



**Second Quarter
Financial Report
2023**

Nordea Finance Equipment AS

Report of the Board of Directors as of June 30th 2023

Summary

In the first half of 2023, Nordea Finance Equipment AS has:

- established new financing to clients for MNOK 12 333 (MNOK 9 617)
- net banking income of MNOK 963,5 (MNOK 804,4)
- net loan losses, gain MNOK -32.7 (MNOK 27,7)
- total assets of MNOK 49 892 (MNOK 42 377)
- capital adequacy ratio of 19.65% (23.03%) for Tier 1 capital and 19.65% (24.76 %) for total capital.

Business activities

In the first half of 2023, Nordea Finance Equipment AS has established new financing in Scandinavia of MNOK 12 333 compared to MNOK 9 617 for the same period in 2022. This is an increase of 28.2%.

In equipment finance, we maintain our position as market leader in Norway. In Norway the activity and volumes after six months in 2023 ends at MNOK 7 134 which is higher compared to MNOK 6 096 at the end of the second quarter of 2022. In Sweden new financing volumes increased compared to last year from MNOK 1 943 to MNOK 2 959 in Q2 2023. In Denmark new financing volumes increased compared to last year from MNOK 1 578 to MNOK 2 240 in Q2 2023. In Receivables Finance all customers have been rewritten to Nordea Finans Norge AS or been terminated.

Total assets at end of second quarter 2023 are MNOK 49 892 which is 17.7% higher than MNOK 42 377 at end of June 2022. From 2023 the majority of new sales within Equipment Finance are booked in Nordea Finance Equipment, and no longer in the sister companies in Nordea Finance.

272 people were employed in Nordea Finance Equipment AS at the end of the second quarter 2023. This is a decrease in staff of 5 since 1st quarter 2023 and 10 since end of 2022. Turn-over in the first half of 2023 ends at 8.3% compared to

11.5% same period last year. We consider the level of turnover acceptable.

Financial Results

Nordea Finance Equipment AS has Net Banking Income of MNOK 963.5 (MNOK 804.4) in the first half of 2023. Net Interest Income after six months ends at MNOK 775.1 (MNOK 637). Net fees, income on other activity and net gains on financial instruments at fair value have increased with 12,5% to MNOK 188.4 (MNOK 167.4). The main driver for this increase is higher gains from repossessed assets.

Operating expenses amount to MNOK 288.6 (MNOK 273.3) in the period ending June 30th 2023, This represents an increase of MNOK 15.3 or 5.5%.

Total Cost of Risk year to date amounts to MNOK -32.8 (MNOK 27.7). Total write-down for impairment represents 1.0% of outstanding loans at end of the second quarter compared to 1.1% at end of second quarter last year.

The operating profit is MNOK 642.1 (MNOK 558.8) in the first half of 2023. The main drivers for the increase in operating profit is related to increase net interest income.

Nordea Finance Equipment AS had a net result after tax of MNOK 486.9 (MNOK 435.5) for the period from January 1st to June 30th, 2023.

Risk management and Capital adequacy

The regulatory capital by end Q2 is MNOK 7 300. The regulatory capital consists of MNOK 7 300 Tier 1 capital and MNOK 0 Tier 2 capital.

The basis for the calculation of capital requirements and capital adequacy at the end of second quarter was MNOK 37 148, with credit risk weighted assets of MNOK 34 080.

Subordinary loan was repaid in second quarter. The capital adequacy and Tier 1 capital ratio at end of June 2023 was 19.65 %.

In first half year 2023, the countercyclical buffer requirements in Denmark increased to 2.5% from 2.0%, Sweden increased from 1.0% to 2.0% and Norway increased from 2.0% to 2.5%. The other capital buffer requirements are constant in the period and the total capital buffer requirement above the prudential minimum capital levels is

4.00% compared to 10.46% at end of second quarter 2022. The additional prudential pillar 2 requirement is 2.1%. The capital coverage is thus satisfactory compared to regulatory minimum requirements and on low level compared to company's internal requirements and guidelines for solidity and capital adequacy. As part of the company's capital management procedures, stress

testing of all relevant risks is performed and the change in the capital requirement under various stress scenarios evaluated. The capital adequacy is considered satisfactory also considering the results of the performed stress tests.

Oslo, August 14th 2023

Ari Kaperi
Chairman

Ellen Pløger

Ulrik Modigh

Petteri Änkilä

Hans Christian Hustad

Sjur Loen
CEO

Income statement

NOK thousand	Notes	Q2, 2023	Q2, 2022	YTD Q2, 2023	YTD Q2, 2022	FY 2022
Total interest income	4	757 561	418 092	1 465 704	803 815	1 972 964
Total interest expenses	4	-357 515	-94 541	-690 570	-166 778	-580 299
Fee and commission income	5	68 516	69 863	145 072	155 980	306 077
Fee and commission expense	5	-41 901	-40 733	-91 681	-96 794	-189 831
Net gains and losses on financial instruments	6	1 417	731	253	-721	3 614
Other operating income	5	66 326	50 926	134 751	108 881	313 124
Net banking income		494 404	404 338	963 530	804 383	1 825 649
Staff costs	7	-86 761	-79 910	-177 413	-175 861	-359 977
Other expenses	7	-53 106	-48 857	-111 184	-97 451	-205 527
Gross operating income		354 537	275 571	674 932	531 070	1 260 145
Net loan losses	11	-28 660	-18 626	-32 843	27 725	-27 645
Operating income		325 878	256 946	642 089	558 795	1 232 500
Income tax expense	15	-75 226	-57 985	-155 222	-123 320	-233 286
Profit for the period		250 651	198 961	486 867	435 475	999 214

Other comprehensive income

Items that could be reclassified:

Exchange differences on translation of foreign operations		-723	454	3 895	-2 028	517
Taxes		159	-100	-857	446	-114

Items that cannot be reclassified:

Actuarial gains and losses		9 771	3 701	14 162	21 172	-23 189
Taxes		-2 150	-814	-3 116	-4 658	5 102

Total comprehensive income of the period		7 057	3 241	14 084	14 932	-17 684
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Attributable to:

Equity holder of the parent		257 709	202 202	500 952	450 407	981 530
Total		257 709	202 202	500 952	450 407	981 530

Balance sheet

NOK thousand	Notes	Q2, 2023	Q2, 2022	FY 2022
Cash and balances with central banks		10	9	9
Hedging derivative assets	6,20,21	247 765	253 009	258 061
Loans to credit institutions	8	1 135 796	103 067	127 459
Loans to the public	9,10,11,12,13	48 181 154	41 840 884	44 779 932
Reposessed assets		12 053	6 467	18 603
Deferred tax assets	15	115 716	1 753	98 430
Tangible and intangible fixed assets		35 023	51 501	39 497
Other assets		164 417	120 753	121 554
Total		49 891 934	42 377 443	45 443 545
Hedging derivative liabilities	6,20	0	381	0
Deposits by credit institutions	16,18	40 291 778	32 994 997	35 006 634
Deposits and borrowings from the public		446 695	161 282	141 506
Other liabilities		1 045 692	816 800	1 136 948
Retirement benefit liabilities		93 709	57 346	103 835
Deferred tax liabilities	15	0	0	0
Current tax liabilities	15	189 302	8 881	181 054
Subordinated liabilities	17	0	550 180	550 337
Total liabilities		42 067 175	34 589 865	37 120 314
Share capital		945 436	945 436	945 436
Share premium account		240 639	240 639	240 639
Retained earnings		6 638 684	6 601 502	7 137 155
Total equity		7 824 759	7 787 577	8 323 230
Total		49 891 934	42 377 443	45 443 545

Statement of changes in equity

NOK thousand	Share capital	Share premium	Retained earnings	Translation differences	Other reserves	Total
Equity 01.01.22	945 436	240 639	6 162 120	-4 101	-6 924	7 337 170
Profit for the period			435 475			435 475
Other comprehensive income				-1 582	16 514	14 932
Total equity 30.06.22	945 436	240 639	6 597 595	-5 683	9 590	7 787 577
Equity 01.01.23	945 436	240 639	7 161 334	-3 699	-20 479	8 323 231
Profit for the period			486 867			486 867
Other comprehensive income				3 038	11 046	14 084
Dividends			-999 214			-999 214
Share based payment					-209	-209
Total equity 30.06.23	945 436	240 639	6 648 987	-661	-9 642	7 824 759

Cash flow statement

NOK thousand	YTD Q2, 2023	YTD Q2, 2022	FY 2022
Operations			
Interest income	1 407 889	743 607	1 933 822
Interest expenses	-689 850	-166 778	-580 299
Other receipts	223 805	199 014	585 015
Operating expenses	-273 674	-239 904	-606 464
Receipts on previous losses	10 579	9 575	18 803
Paid taxes	-24 880	-23 691	-43 211
Net cash flow from operations	653 869	521 823	1 307 668
New investments leasing	-10 464 251	-8 551 401	-18 195
Proceeds from sale of leasing assets	1 835 688	1 463 589	3 389 554
Decrease in loans (net)	5 216 024	4 579 367	-9 038 330
Decrease (increase) in other receivables	-3 625	-66 618	-172 589
Decrease (increase) in advance payments	-42 863	-20 486	-21 286
Net cash flow from current financial activity	-3 459 028	-2 595 549	-5 860 846
Decrease (increase) in tangible assets	6 048	18 639	37 255
Net cash flow from investment activity	6 048	18 639	37 255
Increase (decrease) in deposits from customers	305 189	-70 235	-90 010
Payment of dividends	-999 214	0	0
Increase (decrease) in equity	-209	0	4 533
Increase (decrease) subordinated debt	-550 000	0	0
Increase (decrease) in loans from credit institutions	4 871 399	2 211 184	4 222 821
Increase (decrease) in debt	222 244	-855 346	-496 446
Increase (decrease) accrued costs	-44 993	-53 235	74 948
Currency exchange without cash effect	3 038	-1 582	403
Net cash flow from long term financial activity	3 807 454	1 230 786	3 716 248
Net cash flow	1 008 343	-824 301	-799 676
Cash at the 1st of January	127 444	927 120	927 120
Cash at end of period	1 135 787	102 819	127 444
Change cash during the period	1 008 343	-824 301	-799 676
Reconciliation cash at end of period			
Cash and balances with central banks	10	9	9
Deposits with credit institutions	1 135 778	102 809	127 433
Cash at end of period	1 135 788	102 820	127 444

Notes

1. Accounting principles

Nordea Finance Equipment AS interim financial statement is prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting endorsed by the European Union (EU).

The report includes a condensed set of financial statements and is to be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2022. The accounting policies and methods of computation are unchanged from the 2022 Annual Report,

2. Important accounting estimates and discretionary evaluation

In the interim report for the first quarter of 2023, Nordea Finance Equipment AS has used important critical assessments of when loans have undergone a significant increase in credit risk and of macro scenarios that are used to calculate changes in expected credit losses. More information about how critical assessments are used and there is uncertainty in the estimates can be found in the annual report for 2022 note 1.

3. Changes in significant accounting policies

No changes in significant accounting policies in 2023.

4. Net interest income

NOK thousand	Q2, 2023	Q2, 2022	YTD 2023	YTD 2022
Interest income from financial institutions, valued at amortised cost	-18 896	4 742	12 950	8 099
Interest income from customers financial leases and loans, valued at amortised cost	769 713	410 902	1 439 484	791 429
Interest income financial instruments	6 744	2 448	13 269	4 287
Total interest income	757 561	418 092	1 465 704	803 815
Interest expenses to financial institutions, valued at amortised cost	-382 597	-91 596	-692 381	-157 773
Interest expenses on deposits and debt to customers, valued at amortised cost	733	-440	-4 381	-669
Interest expenses financial instruments	12 764	4 164	28 565	3 994
Interest expenses on subordinated liabilities	-7 959	-5 114	-15 574	-9 582
Other interest expenses	19 543	-1 556	-6 799	-2 749
Total interest expenses	-357 515	-94 541	-690 570	-166 778
Net interest income	400 046	323 550	775 135	637 037

5. Net fees and income on other activity

NOK thousand	Q2, 2023	Q2, 2022	YTD 2023	YTD 2022
Fee and commission income from loans and similar to customers	68 516	69 863	145 072	155 980
Fee and Commission income	68 516	69 863	145 072	155 980
Fee and commission expenses from loans and similar to customer	-38 986	-37 833	-85 919	-90 550
Other fee and commission expense	-2 916	-2 900	-5 763	-6 243
Fee and Commission expense	-41 901	-40 733	-91 681	-96 794
Net commission and fee income	26 615	29 130	53 391	59 186
Gains and losses repossessed assets	9 317	11 373	25 718	28 015
Termination gain and loss	43 407	30 259	84 133	62 079
Income from extension of leasing contracts	10 563	9 375	21 923	18 847
Other income	3 040	-81	2 976	-61
Total income other activity	66 326	50 926	134 751	108 881

6. Net gains on financial instruments at fair value

NOK thousand	Q2, 2023	Q2, 2022	YTD 2023	YTD 2022
Net gains on financial derivatives, trading	6	954	-530	2 446
Change in fair value on financial derivatives, hedging	9 993	14 086	5 784	38 663
Change in fair value on hedged fixed interest loans	-8 584	-14 467	-5 271	-41 876
Net change in value and gains on foreign currency	2	158	270	45
Net gains/losses on financial instruments at fair value through	1 417	731	253	-721

7. Operating expenses

NOK thousand	Q2, 2023	Q2, 2022	YTD 2023	YTD 2022
Payroll	-59 590	-48 948	-117 584	-118 488
Pensions	-9 137	-7 402	-18 901	-15 899
Social security costs	-8 665	-8 003	-17 632	-18 969
Other staff cost	-9 369	-15 557	-23 296	-22 505
Staff costs	-86 761	-79 910	-177 413	-175 861
Rent and other office costs	-4 700	-3 717	-15 191	-6 630
Fees and temporary staff	-25 303	-25 426	-48 461	-48 838
Travel and marketing	-3 846	-3 766	-6 898	-5 818
Other operating costs	-2 544	-2 878	-5 442	-5 814
Intragroup services	-13 582	-7 646	-26 953	-17 023
Depreciation and gain/loss	-3 131	-5 423	-8 239	-13 328
Other expenses	-53 106	-48 857	-111 184	-97 451
Total operating expenses	-139 867	-128 767	-288 597	-273 312

8. Loans to credit institutions

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Deposits with credit institutions	1 135 778	102 809
Loans to credit institutions	18	258
Due from banks before impairment	1 135 796	103 067
Impairment of individually impaired loans	0	0
Revaluation of hedged item	0	0
Net due from banks	1 135 796	103 067

9. Loans to the public

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Equipment loans	7 529 900	5 608 691
Factoring receivables	209 897	228 721
Factoring loans	324 578	1 928 871
Financial lease agreements	40 652 777	34 557 663
Financial lease agreements allowance S3	-242 435	-258 305
Impairment of individually impaired loans	-503 926	-455 389
Net due from customers	48 213 227	41 868 557

10. Allowances recognised and customer loans

NOK thousand	YTD Q2, 2023			
	Stage 1	Stage 2	Stage 3	Total
Allowances on loans as of 01.01	-144 685	-71 236	-265 867	-481 788
Allowances on new loans	-51 722	-12 386	-6 944	-71 052
Movement from S1 to S2	14 285	-45 786	0	-31 501
Movement from S1 to S3	1 017	0	-28 652	-27 635
Movement from S2 to S3	0	6 505	-39 065	-32 560
Movement from S3 to S2	0	-934	17 869	16 936
Movement from S3 to S1	-629	0	5 220	4 591
Movement from S2 to S1	-4 691	19 558	0	14 867
Loans terminated	5 601	2 607	18 192	26 400
Change within stage	20 195	7 799	49 823	77 817
Allowances on loans at end of period	-160 630	-93 872	-249 425	-503 926
Customer loans before impairment	43 883 680	4 125 825	707 646	48 717 152

NOK thousand	YTD Q2, 2022			
	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	-45 345	-7 834	-4 706	-57 885
Movement from S1 to S2	9 227	-23 841		-14 614
Movement from S1 to S3	1 159		-18 167	-17 008
Movement from S2 to S3		5 790	-44 251	-38 461
Movement from S3 to S2		-2 420	30 629	28 209
Movement from S3 to S1	-240		6 447	6 207
Movement from S2 to S1	-3 968	19 446		15 478
Loans terminated	2 939	2 782	11 791	17 512
Change within stage	41 661	15 745	40 388	97 794
Allowances on loans at end of period	-128 836	-57 605	-268 949	-455 390
Customer loans before impairment	38 732 334	2 888 081	703 531	42 323 946

11. Losses and allowances recognised in profit and loss

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Losses on loans		
Write-downs for loan losses at end of period	-503 926	-455 389
Exchange rate adjustments (opening balance)	-12 408	-21 290
Write-downs for loan losses as at 01.01	481 788	492 622
Total actual losses	-8 876	2 206
Income on actual losses	10 579	9 575
Net loan losses	-32 843	27 725

12. Leasing (financial leasing assets)

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Purchase cost 01.01	67 408 997	62 031 965
Exchange rate difference	1 655 553	380 419
Fair value changes	0	0
Inflow during the year	10 464 251	8 551 401
Outflow during the year	-7 228 364	-6 171 291
Purchase cost at end of period	72 300 437	64 792 494
Accumulated ordinary depreciation 01.01	27 614 536	26 652 700
Exchange rate difference	640 141	148 755
Ordinary depreciation during the year	5 851 889	5 435 975
Reversed depreciation sold assets	-5 512 234	-4 803 588
Accumulated depreciation at end of period	28 594 331	27 433 842
Book value leasing assets at end of period	43 706 106	37 358 653
Customer receivable	-3 060 736	-2 776 033
Other accruals	7 408	-24 957
Book value in the balance sheet at end of period	40 652 777	34 557 663

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

Overview of future minimum finance lease rental:

Within 1 year	11 011 831	8 883 627
1 to 5 years	34 870 798	28 131 486
After 5 years		
Future minimum finance lease rental	45 882 629	37 015 113
Average interest	5,76%	3,41%
Present value of minimum lease payments	40 496 643	34 176 085
Unearned finance income	4 979 998	2 457 451

13. Risk classification

NOK thousand	YTD Q2, 2023	
	Net loans to customers	Whereof past due, non-doubtful
Days outstanding status		
Not past due	45 734 665	
1-29	1 886 938	1 829 933
30-59	156 098	153 283
60-89	292 054	217 417
90-179	95 968	14 853
> 180	30 260	21 555
> 1 year	17 243	9 297
Total	48 213 226	2 246 336

NOK thousand	YTD Q2, 2022	
	Net loans to customers	Whereof past due, non-doubtful
Days outstanding status		
Not past due	40 257 852	
1-29	1 288 885	1 235 957
30-59	54 044	43 875
60-89	158 457	123 725
90-179	71 049	10 176
> 180	25 163	16 018
> 1 year	13 107	2 631
Total	41 868 557	1 432 382

Credit exposure:

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Net loans to customers	48 213 227	41 868 557
Positive market value derivatives	247 765	253 009
Guarantee liabilities and loan commitments	2 995 223	2 995 223
Total credit exposure	51 456 215	45 116 789

14. Doubtful loans

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Gross doubtful loans	707 646	703 531
- Write-downs on impaired assets	-249 424	-268 949
Net doubtful loans	458 222	434 582

15. Income tax

The company calculates the tax payable based on an estimated effective tax rate. For 2022 the effective tax rate was 18,93 % at year end and the expected effective tax rate for 2022 was 22,0 %. For 2023 this is expected to be 22,0 %. Deferred tax assets are for interim based on an estimate for the year. The estimate is prepared based on previous years' development in the leasing portfolio, adjusted for year acquisitions and disposals. Expected changes in the deferred tax is recognised with 22,0 % for the period ending 31 mars 2023. The main contributor to the fluctuation in effective tax rate is exchange rate

NOK thousand	YTD 2023	YTD 2022
Current income tax expense	-183 261	-8 881
Gross deferred tax expense	28 039	-114 439
Income tax expense for the period	-155 222	-123 320

16. Deposits by credit institutions

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Demand deposits and current accounts	413 744	0
Term deposits borrowings	39 702 127	32 947 131
Related payables	175 907	47 866
Revaluation of hedged item due to banks	0	0
Total	40 291 778	32 994 997

17. Subordinated liabilities

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Subordinated liabilities	0	550 000
Subordinated liabilities related payables	0	180
Total	0	550 180

18. Information on related parties

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Assets/interest income		
Loans to Group companies	18	258
Other assets	0	0
Liability/interest expense		
Loans from Group companies	34 760 296	28 245 739
Related payables Group companies	150 696	38 550
Interest expenses to group companies	-572 332	-127 417
Subordinated liabilities	0	550 000
Interest expenses on subordinated liabilities	-15 574	-9 582

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

19. Capital adequacy

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
<i>Common Equity Tier 1 capital</i>		
Share capital	945 436	945 436
Share premium account	240 639	240 639
Other equity	6 137 353	6 166 027
Independently reviewed interim profits net of any foreseeable charge and dividend	0	0
Common Equity Tier 1 capital before regulatory adjustment	7 323 428	7 352 102
<i>Common equity Tier 1 capital: Regulatory adjustment</i>		
Deferred tax assets	0	0
Intangible assets (net of related tax liability)	-5 501	-13 352
Value adjustments due to the requirements for prudent valuation	-51	-52
Negative amounts resulting from the calculation of expected loss	-17 878	-30 043
Total regulatory adjustments to Common Equity Tier 1	-23 431	-43 446
Common Equity Tier 1 capital	7 299 997	7 308 656
Additional Tier 1 capital	0	0
Tier 1 capital	7 299 997	7 308 656
<i>Tier 2 capital: instrument and provision</i>		
Subordinated debt	0	550 000
Tier 2 capital before regulatory adjustment	0	550 000
Tier 2 capital: regulatory adjustment	0	0
Total regulatory adjustment to Tier 2 capital	0	0
Tier 2 capital	0	550 000
Total capital	7 299 997	7 858 656
<i>Calculation basis</i>		
Standardised method		
Local and regional authorities (including municipalities)	444 023	167 465
Institutions	241 771	35 659
Corporate	10 347 710	9 462 132
Other	146 897	135 214
Engagements in default	211 676	173 113
Total Credit risk, standardised method	11 392 077	9 973 583
IRB method		
Corporate - small and medium sized businesses	16 028 463	13 814 680
Corporate - other	6 659 373	5 041 508
Total Credit risk, IRB method	22 687 836	18 856 188
Credit risk weighted assets	34 079 913	28 829 771
Operational risk, basic indicator approach	3 068 288	2 911 940
Additional requirement according to Basel II floor	0	0
Total calculation basis	37 148 202	31 741 711

Capital ratios and buffers

Common Equity Tier 1	19,65 %	23,03 %
Tier 1	19,65 %	23,03 %
Total capital	19,65 %	24,76 %
Capital requirement (CET1) including institution specific buffers ex Pillar 2	12,15 %	10,80 %
...of which: capital conservation buffer	2,50 %	2,50 %
...of which: countercyclical buffer	2,42 %	0,95 %
...of which: systemic risk buffer	2,74 %	2,85 %
...of which: systemically important institution buffer	0,00 %	0,00 %
Common Equity Tier 1 above minimum capital requirements and capital buffers	7,50 %	12,22 %
Tier 1 capital above minimum capital requirements and capital buffers	6,00 %	10,72 %
Total capital above minimum capital requirements and capital buffers	4,00 %	10,46 %

Capital ratios and buffers, nominal amounts

Institution specific buffer requirement	4 514 673	3 428 569
...of which: capital conservation buffer	928 705	793 543
...of which: countercyclical buffer	897 686	301 546
...of which: systemic risk buffer	1 016 612	905 103
...of which: systemically important institution buffer	0	0
Common Equity Tier 1 above minimum capital requirements and capital buffers	2 784 949	3 880 087
Tier 1 capital above minimum capital requirements and capital buffers	2 228 892	3 403 961
Total capital above minimum capital requirements and capital buffers	1 485 928	3 319 127

Amount below the thresholds for deductions

Deferred tax assets arising from temporary differences	0	1 753
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Pillar 2 requirement

Additional core capital buffer requirement ratio	2,1 %	1,7 %
Additional core capital buffer requirement	780 112	539 609

Leverage ratio

Total Leverage Ratio exposure	52 071 961	44 354 551
Leverage Ratio	14,0 %	16,5 %

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

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

New regulations on capital requirements

Risk exposure amount (REA), own funds and capital ratios are calculated according to the Capital Requirement Directive (CRD) / Capital Requirement Regulation (CRR).

20. Method for calculation of fair value of financial instruments

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

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

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

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Financial assets - Level 2		
Hedging derivative assets	247 455	253 009
Revaluation differences	-32 073	-27 673
Total assets	215 383	225 336

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Financial liabilities - Level 2		
Financial liabilities at fair value through profit and loss	0	0
Hedging derivative liabilities	-313	381
Total liabilities	-313	381

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

21. Offsetting

The company has established CSA agreements (collateral security agreement) with its main counterparts. The agreements involve a

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Financial derivatives -assets		
Gross amount	247 765	253 009
Amounts that are offset	0	0
Net amount in financial position	247 765	253 009
Financial instruments on balance sheet	0	-381
Cash collateral in the balance sheet	0	0
Net position	247 766	252 628

NOK thousand	YTD Q2, 2023	YTD Q2, 2022
Financial derivatives -liabilities		
Gross amount	0	381
Amounts that are offset	0	0
Net amount in financial position	0	381
Financial instruments on balance sheet	0	-381
Cash collateral in the balance sheet	0	0
Net position	0	0

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

22. Contingencies

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

23. Assets pledged and received as security

Nordea Finance Equipment AS has no assets pledged as security.

24. Events after the reporting period

The company is at the date of issue, 14th August 2023, not familiar with matters that are likely to change the assessment of the financial position as at 31th June 2023.