

Nordea Hypotek AB (publ)
Alternative Performance Measures

	Jan-Jun 2020	Full year 2019	Jan-Jun 2019
Average equity, SEKm	26 391	25 888	25 437
Net profit attributable to shareholders (annualised); SEKm	3 482	4 119	4 066
Return on equity, %	13,2%	15,9%	16,0%
Total operating income, Tsek	3 144 541	6 749 712	3 399 649
Total operating expenses	-864 296	-1 489 531	-808 032
Cost/income ratio, %	27,5%	22,1%	23,8%
Net loan losses, Tsek	-58 438	-18 346	-5 857
Net loan losses, annualised, Tsek	-116 876	-18 346	-11 714
Divide with loans to the public, Tsek	599 631 173	579 500 671	560 931 820
Loan loss ratio, basis points³	1,9	0,3	0,2
Impaired loans: (+) Tsek	538 036	598 698	596 134
Divide with loans before allowances, Tsek	603 606 839	585 144 611	570 527 581
Impairment rate (stage 3), gross bps³	8,9	10,2	10,4
Impaired loans, Tsek	538 036	598 698	596 134
Deduct allowances for individually assessed impaired loans, Tsek	38 637	23 138	19 090
Impaired loans after allowances, Tsek	499 399	575 560	577 044
Divide with loans before allowances, Tsek	603 606 839	585 144 611	570 527 581
Impairment rate (stage 3), net, bps³	8,3	9,8	10,1
Total allowances, Tsek	119 465	65 809	63 703
Divide with loans before allowances, Tsek	603 606 839	585 144 611	570 527 581
Total allowance ratio (stage 1, 2 and 3), bps³	2,0	1,1	1,1
Allowances for individually assessed impaired loans, Tsek	38 637	23 138	19 090
Divide with impaired loans, Tsek	538 036	598 698	596 134
Allowances in relation to credit impaired loans (stage 3), %³	7,2%	3,9%	3,2%
CET 1 capital ²	25,3	25,3	24,8
Risk exposure amount, excl. Basel I floor ¹ SEKbn	167,0	160,2	163,6
Common Equity Tier 1 capital ratio, excl. Basel I floor^{1,2} %	15,2%	15,8%	15,2%
Tier 1 capital ^{1,2} , SEKbn	25,3	25,3	24,8
Risk exposure amount, excl. Basel I floor ¹ SEKbn	167,0	160,2	163,6
Tier 1 capital ratio, excl. Basel I floor^{1,2} %	15,2%	15,8%	15,2%
Total Own funds ²	27,0	27,0	25,6
Risk exposure amount, excl. Basel I floor ¹ SEKbn	167,0	160,2	163,6
Total capital ratio, excl. Basel I floor^{1,2} %	16,2%	16,9%	15,7%

¹ End of period.

² Includes the profit for the period for the full year 2019 and Jan-Jun 2019 but not for Jan-Jun 2020.

³ Based on IFRS 9.

Business volumes, key items

	30 Jun 2020	31 Dec 2019	30 Jun 2019
SEKm			
Loans to the public	599 631	579 501	560 932
Loans to the public, excl. repos	599 631	579 501	560 932

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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.