

Interim report January – June 2015 for Nordea Hypotek AB (publ) ^{1 (16)}

Result

Operating profit amounted to SEK 2,774m (2,107), an increase of 31.7% from the same period last year.

The result compared to the previous period was mainly affected by the following factors:

- Net interest income rose SEK 585m, an increase of 23.1% compared to the same period last year.
- The net result from items at fair value increased by SEK 94m. The item pertains to hedge accounting and interest differential compensation. Also reduced buy-backs of issued bonds entered at amortised cost affected the item by a positive SEK 78m.
- Credit losses amounted to SEK -8.2m (-5.9) net, and are entirely attributable to household lending.

Income

Net interest income for the period amounted to SEK 3,119 (2,534). Net commission income for the period was charged with an estimated stability fee of SEK 56m and amounted to SEK -38m (-38). The stability fee for the 2015 full year is estimated at approx. SEK 112.8m.

Expenses

Operating expenses amounted to SEK 260m (250), an increase of SEK 10m or 4.0% compared to the same period last year. This is mainly because, in 2015, a review has been performed of selling expenses to Nordea. For the 2015 full year, this means that the company will pay remuneration to Nordea in the amount of SEK 485.6 m compared with SEK 464.9m for 2014.

Lending

At the end of the period lending to the public was at SEK 486,250m (464,338), exceeding last year's volume by 4.7% (7.4).

Lending to household customers rose 7.5% (9.3), amounting at the close of the period to SEK 394,103m (366,633). Lending to legal entities decrease by 5.69% (+0.5), amounting at the close of the period to SEK 92,147m (97,705).

Impaired loans and loan losses

Impaired loans, gross, amounted to SEK 453m (397). The net amount from recoveries and new loan losses gave a loss of SEK -8.2m (loss of -5.9).

Funding

Long-term funding is mainly secured by means of the issuance of covered bonds on the Swedish market, with maturities from two to ten years. During the period, bonds equalling SEK 52,700m (41,950) were issued in Swedish kronor. Outstanding bond volume per 30 June 2015 amounted to

SEK 289,006m (282,409), of which SEK 28,967m (31,925) was issued in currencies other than SEK.

At 30 June 2015, Nordea Hypotek had outstanding dated debenture loans from the parent company totalling SEK 4.7bn (4.4).

Covered bonds are funding instruments, regulated by a separate Swedish Act, which grant the investor priority in the event of the borrower's bankruptcy. Covered bonds may only be issued following special permission from the Financial Supervisory Authority and on the basis of high-quality assets. Covered bonds and assigned ratings provide the company with a broader base of funding sources.

In addition to the aforementioned long-term borrowing, during the period the company regularly secured funding through short-term borrowing with the parent company.

Rating

Since June 2006, the company has been rated Aaa by Moody's Investor Service and AAA by Standard & Poor's for the covered bonds which account for the company's main long-term funding.

Capital adequacy

Nordea uses the Internal Ratings-based (IRB) approach (internal risk classification) for calculating credit risk in the exposure classes corporate, institution and household. Other exposure classes, e.g. sovereigns, are calculated according to the standardised approach until further notice.

At the end of June, Nordea Hypotek's REA amounted to SEK 245,911m applying the floor rule. The tier 1 capital ratio was 7.4% and the total capital ratio was 9.3%, including profit for the period. Excluding the premium for the transition rules, the company's REA amounted to SEK 35,335m with a tier 1 capital ratio of 51.0% and a capital ratio of 64.3 % including profit for the period.

Regulatory developments

On 22 June the FSA decided to increase the countercyclical capital buffer for Sweden from 1% to 1.5%. The decision enters into force on 27 June 2016.

On 11 May the FSA published methods for assessing the capital requirement according to Pillar 2 for three types of risk: credit-related concentration risk, interest rate risk in the banking book and pension risk. The supervisory review and evaluation process is currently in progress, and the relevant method according to Pillar 2 will not be changed until the end of

September, when the assessment of the joint supervisory group will be ready.

Change in the Board of Directors

Thomas Nyman, Elisabeth Olin, and Erik Skoog have left the board in 2015. Manuella Hansson, Head of Operations Sweden, Retail Banking, and Peter Dalmalm, Deputy Head of Banking Sweden, Retail Banking, were elected new ordinary board members at the annual meeting of shareholders on 12 March 2015.

Material events after the balance sheet date

No major events have occurred since 30 June 2015

Assurance of the Board of Directors

The January–June interim report provides a fair overview of the company's operations, financial position and result, and describes material risks and uncertainties faced by the company.

Stockholm, 26 August 2015

Torsten Allqvist
Chairman of the board

Manuella Hansson

Ulla Hermann

Nils Lindberg

Peter Dalmalm

Michael Skytt
Managing Director

Nordea Hypotek AB (publ), corporate registration number 556091-5448, is part of the Nordea Group, and is a wholly owned subsidiary of Nordea Bank AB (publ). This Interim report has not been subject to review by the company's auditors.

Income statement

SEK (000s)	Note	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Operating income				
Interest income		4,940,059	6,146,711	11,935,013
Interest expense		-1,821,321	-3,613,037	-6,541,774
Net interest income		3,118,738	2,533,674	5,393,239
Fee and commission income	3	26,421	25,989	53,342
Fee and commission expense	3	-64,168	-64,317	-129,460
Net fee and commission income		-37,747	-38,328	-76,118
Net result from items at fair value	4	-39,106	-133,030	-129,738
Total operating income		3,041,885	2,362,316	5,187,383
Operating expenses				
General administrative expenses:				
Staff costs		-3,678	-3,608	-7,114
Other expenses		-256,114	-246,220	-490,367
Total operating expenses		-259,792	-249,828	-497,481
Net loan losses	5	-8,196	-5,866	-51,952
Operating profit		2,773,897	2,106,622	4,637,950
Income tax expense		-610,756	-463,660	-1,020,248
Net profit for the period		2,163,141	1,642,962	3,617,702

Statement of comprehensive income

SEK (000s)	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net profit for the year	2,163,141	1,642,962	3,617,702
Items that may be reclassified subsequently to income statement			
Cash flow hedges			
Valuation gains/losses during the year	136,644	-66,596	100,286
Tax on valuation gains/losses during the year	-30,062	14,651	-22,063
Other comprehensive income, net of tax	106,582	-51,945	78,223
Total comprehensive income	2,269,723	1,591,017	3,695,925

Balance sheet

SEK (000s)	Note	30 Jun 2015	31 Dec 2014	30 Jun 2014
Assets				
Loans to credit institutions	6	232,305	91,349	1,323,019
Loans to the public	6	486,249,903	474,903,649	464,338,165
Derivatives	7	9,381,994	13,296,604	8,418,715
Fair value changes of the hedged items in portfolio hedge of interest rate risk		230,220	563,324	644,039
Current tax assets		0	357,980	-
Other assets		1,840,321	1,476,159	1,137,011
Prepaid expenses and accrued income		447,401	437,305	499,844
Total assets		498,382,144	491,126,370	476,360,793
Liabilities				
Deposits by credit institutions		168,485,834	150,702,189	157,212,814
Debt securities in issue		295,484,311	301,858,573	284,298,821
Derivatives	7	2,226,600	1,463,042	2,106,527
Fair value changes of the hedged items in portfolio hedge of interest rate risk		7,360,486	9,998,029	7,714,666
Current tax liabilities		3,791	-	300,529
Other liabilities		1,217,627	5,847,351	1,128,376
Accrued expenses and prepaid income		210,307	163,045	1,331,849
Deferred tax liabilities		119,401	89,340	52,626
Subordinated liabilities		4,701,757	4,702,494	4,400,000
Total liabilities		479,810,114	474,824,063	458,546,208
Equity				
Share capital		110,000	110,000	110,000
Other reserves		423,332	316,750	186,582
Retained earnings		18,038,698	15,875,557	17,518,003
Total equity		18,572,030	16,302,307	17,814,585
Total liabilities and equity		498,382,144	491,126,370	476,360,793
Assets pledged as security for own liabilities		463,954,151	452,352,948	441,288,090
Contingent liabilities		None	None	None
Commitments		120,000	120,000	145,000
Other notes				
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Statement of changes in equity

	Restricted equity	Unrestricted equity	Unrestricted equity	
SEK (000s)	Share capital¹⁾	Cash flow- hedges	Retained earnings	Total
Balance at 1 Jan 2015	110,000	316,750	15,875,557	16,302,307
Total comprehensive income	-	106,582	2,163,141	2,269,723
Balance at 30 Jun 2015	110,000	423,332	18,038,698	18,572,030

SEK (000s)	Share capital¹⁾	Cash flow- hedges	Retained earnings	Total
Balance at 1 Jan 2014	110,000	238,527	15,875,041	16,223,568
Total comprehensive income	-	78,223	3,617,702	3,695,925
Group contribution paid	-	-	-4,637,419	-4,637,419
Tax effect of group contribution	-	-	1,020,233	1,020,233
Balance at 31 Dec 2014	110,000	316,750	15,875,557	16,302,307

SEK (000s)	Share capital¹⁾	Cash flow- hedges	Retained earnings	Total
Balance at 1 Jan 2014	110,000	238,527	15,875,041	16,223,568
Total comprehensive income	-	-51,945	1,642,962	1,591,017
Balance at 30 Jun 2014	110,000	186,582	17,518,003	17,814,585

¹⁾ 100,000 Shares

Cash flow statement

SEK (000s)	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Operating activities			
Operating profit	2,773,897	2,106,622	4,637,950
Adjustments for items not included in cash flow	-4,109,440	-4,696,604	-694,141
Income tax paid	-248,986	-637,608	-832,472
Cash flow from operating activities before changes in operating assets and liabilities	-1,584,529	-3,227,590	3,111,337
Changes in operating assets			
Changes in lending to the public	-11,357,696	-12,606,653	-23,223,759
Changes in derivatives, net	2,497,134	796,732	-2,178,505
Changes in other assets	-364,162	-1,137,010	-1,476,159
Changes in operating liabilities			
Change in deposits by credit institutions	17,896,995	38,227,814	31,612,539
Change in debt securities in issue	-2,317,061	-20,934,149	-8,339,534
Change in other liabilities	-4,629,725	-1,055,468	-973,913
Cash flow from operating activities	140,956	63,676	-1,467,994
Financing activities			
Issued subordinated liabilities	-	-	800,000
Amortised subordinated liabilities	-	-	-500,000
Cash flow from financing activities	-	-	300,000
Cash flow for the period	140,956	63,676	-1,167,994
Cash and cash equivalents at beginning of period	91,349	1,259,343	1,259,343
Cash and cash equivalents at end of period	232,305	1,323,019	91,349
Change	140,956	63,676	-1,167,994

Cash and cash equivalents

SEK (000s)	30 Jun 2015	30 Jun 2014	31 Dec 2014
Loans to credit institutions, payable on demand	232,305	1,323,019	91,349

Note 1 Accounting policies

The accounting policies used for recognising and measuring items in the financial statements are in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54, 2013:2, 2013:24 and 2014:18). This means that Nordea Hypotek applies International Financial Reporting Standards (IFRS) as endorsed by the EU Commission to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation.

These statements are presented in accordance with IAS 34 “Interim Financial Reporting”.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentations in the financial statements are, in all material aspects, unchanged in comparison with the 2014 Annual Report.

The following amendments published by the IASB were implemented 1 January 2015 but have not had any significant impact on Nordea Hypotek’s financial statements:

- Annual improvements to IFRSs, 2010-2012 Cycle
- Annual improvements to IFRSs, 2011-2013 Cycle
- IFRIC 21 “Levies”

The Swedish Financial Reporting Board has amended the accounting recommendation for legal entities by issuing “RFR 2 Accounting for Legal Entities – January 2015”. These amendments were implemented by Nordea Hypotek 1 January 2015, as a consequence of applying FFFS 2008:25, but have not had any impact on Nordea Hypotek’s financial statements.

Impact on capital adequacy from new or amended IFRS standards

IFRS 9 “Financial Instruments”

IFRS 9 “Financial Instruments” covering classification and measurement, impairment and general hedging has been adopted by the IASB but has not yet been implemented by Nordea Hypotek.

The changes in classifications and measurements are not expected to have a significant impact on Nordea Hypotek’s income statement or balance sheet as the mixed measurement model will be maintained. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy or large exposures are not expected, but this is naturally dependent on the financial instruments on Nordea Hypotek’s balance sheet at transition.

The impairment requirements in IFRS 9 are based on an expected loss model as opposed to the current incurred loss model in IAS 39. In general, it is expected that new requirements will increase loan loss provisions, decrease equity and have a negative impact on capital adequacy at transition. Nordea Hypotek has not yet finalised any impact assessment.

The main change to the general hedging requirements is that the standard aligns hedge accounting more closely with the risk management activities. As Nordea Hypotek generally only uses macro (portfolio) hedge accounting Nordea Hypotek’s assessment is that the new requirements will not have any significant impact on Nordea Hypotek’s financial statements, capital adequacy or large exposures in the period of initial application.

IFRS 15 “Revenue from Contracts with Customers”

The IASB has also adopted IFRS 15 “Revenue from Contracts with Customers”. The new standard has not yet been implemented by Nordea Hypotek. It is not expected that the standard will have any significant impact on Nordea Hypotek’s financial statements, capital adequacy or large exposures in the period of initial application.

Other amendments to IFRS

Other amendments to IFRS are not assessed to have any significant impact on Nordea Hypotek’s financial statement, capital adequacy or large exposures in the period of initial application.

Note 2 Segment reporting

SEKm	Operating segments					
	Banking Sweden		Group Treasury		Other Operating segments	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Total operating income	4,819	5,989	-1,916	-3,787	41	69
Operating profit	4,811	5,983	-1,916	-3,787	24	52
Loans to the public	479,304	457,589	-	-	6,946	6,749

SEKm	Total Operating segments		Reconciliation		Total	
	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
	2015	2014	2015	2014	2015	2014
Total operating income	2,944	2,271	98	91	3,042	2,362
Operating profit	2,919	2,248	-145	-141	2,774	2,107
Loans to the public	486,250	464,338	-	-	486,250	464,338

Reconciliation between total operating segments and financial statements

SEKm	Jan-Jun 2015		Jan-Jun 2014	
	Operating profit	Loans to the public	Operating profit	Loans to the public
	2015	2014	2015	2014
Total operating segments	2,919	486,250	2,248	464,338
Group functions and unallocated items	-145	-	-141	-
Total	2,774	486,250	2,107	464,338

Reportable operating segments

Compared with the 2014 Annual Report there have been no changes in the basis of segmentation.

Banking Sweden provides full-service banking operations for private individuals and corporate customers and comprises Nordea Hypotek's biggest customer area. Other Operating segments mainly relate to Wholesale Banking and the support function Operations within banking operations. Group functions and result that is not fully allocated to any of the operating segments are shown separately as reconciling items in the above table.

Note 3 Net fee and commission income

Tkr	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Loan commissions	12,325	13,165	26,146
Other commission income	14,096	12,824	27,196
Fee and commission income	26,421	25,989	53,342
Security commissions	-7,721	-7,236	-17,176
State guarantee fees	-56,400	-56,916	-112,187
Other commission expenses	-47	-165	-97
Fee and commission expenses	-64,168	-64,317	-129,460
Net fee and commission income	-37,747	-38,328	-76,118

Note 4 Net result from items at fair value

SEK (000s)	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Interest-bearing securities and other interest-related instruments	-39,106	-133,030	-129,738
Total	-39,106	-133,030	-129,738

Note 5 Net loan losses

	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
SEK (000s)			
Loan losses divided by class			
<i>Loans and receivables to the public</i>			
Realised loan losses	-11,442	-13,256	-26,494
Allowances to cover realised loan losses	-	2,625	3,645
Recoveries on previous loan losses	3,246	4,765	10,301
Provisions	-	-	-60,000
Reversals of previous provisions	-	-	20,596
Total	-8,196	-5,866	-51,952

Note 6 Loans and impairment

	Credit institutions			The public		
	30 Jun 2015	31 Dec 2014	30 Jun 2014	30 Jun 2015	31 Dec 2014	30 Jun 2014
SEKm						
Loans, not impaired	232	91	1,323	485,901	474,520	464,007
Impaired loans:	-	-	-	453	488	397
- Performing	-	-	-	198	201	34
- Non-performing	-	-	-	255	287	363
Loans before allowances	232	91	1,323	486,354	475,008	464,404
Allowances for individually assessed impaired loans	-	-	-	-77	-77	-39
- Performing	-	-	-	-61	-61	-37
- Non-performing	-	-	-	-16	-16	-2
Allowances for collectively assessed impaired loans	-	-	-	-27	-27	-27
Allowances	-	-	-	-104	-104	-66
Loans, carrying amount	232	91	1,323	486,250	474,904	464,338

	Total		
	30 Jun 2015	31 Dec 2014	30 Jun 2014
SEKm			
Loans, not impaired	486,133	474,611	465,330
Impaired loans:	453	488	397
- Performing	198	201	34
- Non-performing	255	287	363
Loans before allowances	486,586	475,099	465,727
Allowances for individually assessed impaired loans	-77	-77	-39
- Performing	-61	-61	-37
- Non-performing	-16	-16	-2
Allowances for collectively assessed impaired loans	-27	-27	-27
Allowances	-104	-104	-66
Loans, carrying amount	486,482	474,995	465,661

Note 6 Continuation**Allowances and provisions**

	30 Jun 2015	31 Dec 2014	30 Jun 2014
SEK (000s)			
Allowances for items in the balance sheet	-104,000	-104,000	65,616
Total allowances	-104,000	-104,000	-65,616

Key ratios

	30 Jun 2015	31 Dec 2014	30 Jun 2014
Impairment rate, gross ¹ , basis points	9.3	10.3	8.5
Impairment rate, net ² , basis points	7.7	8.6	7.7
Total allowance rate ³ , basis points	2.1	2.2	1.4
Allowances in relation to impaired loans ⁴ , %	17.0	15.8	9.7
Total allowances in relation to impaired loans ⁵ , %	22.9	21.3	16.5

¹ Individually assessed impaired loans before allowances divided by total loans before allowances, basis points.

² Individually assessed impaired loans after allowances divided by total loans before allowances, basis points.

³ Total allowances divided by total loans before allowances, basis points.

⁴ Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances, %.

⁵ Total allowance divided by total impaired loans before allowances, %.

Note 7 Derivatives

	30 Jun 2015		31 Dec 2014		30 Jun 2014	
Fair value, SEKm	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives used for hedging						
Interest rate derivatives	8,090	1,551	11,331	992	7,228	1,118
Foreign exchange derivatives	1,292	676	1,966	471	1,191	989
Total	9,382	2,227	13,297	1,463	8,419	2,107

	30 Jun 2015	31 Dec 2014	30 Jun 2014
Nominal amount, SEKm			

Derivatives used for hedging

Interest rate derivatives	273,668	276,940	258,754
Foreign exchange derivatives	31,129	33,315	34,175
Total	304,798	310,255	292,929

Note 8 Classification of financial instruments

SEKm	Loans and receivables	Derivatives used for hedging	Non financial assets	Total
Financial assets				
Loans to credit institutions	232	-	-	232
Loans to the public	486,250	-	-	486,250
Derivatives	-	9,382	-	9,382
Fair value changes of the hedged items in portfolio hedge of interest rate risk	230	-	-	230
Other assets	534	-	1,307	1,841
Prepaid expenses and accrued income	447	-	-	447
Total 30 Jun 2015	487,693	9,382	1,307	498,382
Total 31 Dec 2014	477,472	13,297	358	491,126

SEKm	Derivatives used for hedging	Other financial liabilities	Non financial liabilities	Total
Financial liabilities				
Deposits by credit institutions	-	168,486	-	168,486
Debt securities in issue	-	295,484	-	295,484
Derivatives	2,227	-	-	2,227
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	7,360	-	7,360
Other liabilities	-	54	1,286	1,340
Accrued expenses and prepaid income	-	37	174	211
Subordinated liabilities	-	4,702	-	4,702
Total 30 Jun 2015	2,227	476,123	1,460	479,810
Total 31 Dec 2014	1,463	473,147	214	474,824

Note 9 Fair value of financial assets and liabilities

SEKm	30 Jun 2015 Carrying amount	30 Jun 2015 Fair value	31 Dec 2014 Carrying amount	31 Dec 2014 Fair value
Assets				
Loans	486,712	487,851	475,558	476,158
Derivatives ¹	9,382	9,382	13,297	13,297
Other assets	534	534	1,476	1,476
Prepaid expenses and accrued income	447	447	437	437
Total assets	497,075	498,214	490,768	491,368
Financial liabilities				
Deposits and debt instruments	476,032	478,600	467,261	471,569
Derivatives ¹	2,227	2,227	1,463	1,463
Other liabilities	54	54	5,841	5,841
Accrued expenses and prepaid income	37	37	45	45
Total liabilities	478,350	480,918	474,610	478,918

¹ Valuation techniques using observable data (level 2) have been used for determination of fair value regarding derivatives.

The determination of fair value is described in the Annual report 2014, Note 25 "Assets and liabilities at fair value".

Measurement of offsetting positions

Financial assets and liabilities with offsetting positions in market risk or credit risk are measured on the basis of the price that would be received to sell the net asset exposed for that particular risk or paid to transfer the net liability exposed for that particular risk. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2014, Note 25 "Assets and liabilities at fair value".

Note 10 Capital adequacy**Summary of items included in own funds**

SEKm	30 jun 2015	31 dec ² 2014	30 jun 2014
Calculation of own funds			
Equity	16,409	16,302	16,172
Common Equity Tier 1 capital before regulatory adjustments	16,409	16,302	16,172
IRB provisions excess (+)/shortfall (-)	-144	-150	-151
Other items, net	-423	-316	-187
Total regulatory adjustments to common Equity Tier 1 capital	-567	-466	-338
Common Equity Tier 1 capital (net after deduction)	15,842	15,836	15,834
Tier 1 capital (net after deduction)	15,842	15,836	15,834
Tier 2 capital before regulatory adjustments	4,700	4,700	4,400
Tier 2 Capital	4,700	4,700	4,400
Own funds (net after deduction)¹	20,542	20,536	20,234

¹ Own funds adjusted IRB provisions, i.e., adjusted own funds equal 20,686m by 30 June 2015

² Including profit

Own funds including profit

	30 Jun 2015	31 Dec 2014	30 Jun 2014
SEKm			
Common Equity Tier 1 capital, including profit	18,005	15,836	17,477
Total Own Funds, including profit	22,705	20,536	21,877

Minimum capital requirement and REA

	30 Jun 2015		31 Dec 2014		30 Jun 2014	
SEKm	Min. Capital- requirement	REA	Min. Capital- requirement	REA	Min. Capital- requirement	REA
Credit risk	2,279	28,481	2,351	29,383	2,504	31,292
- of which counterparty credit risk	1	13	0	2	9	107
IRB	2,274	28,424	2,351	29,380	2,490	31,112
- of which corporate	793	9,919	890	11,126	976	12,196
- of which advanced	793	9,919	890	11,126	976	12,194
- of which foundation	-	-	-	-	0	2
- of which institutions	6	81	12	146	5	61
- of which retail	1,464	18,295	1,448	18,096	1,507	18,836
- of which secured by immovable property collateral	1,310	16,373	1,281	16,011	1,497	18,707
- of which other retail	154	1,922	167	2,085	10	129
- of which other	11	129	1	12	2	19
Standardised	5	57	0	3	14	180
- of which central governments or central banks	0	0	0	0	0	0
- of which institutions	5	57	0	3	8	105
- of which secured by mortgages on immovable property	0	0	0	0	0	0
- of which in default	-	-	-	-	6	75
Credit Value Adj. Risk	-	-	-	-	-	-
Market risk	-	-	-	-	-	-
Operational risk	548	6,854	468	5,851	468	5,851
Standardised	548	6,854	468	5,851	468	5,851
Sub total	2,827	35,335	2,819	35,234	2,972	37,143
Adjustment for Basel 1 floor						
Additional capital requirement	16,846	210,576	16,167	202,092	15,250	190,627
Total	19,673	245,911	18,986	237,326	18,222	227,770

Minimum Capital Requirement & Buffers

Percentage	Buffers					Capital Buffers	
	Minimum Capital Requirement	CCOB	CCyB	SII	SRB	Total	Total
Common Equity Tier capital	4.5	2.5	0,0	-	-	2.5	7.0
Tier 1 Capital	6.0	2.5	0,0	-	-	2.5	8.5
Own funds	8.0	2.5	0,0	-	-	2.5	10.5

SEKm

Common Equity Tier capital	1,590	883	0	-	-	883	2,473
Tier 1 Capital	2,120	883	0	-	-	883	3,003
Own funds	2,827	883	0	-	-	883	3,710

Common Equity Tier 1 available to meet Capital Buffers

	30 Jun 2015	31 Dec ¹ 2014	30 Jun 2014
Percentage points of REA			
Common Equity Tier I capital	38.8	38.9	N/A

¹ Including profit of the period.**Capital ratios**

	30 Jun 2015	31 Dec 2014	30 Jun 2014
Percentage			
Common Equity Tier I capital ratio, including profit	51.0	44.9	47.1
Tier I ratio, including profit	51.0	44.9	47.1
Total capital ratio, including profit	64.3	58.3	58.9
Common Equity Tier I capital ratio, excluding profit	44.8	34.7	42.6
Tier I ratio, excluding profit	44.8	34.7	42.6
Total capital ratio, excluding profit	58.1	48.0	54.5

Capital ratios including Basel I floor

	30 Jun 2015	31 Dec 2014	30 Jun 2014
Percentage			
Common Equity Tier I capital ratio, including profit	7.4	6.7	7.7
Tier I ratio, including profit	7.4	6.7	7.7
Total capital ratio, including profit	9.3	8.7	9.7
Common Equity Tier I capital ratio, excluding profit	6.5	5.2	7.0
Tier I ratio, excluding profit	6.5	5.2	7.0
Total capital ratio, excluding profit	8.4	7.2	8.9

Leverage ratio¹

	30 Jun 2015	31 Dec ² 2014	30 Jun ³ 2014
Tier 1 capital, transitional definition, SEKm	15,842	15,836	15,826
Leverage ratio exposure, SEKm	514,628	511,628	499,481
Leverage ratio, percentage	3.1	3.1	3.2

¹ Q2 2015 based on end of month. Q4 2014 and Q2 2014 leverage ratio and volume based on three months average according to local FSA reporting process² Including profit of the period. Dec 2014 value re-stated was previous: Tier 1 capital 15,980 SEKm, leverage ratio exposure 516,292 SEKm.³ Leverage ratio as reported to Swedish FSA. Please note that the value may deviate from the average tier 1 divided with average leverage ratio Exposure.

Credit risk exposures for which internal models are used, split by rating grade

	On balance exposure, SEKm	Off balance exposure, SEKm	Exposure value EAD SEKm ¹	Of Which EAD for off balance, SEKm	Exposure weighted average risk weight:
Corporate, advanced IRB	80,759	120	71,659	57	13.8
-of which rating grades 6	38,509	-	32,831	-	5.8
-of which rating grades 5	17,693	-	15,240	-	12.0
-of which rating grades 4	22,340	120	21,475	57	25.4
-of which rating grades 3	1,792	-	1,699	-	36.0
-of which rating grades 2	43	-	42	-	52.7
-of which rating grades 1	11	-	11	-	84.9
-of which unrated	179	-	169	-	46.4
-of which defaulted	192	-	192	-	14.1
Institutions foundation IRB	314	-	314	-	25.9
-of which rating grades 6	314	-	314	-	25.9
-of which rating grades 5	-	-	-	-	-
-of which rating grades 4	-	-	-	-	-
-of which rating grades 3	-	-	-	-	-
-of which rating grades 2	-	-	-	-	-
-of which rating grades 1	-	-	-	-	-
-of which unrated	-	-	-	-	-
-of which defaulted	-	-	-	-	-
Retail, of which secured by real estate	378,400	35,860	414,261	35,860	4.0
-of which scoring grades A	311,238	31,517	342,755	31,517	2.5
-of which scoring grades B	42,512	4,343	46,856	4,343	6.1
-of which scoring grades C	18,591	-	18,591	-	13.4
-of which scoring grades D	4,440	-	4,440	-	23.5
-of which scoring grades E	-	-	-	-	-
-of which scoring grades F	624	-	624	-	66.1
-of which not scored	169	-	169	-	22.3
-of which defaulted	826	-	826	-	116.6
Retail, of which other retail	16,648	-	16,627	-	11.6
-of which scoring grades A	10,696	-	10,696	-	4.6
-of which scoring grades B	1,853	-	1,843	-	10.2
-of which scoring grades C	1,020	-	1,016	-	18.9
-of which scoring grades D	398	-	393	-	25.5
-of which scoring grades E	1,953	-	1,951	-	28.8
-of which scoring grades F	654	-	654	-	39.9
-of which not scored	20	-	20	-	24.9
-of which defaulted	54	-	54	-	236.9
Other non credit-obligation assets	129	-	129	-	100.0

¹ Includes EAD for on balance, off balance and derivatives.

Nordea Hypotek does not have the following IRB exposure classes: equity exposure, items representing securitisation position central governments and central banks, qualifying revolving retail.

Not 11 Risks and uncertainties

The company's main risk exposure is credit risk. The company also assumes liquidity risk and operational risk. None of the above exposures and risks is expected to have any significant adverse effect on the company or its financial position in the next six months.

There are no disputes or legal proceedings in which material claims have been lodged against the company.