

Business definitions Nordea Mortgage Bank Plc

Return on equity

Net profit for the year as a percentage of average equity for the year. Average equity including net profit for the year and dividend until paid.

Cost/income ratio

Total operating expenses divided by total operating income.

Loan loss ratio

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

Impairment rate, gross, basis points

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

Impairment rate, net, basis points

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

Total allowance ratio, basis points

Total allowances divided by total loans before allowances.

Allowances in relation to impaired loans ratio, %

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

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

Total allowances divided by total gross 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.

Tier 1 capital

Tier 1 capital consists 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.

Nordea Mortgage Bank Plc

Alternative Performance Measures

| | 2017 | 2016 |
|---|-------------|-------------|
| Average equity and dividend until paid out, EURm | 1 129,5 | 1 065,2 |
| Net profit attributable to shareholders, EURm | 105,3 | 28,3 |
| Net profit attributable to shareholders, annualised, EURm | 105,3 | 113,2 |
| Return on equity, % | 9,3 | 10,6 |
| Total operating income, EURm | 178,7 | 46,8 |
| Total operating expenses, EURm | -47,8 | -11,8 |
| Cost/income ratio, % | 27 | 25 |
| Net loan losses, EURm | 0,7 | 0,4 |
| Net loan losses, annualised, EURm | 0,7 | 1,6 |
| Total lending, EURm | 23 530,1 | 23 912,4 |
| Loan loss ratio, basis points | -0,3 | -0,7 |
| Impaired loans, EURm | 135,4 | 66,9 |
| Loans before allowances, EURm | 24 188,8 | 24 418,4 |
| Impairment rate, gross, basis points | 56 | 27 |
| Impaired loans, net, EURm | 133,4 | 66,9 |
| Loans before allowances, EURm | 24 188,8 | 24 418,4 |
| Impairment rate, net, basis points | 55 | 27 |
| Total allowances, EURm | 11,1 | 11,8 |
| Loans before allowances, EURm | 24 188,8 | 24 418,4 |
| Total allowance ratio, basis points | 5 | 5 |
| Total allowances, EURm | 11,1 | 11,8 |
| Impaired loans, EURm | 135,4 | 66,9 |
| Total allowances in relation to gross impaired loans, (%) (provisioning ratio) | 8 | 18 |
| CET 1 capital, EURm | 1 042,8 | 1 049,0 |
| Risk exposure amount, excl. Basel I floor ¹ , EURm | 3 184,4 | 2 770,3 |
| Common Equity Tier 1 capital ratio, excl. Basel I floor¹, % | 32,7 | 37,9 |
| CET 1 capital, EURm | 1 042,8 | 1 049,0 |
| IRB Shortfall, EURm | -33,3 | -27,2 |
| Risk exposure amount, incl. Basel I floor ¹ , EURm | 10 721,9 | 10 928,8 |
| Common Equity Tier 1 capital ratio, incl. Basel I floor¹, % | 10,0 | 9,8 |
| Tier 1 capital ¹ , EURm | 1 042,8 | 1 049,0 |
| Risk exposure amount, excl. Basel I floor ¹ , EURm | 3 184,4 | 2 770,3 |
| Tier 1 capital ratio, excl. Basel I floor¹, % | 32,7 | 37,9 |
| Total Own funds, EURm | 1 247,5 | 1 251,7 |
| Risk exposure amount, excl. Basel I floor ¹ , EURm | 3 184,4 | 2 770,3 |
| Total capital ratio, excl. Basel I floor¹, % | 39,2 | 45,2 |

¹ End of period.

Income statement¹

| | Jan-Dec | Oct-Dec |
|-------------------------------------|--------------|--------------|
| EURm | 2017 | 2016 |
| Net interest income | 192,1 | 51,4 |
| Net fee and commission income | -11 | 0,2 |
| Net result from items at fair value | -2,4 | -4,8 |
| Other operating income | 0,0 | 0,0 |
| Total operating income | 178,7 | 46,8 |
| Staff costs | -1,9 | -0,3 |
| Other expenses | -45,9 | -11,5 |
| Total operating expenses | -47,8 | -11,8 |
| Profit before loan losses | 130,9 | 35,0 |
| Net loan losses | 0,7 | 0,4 |
| Operating profit | 131,6 | 35,4 |
| Income tax expense | -26,3 | -7,1 |
| Net profit for the period | 105,3 | 28,3 |

¹ Nordea Mortgage Bank Plc started its operations on 1 October 2016. Figures for October-December 2016 are not comparable with January-December 2017 figures.

Business volumes, key items

| EURm | 31 Dec 2017 | 31 Dec 2016 |
|--------------------------|-------------|-------------|
| Loans to the public | 23 530,1 | 23 912,4 |
| Debt securities in issue | 15 469,6 | 16 299,9 |
| Equity | 1 180,5 | 1 078,5 |
| Total assets | 25 025,2 | 25 568,2 |