



Third Quarter Financial Report 2024



Nordea Finance Equipment AS

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

Summary

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

- Net banking income of MNOK 1 565 (MNOK 1 460)
- Net loan losses of MNOK 233 (MNOK 68)
- Total assets of MNOK 57 112 (MNOK 50 533)
- Capital adequacy ratio of 23.4 % (19.1 %) for Tier 1 capital and 23.4% (19.1 %) for total capital

Business activities

Total assets at end of September 2024 are MNOK 57 112 which is 13 % higher than MNOK 50 533 at end of September 2023.

225 people were employed in Nordea Finance Equipment AS at the end of the September 2024. This is a decrease in staff of 53 since year end 2023, however 30 of these 53 employees are relocated to Nordea Finance Norge AS, and are therefore still employed in Nordea Finance. Turnover in the period at 24% but adjusted for the relocation the actual turnover is 12%, same as Q3 last year .

Julie Ytreland has been appointed to CEO in Nordea Finance Equipment AS. She started in the position 1st November 2024.

In Q3 Nordea Finance Equipment AS implemented a new calculation method for collective provision an a new definition of default customers. These changes has increased number of customers in default and allowance on loans in stage 3.

Financial Results

Nordea Finance Equipment AS has Net Banking Income of MNOK 1 565 (MNOK 1 460) in the first nine months of 2024. Net Interest Income after nine months ends at MNOK 1 310 (MNOK 1 195). Net fees, income on other activity and net gains on financial instruments at fair value have decreased with 3,4% to MNOK 255 (MNOK 265). The main

driver for this decrease is rewriting of Receivable Finance to Nordea Finans Norge in Q2 2023.

Operating expenses amount to MNOK 404 (MNOK 422) in the period ending September 30th, 2024. This represents an decrease of 4.3%.

Net loan losses year to date amounts to MNOK 233 (MNOK 68). This represents 0.4% of average outstanding loans in the period. Net loans outstanding have increased from MNOK 49 637 in Q3 2023 to MNOK 56 516 in Q3 2024. Total write-down for impairment represents 1.2% (1.0%) of outstanding loans at end of the quarter.

The operating income is MNOK 928 (MNOK 969) in the first nine months of 2024. The main drivers for the decrease in operating income is related to increase net loan losses.

Nordea Finance Equipment AS had a profit for first nine months in 2024 of MNOK 723 (MNOK 754).

Risk management and Capital adequacy

In Q1 there was a capital injection of MNOK 1 700.

The regulatory capital by end Q3 2024 is MNOK 9 991. The regulatory capital consists of MNOK 9 991 Tier 1 capital and MNOK 0 Tier 2 capital.

Total risk exposure amount to MNOK 42 629 end of September 2024, of which credit risk weighted assets amounted to MNOK 39 323.

The capital adequacy and Tier 1 capital ratio end of September 2024 was 23.4%.

Capital buffer requirements are unchanged in the period. Total capital is 7.8% (3.5%) above minimum capital requirements and capital buffers.

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, November 13th 2024

Christian F. Karas
Chairman

Ellen Vibeke Pløger

Frank Klausen

Ari Antero Kaperi

Hans Christian Hustad

Rasmus Lykke
Kristiansen

Jon Brenden

Julie Ytreland
CEO

Income statement

NOK thousand	Notes	Q3, 2024	Q3, 2023	YTD Q3, 2024	YTD Q3, 2023	FY, 2023
Total interest income	4	990 391	868 699	2 889 725	2 334 403	3 262 465
Total interest expenses	4	-536 012	-448 439	-1 579 653	-1 139 008	-1 661 727
Fee and commission income	5	66 693	75 773	198 908	220 845	288 068
Fee and commission expense	5	-54 783	-49 872	-141 443	-141 553	-200 339
Net gains and losses on financial instruments	6	-2 467	-1 722	-5 247	-1 469	-2 977
Other operating income	5	65 249	52 060	202 450	186 811	231 445
Net banking income		529 072	496 499	1 564 740	1 460 028	1 916 934
Staff costs	7	-87 329	-88 768	-265 021	-266 181	-361 043
Other expenses	7	-40 219	-44 991	-138 750	-156 176	-212 355
Gross operating income		401 524	362 739	1 160 970	1 037 671	1 343 536
Net loan losses	11	-59 153	-35 539	-233 288	-68 383	-125 760
Operating income		342 371	327 199	927 681	969 288	1 217 776
Income tax expense	15	-75 513	-59 770	-204 667	-214 992	-140 007
Profit for the period		266 858	267 429	723 015	754 296	1 077 769
Other comprehensive income						
<i>Items that could be reclassified:</i>						
Exchange differences on translation of foreign operations		5 806	-1 324	6 271	2 570	3 402
Taxes		-1 277	291	-1 380	-565	-748
<i>Items that cannot be reclassified:</i>						
Actuarial gains and losses		676	5 023	13 910	19 185	16 560
Taxes		-149	-1 105	-3 060	-4 221	-3 643
Total comprehensive income of the period		5 056	2 885	15 741	16 969	15 570
<i>Attributable to:</i>						
Equity holder of the parent		271 914	270 314	738 756	771 265	1 093 339
Total		271 914	270 314	738 756	771 265	1 093 339

Balance sheet

NOK thousand	Notes	Q3, 2024	Q3, 2023	FY, 2023
Cash and balances with central banks		0	10	0
Hedging derivative assets	6,20,21	0	130 663	14 579
Loans to credit institutions	8	303 570	409 031	258 217
Loans to the public	9,10,11,12,13	56 515 709	49 637 464	51 647 110
Fair value changes		0	-36 920	0
Reposessed assets		47 420	14 899	15 868
Deferred tax assets	15	89 018	152 818	191 079
Tangible and intangible fixed assets		46 477	45 630	40 887
Other assets		109 464	142 379	87 064
Total assets		57 111 656	50 532 894	52 254 805
Financial liabilities at fair value through profit and loss	6,21	0	0	0
Hedging derivative liabilities	6,20	21 128	0	23 250
Deposits by credit institutions	16,18	44 962 319	41 034 406	42 563 302
Deposits and borrowings from the public		0	7 515	0
Other liabilities		829 376	1 025 548	911 280
Retirement benefit liabilities		82 648	90 696	95 275
Deferred tax liabilities	15	280 896	0	244 548
Current tax liabilities	15	79 567	279 658	0
Subordinated liabilities	17	0	0	0
Total liabilities		46 255 935	42 437 823	43 837 655
Share capital		1 010 000	945 436	945 436
Share premium account		1 876 075	240 639	240 639
Retained earnings		7 969 647	6 908 997	7 231 074
Total equity		10 855 722	8 095 072	8 417 149
Total		57 111 656	50 532 894	52 254 805

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CEO

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			754 296			754 296
Other comprehensive income				2 005	14 965	16 970
Dividends			-999 214			-999 214
Share based payment					-209	-209
Total equity 30.09.23	945 436	240 639	6 916 416	-1 694	-5 723	8 095 074
Equity 01.01.24	945 436	240 639	7 239 887	-1 045	-7 768	8 417 149
Profit for the period			723 015			723 015
Other comprehensive income				4 892	10 850	15 741
Dividends						0
Share based payment					-184	-184
Equity injection	64 564	1 635 436				1 700 000
Total equity 30.09.24	1 010 000	1 876 075	7 962 902	3 846	2 898	10 855 722

Cash flow statement

NOK thousand	Q3, 2024	Q3, 2023	FY, 2023
Operations			
Interest income	2 836 990	2 287 706	3 198 819
Interest expenses	-1 579 653	-1 139 008	-1 661 727
Other receipts	318 674	318 991	393 019
Operating expenses	-357 640	-385 414	-585 146
Receipts on previous losses	10 970	16 866	23 405
Paid taxes	-37 785	-36 910	-45 345
Net cash flow from operations	1 191 555	1 062 231	1 323 026
New investments leasing	-15 382 365	-16 418 346	-21 863 629
Proceeds from sale of leasing assets	3 080 815	2 632 045	3 617 045
Decrease in loans (net)	7 217 074	8 837 493	11 147 841
Decrease (increase) in other receivables	-9 230	78 601	322 465
Decrease (increase) in advance payments	-22 400	-20 826	34 490
Net cash flow from current financial activity	-5 116 105	-4 891 033	-6 741 789
Decrease (increase) in tangible assets	-25 819	6 985	84 619
Shares and primary capital certificates	0		
Net cash flow from investment activity	-25 819	6 985	84 619
Increase (decrease) in deposits from customers	0	-133 991	-141 506
Payment of dividends	0	-999 413	-999 214
Increase (decrease) subordinated debt	0	-550 000	-550 000
Increase (decrease) in loans from credit institutions	2 434 497	5 621 351	7 214 771
Increase (decrease) in debt	-77 318	231 073	0
Increase (decrease) accrued costs	-66 198	-67 613	0
Currency exchange without cash effect	4 891	2 005	-61 608
Net cash flow from long term financial activity	3 995 720	4 103 412	5 464 917
Net cash flow	45 351	281 595	130 771
Cash at the 1st of January	258 219	127 444	127 444
Cash at end of period	303 570	409 039	258 215
Change cash during the period	45 351	281 595	130 771
Reconciliation cash at end of period			
Cash and balances with central banks	0	10	0
Deposits with credit institutions	303 570	409 031	258 217
Cash at end of period	303 570	409 041	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 third 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	Q3, 2024	Q3, 2023	YTD Q3, 2024	YTD Q3, 2023
Interest income from financial institutions, valued at amortised cost	12 287	15 051	35 219	28 001
Interest income from customers financial leases and loans, valued at amortised cost	978 029	846 568	2 849 024	2 286 052
Interest income financial instruments	0	5 972	4 596	19 242
Total interest income	990 391	868 699	2 889 725	2 334 403
Interest expenses to financial institutions, valued at amortised cost	-534 055	-450 703	-1 569 311	-1 143 084
Interest expenses on deposits and debt to customers, valued at amortised cost	-4 796	-4 072	-14 889	-8 453
Interest expenses financial instruments	5 326	9 555	11 958	38 119
Interest expenses on subordinated liabilities	0	0	0	-15 574
Other interest expenses	-2 487	-3 218	-7 411	-10 017
Total interest expenses	-536 012	-448 439	-1 579 653	-1 139 008
Net interest income	454 380	420 260	1 310 072	1 195 395

5. Net fees and income on other activity

NOK thousand	Q3, 2024	Q3, 2023	YTD Q3, 2024	YTD Q3, 2023
Fee and commission income from loans and similar to customers	66 693	75 773	198 908	220 845
Fee and Commission income	66 693	75 773	198 908	220 845
Fee and commission expenses from loans and similar to customers:	-51 454	-47 191	-135 930	-133 110
Other fee and commission expense	-3 329	-2 681	-5 513	-8 444
Fee and Commission expense	-54 783	-49 872	-141 443	-141 553
Net commission and fee income	11 910	25 901	57 465	79 292
Gains and losses repossessed assets	9 082	2 444	28 210	28 162
Termination gain and loss	39 967	37 256	115 759	121 390
Income from extension of leasing contracts	11 512	11 853	35 491	33 776
Other income	4 688	507	22 991	3 483
Total income other activity	65 249	52 060	202 450	186 811

6. Net gains on financial instruments at fair value

NOK thousand	Q3, 2024	Q3, 2023	YTD Q3, 2024	YTD Q3, 2023
Net gains on financial derivatives, trading	0	-590	0	-1 120
Change in fair value on financial derivatives, hedging	0	3 295	-14 082	9 080
Change in fair value on hedged fixed interest loans	0	-5 164	12 888	-10 435
Net change in value and gains on foreign currency	-2 467	736	-4 053	1 006
Net gains/losses on financial instruments at fair value throu	-2 467	-1 722	-5 247	-1 469

7. Operating expenses

NOK thousand	Q3, 2024	Q3, 2023	YTD Q3, 2024	YTD Q3, 2023
Payroll	-51 703	-58 865	-161 150	-176 449
Pensions	-8 460	-8 591	-24 945	-27 492
Social security costs	-8 805	-10 353	-26 363	-27 985
Other staff cost	-18 360	-10 960	-52 562	-34 256
Staff costs	-87 329	-88 768	-265 021	-266 181
Rent and other office costs	-2 806	-3 850	-13 510	-19 040
Fees and temporary staff	-12 935	-19 177	-55 157	-67 638
Travel and marketing	-1 346	-1 477	-5 795	-8 375
Other operating costs	-1 769	-3 343	-6 442	-8 786
Intragroup services	-13 901	-13 511	-42 822	-40 465
Depreciation and gain/loss	-7 461	-3 633	-15 024	-11 873
Other expenses	-40 219	-44 991	-138 750	-156 176
Total operating expenses	-127 548	-133 760	-403 771	-422 357

8. Loans to credit institutions

NOK thousand	Q3, 2024	Q3, 2023
Deposits with credit institutions	303 570	409 031
Loans to credit institutions	0	0
Due from banks before impairment	303 570	409 031
Impairment of individually impaired loans	0	0
Net due from banks	303 570	409 031

9. Loans to the public

NOK thousand	Q3, 2024	Q3, 2023
Equipment loans	9 849 974	7 657 911
Factoring receivables	0	32 130
Factoring loans	0	202
Financial lease agreements	47 345 255	42 473 058
Customer loans before impairment	57 195 228	50 163 302
Impairment	-679 519	-525 825
Net due from customers	56 515 709	49 637 477

10. Allowances recognised and customer loans

NOK thousand	Q3, 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	18 457
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	56 926	65 372	-68 423	53 875
Allowances on loans at end of period	-131 952	-106 476	-441 091	-679 519
Customer loans before impairment	50 901 398	4 565 631	1 728 200	57 195 229

NOK thousand	Q3, 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	-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	30 376	9 420	62 109	101 904
Allowances on loans at end of period	-162 447	-97 047	-266 331	-525 825
Customer loans before impairment	45 462 155	3 919 363	781 784	50 163 302

11. Losses and allowances recognised in profit and loss

NOK thousand	Q3, 2024	Q3, 2023
Losses on loans		
Write-downs for loan losses at end of period	-679 519	-525 825
Exchange rate adjustments (opening balance)	3 691	2 757
Write-downs for loan losses as at 01.01	577 306	481 788
Total actual losses	-145 735	-43 969
Income on actual losses	10 970	16 866
Net loan losses	-233 288	-68 383

12. Leasing (financial leasing assets)

NOK thousand	Q3, 2024	Q3, 2023
Purchase cost 01.01	76 097 045	67 408 997
Exchange rate difference	757 058	1 017 386
Fair value changes		-36 920
Inflow during the year	15 382 365	16 418 346
Outflow during the year	-11 221 526	-10 378 912
Purchase cost at end of period	81 014 941	74 428 897
Accumulated ordinary depreciation 01.01	28 891 710	27 614 536
Exchange rate difference	281 931	411 472
Ordinary depreciation during the year	9 509 578	8 841 488
Reversed depreciation sold assets	-8 248 714	-7 927 789
Accumulated depreciation at end of period	30 434 505	28 939 707
Book value leasing assets at end of period	50 580 436	45 489 190
Fair value changes, fixed interest		
Customer receivable	-3 227 104	-3 027 680
Other accruals	-8 078	11 549
Book value in the balance sheet at end of period	47 345 254	42 473 059
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	12 999 470	11 509 639
1 to 5 years	41 164 989	36 447 191
Future minimum finance lease rental	54 164 459	47 956 830
Average interest	6,77%	6,05%
Present value of minimum lease payments	46 985 679	42 098 316
Unearned finance income	6 819 205	5 446 852

13. Risk classification

NOK thousand	Q3, 2024	
	Net loans to customers	Whereof past due, non- doubtful
Days outstanding status		
Not past due	53 812 427	
1-29	1 908 808	1 732 633
30-59	70 374	62 782
60-89	343 193	253 865
90-179	255 874	105 406
> 180	99 536	22 564
> 1 year	25 496	7 305
Total	56 515 709	2 184 555

NOK thousand	Q3, 2023	
	Net loans to customers	Whereof past due, non- doubtful
Days outstanding status		
Not past due	46 589 714	
1-29	2 533 641	2 459 793
30-59	61 383	60 826
60-89	314 538	252 065
90-179	122 035	19 418
> 180	43 081	12 628
> 1 year	9 992	1 633
Total	49 674 384	2 806 363

Credit exposure:		
NOK thousand	Q3, 2024	Q3, 2023
Net loans to customers	56 515 709	49 637 464
Positive market value derivatives	0	130 663
Guarantee liabilities and loan commitments	3 045 613	3 045 613
Total credit exposure	59 561 322	52 813 740

14. Doubtful loans

NOK thousand	Q3, 2024	Q3, 2023
Gross doubtful loans	1 728 200	781 784
- Write-downs on impaired assets	-441 092	-266 337
Net doubtful loans	1 287 109	515 447

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 September 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	-78 925	-270 030
Gross deferred tax expense	-125 741	55 038
Income tax expense for the period	-204 666	-214 992

16. Deposits by credit institutions

NOK thousand	Q3, 2024	Q3, 2023
Demand deposits and current accounts	306 355	406 420
Term deposits borrowings	44 436 140	40 426 094
Related payables	219 762	201 891
Revaluation of hedged item due to banks	0	0
Total	44 962 257	41 034 406

17. Information on related parties

NOK thousand	Q3, 2024	Q3, 2023
Assets/interest income		
Other assets	537 178	557 724
Liability/interest expense		
Loans from Group companies	41 028 109	36 992 720
Related payables Group companies	196 155	178 491
Interest expenses to group companies	-1 436 583	-963 233
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.

18. Capital adequacy

NOK thousand	Q3, 2024	Q3, 2023
Common Equity Tier 1 capital		
Share capital	1 010 000	945 436
Share premium account	1 876 075	240 639
Other equity	7 246 665	6 140 247
Independently reviewed interim profits net of any foreseeable charge and dividend		
Common Equity Tier 1 capital before regulatory adjustment	10 132 740	7 326 322
Common equity Tier 1 capital: Regulatory adjustment		
Deferred tax assets	0	0
Intangible assets (net of related tax liability)	-5 633	-5 195
Value adjustments due to the requirements for prudent valuation	0	-76
Negative amounts resulting from the calculation of expected loss	-135 130	-39 568
Total regulatory adjustments to Common Equity Tier 1	-140 762	-44 840
Common Equity Tier 1 capital	9 991 281	7 281 482
Additional Tier 1 capital	0	0
Tier 1 capital	9 991 281	7 281 482
Tier 2 capital	0	0
Total capital	9 991 281	7 281 482
Calculation basis		
Standardised method		
Local and regional authorities (including municipalities)	142 333	533 792
Institutions	79 758	96 177
Corporate	12 028 024	10 195 735
Other	196 139	169 335
Engagements in default	203 490	219 765
Total Credit risk, standardised method	12 649 744	11 214 804
IRB method		
Corporate - small and medium sized businesses	17 052 704	16 448 552
Corporate - other	9 619 275	7 449 544
Total Credit risk, IRB method	26 671 978	23 898 096
Credit risk weighted assets	39 321 723	35 112 900
Operational risk, basic indicator approach	3 306 657	3 068 288
Additional requirement according to Basel II floor	0	0
Total calculation basis	42 628 380	38 181 189

NOK thousand	Q3, 2024	Q3, 2023
Capital ratios and buffers		
Common Equity Tier 1	23,44%	19,07%
Tier 1	23,44%	19,07%
Total capital	23,44%	19,07%
Capital requirement including institution specific buffers	12,11%	12,12%
...of which: capital conservation buffer	2,50%	2,50%
...of which: countercyclical buffer	2,42%	2,42%
...of which: systemic risk buffer	2,69%	2,70%
...of which: systemically important institution buffer	0,00%	0,00%
Common Equity Tier 1 above minimum capital requirements and capital buffers	11,33%	6,95%
Tier 1 capital above minimum capital requirements and capital buffers	9,83%	5,45%
Total capital above minimum capital requirements and capital buffers	7,83%	3,45%
Capital ratios and buffers, nominal amounts		
Institution specific buffer requirement	5 162 159	4 626 545
...of which: capital conservation buffer	1 065 710	954 530
...of which: countercyclical buffer	1 033 482	922 992
...of which: systemic risk buffer	1 144 690	1 030 870
...of which: systemically important institution buffer	0	0
Common Equity Tier 1 above minimum capital requirements and capital buffers	4 829 934	2 654 608
Tier 1 capital above minimum capital requirements and capital buffers	4 190 508	2 081 890
Total capital above minimum capital requirements and capital buffers	3 337 940	1 318 266
Amount below the thresholds for deductions		
Deferred tax assets arising from temporary differences		
Pilar 2 requirement		
Additional core capital buffer requirement ratio	2,0 %	2,1 %
Additional core capital buffer requirement	881 141	823 986
Leverage ratio		
Total Leverage Ratio exposure	60 820 250	52 963 787
Leverage Ratio	16,4 %	13,8 %

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.

19. 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	Q3, 2024	Q3, 2023
Financial assets - Level 2		
Hedging derivative assets	-21 128	-130 129
Revaluation differences	0	36 920
Total assets	-21 128	-93 209

NOK thousand		
Financial liabilities - Level 2		
Hedging derivative liabilities	0	-534
Total liabilities	0	-534

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

20. 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	Q3, 2024	Q3, 2023
Financial derivatives -assets		
Gross amount	0	130 663
Net amount in financial position	0	130 663
Cash collateral in the balance sheet	-488 360	0
Net position	-509 488	130 663

NOK thousand	Q3, 2024	Q3, 2023
Financial derivatives -liabilities		
Gross amount	21 128	0
Net amount in financial position	21 128	0
Financial instruments on balance sheet	-21 128	0
Net position	0	0

21. Contingencies

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

22. Assets pledged and received as security

Nordea Finance Equipment AS has no assets pledged as security.

23. Events after the reporting period

The company is at the date of issue, November 13th 2024, not familiar with matters that are likely to change the assessment of the financial position as at September 30th 2024.