Nordea

Nordea Finance Equipment AS

Annual Report 2024

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Key Figures

NOK thousand	2024	2023	2022	2021	2020
Profit & Loss					
Net banking income	2 071 759	1 916 934	1 825 649	1 548 069	1 535 543
Operating expenses	-551 707	-573 398	-565 503	-624 179	-687 670
Operating profit before losses	**1 520 052**	**1 343 536**	**1 260 145**	**923 889**	**847 873**
Losses on loans	-315 816	-125 760	-27 645	-16 162	-173 305
Net profit before tax	**1 204 236**	**1 217 776**	**1 232 500**	**907 728**	**674 568**
Return on assets ratio	1,70 %	2,06 %	2,20 %	1,45 %	1,66 %
Loans outstanding					
Equipment Norway	35 538 126	32 819 834	27 899 831	24 299 689	23 945 451
Factoring	0	0	1 862 085	1 787 687	1 787 104
Equipment Denmark	12 477 658	10 573 095	8 194 681	6 934 418	7 259 811
Equipment Sweden	9 793 116	8 844 375	7 330 817	6 795 914	7 025 413
Total loans	**57 808 900**	**52 237 304**	**45 287 414**	**39 817 708**	**40 017 779**
Capital adequacy					
Risk weighted assets	45 180 181	39 433 387	34 152 785	29 271 548	27 539 357
Total regulatory capital	10 104 833	8 393 501	7 845 511	7 854 980	7 269 501
Capital adequacy ratio	22,37 %	21,29 %	22,97 %	26,83 %	26,40 %

Board of Directors' report

About the company

Nordea Finance Equipment AS (NFE) is a Scandinavian finance company. NFE became a wholly owned subsidiary of Nordea Bank Abp 1st October 2020. NFE is marketed under the trademark Nordea Finance and operates alongside Nordea's other finance entities in the Nordic countries.
In NFE, business is carried out through a broad Scandinavian distribution network with 15 regional sales offices in Norway, 4 offices in Sweden and 2 in Denmark, now in co-operation with sister companies in the respective countries. The company's head quarter is located in Oslo, Norway. It's business registration number is 987 664 398.

In 2024 a demerge / merger of NFE was approved. The demerger / will take place in April 2025. NFE Norway will be demerged and merged with Nordea Finans Norge AS (NFN) 1st April. NFE Denmark will be demerged and merged with Nordea Finans Danmark AS 1st April. NFE will be merged with Nordea Finans Sverige AB 2nd April.

Our activities

With a local presence NFE aims to satisfy the requirements of Scandinavian businesses for capital-intensive equipment.

Nordea Finance's products are divided into four business lines; Equipment Finance, Retail Finance, Car Finance and Receivables Finance. NFE offer leasing and loan within Equipment Finance. The products are distributed through Nordea sales organization, co-operation and direct sales.

Regulatory development

Basel III is the global framework for capital adequacy, stress tests and liquidity risk in the banking sector. In December 2017, the final Basel III framework, often referred to as Basel IV, was published. The Basel IV package is implemented into EU Capital Requirements Regulation (CRR) and effective 1 January 2025. The revised CRR was incorporated into the Norwegian regulatory framework by end of 2024.

The revised framework includes changes related to credit risk, market risk, operational risk, counterparty risk and leverage capital requirements. It also introduces a new capital requirements floor (output floor) The changes are referred to as CRR3. For credit risk, CRR3 includes changes to both IRB methods, where restrictions have now been implemented for the use of IRBs related to certain types of exposures, as well as for the standard approach. For operational risk, three existing methods will be removed and replaced by a standard method.

The new floor for calculating the capital requirement is set at 72,5% of the standard method at the aggregate level, which means that the capital requirement will be based on 72,5% of total risk-weighted assets under pillar 1 calculated according to the standard method for credit and market risk and operational risk. The floor will be phased in by 50% from 2025 to full implementation with 72,5% with effect from 1st January 2030 in addition to transitional rules for calculating risk-weighted assets of the floor until the end of 2032.

Comments on the Income statement

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

Income

NFE produces an operating result of MNOK 1.204 (1.218). Total comprehensive income, after tax and OCI, is MNOK 1.008 (1.093).

In 2024, the Net Banking Income amounts to MNOK 2.072 (1.917). This is an increase of MNOK 155 from 2023. The increase in Net Banking Income comes mainly from higher lending volume.

Net Interest Income amounts to MNOK 1.752 (1.601), which is an increase of MNOK 151 or 9,42% during the year. The increase in Net Interest Income is explained by increased lending volume. The volume of financing to clients increased by MNOK 5.462 or 10,6% from MNOK 51.647 in 2023 to MNOK 57.109 in 2024.

Other Income (Net Fee and commission, Net gains and losses on financial instruments and operating income) represents MNOK 320 (316). This is an increase of MNOK 4. The largest source of Other Income is gains on sale of assets and repossessed equipment, which includes residual income from prolongation of leasing contracts after ordinary contract term and early termination of contracts. These gains on sales represent more than half of Other Income with MNOK 257 (231). Net income from Commissions and fees represents MNOK 69 (88).

Expenses

Operating Expenses amount to MNOK 552 in 2024 compared to MNOK 573 in 2023. This is an decrease of MNOK 21 or 3,8% during the year. The decrease in operational expenses comes mainly from reduction in payroll and decrease cost to rents and other office costs.

Staff expenses amount to MNOK 350 (361) and represent thus 63,4% (62,9%) of total Operating Expenses which is close to same level as last year. The reduction in Payroll is reflecting the reduction in number of employees. 30 Employees in Receivable Finance was relocated to NFN in May 2024.

Other Expenses amount to MNOK 202 (212). This is a decrease by MNOK 10 or 4,9%.

Loan losses

Net loan losses and provisions recognized in the account for 2024 were MNOK 316 (126). The cost of risk represents 0,58% (0,24%) of average funded assets in 2024.

Net loans outstanding by end of 2024 was MNOK 57.109 (51.647) The branches in Sweden and Denmark represented 38% (37%) of net loans to customers at the end of the year. This is a slight increase in relative share compared to end of 2023.

In line with the development in total loans outstanding, our funding, i.e. loans and deposits from financial institutions with agreed maturity, is up with 7,2% and reaches at the end of 2024 MNOK 45.642 (42.563). Net loans to customers represent thus 129,1% of loans and deposits from financial institutions with agreed maturity as at 31.12.2024. This is a slightly decreased level compared to the end of 2023.

Total provision-level for credit risk was at year end MNOK 700 (577) corresponding to 1,2% (1,1%) of total outstanding loans to customers. This is an increase of MNOK 123 (21,3%) during the year. Gross doubtful loans (non-performing loans) were MNOK 1.236 (855), which is an increase of MNOK 381 or 44,6%. This represented 2,1% (1,6%) of total loans to customers. We observe generally relatively low cost of risk, but experience an slight increase in the volume of allowances, mainly driven by stage 3. Provisioning for credit losses are done based on both collective provisioning for all stages as well as an individual assessment in stage 3. The company has not made write-downs for groups of assets. The Board assesses that the write-downs for credit losses represent a satisfactory estimate of expected losses in the portfolio by year-end 2024.

Comments on the Balance sheet

Assets and lending activities

Gross lending to customer as 31st December 2024 amounted to MNOK 57.109,1 (51.647,1). The increase is mainly due to Equipment loans and Financial lease agreements.

Liability

NFE main funding is from Nordea Bank Abp. Unused facility as 31st December 2024 was MNOK 9.559.

Equity and subordinary loan

Equity ended at MNOK 11.125 (8.417), of which MNOK 1.007 million is the result for 2024.

Capital management

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

Minimum capital requirements

Risk exposure amount (REA) is calculated in accordance with CRR/CRD IV. NFE had 65.4% of its REA for credit risk covered by internal rating based (IRB). Rating and scoring are key components in the credit risk management. For operational risk the standardized approach is applied.

Internal capital requirement

NFE bases its internal capital requirements under the Internal Capital Adequacy Assessment Process (ICAAP) on risks defined by CRR/CRD IV, and risks internally defined under Pillar 2.

The following major risk types are included in the internal capital requirement: credit risk, market risk, operational risk, interest rate risk in the banking book and business risk.

The ICAAP also describes NFE's management, mitigation and measurement of material risks and assesses the adequacy of internal capital by defining internal capital requirements reflecting the risk of the institution. As a complement to the ordinary credit risk quantification, comprehensive stress testing is performed at least annually in accordance with current requirements, after which capital requirements are measured. Regulatory buffers were introduced with the implementation of the CRR/CRD IV rules.

Own funds

Own funds is the sum of tier 1 and tier 2 capital. Tier 1 capital consists of both common equity tier 1 (CET1) and additional tier 1 capital. CET1 capital is considered to be capital of the highest quality with ultimate loss-absorbance characteristics and consists predominately of paid in capital and retained earnings. Accumulated profit in accordance with the audited accounts can be included in the own funds when any foreseeable charge or dividend has been deducted from the amount of profit.

Additional tier 1 and tier 2 capital consist mostly of undated and dated subordinated loans, respectively. Holdings of other financial sector entities' subordinated loans are deducted from the corresponding tier.

NOK thousand	2024	2023
Equity	10 138 750	8 417 150
Common Equity Tier 1 capital before regulatory adjustment	**10 138 750**	**8 417 150**
Intangible assets (net of related tax liability)	-6 335	-5 114
Value adjustments due to the requirements for prudent valuation	0	-27
Negative amounts resulting from the calculation of expected loss	-26 896	-17 811
Total regulatory adjustments to Common Equity Tier 1	-33 231	-22 952
Common Equity Tier 1 capital	**10 104 833**	**8 393 501**
Additional Tier 1 capital	0	0
Tier 1 capital	**10 104 833**	**8 393 501**
Tier 2 capital	**0**	**0**
Own funds (net after deduciton)	**10 104 833**	**8 393 501**

Capital position and risk-weighted exposure

NFE's CET1 ratio was 22,37% at the end of 2024, an increase of 1 percentage points from the end of last year. As there was no Tier 2 capital at the end of

2024, Total Capital ratio is the same as CET1. Risk Exposure Amount (REA) was NOK thousand 45.180 (39.433), an increase of 14,6% compared to the end of last year. The main driver for the increase in REA was the IRB retail portfolio, primarily stemming from a growth rate of loans to the public of 19,5% during 2024.
Own Funds was NOK thousand 10.105 at the end of 2024. The Tier 1 capital and the Common Equity Tier 1 capital were MNOK 10.105 (no additional Tier 1 capital). Further information on capital management and capital adequacy is presented in Note 29 Capital adequacy and in the Capital and Risk Management Report at www.nordea.com.

Allocation of net profit for the year

NFE reported an operating profit for the year of MNOK 1.204, and a net profit after tax of the year of MNOK 987. The Board of Directors will propose to the Annual General Meeting that the company distributes 100% of the net profit as dividend to parent company Nordea Bank Abp.

According to IFRS, distribution of group contributions and dividends will not be booked before formal decision is made in the Annual General Meeting. All net profit as of 31 st December 2024 is therefore distributed to retained earnings in the balance sheet as of 31st December 2024. The Board of NFE is of the view that total equity and capital adequacy following the allocation will be sound, and well in excess of the minimum requirements subject to CRR and CRD IV, implemented in Norway on 31st December 2024.

Other information

The Board considers that the financial statements give a true and fair view of the company's financial position. Other than what is stated in the accounts there have not been any events after balance-sheet date that may have any significant impact on the financial statements. Based on the results of the year, the Board concludes that there are grounds for going concern, and this forms the basis for the preparation of the financial statements for 2024.

Corporate governance

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

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

Board and CEO insurance

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

Risk management

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

Credit Risk

In the business of financing assets (equipment leasing) credit risk is the most important risk for the company. Effectively managing credit risk is fundamental. The company has implemented credit policies, organizing procedures and regulations as well as models which address this need.
NFE has developed classification models for risk assessment and management of credits, which provide a good view of the risk profile of the portfolio. The classification builds on debtor solidity and market value assessments of the assets.
Regulators have validated NFE's use of internal models for the calculation of capital requirements

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

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

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

Liquidity- and capital risk

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

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

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

Operational risk and internal control

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

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

Sustainability

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

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

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

For more information on how the Nordea Group works with sustainability, please see Nordea's Annual Report, Sustainability Notes 2024 , and other relevant sustainability reporting, published at https://www.nordea.com/en/sustainability/reports/.

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

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

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

The organization and working environment

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

At the end of the year the company had 222 employees, whereof 152 in the Norwegian operations, 25 in Sweden and 45 in Denmark. The number of staff has decreased by 59 employees during the year. The average number of FTE has decreased by 68 FTE in 2024 compared to 2023, with an average of 205 (273) FTE in 2024. During the year, the company has recruited 9 (36) new employees.

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

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

No personal injuries, material damage or significant accidents have been registered in 2024.

Turnover has increased in 2024 with a turnover rate of 29% compared to 14% in 2023. The turnover rate is closely monitored and can mainly be explained by moving employees within Receivables Finance to Nordea Finans Norge and outsourcing of P&CS tasks. Moreover, the turnover figure also contains people moving to other positions within the Group and retirements.

The number of days of absence due to illness is higher in 2024 compared to the year before, with a level of in total 2.979 (2.358) absence days. The rate of absence during 2024 is app 4,9% (3,9%). NFE has a strong and continuous focus on measures to keep the rate of absence as low as possible. This is done by offering regular management training and support from Group People on how to prevent long-term sick leave as well as close cooperation with our company health provider. Throughout 2024, the focus and efforts on a safe and sound working environment has been strong. The work pressure has been high in parts of the organisation due to major projects and scarcity of resources within certain areas. Measures have been taken to increase the number of staff in areas that are most affected, both by ensuring internal resource allocations and new recruitments.

The Board is not aware of any personal injuries occurred at work in 2024. The working environment at NFE is considered to be good, confirmed by an increasing People Pulse rate during the year. Quarterly People Pulse surveys have provided leaders and the local NFE Union with strong data to implement actions when needed in the organisation.

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

Equality

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

NFE had a total of 222 employees by year end whereof 46% men and 54% women. The number of leaders in total are 24, whereof 15 male leaders and 9 female leaders.

12 employees are working part-time, a majority of women, and all voluntarily.

Statistics for Norway:

- Sick leave was at 5,54% or 2.348 days.
- Men: 74 employees whereof 7 leaders
- Women: 78 employees whereof 5 leaders
- Men’s average income in 2024 app. NOK 969.941
- Women’s average income in 2024 app. NOK 786.710

Statistics for Sweden:

- Sick leave was at 3,26% or 212 days
- Men: 13 employees whereof 3 leaders
- Women: 12 employees whereof 0 leaders
- Men’s average income in 2024 app. SEK 1.004.918
- Women’s average income in 2024 app. SEK 712.558

Statistics for Denmark:

- Sick leave was at 3,47% or 419 days
- Men: 16 employees whereof 5 leaders
- Women: 29 employees whereof 4 leaders
- Men’s average income in 2024 app. DKK 904.528
- Women’s average income in 2024 app. DKK 630.175

Our diversity & inclusion strategy as well as our pay principles support that we make decisions that result in equal pay for equal work. In order to ensure the highest level of experience and quality in approach, but also to remove any bias from the analysis, a third-party provider conducted an objective, thorough analysis of pay equity in Nordea. The analysis uses regression models accounting for factors that drive fair differences in pay including job complexity, experience, performance and location and identifies unjustified pay differences between women and men in comparable positions. For 2024 such pay gap between women and men in similar positions in Nordea Finance Equipment was 3.2% in men’s favour. It is Nordea’s ambition by end of 2026 to fully close this gap. That is specifically done as part of our yearly pay review that includes a targeted focus on addressing identified individual pay gaps. We also ensure awareness, training and support among our leaders to help leaders in making unbiased decisions on remuneration and other employment terms.

The other perspective on pay equity is provided by comparing the average pay for all women with the average pay for all men at Nordea Finance Equipment. In this case men are on average paid higher since men tend to hold more senior positions and positions within sales, associated with higher pay. The difference in the average pay in 2024 was 20,4% in men’s favour. Such unadjusted gender pay gap for people in leadership roles was 41,7% and 14,7% for other employees.

Nordea is actively working to ensure more women are represented on senior leadership levels and in succession pipelines etc. We have set an ongoing target for each gender to have at least 40% representation at the top three leadership levels of Nordea and are progressing well on this.

The Transparency Act

The Transparency Act is a new law that entered into force on 1st June 2022. The Act imposes several duties on businesses such as the duty to provide information and the duty to carry out due diligence assessments. The obligation to provide information means that anyone can ask questions related to how the company works to safeguard human rights and decent working conditions internally and externally towards suppliers and business partners. At nordeafinance.no. arrangements have been made for such questions and you also find the company's due diligence assess 2023. By 30 June 2025, the company's due diligence assessment 2024 will be made public on the same page.

Subsequent events

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

Outlook for 2025

In many countries, the economic trend could change in 2025. The short-term economic outlook is still weak due to the tight monetary policy, but now that inflationary pressures are easing and it is expected that central banks will start cutting rates in the coming months, the economic growth might accelerate towards the end of 2025.

Nordea Finance will continue to focus on developing and improving its close relationships with partners and Nordea's regional offices, in order to contribute with the right financing solutions at the right time.

Nordea Finance Equipment AS

Oslo, 27th March 2025

Christian Fink Karas Chairman	Ellen Vibeke Pløger	Frank Bøgholm Klausen
Ari Antero Kaperi	Hans Christian Hustad	Rasmus Lykke Kristiansen
Jon Brenden		Julie Ytreland Managing director

Income Statement

NOK thousand	Notes	2024	2023
Total interest income	2	3 858 319	3 262 465
Total interest expenses	2	-2 106 830	-1 661 727
Fee and commission income	3	253 089	288 068
Fee and commission expense	3	-184 011	-200 339
Net gains and losses on financial instruments	4	-5 589	-2 977
Other operating income	3	256 782	231 445
Net banking income		**2 071 759**	**1 916 934**
Staff costs	5, 6, 35	-349 673	-361 043
Other expenses	5	-202 034	-212 355
Gross operating income		**1 520 052**	**1 343 536**
Net loan losses	13, 14	-315 816	-125 760
Profit before tax		**1 204 236**	**1 217 776**
Income tax expense	7	-217 633	-140 007
Profit for the period		**986 603**	**1 077 769**

Other comprehensive income			
Items that could be reclassified:			
Exchange differences on translation of foreign operations		6 134	3 402
Taxes		-1 349	-748
Items that cannot be reclassified:			
Actuarial gains and losses		20 249	16 560
Taxes		-4 455	-3 643
Other comprehensive income		**20 579**	**15 570**
Total comprehensive income of the period		**1 007 181**	**1 093 339**

Attributable to:			
Shareholders of Nordea Finance Equipment AS		1 007 181	1 093 339

Balance Sheet

NOK thousand	*Notes*	2024	2023
Asset			
Hedging derivative assets	4, 21, 22, 23	0	14 579
Loans to credit institutions	8	661 046	258 217
Loans to the public	9,10, 12, 13,14	57 109 068	51 647 110
Repossessed assets	25	55 163	15 868
Deferred tax assets	7	0	191 079
Tangible and intangible fixed assets	15	49 571	40 887
Other assets	16	62 877	87 064
Total asset		**57 937 724**	**52 254 805**
Liabilities and Equity			
Hedging derivative liabilities	4, 21, 22, 23	0	23 250
Deposits by credit institutions	17	45 677 562	42 563 302
Other liabilities	18	770 353	911 280
Retirement benefit liabilities	6	78 009	95 275
Deferred tax liabilities	7	286 479	244 548
Total liabilities		**46 812 404**	**43 837 655**
Share capital		1 010 000	945 436
Share premium account		1 876 075	240 639
Retained earnings		8 239 245	7 231 074
Total equity		**11 125 320**	**8 417 149**
Total liabilities and equity		**57 937 724**	**52 254 805**

Oslo, 27th March 2025

Christian Fink Karas
Chairman

Ellen Vibeke Pløger

Frank Bøgholm Klausen

Ari Antero Kaperi

Hans Christian Hustad

Rasmus Lykke Kristiansen

Jon Brenden

Julie Ytreland
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	8 323 230
Profit for the period			1 077 769			1 077 769
Other comprehensive income				2 654	12 917	15 570
Dividends			-999 214			-999 214
Share based payment					-206	-206
Total equity 31.12.23	**945 436**	**240 639**	**7 239 887**	**-1 045**	**-7 768**	**8 417 149**
Equity 01.01.24	945 436	240 639	7 239 887	-1 045	-7 768	8 417 149
Profit for the period			986 603			986 603
Other comprehensive income				4 784	15 794	20 579
Share based payment					989	989
Equity injection	64 564	1 635 436				1 700 000
Total equity 31.12.24	**1 010 000**	**1 876 075**	**8 226 490**	**3 739**	**9 016**	**11 125 320**

Cash flow statement

NOK thousand	2024	2023
Operations		
Interest income	3 785 626	3 198 819
Interest expenses	-2 106 830	-1 661 727
Other receipts	407 002	393 019
Operating expenses	-503 311	-585 146
Receipts on previous losses	15 092	23 405
Paid taxes	-110	-45 345
Other accrued and deferred item	0	0
Cash flows from operating activities	**1 597 469**	**1 323 026**
New investments leasing	-20 322 920	-21 863 629
Proceeds from sale of leasing assets	4 160 153	3 617 045
Decrease in loans (net)	10 395 640	11 147 841
Decrease (increase) in other receivables	-38 101	322 465
Decrease (increase) in advance payments	24 187	34 490
Net cash flow from current financial activity	**-5 781 041**	**-6 741 789**
Decrease (increase) in tangible assets	-37 106	84 619
Cash flows from investing activities	**-37 106**	**84 619**
Increase (decrease) in deposits from customers	0	-141 506
Payment of dividends	0	-999 214
Increase (decrease) in equity	1 705 975	2 475
Increase (decrease) Subordinated debt	0	-550 000
Increase (decrease) in loans from credit institutions	3 182 577	7 214 771
Increase (decrease) in leasing liabilities	-265 049	-61 608
Cash flows from financing activities	**4 623 503**	**5 464 917**
Net cash flow	**402 825**	**130 773**
Cash at the 1st of January	258 219	127 444
Cash at end of period	**661 043**	**258 217**
Change cash during the period	**402 825**	**130 773**
Reconciliation cash at end of period		
Cash and balances with central banks	0	0
Deposits with credit institutions	661 046	258 217
Cash at end of period	**661 046**	**258 217**

Notes to the financial statements

1. Accounting policies

The basis of preparation of the financial statements

NFE separate financial statements are prepared in accordance with IFRS® Accounting Standards as adopted by the EU. The financial statements are set up on an historic cost basis, with the exception of the specific recognition criteria for financial instruments as described below.

The financial statements for the year ended 31st December 2024 were approved in the board meeting at 27th March 2025 subject to the General Assembly's final approval.

Branches

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

Functional currency and presentation currency

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

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

Changes in significant accounting policies

The accounting principles and the basis for the assessments and presentation are essentially unchanged in relation to the annual report for 2023.

IASB has published the following amendments which were implemented by 1st January 2024 but have not had any significant impact on NFE's financial statements:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.

Changes to IFRSs not yet applied

The IASB has published following new amended standards that are assessed not to have any significant impact on NFE's financial statements:

- IFRS 18 Presentation and Disclosures in Financial Statements will replace IAS 1 Presentation of Financial Statements.
- Amendments in IFRS 9 og IFRS 7 Classification and Measurement of Financial Instruments.
- Amendments in IAS 21 The Effects of Changes in foreign Exchange Rates.
- Amendments in IFRS 19 Subsidiaries without Public Accountability.

The use of estimates

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

The preparation of annual financial statements in conformity with generally accepted accounting principles requires that occasionally management must make estimates and assumptions. Estimates and discretionary evaluations are regularly assessed and are based on historic experience and other factors, including the expectations of future events that are considered to be probable under the current circumstances.

The company prepares estimates and makes presumptions and assumptions connected to the future. The accounting estimates that are based on this will seldom be entirely in accordance with the final outcome. Some accounting principles are considered to be especially important to enlighten the company's financial position because they require the management to make difficult or subjective assessments and determine estimates that are, for the most part, uncertain at the time the estimates are made. Further information on these types of assessments and estimates is provided below.

Impairment of financial assets

Expected credit losses

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

Expected sales gain

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

Financial instruments

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

Financial assets

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

NFE classified its financial assets in categories:

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

Financial assets at amortised cost

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

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

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

Leasing, as lessor

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

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

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

Leasing, as lessee

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

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

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

Factoring

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

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

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

- The rights to receive cash flows from the asset have expired, or
- NFE has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  a. NFE has transferred substantially all the risks and rewards of the asset, or
  b. NFE has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

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

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

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

The hedge accounting is discontinued if:

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

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

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

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

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

Impairment of financial assets

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

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

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

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

Credit-impaired or defaulted assets stage 3

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

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

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

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

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

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

Revenue from contracts with customers

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

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

Revenue from the sale of goods

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

Revenue from sale of services

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

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

Pension obligations

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

Income tax

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

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

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

Provisions

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

Intangible assets

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

Machinery, tools and equipment, means of transportation

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

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

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

Contingent liabilities and assets

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.

Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

2. Net interest income

NOK thousand	2024	2023
Interest income from financial institutions, valued at amortised cost	49 496	38 468
Interest income from customers financial leases and loans, valued at amortised cost	3 802 643	3 197 211
Interest income financial instruments	4 596	25 257
Other interest income	1 584	1 528
Total interest income	**3 858 319**	**3 262 465**
Interest expenses to financial institutions, valued at amortised cost	-2 083 810	-1 651 553
Interest expenses on deposits and debt to customers, valued at amortised cost	-18 387	-19 983
Interest expenses financial instruments	14 343	40 441
Interest expenses on subordinated liabilities	0	-15 574
Other interest expenses	-18 975	-15 058
Total interest expenses	**-2 106 830**	**-1 661 727**
Net interest income	**1 751 489**	**1 600 738**

3. Net fees and income on other activity

NOK thousand	2024	2023
Fee and commission income from loans and similar to customers	253 089	288 068
Fee and commission income	**253 089**	**288 068**
Fee and commission expenses from loans and similar to customers	-171 777	-168 864
Other fee and commission expense	-12 235	-31 475
Fee and commission expense	**-184 011**	**-200 339**
Net commission and fees income	**69 077**	**87 729**
Gains and losses repossessed assets	15 754	33 106
Termination gain and loss	169 611	169 053
Income from extension of leasing contracts	48 041	44 889
Other income	23 375	-15 603
Total income other activity	**256 782**	**231 445**

4. Net gains and losses on financial instruments

NOK thousand	2024	2023
Net gains on financial derivatives, trading	0	-4 069
Change in fair value on financial derivatives, hedging	-14 082	-13 682
Change in fair value on hedged fixed interest loans	12 888	13 894
Net change in value and gains on foreign currency	-4 395	881
Net gains and losses on financial instruments	**-5 589**	**-2 977**

5. Operating Expenses

NOK thousand	2024	2023
Payroll	-212 585	-232 328
Pensions	-32 137	-35 116
Social security costs	-35 804	-38 800
Other staff cost	-69 147	-54 800
Staff costs	**-349 673**	**-361 043**
Rent and other office costs	-15 408	-22 993
Fees and temporary staff	-84 627	-87 099
Travel and marketing	-11 434	-13 371
Other operating costs	-8 171	-11 272
Intragroup services	-62 170	-61 420
Depreciation and gain/loss	-20 225	-16 200
Other expenses	**-202 034**	**-212 355**
Total operating expenses	**-551 707**	**-573 398**

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

NOK thousand	2024	2023
Statutory audit	1 672	592
Other attestation services	260	233
Other non-audit services	98	35
Total	**2 030**	**860**

6. Pensions

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

NFE has defined contribution plans for employees in Norway, Sweden and Denmark. The contributions comprise between 4,5% and 14,4% of salaries. As at 31st December 2024.

As a replacement of the old AFP-plan a new AFP-plan has been established. The new AFP-plan is in the contrary to the old, not an early retirement plan, but a plan that gives a lifelong contribution to the ordinary pension. The employees can choose to exercise the new AFP plan starting at the age of 62 years, in addition to working, and it will continue accruing if working until the age of 67 years. The new AFP-plan is a defined benefit multi-company plan which is financed through contributions that are determined by a percentage of the employee's salaries. There is currently no reliable measure and allocation of liabilities and assets in the plan. The plan is accounted for as a defined contribution plan where no accruals are made and the contributions are accounted for as they occur. For 2024 the contribution has been set to 2,6% of the total salaries between 1 G and 7,1 G to the employees. The plan will be unfunded and it is expected that the level of contribution will increase in the following years.

The company has an additional pension scheme. The pension scheme gives the right to defined future benefits, which are mainly dependent on salary level at time of retirement. The following assumptions were used calculating the future pension obligations for the defined benefit pension scheme. For the period ending 31st December 2024, the DBO is recognised based on the actuarial calculation performed as of 31st December 2024.

Economic assumptions

Percentage	2024	2023
Discount rate	4,24 %	3,81 %
Rate of Salary Increase	3,25 %	3,50 %
Rate of Price Inflation	2,25 %	2,25 %
Rate of Social Security Increase	3,25 %	3,50 %
Pension increase rate - in payment	1,14 %	2,40 %
Pension increase rate - in deferment	1,14 %	2,40 %

Pension cost

NOK thousand	2024	2023
Employer Service Cost	2 779	4 070
Net interest	3 178	3 091
Social security tax or administration charge/(credit)	840	1 010
Net pension cost	**6 798**	**8 171**

NFE has only unfunded benefit plans. Pension cost for 2024 amounts to TNOK 6.798 (8.171) from the defined benefit plans and TNOK 25.339 (26.945) from the contribution plans. The total pension cost amounts to TNOK 32.137 (35.116).

Retirement benefit liabilities in balance sheet

NOK thousand	2024	2023
Estimated retirement benefit liabilities	78 009	95 275
Net pension liability	78 009	95 275
Recognised pension liability	**78 009**	**95 275**

Change in liabilities

In calculating the pension costs and net pension liabilities, the following assumptions have been made: The discount rate is based on government bonds in Norway adjusted for the duration of the pension obligation. The duration is calculated to 13.0 years (average). Salary rates, pension adjustments and G-regulations are based on historical observations and an expected future inflation of 1,5%.

NOK thousand	2024	2023
Opening balance	95 275	103 835
Total service cost	2 779	4 070
Interest cost	3 178	3 091
Payments from internal book and emplyee	-3 258	-171
Tax or administartion	840	1 010
Actuarial (Gain) or Loss, Demographic assumtions	4 953	0
Actuarial (Gain) or Loss, Financial assumptions	-23 858	-6 461
Actuarial (Gain) or Loss, Experience based	-1 901	-10 099
Ending balance	**78 009**	**95 275**

NOK thousand	2024	2023
Gross pension liability 31.12	78 009	95 275
Net pension liability	78 009	95 275
Actuarial gains/(losses)	-20 807	-10 099
Experience adjustment expressed as percentage of plan liability	0,0 %	0,0 %
Experience adjustment expressed as percentage of plan asset	0,0 %	0,0 %

Sensitivity analysis

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

Percentage	2024	2023
Sensitivities in:		
Discount rate -0.5%	0,9 %	8,4 %
Discount rate +0.5%	-0,9 %	-7,4 %
Inflation rate -0.5%	0,0 %	-7,6 %
Inflation rate +0.5%	0,0 %	8,6 %
Salary increase rate +0.5%	3,6 %	4,8 %

7. Taxes

NOK thousand	2024	2023
The tax expense for the year is made up as follows		
Taxes payable on profit for the year	0	0
Adjustment tax payable prior years	-366	4 598
Exhange rate adjustements tax payable	0	-14 982
Change in deferred tax	217 999	150 392
Total tax expense for the year	**217 633**	**140 007**
Taxes payable are made up as follows:		
Profit on ordinary activities before tax expense	1 204 236	1 217 776
Permanent differences	-213 331	-577 706
Change in temporary differences	-990 904	-640 071
Basis for taxes payable	**0**	**0**
Taxes payable on profit for the year	**0**	**0**

In 2024 TNOK -222.742 of the permanent differences is related to recognition of the operation of the company's branches in Sweden and Denmark. The equivalent difference in 2023 was TNOK – 807.365.

NFE has assessed the Finance Tax in Norway, and has concluded that the company is exempt from this tax. Assets and liabilities with deferred tax/tax assets were measured using the tax rate of 22% both in 2023 and 2024.

NOK thousand	2024	2023
Deferred tax, net		
Property, plant and equipment	-407 458	-158 893
Pensions	17 162	20 961
Derivatives	0	206
Other	-22 479	-14 265
Exchange rate difference	-47 055	-36 499
Tax loss carried forward	173 350	135 022
Net recognised deferred tax	**-286 479**	**-53 469**
This year's changes in deferred tax		
Deferred tax asset 1.1.	-53 469	98 430
Changes against ordinary result	-217 999	-150 392
Exchange rate diff deferred tax asset	-10 456	-11 259
Other exhange rate adjustements	0	13 395
Adjustments against OCI	-4 455	-3 643
Deferred tax asset 31.12.	**-286 378**	**-53 469**

NFE has deferred tax liabilities in Norway, NOK thousand 1.941 and deferred tax liabilities in Denmark, NOK thousand 250.755 and Sweden, NOK thousand 33.782.

Reconciliation from nominal to actual tax rate		
Net profit before tax	1 204 236	1 217 776
Expected income tax with nominal tax rates (22 %)	264 932	267 911
The tax effect of following items;		
Non-deductible costs	-46 933	-127 095
Other entries related to allowances previous years	-366	-808
Tax expense	**217 633**	**140 008**
Effective tax rate	18,1 %	11,5 %

8. Loans to credit institutions

NOK thousand	2024	2023
Deposits with credit institutions	661 046	258 217
Loans to credit institutions	0	0
Due from banks before impairment	**661 046**	**258 217**
Impairment of individually impaired loans	0	0
Loans to credit institutions	**661 046**	**258 217**

Deposit with financial institution include restricted deposits for withholding tax of TNOK 6.821.

9. Loans to the public

NOK thousand	2024	2023
Equipment loans	10 015 765	8 246 037
Financial lease agreements	47 793 135	43 978 379
Loans to the public before impairment	**57 808 900**	**52 224 416**
Equipment loans allowance S1	-11 377	-11 300
Financial lease agreements allowance S1	-149 398	-146 582
Equipment loans allowance S2	-2 201	-4 398
Financial lease agreements allowance S2	-83 746	-115 471
Equipment loans allowance S3	-15 211	-7 420
Financial lease agreements allowance S3	-437 897	-292 134
Loans to the public	**57 109 068**	**51 647 110**

10. Leasing (financial leasing assets)

NOK thousand	2024	2023
Purchase cost 01.01	76 097 045	67 408 997
Exchange rate difference	759 095	1 382 889
Inflow during the year	20 322 920	21 863 629
Outflow during the year	-15 437 057	-14 558 470
Purchase costs at end of period	**81 742 003**	**76 097 045**
Accumulated ordinary depreciation 01.01	28 891 710	27 614 536
Exchange rate difference	268 209	557 740
Ordinary depreciation during the year	12 859 811	11 918 235
Reversed depreciation sold assets	-11 431 330	-11 198 802
Accumulated depreciation at end of period	**30 588 401**	**28 891 710**
Book value leasing assets at end of period	**51 153 602**	**47 205 335**
Fair value changes, fixed interest	0	-12 888
Customer receivable	-3 345 561	-3 206 612
Other accruals	-14 906	-7 456
Book value in the balance sheet at end of period	**47 793 135**	**43 978 379**

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

Overview of future minimum finance lease rental:		
Within 1 year	13 091 375	11 953 434
1 to 5 years	41 456 019	37 852 542
After 5 years	0	0
Future minimum finance lease rental	**54 547 394**	**49 805 976**
Present value non guaranteed	321 759	407 132
Present value of minimum lease payments	47 471 376	43 584 135
Unearned finance income	6 754 259	5 814 710
Average interest	6,6 %	6,2 %

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

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

11. Allowances

The macro scenarios and scenarios weights implemented as of 31.12.2024 provided by the Nordea group for Q4 2024, and have been updated during 2024.
In macro scenarios GDP growth variable has been consider to be the variable to use for Norway. In Sweden and Denmark the unemployment rate variable has been considered to have better predictive power than the GDP growth. The scenarios weights considered for the favourable, baseline and adverse scenarios are respectively 10% / 50% / 40%. Model based ECL without post model adjustment was end of 2024 MNOK 190.953.
The outcome between a favourable and adverse scenarios was MNOK 29.271.

2024

NOK thousand	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	-74 345	-19 019	-60 056	-153 420
Movement from S1 to S2	14 651	-44 779	0	-30 127
Movement from S1 to S3	7 491	0	-167 756	-160 265
Movement from S2 to S3	0	16 952	-83 130	-66 178
Movement from S3 to S2	0	-3 179	83 571	80 393
Movement from S3 to S1	-416	0	19 441	19 025
Movement from S2 to S1	-7 227	60 660	0	53 433
Loans terminated	8 387	8 573	50 931	67 890
Change within stage	48 565	14 713	3 446	66 724
Allowances on loans as of 31.12	**-160 775**	**-85 948**	**-453 108**	**-699 831**

2023

NOK thousand	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	-83 666	-36 379	-40 608	-160 652
Movement from S1 to S2	21 117	-66 397	0	-45 280
Movement from S1 to S3	3 155	0	-80 224	-77 070
Movement from S2 to S3	0	10 417	-57 520	-47 103
Movement from S3 to S2	0	-834	17 109	16 275
Movement from S3 to S1	-24	0	6 107	6 083
Movement from S2 to S1	-4 814	28 971	0	24 157
Loans terminated	13 294	5 582	45 699	64 574
Change within stage	37 742	10 006	75 750	123 498
Allowances on loans as of 31.12	**-157 882**	**-119 870**	**-299 554**	**-577 306**

12. Transition loan to the public

2024

NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loans to the public as of 01.01	47 051 872	4 204 926	980 506	52 237 304
New loans to the public	19 376 809	729 024	214 544	20 320 377
Movement from S1 to S2	-2 398 602	1 810 508	0	-588 094
Movement from S1 to S3	-1 263 280	0	514 929	-748 351
Movement from S2 to S3	0	-529 731	291 739	-237 993
Movement from S3 to S2	0	132 600	-212 807	-80 207
Movement from S3 to S1	-40 772	0	59 781	19 009
Movement from S2 to S1	1 383 653	-1 933 986	0	-550 332
Loans terminated	-3 741 424	-534 528	-131 231	-4 407 182
Change within stage	-7 580 458	-336 278	-238 895	-8 155 630
Loans to the public before impairment	**52 787 798**	**3 542 535**	**1 478 566**	**57 808 900**

2023

NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loans to the public as of 01.01	40 901 776	3 627 365	758 274	45 287 414
New loans to the public	20 400 377	966 802	111 619	21 478 798
Movement from S1 to S2	-3 170 914	2 372 358	0	-798 556
Movement from S1 to S3	-420 414	0	252 981	-167 434
Movement from S2 to S3	0	-399 354	219 523	-179 830
Movement from S3 to S2	0	41 892	-66 088	-24 196
Movement from S3 to S1	-5 259	0	11 848	6 589
Movement from S2 to S1	1 134 654	-1 613 943	0	-479 289
Loans terminated	-5 581 342	-432 943	-106 526	-6 120 811
Change within stage	-6 207 006	-357 252	-201 125	-6 765 382
Loans to the public before impairment	**47 051 872**	**4 204 926**	**980 506**	**52 237 304**

13. Losses and allowances recognised in the profit and loss

Losses on loans

NOK thousand	2024	2023
Write-downs for loan losses as at 01.01	577 306	481 788
Write-downs for loan losses at end of period	-699 831	-577 306
Exchange rate adjustments (opening balance)	3 651	7 905
Total actual losses	-212 035	-61 552
Income on actual losses	15 092	23 405
Net loan losses	**-315 816**	**-125 760**

14. Loans days outstanding

2024

NOK thousand	Net loans to customers	Percentage rate	Whereof past due, non-doubtful
Days outstanding status			
Not past due	54 850 550	95,34 %	
1-29	2 092 740	3,64 %	1 885 512
30-59	124 663	0,22 %	120 925
60-89	250 621	0,44 %	157 065
90-179	122 730	0,21 %	30 697
> 180	54 426	0,09 %	14 355
> 1 year	38 416	0,07 %	10 580
Total	**57 534 146**	**100,00 %**	**2 219 134**

2023

NOK thousand	customers	Percentage rate	doubtful
Days outstanding status			
Not past due	49 089 810	89,92 %	
1-29	2 354 635	8,73 %	2 291 731
30-59	212 186	0,53 %	205 132
60-89	275 952	0,61 %	217 812
90-179	135 860	0,16 %	18 232
> 180	79 518	0,02 %	29 741
> 1 year	12 271	0,04 %	834
Total	**45 213 139**	**100,00 %**	**4 364 200**

Credit exposure:

NOK thousand	2024	2023
Net loans to customers	57 109 068	51 647 110
Positive market value derivatives	0	14 579
Guarantee liabilities and loan commitments	3 308 336	3 045 613
Total credit exposure	**60 417 404**	**54 707 302**

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

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

15. Tangible fixed assets and intangible assets

2024

NOK thousand	Right of use - Real estate	Right of use - cars	Machines, fixtures, transportation equipment	Intangible assets	Total tangible and intangible fixed assets
Purchase costs 01.01	125 822	13 533	27 343	42 231	208 929
Change in value - opening balance	338	374	252	377	1 340
Additions		2 639	24 734	3 258	30 631
Disposals	-107 926	311	-1 729	0	-109 344
Purchase costs at end of period	**18 234**	**16 857**	**50 600**	**45 865**	**131 556**
Accumulated ordinary depreciation 01.01	115 665	11 250	9 961	31 165	168 041
Change in value - opening balance	-221	320	251	315	666
Ordinary depreciation of the year	1 114	1 726	11 484	6 203	20 527
Change in value - during the year		25		60	85
Reversed disposed	-105 605		-1 729		-107 334
Accumulated depreciation at end of period	**10 953**	**13 321**	**19 967**	**37 743**	**81 985**
Book value assets at end of period	**7 281**	**3 536**	**30 633**	**8 122**	**49 572**

2023

NOK thousand	Right of use - Real estate	Right of use - cars	Machines, fixtures, transportation equipment	Intangible assets	Total tangible and intangible fixed assets
Purchase costs 01.01	147 918	11 504	25 825	128 338	313 585
Change in value - opening balance	1 036	830	723	1 031	3 620
Additions	11 036	1 454	18 754	221	31 465
Disposals	-34 168	-255	-17 959	-87 359	-139 741
Purchase costs at end of period	**125 822**	**13 533**	**27 343**	**42 231**	**208 929**
Accumulated ordinary depreciation 01.01	138 877	8 872	23 822	102 516	274 087
Change in value - opening balance	1 036	643	701	517	2 897
Ordinary depreciation of the year	1 694	1 970	1 929	11 029	16 622
Change in value - during the year	0	18	-29	44	33
Reversed disposed	-25 942	-253	-16 462	-82 941	-125 598
Accumulated depreciation at end of period	**115 665**	**11 250**	**9 961**	**31 165**	**168 041**
Book value assets at end of period	**10 157**	**2 283**	**17 382**	**11 066**	**40 888**

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

Right of use assets

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

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

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

Undiscounted lease liabilities and maturity of cash outflows

NOK thousand	2025	2026	2027	2028	2029-2032
	1 990	1 934	1 884	1 662	3 398

Summary of the lease liabilities

NOK thousand	2024	2023
Lease liabilities 1.1.	36 279	52 985
New/changed lease liabilities recognised	16 180	17 179
Terminated lease liabilities	-1 273	-8 926
Cash payments for the principal portion of the lease liabilities	-36 849	-24 658
Cash payments for the interest portion of the lease liabilities	-411	-1 235
Interests	411	1 235
Currency effects	-71	-301
Lease liabilities 31.12.	**14 266**	**36 279**

16. Other assets

NOK thousand	2024	2023
Direct and indirect taxes	54 097	73 207
Other assets	8 779	13 857
Total	**62 876**	**87 064**

17. Deposits by credit institutions

NOK thousand	2024	2023
Demand deposits and current accounts	273 581	341 897
Term deposits borrowings	45 205 739	42 004 891
Related payables	198 242	216 514
Total	**45 677 562**	**42 563 302**

18. Other liabilities

NOK thousand	2024	2023
Accounts payable	421 237	582 934
VAT and duties payable	52 758	-30 694
Other liabilities	161 616	161 984
Lease liability (Note 15)	14 409	36 279
Accruals and deferred income	120 230	160 748
Sum other liabilities	**770 250**	**911 251**

19. Liabilities from finance activities

NOK thousand	1 January	Cash flow	Exchange effect	Other changes	31 December
Hedging derivative liabilities	22 752	-14 416	-8 337	0	0
Deposits by credit institutions	42 563 305	2 481 454	701 124	-68 317	45 677 565
Leasing liabilities	36 279	-21 942	71		14 409
Liabilities from finance activities	**42 622 336**	**2 445 097**	**692 858**	**-68 317**	**45 691 974**

NOK thousand	1 January	Cash flow	Exchange effect	Other changes	31 December
Hedging derivative liabilities	0	22 571	0	182	22 752
Deposits by credit institutions	35 006 634	6 154 257	1 059 797	342 617	42 563 305
Deposits and borrowings from the public	141 506	-141 963	457		0
Leasing liabilities	52 985	-17 007	302		36 279
Subordinated liabilities	550 337	-550 337	0		0
Liabilities from finance activities	**35 751 463**	**5 467 520**	**1 060 555**	**342 799**	**42 622 336**

20. Categories of financial assets and liabilities

2024

NOK thousand	Derivatives designated as hedging instruments through profit or loss	Financial instruments at amortised cost	Total
Financial assets			
Debt instruments			
Loans to the public		57 109 068	57 109 068
Loans to credit institutions		661 046	661 046
Total assets	**0**	**57 770 114**	**57 770 114**
Liabilities			
Interest bearing loans and borrowings			
Deposits by credit institutions		45 677 562	45 677 562
Other financial liabilities			
Other liabilities		770 310	770 310
Total financial liabilities	**0**	**46 447 872**	**46 447 872**

2023

NOK thousand	Derivatives designated as hedging instruments through profit or loss	Financial instruments at amortised cost	Total
Financial assets			
Derivatives			
Hedging derivative assets	14 082		14 082
Debt instruments			0
Loans to the public		51 659 998	51 659 998
Loans to credit institutions		258 217	258 217
Total assets	**14 082**	**51 918 215**	**51 932 297**
Liabilities			
Interest bearing loans and borrowings			
Deposits by credit institutions		42 563 302	42 563 302
Other financial liabilities			
Other liabilities		911 250	911 250
Total financial liabilities	**0**	**43 474 552**	**43 474 552**

NFE uses the following hierarchy related to determining and disclosing the fair value of financial instruments:
1. Quoted (unadjusted) prices in active markets for identical assets or liabilities (level 1)
2. Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (level 2)
3. Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (level 3)

Valuation technique

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

By end 31st December NFE had no Financial derivatives.

2023

NOK thousand	level 1	level 2	level 3
Financial assets			
Financial derivatives	0	14 082	0
Total assets	**0**	**14 082**	**0**

21. Financial derivatives

Financial derivatives are contracts stipulating financial values in the form of interest rate terms for fixed periods of time. Derivatives used by NFE include interest rate swaps (IRS), currency swaps and forward rate agreements (FRA). Financial derivatives are used to manage interest rate risk from the company's ordinary operations. The table below shows nominal values as well as positive and negative market values of the interest and currency swaps. The company does not have any outstanding forward rate agreements at year end.
By end 31st December NFE had no Financial derivatives

2023

NOK thousand	Nominal values total	Positive market value	Negative market value
Interest rate swaps NOK	275 747	14 579	0
Currency swaps USD	1 728 363	0	23 250
Total	**2 004 110**	**14 579**	**23 250**

Maturity profile, Financial derivatives
2023

NOK thousand	1 month	from 1 month to 3 months	from 3 months to 1 year	from 1 year to 5 year	> 5 years	No maturity	TOTAL
Fixed rate loans NOK	0	34 259	92 072	429 837	195 051		751 219
Fixed rate loans DKK	0	74 369	216 300	490 272	23 586		804 527
Fixed rate loans SEK	0	94 076	202 648	392 692	1 963		691 379
Fixed rate loans EUR	0	43 255	50 643	139 336			233 234
Interest / currency swaps USD			1 728 363	0			1 728 363
Interest / currency swaps EUR							0
Interest rate swaps NOK	0	2 659	27 195	57 487	188 406		275 747
Interest rate swaps DKK	0	0	0	0	0		0
Interest rate swaps SEK	0	0	0	0	0		0
Fixed rate borrowing NOK	0	0	75 000	345 000	0		420 000
Fixed rate borrowing DKK	0	0	37 865	416 515	83 303		537 683
Fixed rate borrowing SEK	0	102 140	127 675	347 276	0		577 091
Fixed rate borrowing EUR	0	0	33 875	135 498			169 373
Currency swaps USD		0	1 728 363	0			1 728 363
Currency swaps EUR							0
Net position	**0**	**141 160**	**260 053**	**150 361**	**-51 109**	**0**	**500 465**

22. Offsetting

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

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

By 31st December all CSA were terminated.

2023

NOK thousand	Gross amount	Amounts that are offset	Net amount in financial position	Financial instruments on balance sheet	Cash collateral in the balance sheet	Net position
Assets						
Financial derivatives	12 940	0	12 940		12 940	0
Total assets	**12 940**	**0**	**12 940**	**0**	**12 940**	**0**
Liabilities						
Financial derivatives	8 671	0	8 671	8 671	0	0
Total liabilities	**8 671**	**0**	**8 671**	**8 671**	**0**	**0**

23. Risk management

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

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

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

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

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

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

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

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

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

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

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

Solidity / Capital Adequacy / Capital Management
The company's policy for capital management defines the applicable principles and guidelines for capital planning and management. Moreover, the company is subject to the group's guidelines for capital management. The internal guidelines compel the company always to comply with the internal requirements which are stricter than the local regulatory minimum requirements. A central part of the policy for capital management is regular assessment of the capital situation and capital adequacy under stress tests for various scenarios and relevant types of risk. This has been carried out in accordance with the regulatory requirements for internal processes for the assessment of capital adequacy (Internal Capital Adequacy Assessment Process or ICAAP) and liquidity risk (Internal Liquidity Adequacy Assessment Process or ILAAP). The analysis demonstrates that the company's capital adequacy, solidity and liquidity management are satisfactory in respect of expected future growth and also following the stress tests that have been carried out.

NFE is subject to minimum capital adequacy requirements as a regulated financial institution in the Kingdom of Norway. These requirements are defined and monitored by Finanstilsynet, the Norwegian Financial Supervisory Authority of Norway. Capital requirements, including capital buffer requirements at the end of 2024, were as follows:

	31.12.2024	31.12.2023
Minimum CET1	4,5%	4.5%
CCoB	2,5%	2.5%
SRB*	4,5%	4,5%
CCyB	2,5%	2,5%
Additional tier 1	1,5%	1.5%
Tier 2	2,0%	2.0%
Total Pillar 1	17,5%	17,5%
Pillar 2 requirement	2.0%	2,1%
Total requirement	19.5%	19,6%
Pillar 2 guidance	1.0%	1.0%

*SRB is on all Norwegian exposure, which for NFE means an average buffer rate of 2,74%.

In the planning and management of capital and compliance to internal and external requirements, NFE monitor evolution of all core elements of capital, including common equity (equity, share premium account, retained earnings, and deductible items to define regulatory capital base) as well as supplementary capital (tier 2) in the form of subordinated debt.

The main principle for the company's capital is that the capital level shall at all times be sufficient to cover regulatory minimum requirements presented above, and to ensure that the company is adequately capitalised for a planning horizon of 36 months. The planning horizon of 36 months is assessed as sufficient to allow enough time for the shareholder (Nordea Group) to plan for capital increase, allocation of net earnings / dividends or implementation of required measures should the capital situation in NFE fall below the defined internal targets. For the current financial planning period, the internal capital level target is set at the same level as recommended by the regulatory authorities.

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

Note 29 contains further quantitative information on capital and capital adequacy.

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

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

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

NFE will be part of Nordea sustainability report for 2024.

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

24. Risk classification

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

NFE internal obligor rating scale

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

2024

Obligor classifiaction

NOK thousand	IFRS 9 Stage Stage 1	Stage 2	Stage 3	Total
[1 ; 3] High	708 903	7 841	0	716 744
[-3 ;-4] High/medium	8 545 496	22 792	0	8 568 288
[5+ ;-5] Medium	33 601 159	341 422	0	33 942 581
[6+ ;7+] Medium/Low	7 658 598	1 523 081	0	9 181 680
[7 ;-7] Low	426 234	1 625 127	0	2 051 361
[8 ;10] Default	0	0	1 234 677	1 234 677
Not classified	2 911 838	38 369	0	2 950 208
Not staged				276
Total	**53 852 230**	**3 558 632**	**1 234 677**	**58 645 814**

2023

Obligor classifiaction

NOK thousand	IFRS 9 Stage Stage 1	Stage 2	Stage 3	Total
[1 ; 3] High	695 732			695 732
[-3 ;-4] High/medium	8 880 927	61 955		8 942 881
[5+ ;-5] Medium	28 996 453	237 498		29 233 951
[6+ ;7+] Medium/Low	5 725 051	2 448 108		8 173 160
[7 ;-7] Low	278 180	1 467 628		1 745 809
[8 ;10] Default			853 935	853 935
Not classified	3 833 442	37 814		3 871 255
Total	**48 409 784**	**4 253 003**	**853 935**	**53 516 722**

25. Repossessed assets

NFE has an objective of quickly realizing repossessed assets, and maintaining stock at a reasonable level. The company does not use repossessed assets, but sells the objects to third-parties. The company has achieved acceptable prices on sale of repossessed assets in 2024, and the market for second-hand equipment has generally been very good the last couple of years.

NOK thousand	2024	2023
Repossessed assets	55 163	15 868
Booked value	**55 163**	**15 868**

26. Interest rate risk and interest rate adjustment period

Interest rate risk arises from loan and leasing engagements where NFE receives fixed interest rate payments from the client. The interest rate can be fixed for different maturities, and in order to manage interest rate exposure, NFE applies different methods for interest rate hedging. See notes 1 and 21 for a description of hedging. Generally, a change in market interest rates will take effect faster in the interest rate to customer than it will in the funding rate. During normally a three months period this effect will however be neutralized.

2024

NOK thousand	1 month	1 month to 3 months	3 months to 1 year	1 year to 5 year	> 5 years	No agreed or fixed rate	TOTAL
Assets							
Cash and balances with central banks	0						0
Hedging derivative assets		0					0
Loans to credit institutions	661 046						661 046
Loans to the public	10 903 389	43 613 556				2 592 123	57 109 068
- hereof foreign currency	4 579 423	11 339 525				1 851 234	17 770 182
Fair value changes	0						0
Other assets	62 877						62 877
Total financial assets	**11 627 311**	**43 613 556**	**0**	**0**	**0**	**2 592 123**	**57 832 990**
Liabilities							
Financial liabilities at FVTPL	0						0
Hedging derivative liabilities	0						0
Deposits by credit institutions	21 530 050	21 963 463				2 184 049	45 677 562
- hereof foreign currency	13 871 646	6 441 132				1 499 049	21 811 827
Deposits and borrowings from the public	0						0
Other liabilities	770 353						770 353
Retirement benefit liabilities						78 009	78 009
Deferred tax liabilities	286 479						286 479
Current tax liabilities	0		0				0
Subordinated liabilities		0					0
Total financial liabilities	**22 586 882**	**21 963 463**	**0**	**0**	**0**	**2 262 058**	**46 812 403**
Net balance	**-10 959 571**	**21 650 093**	**0**	**0**	**0**	**330 065**	**11 020 587**

2023

NOK thousand	1 month	1 month to 3 months	3 months to 1 year	1 year to 5 year	> 5 years	No agreed or fixed rate	TOTAL
Assets							
Cash and balances with central banks	0						0
Hedging derivative assets		14 082					14 082
Loans to credit institutions	258 217						258 217
Loans to the public	9 759 811	39 419 829	0			2 480 358	51 659 998
- hereof foreign currency	4 174 394	13 975 147				1 729 139	19 878 680
Fair value changes	-12 888						-12 888
Other assets	87 064						87 064
Total financial assets	**10 092 204**	**39 433 911**	**0**	**0**	**0**	**2 480 358**	**52 006 473**
Liabilities							
Financial liabilities at FVTPL	0						0
Hedging derivative liabilities	22 753						22 753
Deposits by credit institutions	16 008 709	24 574 699	0	0	0	1 979 894	42 563 302
- hereof foreign currency	9 110 097	8 834 052	0	0	0	1 284 147	19 228 296
Deposits and borrowings from the public	0						0
Other liabilities	911 280						911 280
Retirement benefit liabilities						95 275	95 275
Deferred tax liabilities	53 469						53 469
Current tax liabilities	0		0				0
Subordinated liabilities		0					0
Total financial liabilities	**16 996 211**	**24 574 699**	**0**	**0**	**0**	**2 075 169**	**43 646 079**
Net balance	**-6 904 007**	**14 859 212**	**0**	**0**	**0**	**405 189**	**8 360 394**

27. Liquidity risk and remaining maturity on balance sheet items

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

Remaining maturity

2024

NOK thousand	1 month	1 month to 3 months	3 months to 1 year	1 year to 5 year	> 5 years	Without maturity	TOTAL
Assets							
Loans to credit institutions	661 046						661 046
Loans to the public	721 311	1 442 623	11 282 331	41 800 997	1 861 804		57 109 066
- hereof foreign currency	467 502	1 246 673	4 878 254	13 038 921	949 301		20 580 651
Other assets	62 877						62 877
Total financial assets	**1 445 233**	**1 442 623**	**11 282 331**	**41 800 997**	**1 861 804**	**0**	**57 832 988**
Liabilities							
Deposits by credit institutions	850 683	1 800 817	10 122 184	32 495 088	408 791		45 677 562
- hereof foreign currency	35 895	1 241 683	3 985 689	15 933 146	268 791		21 465 204
Other liabilities	770 353						770 353
Retirement benefit liabilities					78 009		78 009
Deferred tax liabilities	286 479						286 479
Total financial liabilities	**1 907 515**	**1 800 817**	**10 122 184**	**32 495 088**	**486 799**	**0**	**46 812 403**

2023

NOK thousand	1 month	1 month to 3 months	3 months to 1 year	1 year to 5 year	> 5 years	Without maturity	TOTAL
Assets							
Hedging derivative assets	14 082						14 082
Loans to credit institutions	258 217						258 217
Loans to the public	2 162 310	2 318 331	10 021 700	34 941 477	2 216 180		51 659 998
- hereof foreign currency	1 038 792	956 068	3 895 737	13 270 502	717 581		19 878 680
Fair value changes	-12 888						-12 888
Other assets	87 064						87 064
Total financial assets	**2 508 785**	**2 318 331**	**10 021 700**	**34 941 477**	**2 216 180**	**0**	**52 006 473**
Liabilities							
Hedging derivative liabilities	22 753						22 753
Deposits by credit institutions	1 007 151	2 276 841	9 176 318	29 450 602	310 493	341 897	42 563 302
- hereof foreign currency	335 844	686 579	4 201 318	13 352 165	310 493	341 897	19 228 296
Other liabilities	345 193	475 926	43 962	46 199			911 280
Retirement benefit liabilities					95 275		95 275
Deferred tax liabilities	53 469						53 469
Total financial liabilities	**1 428 566**	**2 752 767**	**9 220 280**	**29 496 801**	**405 768**	**341 897**	**43 646 079**

28. Net position per currency

Foreign currency positions arise from contracts in foreign currencies, and from the activities in the branches in Denmark and Sweden. Net foreign currency position at year end 2024 was NOK thousand 10.674. Hence giving a foreign currency sensitivity of NOK thousand 1.067 with a 10 % shift in exchange rates between NOK and other foreign currencies. The impact on net result and equity would be equivalent to NOK thousand 7.886. For 2023 a shift of 10 % in exchange rates would have resulted in an impact of NOK thousand 205 before tax and NOK thousand 158 on net profit and equity. The foreign currency positions shown are only non functional currencies.

2024

thousand	USD	EUR	SEK	CAD	GBP	DKK
Assets						
Norway	14 806	65 864	-1 194	-1 767	454	43 610
Sweden	-22	9 665	0	0	0	0
Denmark	-2	8 890	0	0	0	0
Total assets	**14 782**	**84 420**	**-1 194**	**-1 767**	**454**	**43 610**
Liabilites						
Norway	4 873	66 378	947	12 561	455	43 610
Sweden	-43	9 663	0	0	0	0
Denmark	-2	9 074	0	0	0	0
Total liabilities	**4 829**	**85 116**	**947**	**12 561**	**455**	**43 610**
Net balance sheet items	9 953	-696	-2 141	-14 328	-1	0
Exchange rate	11,338	11,803	1,031	7,893	14,243	1,583
Converted to NOK	**112 852**	**-8 213**	**-2 207**	**-113 092**	**-13**	**-1**
Currency sensitivity (10% shift) before tax	11 285	-821	-221	-11 309	-1	0
Currency sensitivity (10% shift) after tax	8 690	-632	-170	-8 708	-1	0

2023 thousand	USD	EUR	SEK	CHF	GBP	DKK
Assets						
Norway	10 151	37 552	-6 348	0	518	-26
Sweden	52	9 932	0	0	0	0
Denmark	0	4 335	0	0	0	0
Total assets	**10 203**	**51 819**	**-6 348**	**0**	**518**	**-26**
Liabilites						
Norway	10 196	37 995	-10 270	0	518	-26
Sweden	31	9 930	0	0	0	0
Denmark	1	4 461	0	0	0	0
Total liabilities	**10 227**	**52 386**	**-10 270**	**0**	**517**	**-26**
Net balance sheet items	-24	-567	3 922	0	1	0
Exchange rate	8,836	9,989	0,974	9,658	11,936	1
Converted to NOK	**-211**	**-5 663**	**3 819**	**1**	**8**	**0**
Currency sensitivity (10% shift) before tax	-21	-566	382	0	1	0
Currency sensitivity (10% shift) after tax	-16	-436	294	0	1	0

29. Capital adequacy

Regulatory development

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

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

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

Regulatory minimum capital requirements

The CRR requires banks to comply with the following minimum capital requirements in relation to REA:

- CET1 capital ratio of 4,5%
- Tier 1 capital ratio of 6,0%
- Total capital ratio of 8,0%

Capital buffers

A SRB of 4.5% was implemented from 31st December 2020. Extended implementation period until 31.12.2022 was adopted to banks not using the Advanced IRB Approach. On 16 December 2022, the Ministry of Finance prolonged the phasing-in period to increase the SRB from 3% to 4,5% by one year, until 31 December 2023 for the same banks.

In Norway, the risk weight floor for residential real estate is set at 20% and for commercial real estate at 35% in accordance with article 458 of the CRR. On 16th December 2022, the Norwegian Ministry of Finance decided to extend the floors at same level until 31st December 2024. Norges Bank has decided to keep the countercyclical buffer rate unchanged at 2,5 %.

With effect from 18th October 2022, Norwegian financing entities are exempted from the liquidity rules in the CRR.

Finalisation of Basel III framework ("Basel IV")
Basel III is a global regulatory framework for bank capital adequacy, stress testing and liquidity risk. In December 2017, the finalised Basel III framework, often called the Basel IV package, was published. It includes revisions to credit risk, market risk, operational risk, credit valuation adjustment (CVA) risk and the leverage ratio and introduces a new output floor.

Before being applicable to Nordea, the Basel IV package needs to be implemented into EU regulations. The negotiations between the EU Commission, EU Council and EU Parliament have been finalised and the final approval on the CRR3 regulation is expected in the 1st half of 2024. The new regulation is expected to be in force on 1st January 2025.

On credit risk, the proposal includes revisions to both the IRB approach, where restrictions on the use of IRB for certain exposures are implemented, as well as on the standardised approach. Also, for market risk, the internal model approach and the standardised approach have been revised. For operational risk, the three existing approaches will be removed and replaced by one standardised approach to be used by all banks. On CVA risk, the internally modelled approach is removed and the standardised approach is revised.
The output floor is to be set at 72,5% of the standardised approaches on an aggregate level, meaning that the capital requirement will be floored to 72,5% of the total Pillar 1 REA calculated with the standardised approaches for credit, market and operational risk. The floor is expected be phased in, starting with 50% from 1st January 2025 to be fully implemented at 72,5% from 1st January 2030 and with transitional rules for the calculation of the REA for the output floor extending to end-2032.

NOK thousand	2024	2023
Common Equity Tier 1 capital		
Share capital	1 010 000	945 436
Share premium account	1 876 075	240 639
Other equity	7 252 675	6 153 306
Independently reviewed interim profits net of any foreseeable charge and dividend		1 077 769
Common Equity Tier 1 capital before regulatory adjustment	**10 138 750**	**8 417 150**
Common equity Tier 1 capital: Regulatory adjustment		
Deferred tax assets	0	0
Intangible assets (net of related tax liability)	-6 335	-5 114
Value adjustments due to the requirements for prudent valuation	0	-27
Negative amounts resulting from the calculation of expected loss	-26 896	-17 811
Total regulatory adjustments to Common Equity Tier 1	-33 231	-22 952
Common Equity Tier 1 capital	**10 104 833**	**8 393 501**
Additional Tier 1 capital	0	0
Tier 1 capital	**10 104 833**	**8 393 501**
Tier 2 capital: instrument and provision		
Subordinated debt	0	0
Tier 2 capital	**0**	**0**
Total capital	**10 104 833**	**8 393 501**

NOK thousand	2024	2023
Calculation basis		
Standardised method		
Local and regional authorities (including muncipalities)	142 423	149 848
Institutions	149 852	66 430
Corporate	11 362 884	10 853 564
Other assets	159 489	112 436
Engagements in default	172 688	213 634
Total Credit risk, standardised method	**11 987 335**	**11 395 912**
IRB method		
Corporate - small and medium sized businesses	19 172 976	16 902 009
Corporate - other	10 386 274	7 828 809
Total Credit risk, IRB method	**29 559 250**	**24 730 818**
Credit risk weighted assets	41 546 585	36 126 730
Operational risk, basic indicator approach	3 633 596	3 306 657
Additional requirement according to Basel II floor	0	0
Total calculation basis	**45 180 181**	**39 433 387**

	2024	2023
Capital ratios and buffers		
Common Equity Tier 1	22,37%	21,29%
Tier 1	22,37%	21,29%
Total capital	22,37%	21,29%
Capital requirement including institution specific buffers	12,17%	12,12%
…of which: capital conservation buffer	2,50%	2,50%
…of which: countercyclical buffer	2,43%	2,42%
…of which: systemic risk buffer	2,74%	2,70%
...of which: systemically important institution buffer	0,00%	0,00%
Common Equity Tier 1 above minimum capital requirements and capital buffers	10,20%	9,17%
Tier 1 capital above minimum capital requirements and capital buffers	8,70%	7,67%
Total capital above minimum capital requirements and capital buffers	6,70%	5,67%

NOK thousand	2024	2023
Capital ratios and buffers, nominal amounts		
Institution specific buffer requirement	5 497 370	4 780 703
…of which: capital conservation buffer	1 129 505	985 835
…of which: countercyclical buffer	1 096 704	954 958
…of which: systemic risk buffer	1 238 053	1 065 408
...of which: systemically important institution buffer	0	0
Common Equity Tier 1 above minimum capital requirements and capital buffers	4 609 437	3 614 665
Tier 1 capital above minimum capital requirements and capital buffers	3 931 734	3 023 164
Total capital above minimum capital requirements and capital buffers	**3 028 131**	**2 234 496**

	2024	2023
Pilar 2 requirement		
Additional core capital buffer requirement ratio	2,0 %	2,1 %
Additional core capital buffer requirement	911 184	862 037
Leverage ratio		
Total Leverage Ratio exposure	61 459 472	55 139 993
Leverage Ratio	16,4 %	15,2 %

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

The capital requirement for Operational Risk is calculated according to the Basic Indicator / Standard Approach for operational risk.

30. Guarantee liabilities and loan commitments

Nordea Finance Equipment AS has at year end 2024 given loan commitments of TNOK 3.308.336. The commitments are related to future financing of equipment, where the company has a contractual obligation. By the end of 2023 the corresponding amount was TNOK 3.045.613,

NOK thousand	2024	2023
Guarantee liability	2 850	10 335
Total	**2 850**	**10 335**

31. Contingencies

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

32. Ownership

The share capital of NFE is constituted of 101 shares, with a nominal value of NOK 10.000.000 per share. NFE had a capital injection of NOK 1.700.000 in March 2024. All issued shares have equal voting rights and the same right to receive dividend. All shares are held by Nordea Bank Abp, Satamaradankatu 5, FI0020 Nordea, Helsinki ,Finland.

Number of shares	2024	2023
January the 1st	101	101
December 31st	101	101
Nominal value December 31st	10 000 000	9 360 750

Ordinary Shares -dividend

NOK thousand	2024	2023
Total dividend	0	999 214
Dividend per share	0	9 893

33. Information on related parties

NOK thousand	2024	2023
Liability and interest expense		
Loans from Group companies	-43 552 302	-38 648 147
Related payables Group companies	-188 353	-193 477
Revaluation of hedged item due to banks	0	0
Other liabilities	-161 646	-161 984
Interest expenses to group companies	1 920 207	1 427 001
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.

34. Summary of compensation policy and remuneration

Main principles

The compensation policy for all employees in NFE is based on the provisions of Sentralavtalen (the Central Agreement) between the Finans Norge (Employers' Association for Financial institutions) and Finansforbundet (The Finance sector Union of Norway).
The compensation shall be evaluated based on performance, qualifications and market considerations. The criteria shall be discussed with employee representatives, and in connection with the objectives and assessments for each employee.

Fixed salary

The fixed salary is based on the wage scale for member companies in the Employers' Association for Financial institutions.
Salaries for the CEO, Management Committee and key employees are validated by Nordea Group.
Assessment of individual salary raise shall be done in conjunction with the company's annual salary review. The fixed salary is linked to the employee's position and achievement, and is related to the scope of responsibility and the position's market value.

One time premiums

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

Variable compensation – bonus schemes

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

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

Bonus scheme – senior executives

For the senior executives, the composition of fixed and variable remuneration shall be balanced. The variable remuneration shall not exceed the fixed remuneration, i.e. 100 per cent of the fixed remuneration. The General Assembly, or equivalent body, may decide variable remuneration up to twice the fixed remuneration, that is, 200 percent of the fixed remuneration, for identified staff in line with Norwegian regulation. The basis for the variable remuneration shall be a period of the last two years, and at least half of the variable part can be distributed in the form of performance shares or as a share-adjusted cash bonus over at least a 3 year schedule.

Remuneration to of senior management

NOK thousand	Pay	Bonus	Pension cost	Other remuneration	Total 2024	Loan 31.12
CEO						
Julie Ytreland	534		1	106	641	17
Sjur Loen	2 473	1 435	178	749	4 835	0

Julie Yterland has from 1st November 2024 been CEO for both Nordea Finans Norge AS and NFE. Remuneration for Sjur Loen is for 12 months. The remuneration is for both of the companies.

NOK thousand	Pay	Bonus	Other remuneration	Pension cost	Total 2023	Loan 31.12
CEO						
Sjur Loen	2 312	1 245	362	202	4 122	9 514

Sjur Loen was in 2023 CEO for both Nordea Finans Norge AS and NFE: The remuneration is for both of the companies.

Remuneration to the Board of Directors

External boards members have not received remuneration from NFE in 2024.
Internal board members have been employed in Nordea Group in the same period and receive remuneration from these units.
Employee representative has received NOK 3.500 for each board meeting.

35. Number of employees / full-time positions

	Norway	Sweden	Denmark	Total
Number of employees start of year	200	29	49	278
Recruitment	6	1	2	9
Departures	54	5	6	65
Number of employees end of year	**152**	**25**	**45**	**222**
Number of employees calculated on a full-time basis 31.12.2024	140	23	42	205
Number of employees calculated on a full-time basis 31.12.2023	197	28	48	273

36. Subsequent events

NFE Norway will by 1st of April merge with Nordea Finans Norge AS, NFE Denmark will merge with Nordea Finans Danmark and NFE Sweden will merge with Nordea Finans Sverige 2nd April.
No events have occurred after the balance sheet date, which may materially affect the assessment of the annual financial statement of NFE.

To the General Meeting of Nordea Finance Equipment AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Nordea Finance Equipment AS (the Company), which comprise the balance sheet as at 31 December 2024, income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

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

Other Information

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

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

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

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Oslo, 27 March 2025
PricewaterhouseCoopers AS

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