

Nordea
FINANCE



**First-Quarter
Financial Report
2024**

Nordea Finance Equipment AS

Report of the Board of Directors as of March 31st 2024

Summary

In the three first months of 2024, Nordea Finance Equipment AS has:

-established new financing to clients for MNOK 6 486 (MNOK 5 493)

-net banking income of MNOK 491 (MNOK 469)

-total loan losses of MNOK 26.7 or 0,05% of average funded assets (MNOK 4 or 0.07%)

-total comprehensive income of MNOK 268 (MNOK 243)

-total assets of MNOK 54 260 (MNOK 47 478)

-capital adequacy ratio of 24,8 % (20,3 %) for Tier 1 capital and 24,8% (21,9 %) for total capital.

Business activities

In the three months, Nordea Finance Equipment AS has established new financing in Scandinavia of MNOK 6 486 compared to MNOK 5 493 for the same period in 2022. This is an increase of 18.1%.

In Norway the activity and volumes after three months in 2024 ends at MNOK 3 722 which is higher compared to MNOK 3 187 at the end of the first quarter of 2023. In Sweden new financing volumes increased compared to last year from MNOK 1 121 to MNOK 1 268 in Q1 2024. In Denmark new financing volumes increased compared to last year from MNOK 1 185 to MNOK 1 496 in Q1 2024.

Total assets at end of first quarter 2024 are MNOK 54 260 which is 14.3 % higher than MNOK 47 478 at end of March 2023. The majority of new sales within equipment finance in Norway are booked in Nordea Finance Equipment, and no longer in Nordea Finans Norge.

272 people were employed in Nordea Finance Equipment AS at the end of the first quarter 2024. This is a decrease in staff of 1 since year end 2023. Turn-over in the period ends at 4.0% compared to 4.7% in the same period last year. We consider the level of turnover acceptable.

Financial Results

Nordea Finance Equipment AS has Net Banking Income of MNOK 491 (MNOK 469) in the first three months of 2024. Net Interest Income after three months ends at MNOK 409 (MNOK 375). Net fees, income on other activity and net gains on financial instruments at fair value have decreased with 8,5 % to MNOK 81 (MNOK 94). The main driver for this decrease is lower gains from repossessed assets.

Operating expenses amount to MNOK 134 (MNOK 149) in the period ending March 31, 2024. This represents an decrease of MNOK 15 or 10.3%.

Total Cost of Risk year to date amounts to MNOK -24 (MNOK -4). This represents 0.05 % of average outstanding loans in the period. Net loans outstanding have increased from MNOK 46,596 in Q1 2023 to MNOK 53,096 in Q1 2024. Total write-down for impairment represents 1.0 % (1.0%) of outstanding loans at end of the quarter.

The operating profit is MNOK 330 (MNOK 316) in the first three months of 2024. 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 257 (MNOK 236) for the period from January 1st to March 31st, 2024.

Risk management and Capital adequacy

In Q1 there has been a capital injection of MNOK 1 700.

The regulatory capital by end Q1 2024 is MNOK 10 088. The regulatory capital consists of MNOK 10 088 Tier 1 capital and MNOK 0 Tier 2 capital.

The basis for the calculation of capital requirements and capital adequacy at the end of first quarter was MNOK 40 687, with credit risk weighted assets of MNOK 37 380.

The capital adequacy and Tier 1 capital ratio end of March 2024 was 24.8%.

Capital buffer requirements are constant in the period. Total capital buffer requirement above the prudential minimum capital levels is 7.6% compared to 7.6% at end of first quarter 2023.

The additional prudential pillar 2 requirement is decreased from 2.1% to 2.0%. The capital coverage is thus satisfactory compared to regulatory minimum requirements and the company's internal

requirements and guidelines for solidity and capital adequacy. As part of the company's capital management procedures, stress testing of all relevant risks is performed and the change in the

capital requirement under various stress scenarios evaluated. The capital adequacy is considered satisfactory also considering the results of the performed stress tests.

Oslo, May 8th 2024

Christian F. Karas
Chairman

Ellen Vibeke Pløger

Frank Klausen

Ari Antero Kaperi

Hans Christian Hustad

Rasmus Lykke
Kristiansen

Jon Brenden

Sjur Loen
Managing director

Income statement

NOK thousand	Notes	Q1, 2024	Q1, 2023	FY, 2023
Total interest income	4	935 863	708 143	3 262 465
Total interest expenses	4	-526 495	-333 054	-1 661 727
Fee and commission income	5	70 983	76 557	288 068
Fee and commission expense	5	-45 342	-49 780	-200 339
Net gains and losses on financial instruments	6	-522	-1 164	-2 977
Other operating income	5	56 192	68 424	231 445
Net banking income		490 678	469 125	1 916 934
Staff costs	7	-86 082	-90 652	-361 043
Other expenses	7	-47 619	-58 078	-212 355
Gross operating income		356 976	320 395	1 343 536
Net loan losses	11	-26 692	-4 184	-125 760
Operating income		330 285	316 212	1 217 776
Income tax expense	15	-72 855	-79 996	-140 007
Profit for the period		257 429	236 216	1 077 769
Other comprehensive income				
<i>Items that could be reclassified:</i>				
Exchange differences on translation of foreign operations		815	4 615	3 402
Taxes		-179	-1 013	-748
<i>Items that cannot be reclassified:</i>				
Actuarial gains and losses		11 618	4 391	16 560
Taxes		-2 556	-966	-3 643
Total comprehensive income of the period		9 698	7 027	15 570
Attributable to:				
Equity holder of the parent		267 127	243 243	1 093 339
Total		267 127	243 243	1 093 339

Balance sheet

NOK thousand	Notes	Q1, 2024	Q1, 2023	FY, 2023
Cash and balances with central banks		0	10	0
Hedging derivative assets	6,20,21	69 408	218 607	14 579
Loans to credit institutions	8	796 995	360 014	258 217
Loans to the public	9,10,11,12,13	53 095 991	46 596 293	51 647 110
Repossessed assets		14 983	16 768	15 868
Deferred tax assets	15	127 457	102 729	191 079
Tangible and intangible fixed assets		42 321	38 451	40 887
Other assets		113 071	145 802	87 064
Total		54 260 226	47 478 674	52 254 805
Hedging derivative liabilities	6,20	0	0	23 250
Deposits by credit institutions	16,18	42 557 306	37 847 173	42 563 302
Deposits and borrowings from the public		0	187 308	0
Other liabilities		972 378	1 131 502	911 280
Retirement benefit liabilities		83 456	101 453	95 275
Deferred tax liabilities	15	262 786	0	244 548
Current tax liabilities	15	24	93 414	0
Subordinated liabilities	17	0	550 362	0
Total liabilities		43 875 950	39 911 212	43 837 655
Share capital		1 010 000	945 436	945 436
Share premium account		1 876 075	240 639	240 639
Retained earnings		7 498 201	6 381 387	7 231 074
Total equity		10 384 276	7 567 462	8 417 149
Total		54 260 226	47 478 674	52 254 805

Oslo, 8th May 2023

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Statement of changes in equity

NOK thousand	Share capital	Share premium	Retained earnings	Translation differences	Other reserves	Total
Equity 01.01.23	945 436	240 639	7 161 334	-3 699	-20 479	8 323 231
Profit for the period			236 216			236 216
Other comprehensive income				3 592	3 425	7 017
Dividends			-999 214			-999 214
Share based payment					213	213
Total equity 31.03.23	945 436	240 639	6 398 336	-107	-16 841	7 567 462
Equity 01.01.24	945 436	240 639	7 239 887	-1 045	-7 768	8 417 149
Profit for the period			257 429			257 429
Other comprehensive income				636	9 062	9 698
Dividends						0
Share based payment					-1	-1
Equity injection	64 564	1 635 436				1 700 000
Total equity 31.03.24	1 010 000	1 876 075	7 497 317	-409	1 293	10 384 276

Cash flow statement

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Operations			
Interest income	913 387	646 232	3 198 819
Interest expenses	-526 495	-333 054	-1 661 727
Other receipts	100 492	110 556	393 019
Operating expenses	-111 832	-162 294	-585 146
Receipts on previous losses	3 825	5 380	23 405
Paid taxes	-12 589	-12 312	-45 345
Net cash flow from operations	366 787	254 509	1 323 026
New investments leasing	-4 740 550	-4 712 391	-21 863 629
Proceeds from sale of leasing assets	929 870	905 518	3 617 045
Decrease in loans (net)	2 349 444	2 042 801	11 147 841
Decrease (increase) in other receivables	-48 411	24 813	322 465
Decrease (increase) in advance payments	-26 007	-24 248	34 490
Net cash flow from current financial activity	-1 535 654	-1 763 507	-6 741 789
Decrease (increase) in tangible assets	-5 477	-2 032	84 619
Net cash flow from investment activity	-5 477	-2 032	84 619
Increase (decrease) in deposits from customers	0	45 802	-141 506
Payment of dividends	0	-999 214	-999 214
Increase (decrease) in equity	1 708 308	19 211	2 475
Increase (decrease) subordinated debt	0	0	-550 000
Increase (decrease) in loans from credit institutions	-140 081	2 538 065	0
Increase (decrease) in debt	192 623	155 095	0
Increase (decrease) accrued costs	-49 127	36	7 214 771
Currency exchange without cash effect	1 398	-15 408	-61 608
Net cash flow from long term financial activity	1 713 121	1 743 587	5 464 917
Net cash flow	538 777	-328 841	130 771
Cash at the 1st of January	360 001	127 444	127 444
Cash at end of period	898 778	360 001	258 215
Change cash during the period	538 777	232 557	130 771
Reconciliation cash at end of period			
Cash and balances with central banks	0	10	0
Deposits with credit institutions	796 995	359 991	258 217
Cash at end of period	796 995	360 001	258 217

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 2023. The accounting policies and methods of computation are unchanged from the 2023 Annual Report,

2. Important accounting estimates and discretionary evaluation

In the interim report for the first quarter of 2024, 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 2023 note 1.

3. Changes in significant accounting policies

No changes in significant accounting policies in 2024.

4. Net interest income

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Interest income from financial institutions, valued at amortised cost	11 767	31 846	31 846
Interest income from customers financial leases and loans, valued at amortised cost	920 826	669 771	669 771
Interest income financial instruments	3 271	6 525	6 525
Total interest income	935 863	708 143	708 143
Interest expenses to financial institutions, valued at amortised cost	-520 697	-309 784	-309 784
Interest expenses on deposits and debt to customers, valued at amortised cost	-4 836	-5 114	-5 114
Interest expenses financial instruments	2 169	15 800	15 800
Interest expenses on subordinated liabilities	0	-7 614	-7 614
Other interest expenses	-3 132	-26 343	-26 343
Total interest expenses	-526 495	-333 054	-333 054
Net interest income	409 368	375 089	375 089

5. Net fees and income on other activity

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Fee and commission income from loans and similar to customers	70 983	76 557	288 068
Fee and Commission income	70 983	76 557	288 068
Fee and commission expenses from loans and similar to customers	-48 184	-46 933	-168 864
Other fee and commission expense	2 841	-2 847	-31 475
Fee and Commission expense	-45 342	-49 780	-200 339
Net commission and fee income	25 640	26 777	87 729
Gains and losses repossessed assets	6 766	16 401	33 106
Termination gain and loss	38 476	40 727	169 053
Income from extension of leasing contracts	10 767	11 360	44 889
Other income	182	-63	-15 603
Total income other activity	56 192	68 424	231 445

6. Net gains on financial instruments at fair value

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Net gains on financial derivatives, trading	0	-536	-4 069
Change in fair value on financial derivatives, hedging	5 010	-4 209	-13 682
Change in fair value on hedged fixed interest loans	-5 543	3 313	13 894
Net change in value and gains on foreign currency	11	268	881
Net gains/losses on financial instruments at fair value through P&L	-522	-1 164	-2 977

7. Operating expenses

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Payroll	-58 272	-57 994	-232 328
Pensions	-8 326	-9 764	-35 116
Social security costs	-8 617	-8 966	-38 800
Other staff cost	-10 867	-13 928	-54 800
Staff costs	-86 082	-90 652	-361 043
Rent and other office costs	-4 973	-10 490	-22 993
Fees and temporary staff	-18 693	-23 158	-87 099
Travel and marketing	-1 575	-3 052	-13 371
Other operating costs	-2 268	-2 899	-11 272
Intragroup services	-14 773	-13 371	-61 420
Depreciation and gain/loss	-5 338	-5 109	-16 200
Other expenses	-47 619	-58 078	-212 355
Total operating expenses	-133 702	-148 730	-573 398

8. Loans to credit institutions

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Deposits with credit institutions	796 995	359 991	258 217
Loans to credit institutions	0	23	0
Due from banks before impairment	796 995	360 014	258 217

9. Loans to the public

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Equipment loans	8 687 685	7 036 746	8 246 037
Factoring receivables	0	207 787	0
Factoring loans	0	1 301 988	0
Financial lease agreements	51 508 244	38 531 087	43 991 267
Financial lease agreements allowance S3	-276 782	-244 882	-292 134
Impairment of individually impaired loans	-581 808	-481 315	-528 567
Net due from customers	59 614 121	46 596 293	51 708 737

10. Allowances recognised and customer loans

NOK thousand				Q1, 2024
	Stage 1	Stage 2	Stage 3	Total
Allowances on loans as of 01.01	-157 882	-119 870	-299 554	-577 306
Allowances on new loans	-72 008	-16 449	-19 171	-107 628
Movement from S1 to S2	18 428	-57 412	0	-38 983
Movement from S1 to S3	1 846	0	-45 328	-43 482
Movement from S2 to S3	0	9 004	-52 328	-43 324
Movement from S3 to S2	0	-989	18 237	17 248
Movement from S3 to S1	-35	0	5 269	5 234
Movement from S2 to S1	-5 596	27 142	0	21 546
Loans terminated	9 227	3 473	30 748	43 448
Change within stage	49 566	22 599	69 274	141 438
Allowances on loans at end of period	-156 452,979	-132 501,883	-292 853,170	-581 808
Customer loans before impairment	54 038 019	5 255 848	902 062	60 195 928

NOK thousand				Q1, 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	-24 322	-1 707	-381	-26 409
Movement from S1 to S2	10 445	-31 619	0	-21 174
Movement from S1 to S3	680	0	-13 868	-13 188
Movement from S2 to S3	0	3 701	-23 485	-19 784
Movement from S3 to S2	0	-1 172	11 468	10 295
Movement from S3 to S1	-43	0	2 633	2 589
Movement from S2 to S1	-5 323	17 400	0	12 077
Loans terminated	2 560	1 443	5 108	9 111
Change within stage	12 265	4 766	29 924	46 955
Allowances on loans at end of period	-148 424	-78 423	-254 469	-481 316
Customer loans before impairment	42 678 412	3 707 732	691 465	47 077 609

11. Losses and allowances recognised in profit and loss

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Losses on loans			
Write-downs for loan losses at end of period	-581 808	-481 315	-528 567
Exchange rate adjustments (opening balance)	-5 512	-8 344	-11 963
Write-downs for loan losses as at 01.01	577 306	481 788	481 788
Total actual losses	-20 503	-1 693	-90 423
Income on actual losses	3 825	5 380	23 405
Net loan losses	-26 692	-4 184	-125 760

12. Leasing (financial leasing assets)

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Purchase cost 01.01	76 097 045	67 408 997	67 408 997
Exchange rate difference	408 801	1 317 477	1 382 889
Inflow during the year	4 740 550	4 712 391	21 863 629
Outflow during the year	-3 608 347	-3 504 889	-14 558 470
Purchase cost at end of period	77 638 049	69 933 976	76 097 045
Accumulated ordinary depreciation 01.01	28 891 710	27 614 536	27 614 536
Exchange rate difference	130 594	513 121	557 740
Ordinary depreciation during the year	3 134 878	2 853 592	11 918 235
Reversed depreciation sold assets	-2 727 304	-2 655 891	-11 198 802
Accumulated depreciation at end of period	29 429 877	28 325 359	28 891 710
Book value leasing assets at end of period	48 208 172	41 608 618	47 205 335
Fair value changes, fixed interest	-18 431	-23 220	-12 888
Customer receivable	-3 191 715	-3 042 596	-3 206 612
Other accruals	-7 912	-11 715	-7 456
Book value in the balance sheet at end of period	44 990 115	38 531 087	43 978 379
Customer receivables are ordinary leasing receivables and advancement on leasing rent. Up front fees constitute other accruals.			
Within 1 year	12 358 550	10 375 656	11 953 434
1 to 5 years	39 135 408	32 856 244	37 852 542
After 5 years	0	0	0
Future minimum finance lease rental	51 493 958	43 231 900	49 805 976
Average interest	6,77 %	5,74 %	6,2%
Present value of minimum lease payments	44 641 502	38 160 546	43 584 135
Unearned finance income	6 485 412	4 677 692	5 814 710

13. Risk classification

NOK thousand	Q1, 2024	
	Net loans to customers	Whereof past due, non-doubtful
Days outstanding status		
Not past due	49 871 986	
1-29	2 417 946	2 376 615
30-59	541 244	459 210
60-89	52 766	33 854
90-179	128 926	25 811
> 180	65 582	12 521
> 1 year	17 541	1 337
Total	53 095 991	2 909 348

NOK thousand	Q1, 2023	
	Net loans to customers	Whereof past due, non-doubtful
Days outstanding status		
Not past due	44 876 318	
1-29	1 206 518	1 156 443
30-59	335 898	279 515
60-89	71 766	37 036
90-179	77 781	52 013
> 180	9 932	4 679
> 1 year	18 081	9 950
Total	46 596 293	1 539 635

Credit exposure:

NOK thousand	Q1, 2024	Q1, 2023
Net loans to customers	53 095 991	46 596 293
Positive market value derivatives	69 408	218 607
Guarantee liabilities and loan commitments	3 045 613	2 995 223
Total credit exposure	56 211 012	49 810 123

14. Doubtful loans

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Gross doubtful loans	902 062	691 465	809 862
- Write-downs on impaired assets	-292 853	-254 468	-301 720
Net doubtful loans	609 209	436 997	508 142

15. Income tax

The company calculates the tax payable based on an estimated effective tax rate. For 2023 the effective tax rate was 11.5% at year end and the expected effective tax rate for 2023 was 22.0%. For 2024 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 2024. The main contributor to the fluctuation in effective tax rate is exchange rate effects from the portfolio.

NOK thousand	YTD 2023	YTD 2022	YTD 2023
Current income tax expense	0	-92 265	9 688
Gross deferred tax expense	-72 855	12 269	-149 695
Income tax expense for the period	-72 855	-79 996	-140 007

16. Deposits by credit institutions

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Demand deposits and current accounts	475 942	302 474	341 897
Term deposits borrowings	41 861 365	37 397 815	42 004 891
Related payables	219 960	146 884	216 514
Revaluation of hedged item due to banks	0	0	0
Total	42 557 266	37 847 173	42 563 302

17. Subordinated liabilities

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Subordinated liabilities	0	550 000	0
Subordinated liabilities related payables	0	362	0
Total	0	550 362	0

18. Information on related parties

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Assets/interest income			
Loans to Group companies	0	23	0
Other assets	3 733	4 885	5 166
Liability/interest expense			
Loans from Group companies	38 410 444	32 568 107	38 648 147
Related payables Group companies	196 162	122 809	193 477
Interest expenses to group companies	-476 809	-255 006	-1 427 001
Subordinated liabilities	0	550 000	0
Interest expenses on subordinated liabilities	0	-7 614	-15 574

Funding is primarily provided by the parent company Nordea Bank Abp, on the basis of a framework agreement

19. Capital adequacy

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
<i>Common Equity Tier 1 capital</i>			
Share capital	1 010 000	945 436	945 436
Share premium account	1 876 075	240 639	240 639
Other equity	7 240 771	6 130 704	7 231 074
Independently reviewed interim profits net of any foreseeable charge and dividend			
Common Equity Tier 1 capital before regulatory adjustment	10 126 846	7 316 779	8 417 150
<i>Common equity Tier 1 capital: Regulatory adjustment</i>			
Deferred tax assets	0	0	0
Intangible assets (net of related tax liability)	-5 009	-9 028	-5 114
Value adjustments due to the requirements for prudent valuation	-38	-50	-27
Negative amounts resulting from the calculation of expected loss	-32 725	-9 141	-17 811
Total regulatory adjustments to Common Equity Tier 1	-37 771	-18 219	-22 952
Common Equity Tier 1 capital	10 088 390	7 298 560	8 393 501
Additional Tier 1 capital	0	0	0
Tier 1 capital	10 088 390	7 298 560	8 393 501
<i>Tier 2 capital: instrument and provision</i>			
Subordinated debt	0	550 000	0
Tier 2 capital before regulatory adjustment	0	550 000	0
Tier 2 capital: regulatory adjustment	0	0	0
Total regulatory adjustment to Tier 2 capital	0	0	0
Tier 2 capital	0	550 000	0
Total capital	10 088 390	7 848 560	8 393 501

Calculation basis

Standardised method			
Local and regional authorities (including municipalities)	146 865	412 179	149 848
Institutions	180 731	88 060	66 430
Corporate	11 699 381	10 921 424	10 853 564
Other	141 293	129 775	112 436
Engagements in default	218 094	216 323	213 634
Total Credit risk, standardised method	12 386 364	11 767 759	11 395 912

IRB method

Corporate - small and medium sized businesses	17 316 065	15 008 391	16 902 009
Corporate - other	7 677 996	5 986 740	7 828 809
Total Credit risk, IRB method	24 994 061	20 995 131	24 730 818

Credit risk weighted assets	37 380 425	32 762 890	36 126 730
Operational risk, basic indicator approach	3 306 657	3 068 288	3 306 657
Additional requirement according to Basel II floor	0	0	0

Total calculation basis	40 687 083	35 831 178	39 433 387
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Capital ratios and buffers

Common Equity Tier 1	24,80%	20,37%	21,29%
Tier 1	24,80%	20,37%	21,29%
Total capital	24,80%	21,90%	21,29%
Capital requirement including institution specific buffers	12,10%	12,07%	12,12%
...of which: capital conservation buffer	2,50%	2,50%	2,50%
...of which: countercyclical buffer	2,42%	2,29%	2,42%
...of which: systemic risk buffer	2,68%	2,77%	2,70%
...of which: systemically important institution buffer	0,00%	0,00%	0,00%
Common Equity Tier 1 above minimum capital requirements and capital buffers	12,70%	8,30%	9,17%
Tier 1 capital above minimum capital requirements and capital buffers	11,20%	6,80%	7,67%
17,6%	9,20%	6,33%	5,67%

Capital ratios and buffers, nominal amounts

Institution specific buffer requirement	4 924 120	4 323 509	4 780 703
...of which: capital conservation buffer	1 017 177	895 779	985 835
...of which: countercyclical buffer	986 011	821 251	954 958
...of which: systemic risk buffer	1 090 014	994 075	1 065 408
...of which: systemically important institution buffer	0	0	0
Common Equity Tier 1 above minimum capital requirements and capital buffers	5 166 276	2 975 302	3 614 665
Tier 1 capital above minimum capital requirements and capital buffers	4 555 970	2 437 835	3 023 164
Total capital above minimum capital requirements and capital buffer:	3 742 228	2 269 428	2 234 496

Pillar 2 requirement

Additional core capital buffer requirement ratio	2,0 %	2,1 %	2,1 %
Additional core capital buffer requirement	833 897	743 969	862 037

Leverage ratio

Total Leverage Ratio exposure	57 265 068	49 702 859	55 139 993
Leverage Ratio	17,6 %	14,7 %	15,2 %

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 continued 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.

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 2023.

Lending (loans and financial leasing) to and receivables on Nordea Finance Equipment AS uses the following hierarchy related to determining and disclosing the fair value of financial instruments:

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Financial assets - Level 2			
Hedging derivative assets	68 921	218 436	14 082
Revaluation differences	-18 431	-23 220	-12 888
Total assets	50 490	195 216	1 194

NOK thousand			
Financial liabilities - Level 2			
Financial liabilities at fair value through profit and loss	0	0	0
Hedging derivative liabilities	-487	-171	22 753
Total liabilities	-487	-171	22 753

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

21. Offsetting

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

NOK thousand	Q1, 2024	Q1, 2023	FY, 2023
Financial derivatives -assets			
Gross amount	69 408	218 607	12 940
Amounts that are offset	0	0	0
Net amount in financial position	69 408	218 607	12 940
Financial instruments on balance sheet	0	0	-8 671
Cash collateral in the balance sheet	0	0	0
Net position	69 408	218 606	4 269

NOK thousand	Q1, 2024	Q1, 2023	Q1, 2023
Financial derivatives -liabilities			
Gross amount	0	0	8 671
Amounts that are offset	0	0	0
Net amount in financial position	0	0	8 671
Financial instruments on balance sheet	0	0	-8 671
Cash collateral in the balance sheet	0	0	0
Net position	0	0	0

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

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

After first quarter a single engagement has gone bankrupt and it expected higher loan losses in second quarter. Apart from this, the company is at the date of issue, 8th May 2024, not familiar with matters that are likely to change the assessment of the financial position as at 31 Mars 2024.