

Nordea Hypotek AB (publ)
Alternative Performance Measures

| | Full year 2018 | Full Year 2017 | Jan-Jun 2018 | Jan-Jun 2017 |
|---|-------------------|-------------------|-----------------|-----------------|
| Average equity, SEKm | 25 007 | 25 042 | 24 540 | 24 863 |
| Net profit attributable to shareholders (annualised); SEKm | 4 904 | 5 442 | 5 074 | 5 715 |
| Return on equity, % | 19.6% | 21.7% | 20.7% | 23.0% |
| Total operating income, Tsek | 7 497 051 | 8 506 875 | 3 851 314 | 4 092 192 |
| Total operating expenses | -1 204 324 | -1 513 890 | -595 292 | -428 499 |
| Cost/income ratio, % | 16.1% | 17.8% | 15.5% | 10.5% |
| Net loan losses, Tsek | -37 600 | | -11 794 | |
| Net loan losses, annualised, Tsek | -37 600 | | -23 588 | |
| Divide with loans to the public ³ , Tsek | 548 759 159 | | 540 887 671 | |
| Loan loss ratio, basis points³ | 0.7 | | 0.4 | |
| Impaired loans: (+) Tsek | 582 247 | | 574 683 | |
| Divide with loans before allowances, Tsek | 554 140 654 | | 551 665 826 | |
| Impairment rate (stage 3), gross bps³ | 10.5 | | 10.4 | |
| Impaired loans: (+) Tsek | | 578 694 | | 626 054 |
| Divide with loans before allowances, Tsek | | 544 274 168 | | 545 740 727 |
| Impairment rate, gross (bps)⁴ | | 10.6 | | 11.5 |
| Impaired loans, Tsek | 582 247 | | 574 683 | |
| Deduct allowances for individually assessed impaired loans, Tsek | 41 312 | | 22 204 | |
| Impaired loans after allowances, Tsek | 540 935 | | 552 479 | |
| Divide with loans before allowances, Tsek | 554 140 654 | | 551 665 826 | |
| Impairment rate (stage 3), net, bps³ | 9.8 | | 10.0 | |
| Impaired loans and receivables: (+) Tsek | | 578 694 | | 626 054 |
| Allowances for individually assessed impaired loans (-) Tsek | | 16 200 | | 16 200 |
| Loans and receivables before allowances (I) Tsek | | 544 274 168 | | 545 740 727 |
| Impairment rate, net⁴ (bps) | | 10.3 | | 11.2 |
| Total allowances, Tsek | 82 403 | | 62 223 | |
| Divide with loans before allowances, Tsek | 554 140 654 | | 551 665 826 | |
| Total allowance ratio (stage 1, 2 and 3), bps³ | 1.5 | | 1.1 | |
| Total allowances Tsek | | 66 865 | | 61 589 |
| Loans and receivables before allowances (+) Tsek | | 544 274 168 | | 545 740 727 |
| Total allowance ratio (bps)⁴ | | 1.2 | | 1.1 |
| Allowances for individually assessed impaired loans, Tsek | 41 312 | | 22 204 | |
| Divide with impaired loans, Tsek | 582 247 | | 574 683 | |
| Allowances in relation to credit impaired loans (stage 3), %³ | 7.1% | | 3.9% | |
| Allowances for individually assessed impaired loans (-) Tsek | | 16 200 | | 16 200 |
| Impaired loans and receivables: (+) Tsek | | 578 694 | | 626 054 |
| Allowances in relation to impaired loans, %⁴ | | 2.8% | | 2.6% |
| Total allowances Tsek | | 66 865 | | 61 589 |
| Impaired loans: (+) Tsek | | 578 694 | | 626 054 |
| Total allowance in relation to gross impaired loans (%) (provisioning ratio)⁴ | | 11.6% | | 9.8% |
| Risk exposure amount, excl. Basel I floor ¹ SEKbn | 161.4 | 37.4 | 40.9 | 39.5 |
| CET 1 capital ² | 24.3 | 23.1 | 23.1 | 23.1 |
| Common Equity Tier 1 capital ratio, excl. Basel I floor^{1,2} % | 15.1% | 61.8% | 56.5% | 58.4% |
| Tier 1 capital ^{1,2} , SEKbn | 24.3 | 23.1 | 23.1 | 23.1 |
| Risk exposure amount, excl. Basel I floor ¹ SEKbn | 161.4 | 37.4 | 40.9 | 39.5 |
| Tier 1 capital ratio, excl. Basel I floor^{1,2} % | 15.1% | 61.8% | 56.5% | 58.4% |
| Risk exposure amount, excl. Basel I floor ¹ SEKbn | 161.4 | 37.4 | 40.9 | 39.5 |
| Total Own funds ² | 25.1 | 24.9 | 23.9 | 26.2 |
| Total capital ratio, excl. Basel I floor^{1,2} % | 15.6% | 66.6% | 58.5% | 66.3% |

¹ End of period.

² Includes the profit for the period for the full year 2018 and 2017 but not for Jan-Jun 2018 and Jan-Jun 2017.

³ Based on IFRS 9

⁴ Based on IAS 39.

Business volumes, key items

| | 31 Dec 2018 | 31 Dec 2017 | 30 Jun 2018 | 30 Jun 2017 |
|---|----------------|----------------|----------------|----------------|
| SEKbn | | | | |
| Loans to the public | 548 759 | 536 933 | 540 888 | 538 772 |
| Loans to the public, excl. repos | 548 759 | 536 933 | 540 888 | 538 772 |
| Deposits and borrowings from the public | - | - | - | - |

Nordea Hypotek AB (publ)

Alternative Performance Measures

Nordea Hypotek's Alternative Performance Measures (APMs) are presented to provide users of Nordea Hypotek's financial reporting with relevant information and tools to be able to establish a view on Nordea Hypotek's performance. APMs on capital adequacy are disclosed to give the user a view on Nordea Hypotek's balance between capital and risk, while lending related APMs are disclosed to provide information on Nordea Hypotek's provisions in relation to credit risk. Return on equity (RoE) is intended to provide the user of financial statements with relevant information on Nordea Hypotek's performance in relation to investment measurement. 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.

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 after loan losses

Total operating expenses plus loan losses divided by total operating income.

Loan loss ratio (IFRS 9)

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

Impairment rate (Stage 3), gross (IFRS 9)

Impaired loans (Stage 3) before allowances divided by total loans measured at amortised cost before allowances.

Impairment rate (Stage 3), net (IFRS 9)

Impaired loans (Stage 3) after allowances divided by total loans measured at amortised cost before allowances.

Impairment rate, net (IAS 39)

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

Total allowance rate (Stage 1, 2 and 3) (IFRS 9)

Total allowances divided by total loans measured at amortised cost before allowances.

Total allowance rate (IAS 39)

Total allowances divided by total loans before allowances.

Allowances in relation to credit impaired loans (stage 3) (IFRS 9)

Allowances for impaired loans (stage 3) divided by impaired loans measured at amortised cost (stage 3) before allowances.

Allowances in relation to impaired loans (IAS 39)

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

Allowance in relation to loans in stage 1 and 2 (IFRS 9)

Allowances for not impaired loans (stage 1 and 2) divided by not impaired loans measured at amortised cost (stage 1 and 2) before allowances.

Total allowance in relation to gross impaired loans (provisioning ratio) (IAS 39)

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.