

Nordea Hypotek AB (publ)  
Alternative Performance Measures

	Full year 2019	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Average equity, SEKm	25 888	25 437	24 540	25 007
Net profit attributable to shareholders (annualised), SEKm	4 119	4 066	5 074	4 904
<b>Return on equity, %</b>	<b>15,9%</b>	<b>16,0%</b>	<b>20,7%</b>	<b>19,6%</b>
Total operating income, Tsek	6 749 712	3 399 649	4 098 856	7 979 847
Total operating expenses	-1 489 531	-808 032	-1 066 294	-1 649 520
<b>Cost/income ratio, %<sup>4</sup></b>	<b>22,1%</b>	<b>23,8%</b>	<b>26,0%</b>	<b>20,7%</b>
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	560 931 820	540 887 671	548 759 159
<b>Loan loss ratio, basis points<sup>3</sup></b>	<b>0,3</b>	<b>0,2</b>	<b>0,4</b>	<b>0,7</b>
Impaired loans: (+) Tsek	598 698	596 134	574 683	582 247
Divide with loans before allowances, Tsek	585 144 611	570 527 581	551 665 826	554 140 654
<b>Impairment rate (stage 3), gross bps<sup>3</sup></b>	<b>10,2</b>	<b>10,4</b>	<b>10,4</b>	<b>10,5</b>
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
<b>Impairment rate (stage 3), net, bps<sup>3</sup></b>	<b>9,8</b>	<b>10,1</b>	<b>10,0</b>	<b>9,8</b>
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
<b>Total allowance ratio (stage 1, 2 and 3), bps<sup>3</sup></b>	<b>1,1</b>	<b>1,1</b>	<b>1,1</b>	<b>1,5</b>
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
<b>Allowances in relation to credit impaired loans (stage 3), %<sup>3</sup></b>	<b>3,9%</b>	<b>3,2%</b>	<b>3,9%</b>	<b>7,1%</b>
CET 1 capital <sup>2</sup>	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
<b>Common Equity Tier 1 capital ratio, excl. Basel I floor<sup>1,2</sup> %</b>	<b>15,8%</b>	<b>15,2%</b>	<b>56,5%</b>	<b>15,1%</b>
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
<b>Tier 1 capital ratio, excl. Basel I floor<sup>1,2</sup> %</b>	<b>15,8%</b>	<b>15,2%</b>	<b>56,5%</b>	<b>15,1%</b>
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
<b>Total capital ratio, excl. Basel I floor<sup>1,2</sup> %</b>	<b>16,9%</b>	<b>15,7%</b>	<b>58,5%</b>	<b>15,6%</b>

<sup>1</sup> End of period.

<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>3</sup> Based on IFRS 9.

<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.

**Business volumes, key items**

	31 Dec 2019	30 Jun 2019	30 Jun 2018	31 Dec 2018
SEKbn				
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	-	-	-	-

## **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.