# Nordea Hypotek AB (publ) Alternative Performance Measures

Average equity, SEKm Net profit attributable to shareholders (annualised), SEKm Net profit attributable to shareholders (annualised), SEKm 15,5% 16,0% 20,7% 18,6% 16,0% 20,7% 18,6% 10,0% 20,7% 18,6% 10,0% 20,7% 18,6% 10,0% 20,7% 18,6% 20,1% 21,1% 23,8% 26,0% 20,7% Net loan losses, Tsek Net loan losses, Tsek Net loan losses, Annualised, Tsek 18,346 11,714 23,8% 26,0% 20,7% Net loan losses, annualised, Tsek 18,346 11,714 23,588 26,0% 20,7% Net loan losses, annualised, Tsek 18,346 11,714 23,588 26,0% 20,7% Net loan losses, annualised, Tsek 18,346 11,714 23,588 26,0% 20,7% Net loan losses, annualised, Tsek 18,346 11,714 23,588 26,0% 20,7% Net loan losses, annualised, Tsek 18,346 11,714 23,588 26,0% 20,7% Net loan losses, annualised, Tsek 18,346 11,714 23,588 26,0% 20,7% Net loan losses, annualised, Tsek 18,346 11,714 23,588 26,0% 27,7% Net loan losses, annualised, Tsek 18,346 11,714 23,588 26,0% 27,7% Net loan losses, annualised, Tsek 19,366 11,37,560 11,47 11,4		Full year	Jan-Jun	Jan-Jun	Full year
Net profit attributable to shareholders (annualised), SEKm		2019	2019	2018	2018
Total operating income, Tsek					
Total operating income, Tsek Total operating income, Tsek Total operating expenses 1-1 489 531 -808 032 -1 066 294 -1 649 520 Cost/income ratio, %4 22,1% 23,8% 26,60% 20,7% Net loan losses, Tsek 1-8 346 -5 857 -1-1 794 -7 23,588 -7 20,7% Net loan losses, annualised, Tsek 1-8 346 -18 346 -18 17-14 -23 588 -37 600 Net loan losses, annualised, Tsek 1-8 346 -18 346 -18 17-14 -23 588 -37 600 Divide with loans to the public, Tsek 579 500 671 -560 931 820 -540 887 671 -547 951 550 Coan loss ratio, basis points 0, 3 0, 3 0, 3 0, 3 0, 3 0, 3 0, 3 0, 3					
Total operating expenses  1 489 531	Return on equity, %	15,9%	16,0%	20,7%	19,6%
Cost/income ratio, % <sup>4</sup> 22,1%         23,8%         26,0%         20,7%           Net loan losses, Tsek         -18 346         -5 857         -11 794         -37 600           Net loan losses, annualised, Tsek         -18 346         -11 714         -23 588         -37 600           Divide with loans to the public, Tsek         579 500 671         560 391 820         540 887 671         547 591 59           Loan loss ratio, basis points <sup>3</sup> 0,3         0,2         540 887 671         547 591 159           Loan loss ratio, basis points <sup>3</sup> 0,3         0,2         540 887 671         547 591 159           Loan loss ratio, basis points <sup>3</sup> 0,3         0,2         0,4         0,7           Impaired loans; Stey         586 868         596 134         574 683         582 247           Impaired loans, Tsek         588 698         596 134         574 683         582 247           Deduct allowances for individually assessed impaired loans, Tsek         23 138         19 090         22 204         41 312           Impaired loans after allowances, Tsek         575 580         577 044         552 479         540 935           Divide with loans before allowances, Tsek         585 144 611         570 527 581         51 665 826         554 140 654 <tr< td=""><td>Total operating income, Tsek</td><td>6 749 712</td><td>3 399 649</td><td>4 098 856</td><td>7 979 847</td></tr<>	Total operating income, Tsek	6 749 712	3 399 649	4 098 856	7 979 847
Net loan losses, Tsek Net loan losses, annualised. Tsek Net loan losses, annualised. Tsek 1-18 346 1-17 14 2-3 588 3-7 600 Divide with loans to the public, Tsek 579 500 671 560 931 820 540 887 671 548 759 150 Loan loss ratio, basis points³ 0,3 0,2 0,4 0,7 Impaired loans: (+) Tsek 598 698 596 134 574 683 582 247 Divide with loans before allowances, Tsek Impaired loans, Tsek 598 698 596 134 574 683 582 247 Divide with loans before allowances, Tsek Impaired loans, Tsek 598 698 596 134 574 683 582 247 Deduct allowances for individually assessed impaired loans, Tsek 23 138 19 900 22 204 41 312 Impaired loans after allowances, Tsek 585 144 611 570 527 581 551 665 826 554 140 654 Impaired loans after allowances, Tsek 585 144 611 570 527 581 551 665 826 554 140 654 Impaired loans after allowances, Tsek 585 144 611 570 527 581 551 665 826 554 140 654 Impaired loans after allowances, Tsek 585 144 611 570 527 581 551 665 826 554 140 654 Impaired trate (stage 3), net, bps³ 9,8 10,1 10,0 9,8  Total allowances, Tsek 585 144 611 570 527 581 551 665 826 554 140 654 Impaired trate (stage 3), net, bps³ 1,1 1,1 1,1 1,5  Allowances for individually assessed impaired loans, Tsek 585 144 611 570 527 681 551 665 826 554 140 654 Total allowances, Tsek 585 144 611 570 527 681 551 665 826 554 140 654 Total allowances, Tsek 585 144 611 570 527 681 551 665 826 554 140 654 Total allowance ratio (stage 1, 2 and 3), bps³ 1,1 1,1 1,1 1,1 1,1 1,1 1,1 1,1 1,1 1,			-808 032		
Net loan losses, annualised, Tsek	Cost/income ratio, % <sup>4</sup>	22,1%	23,8%	26,0%	20,7%
Divide with loans to the public, Tsek Loan loss ratio, basis points <sup>3</sup> 0,3 0,2 0,4 0,7 1	Net loan losses, Tsek	-18 346	-5 857	-11 794	-37 600
Loan loss ratio, basis points³  0,3  0,2  0,4  0,7  Impaired loans: (+) Tsek Divide with loans before allowances, Tsek Impaired loans, Tsek Deduct allowances for individually assessed impaired loans, Tsek Deduct allowances for individually assessed impaired loans, Tsek Deduct allowances, Tsek Divide with loans before allowances, Tsek Divide with limpaired loans, Tsek Divide with limpaired loans, Tsek Divide with impaired loans, Tsek Divide with loans before allowances, Tsek Divide with loans b	Net loan losses, annualised, Tsek	-18 346	-11 714	-23 588	-37 600
Impaired loans: (+) Tsek	Divide with loans to the public, Tsek	579 500 671			548 759 159
Divide with loans before allowances, Tsek   10,2   10,4   10,4   10,4   10,5	Loan loss ratio, basis points <sup>3</sup>	0,3	0,2	0,4	0,7
Impairment rate (stage 3), gross bps³         10,2         10,4         10,4         10,5           Impaired loans, Tsek         598 698         596 134         574 683         582 247           Deduct allowances for individually assessed impaired loans, Tsek         23 138         19 090         22 204         41 312           Impaired loans after allowances, Tsek         575 560         577 044         552 479         540 935           Divide with loans before allowances, Tsek         585 144 611         570 527 581         551 665 826         554 140 654           Impairment rate (stage 3), net, bps³         9,8         10,1         10,0         9,8           Total allowances, Tsek         65 809         63 703         62 223         82 403           Divide with loans before allowances, Tsek         585 144 611         570 527 581         551 665 826         554 140 654           Total allowance ratio (stage 1, 2 and 3), bps³         1,1         1,1         1,1         1,1         1,1         1,1         1,5           Allowances for individually assessed impaired loans, Tsek         23 138         19 090         22 204         41 312         25,3         24,8         23,1         24,3         574 683         582 247         Allowances in relation to credit impaired loans (stage 3), %³         3,9%	Impaired loans: (+) Tsek	598 698	596 134	574 683	582 247
Impaired loans, Tsek Deduct allowances for individually assessed impaired loans, Tsek Deduct allowances for individually assessed impaired loans, Tsek Divide with loans before allowances, Tsek Divide with inans before allowances, Tsek Divide with inans before allowances, Tsek Divide with impaired loans, Tsek Divide with loans before allowances, Tsek Divide with impaired loans, Tsek Di	Divide with loans before allowances, Tsek	585 144 611	570 527 581	551 665 826	554 140 654
Deduct allowances for individually assessed impaired loans, Tsek         23 138         19 090         22 204         41 312           Impaired loans after allowances, Tsek         575 560         577 044         552 479         540 935           Divide with loans before allowances, Tsek         585 144 611         570 527 581         551 665 826         554 140 654           Impairment rate (stage 3), net, bps³         9,8         10,1         10,0         9,8           Total allowances, Tsek         65 809         63 703         62 223         82 403           Divide with loans before allowances, Tsek         585 144 611         570 527 581         551 665 826         554 140 654           Total allowance ratio (stage 1, 2 and 3), bps³         1,1         1,5         1,1         1,1         1,1         1,1         1,5         22 204         4 1 312         2,0         2,0         2,0         <	Impairment rate (stage 3), gross bps <sup>3</sup>	10,2	10,4	10,4	10,5
Deduct allowances for individually assessed impaired loans, Tsek         23 138         19 090         22 204         41 312           Impaired loans after allowances, Tsek         575 560         577 044         552 479         540 935           Divide with loans before allowances, Tsek         585 144 611         570 527 581         551 665 826         554 140 654           Impairment rate (stage 3), net, bps³         9,8         10,1         10,0         9,8           Total allowances, Tsek         65 809         63 703         62 223         82 403           Divide with loans before allowances, Tsek         585 144 611         570 527 581         551 665 826         554 140 654           Total allowance ratio (stage 1, 2 and 3), bps³         1,1         1,5         1,1         1,1         1,1         1,1         1,5         22 204         4 1 312         2,0         2,0         2,0         <	January de Maria Trada	500.000	500.404	574.000	500.047
Impaired loans after allowances, Tsek         575 560         577 044         552 479         540 935           Divide with loans before allowances, Tsek         585 144 611         570 527 581         551 665 826         554 140 654           Impairment rate (stage 3), net, bps³         9,8         10,1         10,0         9,8           Total allowances, Tsek         65 809         63 703         62 223         82 403           Divide with loans before allowances, Tsek         585 144 611         570 527 581         551 665 826         554 140 654           Total allowance ratio (stage 1, 2 and 3), bps³         1,1	•				
Divide with loans before allowances, Tsek   144 611   1570 527 581   1665 826   154 140 654   1654   1654   1654   1654   1655   1665 826   1655   1655 826   1655   1655 826 826   1655 826 826 826 826 826 826 826 826 826 826					
Impairment rate (stage 3), net, bps³         9,8         10,1         10,0         9,8           Total allowances, Tsek         65 809         63 703         62 223         82 403           Divide with loans before allowances, Tsek         585 144 611         570 527 581         551 665 826         554 140 654           Total allowance ratio (stage 1, 2 and 3), bps³         1,1         1,2         1,2         1,2         1,	•				
Divide with loans before allowances, Tsek       585 144 611       570 527 581       551 665 826       554 140 654         Total allowance ratio (stage 1, 2 and 3), bps³       1,1       1,1       1,1       1,1       1,1       1,5         Allowances for individually assessed impaired loans, Tsek       23 138       19 090       22 204       41 312         Divide with impaired loans, Tsek       598 698       596 134       574 683       582 247         Allowances in relation to credit impaired loans (stage 3), %³       3,9%       3,2%       3,9%       7,1%         CET 1 capital²       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Common Equity Tier 1 capital ratio, excl. Basel I floor¹ SEKbn       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Tier 1 capital ratio, excl. Basel I floor¹² SEKbn       15,8%       15,2%       56,5%       15,1%         Total Own funds²       27,0       25,6       23,9       25,1         Risk exposure amount, excl. Basel I floor¹² SEKbn       160,2       163,6       40,9       161,4         Total Capital rat	Impairment rate (stage 3), net, bps <sup>3</sup>	9,8	10,1	10,0	
Divide with loans before allowances, Tsek       585 144 611       570 527 581       551 665 826       554 140 654         Total allowance ratio (stage 1, 2 and 3), bps³       1,1       1,1       1,1       1,1       1,1       1,5         Allowances for individually assessed impaired loans, Tsek       23 138       19 090       22 204       41 312         Divide with impaired loans, Tsek       598 698       596 134       574 683       582 247         Allowances in relation to credit impaired loans (stage 3), %³       3,9%       3,2%       3,9%       7,1%         CET 1 capital²       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Common Equity Tier 1 capital ratio, excl. Basel I floor¹ SEKbn       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Tier 1 capital ratio, excl. Basel I floor¹² SEKbn       15,8%       15,2%       56,5%       15,1%         Total Own funds²       27,0       25,6       23,9       25,1         Risk exposure amount, excl. Basel I floor¹² SEKbn       160,2       163,6       40,9       161,4         Total Capital rat	Total allowances, Took	65 900	62 702	62 222	92 402
Total allowance ratio (stage 1, 2 and 3), bps³  1,1  1,1  1,1  1,1  1,1  1,1  1,1  1	•				
Divide with impaired loans, Tsek       598 698       596 134       574 683       582 247         Allowances in relation to credit impaired loans (stage 3), %3       3,9%       3,2%       3,9%       7,1%         CET 1 capital²       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Common Equity Tier 1 capital ratio, excl. Basel I floor¹.² %       15,8%       15,2%       56,5%       15,1%         Tier 1 capital ¹.², SEKbn       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Tier 1 capital ratio, excl. Basel I floor¹.² %       15,8%       15,2%       56,5%       15,1%         Total Own funds²       27,0       25,6       23,9       25,1         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor¹.² %       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor¹.² %       160,2       163,6       40,9       161,4					
Divide with impaired loans, Tsek       598 698       596 134       574 683       582 247         Allowances in relation to credit impaired loans (stage 3), %3       3,9%       3,2%       3,9%       7,1%         CET 1 capital²       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Common Equity Tier 1 capital ratio, excl. Basel I floor¹.² %       15,8%       15,2%       56,5%       15,1%         Tier 1 capital ¹.², SEKbn       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Tier 1 capital ratio, excl. Basel I floor¹.² %       15,8%       15,2%       56,5%       15,1%         Total Own funds²       27,0       25,6       23,9       25,1         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor¹.² %       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor¹.² %       160,2       163,6       40,9       161,4					
Allowances in relation to credit impaired loans (stage 3), %3 3,9% 3,2% 3,9% 7,1%  CET 1 capital²  25,3 24,8 23,1 24,3  Risk exposure amount, excl. Basel I floor¹ SEKbn 160,2 163,6 40,9 161,4  Common Equity Tier 1 capital ratio, excl. Basel I floor¹.² % 15,8% 15,2% 56,5% 15,1%  Tier 1 capital¹.², SEKbn 25,3 24,8 23,1 24,3  Risk exposure amount, excl. Basel I floor¹ SEKbn 160,2 163,6 40,9 161,4  Tier 1 capital ratio, excl. Basel I floor¹.² % 15,8% 15,2% 56,5% 15,1%  Total Own funds² 27,0 25,6 23,9 25,1  Risk exposure amount, excl. Basel I floor¹ SEKbn 160,2 163,6 40,9 161,4  Total capital ratio, excl. Basel I floor¹.² % 160,2 163,6 40,9 161,4  Total capital ratio, excl. Basel I floor¹.² % 16,9% 15,7% 58,5% 15,6%	Allowances for individually assessed impaired loans, Tsek	23 138	19 090	22 204	
CET 1 capital <sup>2</sup> Risk exposure amount, excl. Basel I floor <sup>1</sup> SEKbn 160,2 163,6 40,9 161,4 Common Equity Tier 1 capital ratio, excl. Basel I floor <sup>1,2</sup> % 15,8% 15,2% 56,5% 15,1%  Tier 1 capital <sup>1,2</sup> , SEKbn 25,3 24,8 23,1 24,3 Risk exposure amount, excl. Basel I floor <sup>1</sup> SEKbn 160,2 163,6 40,9 161,4 Tier 1 capital ratio, excl. Basel I floor <sup>1,2</sup> % 15,8% 15,2% 56,5% 15,1%  Total Own funds <sup>2</sup> 27,0 25,6 23,9 25,1 Risk exposure amount, excl. Basel I floor <sup>1</sup> SEKbn 160,2 163,6 40,9 161,4 Total capital ratio, excl. Basel I floor <sup>1</sup> SEKbn 160,2 163,6 40,9 161,4 Total capital ratio, excl. Basel I floor <sup>1,2</sup> % 16,9% 15,7% 58,5% 15,6%	Divide with impaired loans, Tsek				
Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Common Equity Tier 1 capital ratio, excl. Basel I floor¹.² %       15,8%       15,2%       56,5%       15,1%         Tier 1 capital¹.², SEKbn       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Tier 1 capital ratio, excl. Basel I floor¹.² %       15,8%       15,2%       56,5%       15,1%         Total Own funds²       27,0       25,6       23,9       25,1         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor¹.² %       16,9%       15,7%       58,5%       15,6%	Allowances in relation to credit impaired loans (stage 3), % <sup>3</sup>	3,9%	3,2%	3,9%	7,1%
Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Common Equity Tier 1 capital ratio, excl. Basel I floor¹.² %       15,8%       15,2%       56,5%       15,1%         Tier 1 capital¹.², SEKbn       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Tier 1 capital ratio, excl. Basel I floor¹.² %       15,8%       15,2%       56,5%       15,1%         Total Own funds²       27,0       25,6       23,9       25,1         Risk exposure amount, excl. Basel I floor¹ SEKbn       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor¹.² %       16,9%       15,7%       58,5%       15,6%	CET 1 capital <sup>2</sup>	25.3	24 8	23 1	24 3
Common Equity Tier 1 capital ratio, excl. Basel I floor 1,2 %       15,8%       15,2%       56,5%       15,1%         Tier 1 capital 1,2, SEKbn       25,3       24,8       23,1       24,3         Risk exposure amount, excl. Basel I floor 1 SEKbn       160,2       163,6       40,9       161,4         Tier 1 capital ratio, excl. Basel I floor 1,2 %       15,8%       15,2%       56,5%       15,1%         Total Own funds 2       27,0       25,6       23,9       25,1         Risk exposure amount, excl. Basel I floor 1 SEKbn       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor 1,2 %       16,9%       15,7%       58,5%       15,6%	·	·	•		•
Risk exposure amount, excl. Basel I floor 1 SEKbn       160,2       163,6       40,9       161,4         Tier 1 capital ratio, excl. Basel I floor 1,2 %       15,8%       15,2%       56,5%       15,1%         Total Own funds 2       27,0       25,6       23,9       25,1         Risk exposure amount, excl. Basel I floor 1 SEKbn       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor 1,2 %       16,9%       15,7%       58,5%       15,6%	· · · · · · · · · · · · · · · · · · ·	/	, -		- ,
Risk exposure amount, excl. Basel I floor 1 SEKbn       160,2       163,6       40,9       161,4         Tier 1 capital ratio, excl. Basel I floor 1,2 %       15,8%       15,2%       56,5%       15,1%         Total Own funds 2       27,0       25,6       23,9       25,1         Risk exposure amount, excl. Basel I floor 1 SEKbn       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor 1,2 %       16,9%       15,7%       58,5%       15,6%	Tim4 minut2 OF (4)	25.2	04.0	22.1	24.2
Tier 1 capital ratio, excl. Basel I floor <sup>1,2</sup> %       15,8%       15,2%       56,5%       15,1%         Total Own funds <sup>2</sup> 27,0       25,6       23,9       25,1         Risk exposure amount, excl. Basel I floor <sup>1</sup> SEKbn       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor <sup>1,2</sup> %       16,9%       15,7%       58,5%       15,6%	·	·	,	•	•
Total Own funds <sup>2</sup> 27,0         25,6         23,9         25,1           Risk exposure amount, excl. Basel I floor <sup>1</sup> SEKbn         160,2         163,6         40,9         161,4           Total capital ratio, excl. Basel I floor <sup>1,2</sup> %         16,9%         15,7%         58,5%         15,6%		,	•	•	,
Risk exposure amount, excl. Basel I floor 1 SEKbn       160,2       163,6       40,9       161,4         Total capital ratio, excl. Basel I floor 1,2 %       16,9%       15,7%       58,5%       15,6%	Tier i Capital ratio, excl. Dasel i 1100r 7 %	10,0 /0	15,2%	30,376	13,170
Total capital ratio, excl. Basel I floor <sup>1,2</sup> % 16,9% 15,7% 58,5% 15,6%	Total Own funds <sup>2</sup>	27,0	25,6	•	,
		,	,		
		16,9%	15,7%	58,5%	15,6%

<sup>1</sup> End of period

# Business volumes, key items

	31 Dec	30 Jun 2019	30 Jun 2018	31 Dec 2018
	2019			
SEKm				
Loans to the public	579 501	560 932	540 888	548 759
Loans to the public, excl. repos	579 501	560 932	540 888	548 759
Deposits and borrowings from the public	-	_	-	_

 $<sup>^{2}</sup>$  Includes the profit for the period for the full year 2019 and 2018 but not for Jan-Jun 2019 and Jan-Jun 2018.

<sup>&</sup>lt;sup>3</sup>Based on IFRS 9

<sup>&</sup>lt;sup>4</sup> As from 1 of January Nordea Hypotek recognises resolution fees at the beginning of the year, when the legal obligation to pay arises, and presents the expense as "Other expenses". The earlier policy was to amortise these fees over the year and present the expense as "Interest expense". The change mainly reflects the change in the structure of the resolution fees following the re-domiciliation to Finland. Comparative figures for "Cost/income ratio" have been restated accordingly. For more information, see Note 1 in the Annual Report.

# 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

Total operating expenses 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.

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

Total allowances divided by total loans measured at amortised cost 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.

#### 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.

# **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.