the second half of 2023. The new regulation is expected to be in force on 1st January 2025.
On credit risk, the proposal includes revisions to both the IRB approach, where restrictions on the use of IRB for certain exposures are implemented, as well as on the standardised approach. Also, for market risk, the internal model approach and the standardised approach have been revised. For operational risk, the three existing approaches will be removed and replaced by one standardised approach to be used by all banks. On CVA risk, the internally modelled approach is removed and the standardised approach is revised.
The output floor is to be set at 72.5% of the standardised approaches on an aggregate level, meaning that the capital requirement will be floored to 72.5% of the total Pillar 1 REA calculated with the standardised approaches for credit, market and operational risk. The floor is expected be phased in, starting with 50% from 1st January 2025 to be fully implemented at 72.5% from 1st January 2030 and with transitional rules for the calculation of the REA for the output floor extending to end-2032.

With effect as of January 2014, NFE is approved by Finanstilsynet (The Norwegian Financial Supervisory Authority) for the use of the advanced IRB approach for calculating capital requirements for the major part of NFE' loan/leasing portfolio. Basic Indicator Approach for Operational Risk is applied. The entity does not take Market Risk positions and the capital requirement for Market Risk is nil..

NOK thousand	2022	2021
Common Equity Tier 1 capital		
Share capital	945 436	945 436
Share premium account	240 639	240 639
Other equity	6 137 941	6 151 093
Independently reviewed interim profits net of any foreseeable charge and dividend		0
Common Equity Tier 1 capital before regulatory adjustment	**7 324 016**	**7 337 168**
Common equity Tier 1 capital: Regulatory adjustment		
Deferred tax assets	0	
Intangible assets (net of related tax liability)	-10 227	-12 975
Value adjustments due to the requirements for prudent valuation	-52	-31
Negative amounts resulting from the calculation of expected loss	-18 227	-19 182
Total regulatory adjustments to Common Equity Tier 1	-28 506	-32 188
Common Equity Tier 1 capital	**7 295 511**	**7 304 980**
Additional Tier 1 capital	0	0
Tier 1 capital	**7 295 511**	**7 304 980**
Tier 2 capital: instrument and provision		
Subordinated debt	550 000	550 000
Tier 2 capital	**550 000**	**550 000**
Total capital	**7 845 511**	**7 854 980**

NOK thousand	2022	2021
Calculation basis		
Standardised method		
Local and regional authorities (including muncipalities)	381 515	490 274
Institutions	39 112	195 610
Corporate	10 266 258	8 592 578
Other assets	105 155	123 748
Engagements in default	145 546	132 101
Total Credit risk, standardised method	**10 937 586**	**9 534 311**
IRB method		
Corporate - small and medium sized businesses	14 394 595	12 089 917
Corporate - other	5 908 663	4 735 381
Total Credit risk, IRB method	**20 303 259**	**16 825 298**
Credit risk weighted assets	31 240 845	26 359 608
Operational risk, basic indicator approach	2 911 940	2 911 940
Additional requirement according to Basel II floor	0	0
Total calculation basis	**34 152 785**	**29 271 548**

	2022	2021
Capital ratios and buffers		
Common Equity Tier 1	21,36 %	24,96 %
Tier 1	21,36 %	24,96 %
Total capital	22,97 %	26,83 %
Capital requirement including institution specific buffers	11,70 %	10,45 %
…of which: capital conservation buffer	2,50 %	2,50 %
…of which: countercyclical buffer	1,86 %	0,63 %
…of which: systemic risk buffer	2,84 %	2,82 %
...of which: systemically important institution buffer	0,00 %	0,00 %
Common Equity Tier 1 above minimum capital requirements and capital buffers	9,66 %	14,51 %
Tier 1 capital above minimum capital requirements and capital buffers	8,16 %	13,01 %
Total capital above minimum capital requirements and capital buffers	7,77 %	12,88 %

NOK thousand	2022	2021
Capital ratios and buffers, nominal amounts		
Institution specific buffer requirement	3 996 529	3 058 877
…of which: capital conservation buffer	853 820	731 789
…of which: countercyclical buffer	636 813	184 411
…of which: systemic risk buffer	969 021	825 458
...of which: systemically important institution buffer	0	0
Common Equity Tier 1 above minimum capital requirements and capital buffers	3 298 506	4 246 103
Tier 1 capital above minimum capital requirements and capital buffers	2 786 214	3 807 030
Total capital above minimum capital requirements and capital buffers	**2 653 018**	**3 771 599**
Amount below the thresholds for deductions		
Deferred tax assets arising from temporary differences		129 149

	2022	2021
Pilar 2 requirement		
Additional core capital buffer requirement ratio	1,7 %	1,5 %
Additional core capital buffer requirement	578 937	439 073
Leverage ratio		
Total Leverage Ratio exposure	47 319 305	42 274 678
Leverage Ratio	15,4 %	17,3 %

NFE 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 NFE internal parameters i.e. 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 NFE 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.

31. Guarantee liabilities and loan commitments

NFE has at year end 2022 given loan commitments of TNOK 2,984,888 (2,318,921). The commitments are related to future financing of equipment, where the company has a contractual obligation.

NOK thousand	2022	2021
Endorser's liability	0	0
Guarantee liability	10 335	7 935
Total	**10 335**	**7 935**

32. Contingencies

NFE had no major legal disputes pending at the end of the reporting period.

33. Ownership

The share capital of NFE is constituted of 101 shares, with a nominal value of NOK 9,360,750 per share. All issued shares have equal voting rights and the same right to receive dividend. All shares are held by Nordea Bank Abp, Satamaradankatu 5, FI0020 Nordea, Helsinki ,Finland.

Ordinary Shares - issued and fully paid

Number of shares	2022	2021
January the 1st	101	101
December 31st	101	101

Ordinary Shares -dividend

NOK thousand	2022	2021
Total dividend	0	0
Dividend per share	0	0

34. Information on related parties

NOK thousand	2022	2021
Assets and interest income		
Loans to Group companies	26	691
Revaluation of hedged item	0	0
Interest income from group companies	0	0
Liability and interest expense		
Loans from Group companies	-30 183 047	25 403 941
Related payables Group companies	-107 325	-23 127
Revaluation of hedged item due to banks	0	0
Other liabilities	-406 426	-84 857
Interest expenses to group companies	445 170	125 503
Subordinated liabilities	-550 000	-550 000
Interest expenses on Subordinated liabilities	22 381	14 859

35. Summary of compensation policy and remuneration

Main principles

The compensation policy for all employees in NFE is based on the provisions of Sentralavtalen (the Central Agreement) between the Finans Norge (Employers' Association for Financial institutions) and Finansforbundet (The Finance sector Union of Norway).

The compensation shall be evaluated based on performance, qualifications and market considerations. The criteria shall be discussed with employee representatives, and in connection with the objectives and assessments for each employee.

Fixed salary

The fixed salary is based on the wage scale for member companies in the Employers' Association for Financial institutions.

Salaries for the CEO, Management Committee and key employees are validated by Nordea Group.

Assessment of individual salary raise shall be done in conjunction with the company's annual salary review. The fixed salary is linked to the employee's position and achievement, and is related to the scope of responsibility and the position's market value.

One time premiums

Key employees involved in more extensive projects, high achievers or with extraordinary workload can be granted a one-time premium.

Variable compensation – bonus schemes

The aim of the bonus system is to reward achievement of performance goals, and to motivate and keep the most valuable staff members, while not giving incentives for excessive risk-taking. Existing bonus schemes are subject to annual revision. No staff in NFE has guaranteed bonus payments.

Criteria for variable compensation/bonus schemes include company results, regional/department results, product results and discretionary criteria.

Bonus scheme – senior executives

For the senior executives, the composition of fixed and variable remuneration shall be balanced. The variable remuneration shall not exceed the fixed remuneration, i.e. 100 per cent of the fixed remuneration. The General

Assembly, or equivalent body, may decide variable remuneration up to twice the fixed remuneration, that is, 200 percent of the fixed remuneration, for identified staff in line with Norwegian regulation. The basis for the variable remuneration shall be a period of the last two years, and at least half of the variable part can be distributed in the form of performance shares or as a share-adjusted cash bonus over at least a 3 year schedule.

Remuneration of senior management
Management

NOK thousand	Pay	Bonus	Pension cost	Other remuneration	Total 2022	2021
Sjur Loen, CEO from 01.04.2022	2 147	726	245	620	3 738	3 529
Carsten Thorne, CEO until 31.03.2022	2 565	2 451	1 038	612	6 666	7 468
Total	**4 712**	**3 177**	**1 283**	**1 232**	**10 404**	**10 997**

From 1st April 2022 Sjur Loen has been CEO for both Nordea Finans Norge AS and NFE. The remuneration is for both of the companies.

Remuneration to the Board of Directors

NOK thousand	Pay / Fees	Bonus	Other remuneration	Total 2022	2021
Mariann H. Gulbrandsen, employee representative	59	0	0	59	60
Jon Ivar Gjellum, employee representative	15	0	0	15	
Ellen Vibeke Pløger	113	0	0	113	
Eric Magnus Jacobsen, external board member	113	0	0	113	
Ulrik Gudmund Modigh, external board member	113	0	0	113	
Total remuneration to the Board of Directors	**412**	**0**	**0**	**412**	**60**

36. Number of employees / full-time positions

	Norway	Sweden	Denmark	Total
Number of employees start of year	240	32	41	313
Recruitment	23	3	4	30
Departures	52	5	4	61
Number of employees end of year	**211**	**30**	**41**	**282**
Number of employees calculated on a full-time basis 31.12.2022	210	30	37	277

37. Subsequent events

No events have occurred after the balance sheet date, which may materially affect the assessment of the annual financial statement of NFE.

To the General Meeting of Nordea Finance Equipment AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Nordea Finance Equipment AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Olso, 7 March 2023
PricewaterhouseCoopers AS

Anne Lene Stensholdt
State Authorised Public Accountant
(This document is signed electronically)