

Nordea Hypotek AB (publ)
Alternative Performance Measures

	Full year 2018	Full Year 2017	Jan-Jun 2018	Jan-Jun 2017
Average equity, SEKm	25007	25 042	24 540	24863
Net profit attributable to shareholders (annualised); SEKm	4 904	5442	5074	5715
Return on equity, %	19.6%	21.7%	20.7%	23.0%
Total operating income, Tsek	7 497 051	8 506 875	3 851 314	4 092 492
Total operating expenses	-1 204 324	-15 13890	-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	548 759 459		540 887 871	
Loan loss ratio, basis points ³	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 bps ³	10.5		10.4	
Impaired loans: (+) Tsek		578 694		626054
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	540935		552 479	
Divide with loans before allowances, Tsek	554 140654		551665826	
Impairment rate (stage 3), net, bps ³	9.8		10.0	
Impaired loans and receivables: (+) Tsek		578 694		626054
Allowances for individually assessed impaired loans (-) Tsek		16 200		16200
Loans and receivables before allowances (i) Tsek		544 274 168		545 740 727
Impairment rate, net ⁴ (bps)		10.3		11.2
Total allowances, Tsek	82 403		62 223	
Divide with loans before allowances, Tsek	554 140 654		551665826	
Total allowance ratio (stage 1, 2 and 3), bps ³	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		16200
Impaired loans and receivables: (+) Tsek		578 694		626054
Allowances in relation to impaired loans, % ⁴		2.8%		2.6%
Total allowances Tsek		66665		61 589
Impaired loans: (+) Tsek		578 694		626054
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
CE ¹ 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
SEKm				
Loans to the public	548 759	536 933	540888	538 772
Loans to the public, excl. repos	548 759	536 933	540888	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.