

Nordea
FINANCE

**Half-year
Financial Report
2024**



Nordea Finance Equipment AS

Report of the Board of Directors as of June 30th 2024

Summary

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

- Established new financing to clients for MNOK 13 548 (MNOK 12 333)
- Net banking income of MNOK 1 036 (MNOK 964)
- Total loan losses of MNOK 174 or 0,05% of average funded assets (MNOK 32 or 0.07%)
- Total assets of MNOK 55 880 (MNOK 49 892)
- Capital adequacy ratio of 23.3 % (19.6 %) for Tier 1 capital and 23.3% (19.6 %) for total capital

Business activities

In the first half of 2024, Nordea Finance Equipment AS has established new financing in Scandinavia of MNOK 13 548 compared to MNOK 12 333 for the same period in 2023. This is an increase of 9.9%.

In Norway the activity and volumes after six months in 2024 ends at MNOK 7 695 which is higher compared to MNOK 7 134 at the end of the second quarter of 2023. In Sweden new financing volumes increased compared to last year from MNOK 2 959 to MNOK 2 963 in Q2 2024. In Denmark new financing volumes increased compared to last year from MNOK 2 240 to MNOK 2 890 in Q2 2024.

Total assets at end of second quarter 2024 are MNOK 55 880 which is 12.0 % higher than MNOK 49 892 at end of June 2023. The majority of new sales within equipment finance in Norway are booked in Nordea Finance Equipment, and no longer in Nordea Finans Norge.

217 people were employed in Nordea Finance Equipment AS at the end of the second quarter 2024. This is a decrease in staff of 41 since year end 2023, however 30 of these 41 employees are relocated to Nordea Finance Norge AS, and are therefore still employed in Nordea Finance. Turnover in the period at 18.2% but adjusted for the relocation the actual turnover is 7.4%, compared to 8.3 same period last year .

Nordea Finance Equipment AS are in process of implementing new models for collective provision.

These changes are not expected to give material changes in the financials.

Financial Results

Nordea Finance Equipment AS has Net Banking Income of MNOK 1 036 (MNOK 964) in the first half of 2024. Net Interest Income after six months ends at MNOK 856 (MNOK 775). Net fees, income on other activity and net gains on financial instruments at fair value have decreased with 4.3% to MNOK 180 (MNOK 188). The main driver for this decrease is rewriting of Receivable Finance to Nordea Finans Norge in Q2 2023.

Operating expenses amount to MNOK 276 (MNOK 289) in the period ending June 30th, 2024. This represents a decrease of 4.5%.

Total Cost of Risk year to date amounts to MNOK -174 (MNOK -33). This represents 0.3% of average outstanding loans in the period. Net loans outstanding have increased from MNOK 48 181 in Q2 2023 to MNOK 54 856 in Q2 2024. Total write-down for impairment represents 1.0% (1.0%) of outstanding loans at end of the quarter.

The operating income is MNOK 585 (MNOK 642) in the first half of 2024. Operating income decreased driven by higher net loan losses.

Nordea Finance Equipment AS had a profit for first half year 2024 of MNOK 456 (MNOK 487).

Risk management and Capital adequacy

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

The regulatory capital by end Q2 2024 is MNOK 9 985. The regulatory capital consists of MNOK 9 985 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 42 875, with credit risk weighted assets of MNOK 39 568.

The capital adequacy and Tier 1 capital ratio end of June 2024 was 23.3%.

Capital buffer requirements are in the period. Total capital buffer requirement above the prudential minimum capital levels is 7.6% compared to 4.0% at end of second quarter 2023.

The additional prudential pillar 2 requirement is 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, August 14th 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	Q2, 2024	Q2, 2023	YTD Q2, 2024	YTD Q2, 2023	FY, 2023
Total interest income	4	963 470	757 561	1 899 333	1 465 704	3 262 465
Total interest expenses	4	-517 145	-357 515	-1 043 641	-690 570	-1 661 727
Fee and commission income	5	61 232	68 516	132 215	145 072	288 068
Fee and commission expense	5	-41 318	-41 901	-86 660	-91 681	-200 339
Net gains and losses on financial instruments	6	-2 259	1 417	-2 780	253	-2 977
Other operating income	5	81 010	66 326	137 202	134 751	231 445
Net banking income		544 991	494 404	1 035 669	963 530	1 916 934
Staff costs	7	-91 609	-86 761	-177 692	-177 413	-361 043
Other expenses	7	-50 912	-53 106	-98 531	-111 184	-212 355
Gross operating income		402 470	354 537	759 446	674 932	1 343 536
Net loan losses	11	-147 444	-28 660	-174 135	-32 843	-125 760
Operating income		255 026	325 878	585 310	642 089	1 217 776
Income tax expense	15	-56 995	-75 226	-129 153	-155 222	-140 007
Profit for the period		198 031	250 651	456 157	486 867	1 077 769

Other comprehensive income

Items that could be reclassified:

Exchange differences on translation of foreign operations	-1 280	-723	-465	3 895	3 402
Taxes	282	159	102	-857	-748

Items that cannot be reclassified:

Actuarial gains and losses	1 616	9 771	13 234	14 162	16 560
Taxes	-356	-2 150	-2 911	-3 116	-3 643
Total comprehensive income of the period	262	7 057	9 960	14 084	15 570

Attributable to:

Equity holder of the parent	198 293	257 708	466 117	500 951	1 093 339
Total	198 293	257 708	466 117	500 951	1 093 339

Balance sheet

NOK thousand	Notes	Q2, 2024	Q2, 2023	FY, 2023
Cash and balances with central banks		0	10	0
Hedging derivative assets	6,20,21	57 572	247 765	14 579
Loans to credit institutions	8	703 853	1 135 796	258 217
Loans to the public	9,10,11,12,13	54 855 634	48 181 154	51 647 110
Fair value changes		0	0	0
Reposessed assets		22 719	12 053	15 868
Deferred tax assets	15	94 011	115 716	191 079
Tangible and intangible fixed assets		42 813	35 023	40 887
Other assets		103 276	164 417	87 064
Total		55 879 878	49 891 934	52 254 805
Hedging derivative liabilities	6,20	0	0	23 250
Deposits by credit institutions	16,18	43 856 411	40 291 778	42 563 302
Deposits and borrowings from the public		0	446 695	0
Other liabilities		1 078 134	1 045 692	911 280
Retirement benefit liabilities		81 609	93 709	95 275
Deferred tax liabilities	15	280 886	0	244 548
Current tax liabilities	15	-73	189 302	0
Subordinated liabilities	17	0	0	0
Total liabilities		45 296 967	42 067 175	43 837 655
Share capital		1 010 000	945 436	945 436
Share premium account		1 876 075	240 639	240 639
Retained earnings		7 696 836	6 638 684	7 231 074
Total equity		10 582 911	7 824 759	8 417 149
Total		55 879 878	49 891 934	52 254 805

Oslo, August 14th, 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

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			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 31.06.23	945 436	240 639	6 648 987	-661	-9 642	7 824 758
Equity 01.01.24	945 436	240 639	7 239 887	-1 045	-7 768	8 417 149
Profit for the period			456 157			456 157
Other comprehensive income				-363	10 323	9 960
Dividends						0
Share based payment					-355	-355
Equity injection	64 564	1 635 436				1 700 000
Total equity 31.06.24	1 010 000	1 876 075	7 696 044	-1 408	2 200	10 582 911

Cash flow statement

NOK thousand	Q2, 2024	Q2, 2023	FY, 2023
Operations			
Interest income	1 864 175	1 407 889	3 198 819
Interest expenses	-1 043 641	-689 850	-1 661 727
Other receipts	222 962	223 805	393 019
Operating expenses	-303 609	-318 666	-585 146
Receipts on previous losses	7 894	10 579	23 405
Paid taxes	-25 089	-24 880	-45 345
Net cash flow from operations	722 692	608 876	1 323 026
New investments leasing	10 611	-10 464 251	-21 863 629
Proceeds from sale of leasing assets	2 144 289	1 835 688	3 617 045
Decrease in loans (net)	-5 514 546	5 216 024	11 147 841
Decrease (increase) in other receivables	-63 228	-3 625	322 465
Decrease (increase) in advance payments	-16 212	-42 863	34 490
Net cash flow from current financial activity	-3 439 086	-3 459 028	-6 741 789
Decrease (increase) in tangible assets	-14 943	6 048	84 619
Net cash flow from investment activity	-14 943	6 048	84 619
Increase (decrease) in deposits from customers	0	305 189	-141 506
Payment of dividends	0	-999 214	-999 214
Increase (decrease) in equity	1 709 948	-209	2 475
Increase (decrease) subordinated debt	0	-550 000	-550 000
Increase (decrease) in loans from credit institutions	1 256 823	4 871 399	7 214 771
Increase (decrease) in debt	210 562	222 244	0
Currency exchange without cash effect	-363	3 038	-61 608
Net cash flow from long term financial activity	3 176 971	3 852 447	5 464 917
Net cash flow	445 634	1 008 343	130 771

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 second 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	Q2, 2024	Q2, 2023	YTD Q2, 2024	YTD Q2, 2023
Interest income from financial institutions, valued at amortised cost	11 166	-18 896	22 932	12 950
Interest income from customers financial leases and loans, valued at amortised cost	950 169	769 713	1 870 995	1 439 484
Interest income financial instruments	1 325	6 744	4 596	13 269
Total interest income	963 470	757 561	1 899 333	1 465 704
Interest expenses to financial institutions, valued at amortised cost	-514 559	-382 597	-1 035 256	-692 381
Interest expenses on deposits and debt to customers, valued at amortised cost	-5 257	733	-10 093	-4 381
Interest expenses financial instruments	4 464	12 764	6 633	28 565
Interest expenses on subordinated liabilities	0	-7 959	0	-15 574
Other interest expenses	-1 793	19 543	-4 925	-6 799
Total interest expenses	-517 145	-357 515	-1 043 641	-690 570
Net interest income	446 325	400 046	855 692	775 135

5. Net fees and income on other activity

NOK thousand	Q2, 2024	Q2, 2023	YTD Q2, 2024	YTD Q2, 2023
Fee and commission income from loans and similar to customers	61 232	68 516	132 215	145 072
Fee and Commission income	61 232	68 516	132 215	145 072
Fee and commission expenses from loans and similar to customers	-36 293	-38 986	-84 476	-85 919
Other fee and commission expense	-5 025	-2 916	-2 184	-5 763
Fee and Commission expense	-41 318	-41 901	-86 660	-91 681
Net commission and fee income	19 915	26 615	45 555	53 391
Gains and losses repossessed assets	12 361	9 317	19 127	25 718
Termination gain and loss	37 316	43 407	75 792	84 133
Income from extension of leasing contracts	13 212	10 563	23 979	21 923
Other income	18 121	3 040	18 304	2 976
Total income other activity	81 010	66 326	137 202	134 751

6. Net gains on financial instruments at fair value

NOK thousand	Q2, 2024	Q2, 2023	YTD Q2, 2024	YTD Q2, 2023
Net gains on financial derivatives, trading	0	6	0	-530
Change in fair value on financial derivatives, hedging	-19 092	9 993	-14 082	5 784
Change in fair value on hedged fixed interest loans	18 431	-8 584	12 888	-5 271
Net change in value and gains on foreign currency	-1 598	2	-1 586	270
Net gains/losses on financial instruments at fair value through	-2 259	1 417	-2 780	253

7. Operating expenses

NOK thousand	Q2, 2024	Q2, 2023	YTD Q2, 2024	YTD Q2, 2023
Payroll	-51 175	-59 590	-109 447	-117 584
Pensions	-8 159	-9 137	-16 484	-18 901
Social security costs	-8 941	-8 665	-17 558	-17 632
Other staff cost	-23 335	-9 369	-34 202	-23 296
Staff costs	-91 609	-86 761	-177 692	-177 413
Rent and other office costs	-5 731	-4 700	-10 704	-15 191
Fees and temporary staff	-23 529	-25 303	-42 222	-48 461
Travel and marketing	-2 874	-3 846	-4 448	-6 898
Other operating costs	-2 406	-2 544	-4 674	-5 442
Intragroup services	-14 148	-13 582	-28 921	-26 953
Depreciation and gain/loss	-2 224	-3 131	-7 562	-8 239
Other expenses	-50 912	-53 106	-98 531	-111 184
Total operating expenses	-142 521	-139 867	-276 223	-288 597

8. Loans to credit institutions

NOK thousand	Q2, 2024	Q2, 2023
Deposits with credit institutions	703 853	1 135 778
Loans to credit institutions	0	18
Due from banks before impairment	703 853	1 135 796
Impairment of individually impaired loans	0	0
Net due from banks	703 853	1 135 796

9. Loans to the public

NOK thousand	Q2, 2024	Q2, 2023
Equipment loans	9 209 881	7 529 900
Factoring receivables	0	209 897
Factoring loans	0	324 578
Financial lease agreements	46 297 491	40 620 705
Customer loans before impairment	55 507 373	48 685 080
Impairment	-651 739	-503 926
Net due from customers	54 855 634	48 181 154

10. Allowances recognised and customer loans

NOK thousand	Q2, 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	-50 432	-11 845	-21 877	-84 154
Movement from S1 to S2	19 674	-73 914	0	-54 240
Movement from S1 to S3	4 010	0	-167 892	-163 882
Movement from S2 to S3	0	6 620	-36 612	-29 992
Movement from S3 to S2	0	-7 742	116 888	109 146
Movement from S3 to S1	-351	0	18 808	18 456
Movement from S2 to S1	-7 028	32 518	0	25 490
Loans terminated	3 131	2 385	17 571	23 087
Change within stage	22 387	15 183	44 087	81 657
Allowances on loans at end of period	-166 491	-156 665	-328 582	-651 739
Customer loans before impairment	49 349 463	5 255 848	902 062	55 507 372

NOK thousand	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	-26 409
Movement from S1 to S2	14 285	-45 786	0	-21 174
Movement from S1 to S3	1 017	0	-28 652	-13 188
Movement from S2 to S3	0	6 505	-39 065	-19 784
Movement from S3 to S2	0	-934	17 869	10 295
Movement from S3 to S1	-629	0	5 220	2 589
Movement from S2 to S1	-4 691	19 558	0	12 077
Loans terminated	5 601	2 607	18 192	9 111
Change within stage	20 195	7 799	49 823	46 955
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

11. Losses and allowances recognised in profit and loss

NOK thousand	Q2, 2024	Q2, 2023
Losses on loans		
Write-downs for loan losses at end of period	-651 739	-503 926
Exchange rate adjustments (opening balance)	29 062	-12 408
Write-downs for loan losses as at 01.01	577 306	481 788
Total actual losses	-136 658	-8 876
Income on actual losses	7 894	10 579
Net loan losses	-174 135	-32 843

12. Leasing (financial leasing assets)

NOK thousand	Q2, 2024	Q2, 2023
Purchase cost 01.01	76 097 045	67 408 997
Exchange rate difference	888	1 655 553
Inflow during the year	10 611 997	10 464 251
Outflow during the year	-7 715 043	-7 228 364
Purchase cost at end of period	78 994 886	72 300 437
Accumulated ordinary depreciation 01.01	28 891 710	27 614 536
Exchange rate difference	-9 804	640 141
Ordinary depreciation during the year	6 295 029	5 851 889
Reversed depreciation sold assets	-5 621 978	-5 512 234
Accumulated depreciation at end of period	29 554 958	28 594 331
Book value leasing assets at end of period	49 439 928	43 706 106
Fair value changes, fixed interest		
Customer receivable	-3 135 417	-3 060 736
Other accruals	-7 020	7 408
Book value in the balance sheet at end of period	46 297 491	40 652 777
Customer receivables are ordinary leasing receivables and advancement on leasing rent. Up front fees constitute other accruals.		
Overview of future minimum finance lease rental:		
Within 1 year	12 589 647	11 011 831
1 to 5 years	39 867 216	34 870 798
After 5 years	0	
Future minimum finance lease rental	52 456 863	45 882 629
Average interest	6,27 %	5,76 %
Present value of minimum lease payments	45 549 356	40 496 643
Unearned finance income	6 485 412	4 979 998

13. Risk classification

NOK thousand	Q2, 2024	
Days outstanding status	Net loans to customers	Whereof past due, non-doubtful
Not past due	51 698 140	
1-29	2 339 159	2 203 228
30-59	87 593	81 348
60-89	343 233	323 812
90-179	244 937	41 378
> 180	112 741	17 791
> 1 year	29 830	3 865
Total	54 855 634	2 671 423

NOK thousand	Q2, 2023	
Days outstanding status	Net loans to customers	Whereof past due, non-doubtful
Not past due	45 702 592	
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	48 181 153	2 246 336

Credit exposure:		
NOK thousand	Q2, 2024	Q2, 2023
Net loans to customers	54 855 634	48 181 153
Positive market value derivatives	57 572	247 765
Guarantee liabilities and loan commitments	3 045 613	2 995 223
Total credit exposure	57 958 818	51 424 142

14. Doubtful loans

NOK thousand	Q2, 2024	Q2, 2023
Gross doubtful loans	902 062	707 646
- Write-downs on impaired assets	-328 582	-249 424
Net doubtful loans	573 480	458 222

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 June 30th 2024. The main contributor to the fluctuation in effective tax rate is exchange rate effects from the portfolio.

NOK thousand	YTD 2023	YTD 2022
Current income tax expense	0	-188 152
Gross deferred tax expense	-129 153	32 930
Income tax expense for the period	-129 153	-155 222

16. Deposits by credit institutions

NOK thousand	Q2, 2024	Q2, 2023
Demand deposits and current accounts	378 170	413 744
Term deposits borrowings	43 260 937	39 702 127
Related payables	217 291	175 907
Revaluation of hedged item due to banks	0	0
Total	43 856 399	40 291 778

17. Subordinated liabilities

NOK thousand	Q2, 2024	Q2, 2023
Subordinated liabilities	0	-550 000
Subordinated liabilities related payables	0	-362
Total	0	-550 362

18. Information on related parties

NOK thousand	Q2, 2024	Q2, 2023
Assets/interest income		
Loans to Group companies	0	18
Other assets	2 091 800	2 777 437
Liability/interest expense		
Loans from Group companies	39 829 987	34 760 296
Related payables Group companies	193 733	150 696
Interest expenses to group companies	-947 120	-572 332
Subordinated liabilities	0	0
Interest expenses on subordinated liabilities	0	-15 574

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

19. Capital adequacy

NOK thousand	Q2, 2024	Q2, 2023
Common Equity Tier 1 capital		
Share capital	1 010 000	945 436
Share premium account	1 876 075	240 639
Other equity	7 240 651	6 137 353
Independently reviewed interim profits net of any foreseeable charge and dividend		0
Common Equity Tier 1 capital before regulatory adjustment	10 126 726	7 316 779
Common Equity Tier 1 capital: Regulatory adjustment		
Deferred tax assets	0	0
Intangible assets (net of related tax liability)	-4 915	-5 501
Value adjustments due to the requirements for prudent valuation	0	-51
Negative amounts resulting from the calculation of expected loss	-136 317	-17 878
Total regulatory adjustments to Common Equity Tier 1	-141 232	-23 431
Common Equity Tier 1 capital	9 984 808	7 299 997
Additional Tier 1 capital	0	0
Tier 1 capital	9 984 808	7 299 997
Tier 2 capital	0	0
Total capital	9 984 808	7 299 997
Calculation basis		
Standardised method		
Local and regional authorities (including municipalities)	145 597	444 023
Institutions	160 234	241 771
Corporate	11 881 755	10 347 710
Other	162 358	146 897
Engagements in default	141 288	211 676
Total Credit risk, standardised method	12 491 231	11 392 077
IRB method		
Corporate - small and medium sized businesses	19 029 817	16 028 463
Corporate - other	8 047 140	6 659 373
Total Credit risk, IRB method	27 076 957	22 687 836
Credit risk weighted assets	39 568 188	34 079 913
Operational risk, basic indicator approach	3 306 657	3 068 288
Additional requirement according to Basel II floor	0	0
Total calculation basis	42 874 845	37 148 202

NOK thousand	Q2, 2024	Q2, 2023
Capital ratios and buffers		
Common Equity Tier 1	23,29 %	19,65 %
Tier 1	23,29 %	19,65 %
Total capital	23,29 %	19,65 %
Capital requirement including institution specific buffers	12,16 %	12,15 %
...of which: capital conservation buffer	2,50 %	2,50 %
...of which: countercyclical buffer	2,43 %	2,42 %
...of which: systemic risk buffer	2,73 %	2,74 %
...of which: systemically important institution buffer	0,00 %	0,00 %
Common Equity Tier 1 above minimum capital requirements and capital buffers	11,13 %	7,50 %
Tier 1 capital above minimum capital requirements and capital buffers	9,63 %	6,00 %
Total capital above minimum capital requirements and capital buffers	7,63 %	4,00 %
Capital ratios and buffers, nominal amounts		
Institution specific buffer requirement	5 211 511	4 514 673
...of which: capital conservation buffer	1 071 871	928 705
...of which: countercyclical buffer	1 040 058	897 686
...of which: systemic risk buffer	1 170 214	1 016 612
...of which: systemically important institution buffer	0	0
Common Equity Tier 1 above minimum capital requirements and capital buffers	4 774 041	2 784 949
Tier 1 capital above minimum capital requirements and capital buffers	4 130 918	2 228 892
Total capital above minimum capital requirements and capital buffers	3 273 421	1 485 928
Amount below the thresholds for deductions		
Deferred tax assets arising from temporary differences		0
Pillar 2 requirement		
Additional core capital buffer requirement ratio	2,0 %	2,1 %
Additional core capital buffer requirement	865 235	780 112
Leverage ratio		
Total Leverage Ratio exposure	59 080 377	52 071 961
Leverage Ratio	16,9 %	14,0 %

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 customers:

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

NOK thousand	Q2, 2024	Q2, 2023
Financial assets - Level 2		
Hedging derivative assets	57 572	29 020
Revaluation differences	0	-8 853
Total assets	57 572	20 167

NOK thousand		
Financial liabilities - Level 2		
Financial liabilities at fair value through profit and loss	0	0
Hedging derivative liabilities	0	-143
Total liabilities	0	-143

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	Q2, 2024	Q2, 2023
Financial derivatives -assets		
Gross amount	57 572	247 765
Amounts that are offset	0	0
Net amount in financial position	57 572	247 765
Financial instruments on balance sheet	0	0
Cash collateral in the balance sheet	-488 360	0
Net position	-430 788	247 766

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, August 14th 2024, not familiar with matters that are likely to change the assessment of the financial position as at June 30th 2024.