



Interim financial statement Q2 2021

Unaudited figures

Nordea Finance Equipment

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Report of the Board of Directors as of June 30, 2021

In the first six months of 2021, Nordea Finance Equipment AS has:

- established new financing to clients for MNOK 7 782 (MNOK 7 851 for the same period in 2020).
- net banking income of MNOK 757,0 (MNOK 791,8).
- net cost of risk of MNOK 21,0 or 0,11 % of average funded assets (MNOK 144,3 or 0,72%).
- total comprehensive income of MNOK 351,5 (MNOK 289,5).
- total assets of MNOK 40 637 (MNOK 41 449).
- capital adequacy ratio of 22,7 % (20,7 %) for tier 1 capital and 24,5% (22,5 %) for total capital.

Business activities

New business volume in Scandinavia is impacted by the Covid-19 pandemic and the measures taken by governments to meet the potential consequences of the pandemic. At the beginning of the second quarter of 2021, as new containment measures were introduced in many countries amid the second and third waves of the Covid- 19 pandemic. At the end of the second quarter of 2021 the global economy are improving, with vaccine roll-outs gaining speed and societies gradually reopening. As actions vary between the three Scandinavian countries so does the impact on the activity and business volumes.

For the first six months in 2021 the new financing in Scandinavia is lower compared to 2020. In the first half year, Nordea Finance Equipment AS has established new financing in Scandinavia of MNOK 7 782 compared to MNOK 7 851 for the same period in 2020. This is a decrease of 0,9%. Margins for new financing are at the same level as the same period last year.

In equipment finance, we maintain our position as market leader in Norway. We observe that the volume of new financing is lower, and therefore that our market share in Q2 2021 is lower compared to last year. The activity and volumes after six months ends at MNOK 4 174 which is lower compared to MNOK 4 553 at the end of the second quarter of 2020. In Sweden and Denmark, new financing volumes are stable compared to last year and we estimate that we maintain our market share.

Total assets at end of second quarter 2021 are MNOK 40 637,0 which is 2,0 % lower than MNOK 41 448,7 at end of June 2020. A part of this decrease is driven by the strengthening of NOK against SEK and DKK as approximately one third of our portfolio is in these currencies.

331 people were employed in Nordea Finance Equipment AS at the end of the second quarter. This is a decrease in staff of 14 since year end 2020. Turn-over in the period ends at 4,9% compared to 4,2% in the same period last year. We consider the level of turnover acceptable.

Financial Results

Nordea Finance Equipment AS has Net Banking Income of MNOK 757,0 in the first six months of 2021 compared to MNOK 791,8 in the same period in 2020. Net Interest Income after six months ends at MNOK 607,0 which is lower compared to MNOK 625,0 at end of second quarter of 2020. Net fees, income on other activity and net gains on financial instruments at fair value have decreased with 10,2 % to MNOK 149,9 compared with MNOK 166,9 in the same period last year. The main driver for this decrease is lower fee and commission income as well as lower income on other activity.

Operating expenses amount to MNOK 287,2 in the period ending June 30, 2021, compared to MNOK 312,8 in the same period in 2020. This represents a decrease of MNOK 25,6 or 8,2%. The decrease in operating expenses is mainly due to the non-existent intragroup services in the second quarter 2021.

Total Cost of Risk year to date amounts to MNOK 21,0 compared to MNOK 144,3 in the same period last year. This represents 0,11% of average outstanding loans in the period, which is a reduction compared to 0,72% last year. Total write-down for impairment represents 1,32% of outstanding loans at end of the quarter compared to 1,31% at end of second quarter last year.

The operating profit is MNOK 448,8 in the first six months of 2021, compared to MNOK 334,7 in the first six months of last year. The main drivers for the MNOK 114,1 increase in operating profit is related to the less net loan losses in the second quarter 2021.

Nordea Finance Equipment AS produces a net result after tax of MNOK 352,5 for the period from January 1 to June 30, 2021. This compares to a net result after tax of MNOK 286,9 in the same period last year.

Risk management and Capital adequacy

The regulatory capital as of June 30 is MNOK 7 250,6. The regulatory capital consists of MNOK 6 700,6 tier one capital, and MNOK 550,0 tier two capital.

The basis for the calculation of capital requirements and capital adequacy at the end of second quarter was MNOK 29 588,0, with credit risk weighted assets of MNOK 26 765,6, and a capital requirement for operational risk corresponding to risk weighted assets of MNOK 2 822,3.

The capital adequacy at end of June 2021 was 24,5 %. Tier 1 capital ratio was 22,7 %. At end of June 2021, the countercyclical buffer requirements in Sweden and Denmark have been lowered to 0% and in Norway to 1% as a response to the Corona situation. The other capital buffer requirements are constant in the period and the total capital buffer requirement above the prudential minimum capital levels is 7,62% compared to 6,11% at end of second quarter 2020. The additional prudential pillar 2 requirement is maintained at 1,5%. The capital coverage is thus satisfactory compared to regulatory minimum requirements and the company's internal requirements and guidelines for solidity and capital adequacy. As part of the company's capital management procedures, stress testing of all relevant risks is performed and the change in the capital requirement under various stress scenarios evaluated. The capital adequacy is considered satisfactory also considering the results of the performed stress tests.

Lysaker, August 13, 2021

Ari Kaperi
Chairman

Peter Hupfeld
Vice chairman

Ulrik Modigh

Magnus Jacobson

Mariann H. Gulbrandsen

Ellen Pløger

INTERIM FINANCIAL STATEMENT

INCOME STATEMENT

<i>(in NOK thousand)</i>	<i>Notes</i>	Q2, 2021	Q2, 2020	YTD Q2, 2021	YTD Q2, 2020	FY, 2020
Total interest income	4	350 800	406 156	698 151	839 872	1 584 413
Total interest expenses	4	-44 705	-91 607	-91 103	-214 920	-368 676
Fee and commission income	5	68 169	89 198	150 342	169 839	325 528
Fee and commission expense	5	-40 878	-58 699	-95 781	-109 505	-201 893
Net gains and losses on financial transactions	6	-2 011	5 435	-1 156	6 794	8 026
Other operating income	5	50 408	42 672	96 509	99 741	188 147
Net banking income		381 782	393 154	756 962	791 821	1 535 543
Staff costs	7	-93 586	-95 087	-207 759	-201 692	-451 974
Other expenses	7	-38 959	-51 850	-79 410	-111 080	-235 696
Gross operating income		249 237	246 217	469 792	479 050	847 874
Net loan losses	11	8 862	-118 582	-21 041	-144 320	-173 305
Operating income		258 100	127 634	448 751	334 730	674 568
Income tax expense	15	-54 085	-1 966	-96 221	-47 791	-20 234
Profit for the period		204 015	125 669	352 531	286 939	654 335
Other comprehensive income						
<i>Items that could be reclassified:</i>						
Exchange differences on translation of foreign operations		1 337	-1 695	-1 309	3 282	1 404
Taxes		-294	373	288	-722	-309
<i>Items that cannot be reclassified:</i>						
Actuarial gains and losses						
Taxes						
Attributable to:						
Equity holder of the parent		205 057	124 346	351 510	289 499	655 429
Total comprehensive income of the period		205 057	124 346	351 510	289 499	655 429

BALANCE SHEET - ASSETS & LIABILITIES

<i>(in NOK thousand)</i>	<i>Notes</i>	Q2, 2021	Q2, 2020	FY, 2020
Cash and balances with central banks		9	10	9
Hedging derivative assets	6,21,22	925	223 931	187
Loans to credit institutions	8	1 023 731	161 159	788 750
Loans to the public	9,10,11,12,13	39 246 921	40 659 208	39 482 824
Fair value changes		24 893	62 472	44 343
Reposessed assets		20 922	34 905	14 270
Deferred tax assets	15	987	4 313	0
Tangible and intangible fixed assets		119 675	141 798	133 254
Other assets		198 914	160 852	185 194
Total		40 636 978	41 448 647	40 648 832
Hedging derivative liabilities	6,21	219 925	101 039	330 881
Deposits by credit institutions	16,18	31 272 686	33 086 681	31 733 771
Deposits and borrowings from the public		235 745	261 206	352 322
Other liabilities		1 070 974	906 898	810 588
Retirement benefit liabilities	19	99 604	97 252	97 988
Deferred tax liabilities	15	0	0	31 423
Current tax liabilities	15	105 075	80 073	10 343
Subordinated liabilities	17	550 112	550 081	550 169
Total liabilities		33 554 121	35 083 230	33 917 485
Share capital		945 436	945 436	945 436
Share premium account		240 639	240 639	240 639
Retained earnings		5 896 782	5 179 342	5 545 272
Total equity		7 082 857	6 365 417	6 731 347
Total		40 636 978	41 448 647	40 648 832

Lysaker, August 13th, 2021

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Ellen Pløger

STATEMENT OF CHANGES IN EQUITY

<i>in NOK thousand</i>	Share capital	Share premium	Retained earnings	Translation differences	Actuarial gains and losses	Total
Equity 01.01.20	945 436	240 639	4 918 572	-2 134	-26 595	6 075 918
Profit for the period			286 939			286 939
Other comprehensive income				2 560		2 560
Dividends						0
Total equity 30.06.2020	945 436	240 639	5 205 511	426	-26 595	6 365 417
Equity 01.01.21	945 436	240 639	5 572 906	-1 039	-26 595	6 731 347
Profit for the period			352 531			352 531
Other comprehensive income				-1 021	0	-1 021
Dividends						0
Total equity 30.06.2021	945 436	240 639	5 925 437	-2 060	-26 595	7 082 857

CASH FLOW STATEMENT

Amounts in NOK thousand

	2021	2020
Operations		
Interest income	670 754	784 749
Interest expenses	-91 103	-214 920
Other receipts	163 873	196 411
Operating expenses	-254 288	-314 825
Receipts on previous losses	14 513	6 767
Paid taxes	-71 009	-142 283
Net cash flow from operations	432 740	315 900
New investments leasing		
New investments leasing	-6 621 710	-6 762 155
Proceeds from sale of leasing assets	1 605 543	1 521 947
Decrease in loans (net)	6 395 320	3 663 567
Decrease (increase) in other receivables	277 893	-184 705
Decrease (increase) in advance payments	-38 062	-21 635
Net cash flow from current financial activity	1 618 984	-1 782 981
Decrease (increase) in tangible assets		
Decrease (increase) in tangible assets	4 229	-16 479
Net cash flow from investment activity	4 229	-16 479
Increase (decrease) in deposits from customers		
Increase (decrease) in deposits from customers	-25 461	12 279
Payment of dividends	0	0
Increase (decrease) subordinated debt	0	0
Increase (decrease) in loans from credit institutions	-1 792 733	1 054 467
Increase (decrease) in debt	282 980	169 185
Increase (decrease) accrued costs	-23 502	7 601
Currency exchange without cash effect	-1 021	2 559
Net cash flow from long term financial activity	-1 193 806	1 246 091
Net cash flow	862 147	-237 468
Cash at the 1st of January	160 987	398 455
Cash at end of period	1 023 134	160 987
Reconciliation cash at end of period		
Cash and deposits with central banks	9	10
Deposits with financial institutions	1 023 125	160 977
Cash at end of period	1 023 134	160 987

NOTES

1. ACCOUNTING PRINCIPLES

Nordea Finance Equipment AS is a Scandinavian finance company and its business is carried out through a broad, Scandinavian distribution network with 15 regional and sales offices in Norway, 4 offices in Sweden and 2 in Denmark. Nordea Finance Equipment AS forms part of Nordea Bank Abp, a group listed on the stock exchange with head office in Helsinki, Finland. The Group consolidated financial statement is prepared by Nordea Bank, and is available on www.nordea.com.

The company is a limited company incorporated and domiciled in Norway. Its registered office is in Strandveien 18, Lysaker.

The interim financial statements for the period ended June 30th 2021, were authorised for issue by the Board of Directors on August 13th, 2021.

Nordea Finance Equipment AS's activities are neither seasonal nor cyclical in nature, its period results were not affected by any seasonal or cyclical factors.

The interim financial statements for Nordea Finance Equipment AS for the 6 month period ending June 30th 2021, are prepared and presented in accordance with the revised IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with the financial statement as at 31 December 2020.

IFRS, IFRIC interpretation and amendments applied by Nordea Finance Equipment AS as at January 1st, 2021

Accounting standards, amendments or interpretation	Adoption date by	
	the European Union	Effective date
Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7)	26.09.2019	01.01.2021

Accounting standards, Amendments or interpretation to be applied in the future

Not all of the accounting standards and interpretations published by the IASB (International Accounting Standards Board) have been adopted by the European Union at June 30, 2021. These accounting standards and interpretations are required to be applied from annual periods beginning on January 1, 2022 at the earliest or on the date of their adoption by the European Union. Accordingly, they were not applied by Nordea Finance Equipment AS as of June 2021.

Accounting standards, Amendments or interpretation adopted by the European Union on June 30, 2021

No new standards

Accounting standards, amendments or interpretations not yet adopted by the European Union on June 30, 2021

Accounting standards, amendments or interpretations	Adoption date by	
	the IASB	Effective date
IFRS 17 Insurance Contracts	18.05.2017	01.01.2022
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	23.02.2020	01.01.2023
Amendments to IFRS 3 - Updating a Reference to the Conceptual Framework	01.03.2018	01.01.2022

2. IMPORTANT ACCOUNTING ESTIMATES AND DISCRETIONARY EVALUATION

The preparation of interim 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. The key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

No changes in significant accounting policies in 2021.

4. NET INTEREST INCOME

<i>(in NOK thousand)</i>	Q2, 2021	Q2, 2020	2021	2020
Interest income from financial institutions, valued at amortised cost	1 722	2 552	4 481	6 691
Interest income from customers financial leases and loans, valued at amortised cost	348 090	400 558	691 460	826 031
Interest income financial instruments	988	3 046	2 210	7 149
Total interest income	350 800	406 156	698 151	839 872
Interest expenses to financial institutions, valued at amortised cost	-36 783	-82 121	-75 803	-196 675
Interest expenses on deposits and debt to customers, valued at amortised cost	-170	-564	-637	-1 217
Interest expenses financial instruments	-3 115	-3 278	-5 013	-4 495
Interest expenses on subordinated debt	-3 662	-4 568	-7 451	-10 271
Other interest expenses	-974	-1 076	-2 199	-2 262
Total interest expenses	-44 705	-91 607	-91 103	-214 920
Net interest income	306 095	314 549	607 047	624 952

5. NET FEES AND INCOME ON OTHER ACTIVITY

<i>(in NOK thousand)</i>	Q2, 2021	Q2, 2020	2021	2020
Commission and fee income from loans and similar to customers	68 169	89 198	150 342	169 839
Fee and Commission income	68 169	89 198	150 342	169 839
Commission and fee expenses from loans and similar to customers	-37 237	-57 814	-88 452	-107 775
Other commission and fee expenses	-3 641	-885	-7 329	-1 729
Fee and Commission expense	-40 878	-58 699	-95 781	-109 505
Net commission and fee income	27 291	30 499	54 561	60 335
Gains and losses repossessed assets	6 199	4 471	9 137	9 425
Termination gain and loss	35 590	27 904	69 059	70 065
Income from extension of leasing contracts	8 687	10 077	18 044	19 593
Other income	-69	220	268	658
Total income other activity	50 408	42 672	96 509	99 741

6. NET GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE

<i>(in NOK thousand)</i>	Q2, 2021	Q2, 2020	2021	2020
Net gains on financial derivatives, trading	110	0	738	0
Change in fair value on financial derivatives, hedging	-226	-7 578	17 312	-44 519
Change in fair value on hedged fixed interest loans	-1 484	5 972	-19 331	43 771
Net change in value and gains on foreign currency	-411	7 040	125	7 543
Net gains/losses on financial instruments at fair value through P&L	-2 011	5 435	-1 156	6 794

7. OPERATING EXPENSES

<i>(in NOK thousand)</i>	Q2, 2021	Q2, 2020	2021	2020
Payroll	-69 536	-73 611	-143 188	-147 376
Pensions	-8 114	-10 289	-18 173	-21 226
Social security costs	-9 094	-9 501	-23 334	-22 039
Other staff cost	-6 842	-1 686	-23 063	-11 050
Staff costs	-93 586	-95 087	-207 759	-201 692
Rent and other office costs	-3 123	-2 022	-5 568	-4 774
Fees and temporary staff	-20 771	-25 543	-43 705	-48 248
Travel and marketing	-1 601	-1 920	-2 866	-9 067
Other operating costs	-3 507	-4 414	-7 610	-8 806
Intragroup services	0	-8 141	0	-20 946
Depreciation and gain/loss	-9 957	-9 810	-19 660	-19 239
Other expenses	-38 959	-51 850	-79 410	-111 080
Total operating expenses	-132 545	-146 937	-287 169	-312 772

8. LOANS TO CREDIT INSTITUTIONS

(in NOK thousand)

	2021	2020
Deposits with financial institutions	1 023 125	160 977
Loans to financial institutions	606	182
Due from banks before impairment	1 023 731	161 159
Impairment of individually impaired loans	0	0
Revaluation of hedged item	0	0
Net due from banks	1 023 731	161 159

9. LOANS TO THE PUBLIC

(in NOK thousand)

	2021	2020
Equipment loans	5 037 385	4 575 939
Factoring receivables	268 166	349 149
Factoring loans	1 748 587	1 850 907
Financial lease agreements	32 726 689	34 420 561
Customer loans before impairment	39 780 828	41 196 556
Impairment of individually impaired loans	-533 907	-537 348
Net due from customers	39 246 921	40 659 208

10. ALLOWANCES RECOGNISED AND CUSTOMER LOANS

(in NOK thousand)

	Stage 1	Stage 2	Stage 3	2021 Total
Allowances on loans as of 01.01	-95 778	-72 873	-366 305	-534 956
Allowances on new loans	-32 451	-4 253	-13 711	-50 415
Movement from S1 to S2	7 538	-21 793		-14 255
Movement from S1 to S3	964		-28 290	-27 326
Movement from S2 to S3		4 442	-37 791	-33 348
Movement from S3 to S2		-1 696	26 133	24 436
Movement from S3 to S1	-53		1 502	1 449
Movement from S2 to S1	-3 771	15 068		11 297
Loans terminated	4 042	2 006	20 096	26 144
Change within stage	-1 269	7 582	56 753	63 066
Allowances on loans at end of period	-120 778	-71 516	-341 613	-533 907
Customer loans before impairment	35 252 139	3 711 005	817 683	39 780 828

(in NOK thousand)

	Stage 1	Stage 2	Stage 3	2020 Total
Allowances on loans as of 01.01	-65 513	-37 335	-321 490	-424 338
Allowances on new loans	-17 975	-13 742	-9 247	-40 964
Movement from S1 to S2	13 695	-54 692		-40 998
Movement from S1 to S3	1 757		-100 756	-99 000
Movement from S2 to S3		2 768	-27 214	-24 446
Movement from S3 to S2		-1 504	20 598	19 094
Movement from S3 to S1	-111		13 831	13 721
Movement from S2 to S1	-2 083	8 447		6 364
Loans terminated	1 710	2 264	15 865	19 838
Change within stage	-14 760	696	47 445	33 380
Allowances on loans at end of period	-83 281	-93 099	-360 969	-537 348
Customer loans before impairment	34 711 151	5 398 935	1 086 471	41 196 556

11. LOSSES AND ALLOWANCES RECOGNISED IN PROFIT AND LOSS

(in NOK thousand)

	2021	2020
Losses on loans		
Write-downs for loan losses at end of period	-533 907	-537 348
Exchange rate adjustments (opening balance)	-23 991	12 247
Write-downs for loan losses as at 01.01	534 956	424 338
Total actual losses	-12 611	-50 323
Income on actual losses	14 513	6 767
Net loan losses	-21 041	-144 320

12. LEASING (FINANCIAL LEASING ASSETS)

(in NOK thousand)

	2021	2020
Purchase cost 01.01	61 443 990	59 416 966
Exchange rate difference	-608 987	1 877 969
Inflow during the year	6 621 710	6 762 155
Outflow during the year	-6 139 326	-6 261 227
Purchase cost at end of period	61 317 386	61 795 863
Accumulated ordinary depreciation 01.01	25 403 661	23 766 522
Exchange rate difference	-234 139	696 028
Ordinary depreciation during the year	5 338 427	5 031 773
Reversed depreciation sold assets	-4 628 593	-4 840 575
Accumulated depreciation at end of period	25 879 357	24 653 747
Book value leasing assets at end of period	35 438 029	37 142 116
Customer receivable	-2 676 387	-2 672 447
Other accruals	-34 953	-49 108
Book value in the balance sheet at end of period	32 726 689	34 420 561

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

Overview of future minimum finance lease rental:

Within 1 year	8 344 943	8 911 242
1 to 5 years	26 425 652	28 218 934
Future minimum finance lease rental	34 770 595	37 130 176
Average interest	3,00 %	3,68 %
Present value of minimum lease payments	32 383 502	34 067 119
Unearned finance income	2 043 905	2 709 615

13. RISK CLASSIFICATION

(in NOK thousand)

Days outstanding status	2021	
	Net loans to customers	Whereof past due, non-doubtful
Not past due	38 768 712	
1-29	14 418	1 105 312
30-59	39 337	31 044
60-89	294 943	138 357
90-179	86 572	9 002
> 180	36 778	8 815
> 1 year	6 161	3 138
Total	39 246 921	1 295 667

(in NOK thousand)

Days outstanding status	2020	
	Net loans to customers	Whereof past due, non-doubtful
Not past due	38 843 420	
1-29	1 351 997	1 232 368
30-59	39 337	30 835
60-89	294 943	250 203
90-179	86 572	23 474
> 180	36 778	6 094
> 1 year	6 161	1 561
Total	40 659 208	1 544 535

Credit exposure:

(in NOK thousand)

	2021	2020
Net loans to customers	39 246 921	40 659 208
Positive market value derivatives	925	223 931
Guarantee liabilities and loan commitments	1 983 078	1 530 590
Total credit exposure	41 230 924	42 413 728

14. DOUBTFUL LOANS

<i>(in NOK thousand)</i>	2021	2020
Gross doubtful loans	817 683	1 086 471
- Write-downs on impaired assets	-341 613	-360 969
Net doubtful loans	476 070	725 502

15. INCOME TAX

The company calculates the tax payable based on an estimated effective tax rate. For 2020 the effective tax rate was 3,0 % at year end and the expected effective tax rate for 2020 was 22,1 %. For 2021 this is expected to be 22,0 %. Deferred tax assets are for interim based on an estimate for the year. The estimate is prepared based on previous years' development in the leasing portfolio, adjusted for year acquisitions and disposals. Expected changes in the deferred tax is recognised with 22,0 % for the period ending 30 June 2021. The main contributor to the fluctuation in effective tax rate is exchange rate effects from the portfolio.

<i>(in NOK thousand)</i>	2021	2020
Current income tax expense	-122 729	-80 073
Gross deferred tax expense	26 508	32 282
Income tax expense for the period	-96 221	-47 791

16. DEPOSITS BY CREDIT INSTITUTIONS

<i>(in NOK thousand)</i>	2021	2020
Demand deposits and current accounts	68 097	89 360
Term deposits borrowings	31 186 414	32 783 299
Related payables	18 174	27 214
Revaluation of hedged item due to banks	0	186 808
Total	31 272 686	33 086 681

17. SUBORDINATED LIABILITIES

<i>(in NOK thousand)</i>	2021	2020
Subordinated debt	550 000	550 000
Subordinated debt related payables	112	81
Total	550 112	550 081

18. INFORMATION ON RELATED PARTIES

<i>(in NOK thousand)</i>	2021	2020
Assets/interest income		
Loans to Group companies	606	182
Revaluation of hedged item	0	0
Interest income from group companies	0	0
Other assets	3 376	0
Liability/interest expense		
Loans from Group companies	24 445 256	24 225 594
Related payables Group companies	13 414	16 904
Revaluation of hedged item due to banks	0	186 808
Other liabilities	0	0
Interest expenses to group companies	-56 728	-145 141
Subordinated debt	550 000	550 000
Interest expenses on subordinated debt	-7 451	-10 271

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

19. EMPLOYEE BENEFITS

For the period ending 30 June 2021, it is not obtained a new actuary estimate. It is therefore not presented any effect of actuarial gains and losses in other comprehensive income. The company considers the possible effect of actuarial gains and losses as immaterial for the assessment of the financial position for the 6-month period ending 30 June 2021.

20. CAPITAL ADEQUACY

(in NOK thousand)

	2021	2020
<i>Common Equity Tier 1 capital</i>		
Share capital	945 436	945 436
Share premium account	240 639	240 639
Other equity	5 544 252	4 892 403
Independently reviewed interim profits net of any foreseeable charge and dividend	0	0
Common Equity Tier 1 capital before regulatory adjustment	6 730 327	6 078 478
<i>Common equity Tier 1 capital: Regulatory adjustment</i>		
Deferred tax assets		
Intangible assets (net of related tax liability)	-13 111	-8 394
Value adjustments due to the requirements for prudent valuation	-53	-126
Negative amounts resulting from the calculation of expected loss	-16 585	-8 848
Total regulatory adjustments to Common Equity Tier 1	-29 748	-17 369
Common Equity Tier 1 capital	6 700 579	6 061 109
Additional Tier 1 capital	0	0
Tier 1 capital	6 700 579	6 061 109
<i>Tier 2 capital: instrument and provision</i>		
Subordinated debt	550 000	550 000
Tier 2 capital before regulatory adjustment	550 000	550 000
Tier 2 capital: regulatory adjustment	0	0
Total regulatory adjustment to Tier 2 capital	0	0
Tier 2 capital	550 000	550 000
Total capital	7 250 579	6 611 109
<i>Calculation basis</i>		
Standardised method		
Local and regional authorities (including municipalities)	172 526	185 096
Institutions	214 226	37 615
Corporate	8 393 801	9 307 450
Other	236 426	187 051
Engagements in default	170 569	272 661
Total Credit risk, standardised method	9 187 549	9 989 872
IRB method		
Corporate - small and medium sized businesses	12 192 788	11 689 874
Corporate - other	5 385 307	4 853 611
Total Credit risk, IRB method	17 578 095	16 543 484
Credit risk weighted assets	26 765 644	26 533 357
Operational risk, basic indicator approach	2 822 333	2 809 063
Additional requirement according to Basel II floor	0	0
Total calculation basis	29 587 977	29 342 419
<i>Capital ratios and buffers</i>		
Common Equity Tier 1	22,65 %	20,66 %
Tier 1	22,65 %	20,66 %
Total capital	24,51 %	22,53 %
Capital requirement including institution specific buffers	12,12 %	10,61 %
...of which: capital conservation buffer	2,50 %	2,50 %
...of which: countercyclical buffer	0,62 %	0,61 %
...of which: systemic risk buffer	4,50 %	3,00 %
...of which: systemically important institution buffer	0,00 %	0,00 %
Common Equity Tier 1 above minimum capital requirements and capital buffers	10,52 %	10,05 %
Tier 1 capital above minimum capital requirements and capital buffers	9,02 %	8,55 %
Total capital above minimum capital requirements and capital buffers	8,88 %	8,42 %
<i>Capital ratios and buffers, nominal amounts</i>		
Institution specific buffer requirement	3 586 595	3 112 497
...of which: capital conservation buffer	739 699	733 560
...of which: countercyclical buffer	183 978	178 255

...of which: systemic risk buffer	1 331 459	880 273
...of which: systemically important institution buffer	0	0
Common Equity Tier 1 above minimum capital requirements and capital buffers	3 113 983	2 948 612
Tier 1 capital above minimum capital requirements and capital buffers	2 670 163	2 508 476
Total capital above minimum capital requirements and capital buffers	2 628 404	2 471 627
Amount below the thresholds for deductions		
Deferred tax assets arising from temporary differences	987	4 313
Pillar 2 requirement		
Additional core capital buffer requirement ratio	1,5 %	1,5 %
Additional core capital buffer requirement	443 820	440 136
Leverage ratio		
Total Leverage Ratio exposure	42 373 523	42 950 271
Leverage Ratio	15,8 %	14,1 %

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

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

21. METHOD FOR CALCULATION OF FAIR VALUE OF FINANCIAL INSTRUMENTS

Regarding financial instruments recorded at fair value, see description in note 1 Accounting Principles, in the financial statements for 2020.

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

The pricing of lending (loans and financial leasing) is based on market prices. Stipulated prices include additions to cover credit risk. The value of impaired engagements is determined by discounting expected future cash flows. We therefore assess that the recorded value is a fair estimate of fair value for loans and receivables valued at amortised cost.

Loans from financial institutions and deposits from customers:

Fair value is determined to be equal recorded value for loans from financial institutions and deposits from customers valued at amortised cost.

Nordea Finance Equipment AS 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)

<i>(in NOK thousand)</i>	2021	2020
Financial assets - Level 2		
Hedging derivative assets	925	223 931
Revaluation differences	24 893	62 472
Total assets	25 819	286 403
<i>(in NOK thousand)</i>		
Financial liabilities - Level 2		
Financial liabilities at fair value through profit and loss	0	0
Hedging derivative liabilities	219 925	101 039
Total liabilities	219 925	101 039

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

22. OFFSETTING

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

<i>(in NOK thousand)</i>	2021	2020
Financial derivatives -assets		
Gross amount	925	223 931
Amounts that are offset	0	0
Net amount in financial position	925	223 931
Financial instruments on balance sheet	-219 925	-101 039
Cash collateral in the balance sheet	0	-89 360
Net position	-219 000	33 532

<i>(in NOK thousand)</i>	2021	2020
Financial derivatives -liabilities		
Gross amount	219 925	101 039
Amounts that are offset	0	0
Net amount in financial position	219 925	101 039
Financial instruments on balance sheet	-219 925	-101 039
Cash collateral in the balance sheet	0	0
Net position	0	0

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

23. CONTINGENCIES

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

24. ASSETS PLEDGED AND RECEIVED AS SECURITY

Nordea Finance Equipment AS has no assets pledged as security.

25. EVENTS AFTER THE REPORTING PERIOD

The company is at the date of issue, 13 August 2021, not familiar with matters that are likely to change the assessment of the financial position as at 30 June 2021.

Nordea Finance Equipment AS

Nordea Finance Equipment AS is a leading finance company in the Nordic region. Our services are marketed under the brand Nordea Finance. We are a part of the Nordea Group, and a separate sister company to Nordea Finans until we merge into one Nordea Finance. Through our network of 21 offices in Norway, Sweden and Denmark we have a strong local presence. We have total managed assets of NOK 42 billion and 360 skilled employees, all working to provide our more than 50.000 clients and partners with good solutions for their business.

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