

Alternative Performance Measures

	Q4 (Ytd) 2017	Q4 (Ytd) 2016	Q2 (Ytd) 2017	Q2 (Ytd) 2016
Average equity, Msek	25 042	22 428	24 863	20 575
Net profit attributable to shareholders (annualised); Msek	5 442	5 586	5 715	5 245
Return on equity, %	21,7%	24,9%	23,0%	25,5%
Total operating income, TSEK	8 506 875	7 701 876	4 092 192	3 630 095
Total operating expenses	1 513 890	540 512	428 499	267 998
Cost/income ratio, %	17,8%	7,0%	10,5%	7,4%
Impaired loans: (+) Tsek	578 694	620 547	626 054	593 872
Loans and receivables before allowances (+) Tsek	544 274 168	534 399 635	545 740 727	521 067 138
Impairment rate, gross (bps)	10,6	11,6	11,5	11,4
Impaired loans and receivables: (+) Tsek	578 694	620 547	626 054	593 872
Allowances for individually assessed impaired loans (-) Tsek	-16 200	-16 200	-16 200	-16 200
Loans and receivables before allowances (/) Tsek	544 274 168	534 399 635	545 740 727	521 067 138
Impairment rate, net (bps)	10,3	11,3	11,2	11,1
Total allowances Tsek	66 865	64 628	61 589	64 941
Loans and receivables before allowances (+) Tsek	544 274 168	534 399 635	545 740 727	521 067 138
Total allowance ratio (bps)	1,2	1,2	1,1	1,2
Allowances for individually assessed impaired loans (-) Tsek	16 200	16 200	16 200	16 200
Impaired loans and receivables: (+) Tsek	578 694	620 547	626 054	593 872
Allowances in relation to impaired loans, %	2,8%	2,6%	2,6%	2,7%
Total allowances Tsek	66 865	64 628	61 589	64 941
Impaired loans: (+) Tsek	578 694	620 547	626 054	593 872
Total allowance in relation to gross impaired loans (%) (provisioning ratio)	11,6%	10,4%	9,8%	10,9%
Risk exposure amount, excl. Basel I floor ¹ SEKbn	37,4	34,9	39,5	36,5
CET 1 capital ²	23,1	23,1	23,1	21,7
Common Equity Tier 1 capital ratio, excl. Basel I floor ^{1,2} %	61,8%	66,0%	58,4%	59,6%
Risk exposure amount, incl. Basel I floor ¹ , SEKbn	279,1	273,8	279,9	268,3
CET 1 capital ²	23,1	23,1	23,1	21,7
IRB Shortfall	-0,1	-0,1	-0,1	-0,1
Common Equity Tier 1 capital ratio, incl. Basel I floor ^{1,2} , %	8,3%	8,5%	8,3%	8,1%
Tier 1 capital ^{1,2} , SEKbn	23,1	23,1	23,1	21,7
Risk exposure amount, excl. Basel I floor ¹ SEKbn	37,4	34,9	39,5	36,5
Tier 1 capital ratio, excl. Basel I floor ^{1,2} %	61,8%	66,0%	58,4%	59,6%
Risk exposure amount, excl. Basel I floor ^{1,4} SEKbn	37,4	34,9	39,5	36,5
Total Own funds ²	24,9	26,2	26,2	26,5
Total capital ratio, excl. Basel I floor ^{1,2} %	66,6%	74,9%	66,3%	72,5%

¹ End of period

² Includes the result for the period for the full year 2017 and 2016 but not for Q2 2017 and Q2 2016.

Business volumes, key items (Msek)

	Q4 2017	Q4 2016	Q2 2017	Q2 2016
Msek				
Loans to the public	536 933	531 061	538 772	517 738
Loans to the public, excl. repos	536 933	531 061	538 772	517 738
Deposits and borrowings from the public	-	-	-	-

Alternative Performance Measures

Nordea's Alternative Performance Measures (APMs) are presented to provide users of Nordea's financial reporting with relevant information and tools to be able to establish a view on Nordea's performance. APMs on capital adequacy are disclosed to give the user a view on Nordea's balance between capital and risk, while lending related APMs are disclosed to provide information on Nordea's provisions in relation to credit risk. APMs on earnings per share (EPS), total shareholders' return (TSR), return on equity (RoE) and return on capital at risk (ROCAR) are different APMs intended to provide the user of financial statements with relevant information on Nordea's performance in relation to different investment measurements. The cost/income (C/I) ratio is finally disclosed to provide the user with information on the correlation between income and expense. The development compared with earlier periods is, in order to better reflect the underlying business performance, generally presented in local currencies.

Ancillary income

Revenue generated from services in order to enhance the main service line of Nordea. i.e. commission income and customer related Net results o

Earnings per share (EPS)

Net profit for the year divided by the weighted average number of outstanding shares after full dilution, non-controlling interests excluded.

Total shareholders return (TSR)

Total shareholders return measured as growth in the value of a shareholding during the year, assuming the dividends are reinvested at the time of the payment to purchase additional shares.

Equity per share

Equity as shown on the balance sheet after full dilution and non-controlling interests excluded divided by the number of shares after full dilution.

Weighted average number of diluted shares, million

Diluted weighted-average shares outstanding includes the weighted-average number of common shares outstanding plus the potential dilution that could occur if equity awards from our stock compensation plans were exercised and converted into common stock minus trading shares.

Return on equity

Net profit for the year excluding non-controlling interests as a percentage of average equity for the year. Average equity including net profit for the year and dividend until paid, non-controlling interests excluded.

Cost/income ratio

Total operating expenses divided by total operating income.

Loan loss ratio

Net loan losses (annualised) divided by the quarterly closing balance of loans to the public (lending).

Economic profit

Deduct Cost of equity from Net profit excl. one-offs

Cost of equity

Cost of Equity ratio of 8.5% * average Economic capital

ROCAR

ROCAR, % (Return on Capital at Risk) is defined as Net profit excl. one-offs as a percentage of Economic capital

Impairment rate, gross (bps)

Individually assessed impaired loans before allowances divided by total loans before allowances.

Impairment rate, net (bps)

Individually assessed impaired loans after allowances divided by total loans before allowances.

Total allowance ratio (bps)

Total allowances divided by total loans before allowances.

Total allowance in relation to gross impaired loans (%) (provisioning ratio)

Total allowances divided by total gross impaired loans before allowances.

Allowances in relation to impaired loans (%)

Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

Common Equity Tier 1 capital ratio

The CET 1 ratio is total CET1 Capital divided by total Risk Exposure Amount calculated in accordance to the requirements in the CRR.

Tier 1 capital ratio

Tier 1 ratio is total tier 1 capital divided by total Risk Exposure Amount. Tier 1 Capital consist of both CET 1 capital and Additional Tier 1 capital.

Total capital ratio

Total capital ratio is total own funds divided by total Risk Exposure Amount. Total own funds is the sum of Tier 1 and Tier 2 capital.

Economic Capital

Economic capital is the internally derived amount of capital to ensure that a firm stay solvent. The approach includes both Pillar 1 and Pillar 2 capital based on a 99.9% confidence measurement.

Tier 1 capital

Tier 1 capital consist of both common equity tier 1 capital (CET 1) and additional tier 1 capital.

Risk Exposure Amount

Risk exposure amount is calculated in accordance with the requirements in the CRR.