

Business definitions Nordea Mortgage Bank Plc

Return on equity

Net profit for the year as a percentage of average equity for the year. Average equity including net profit for the year and dividend until paid.

Cost/income ratio

Total operating expenses divided by total operating income.

Loan loss ratio

Net loan losses (annualised) divided by the closing balance of loans to the public (lending).

Impairment rate (stage 3), gross, basis points

Impaired loans (stage 3) before allowances divided by total loans measured at amortised cost before allowances.

Impairment rate, gross, basis points

Individually assessed impaired loans before allowances divided by total loans before allowances.

Impairment rate (stage 3), net, basis points

Impaired loans (stage 3) after allowances divided by total loans measured at amortised before allowances.

Impairment rate, net, basis points

Individually assessed impaired loans after allowances divided by total loans before allowances.

Total allowance ratio (stage 1, 2 and 3), basis points

Total allowances divided by total loans measured at amortised cost before allowances.

Total allowance ratio, basis points

Total allowances divided by total loans before allowances.

Allowances in relation to credit impaired loans (stage 3), %

Allowances for impaired loans (stage 3) divided by impaired loans (stage 3) before allowances.

Allowances in relation to impaired loans ratio, %

Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

Total allowances in relation to impaired loans (provisioning ratio), %

Total allowances divided by total impaired loans before allowances.

Total allowances in relation to gross impaired loans (%) (provisioning ratio)

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.

Tier 1 capital

Tier 1 capital consists of both common equity tier 1 capital (CET 1) and additional tier 1 capital.

Risk Exposure Amount

Risk exposure amount is calculated in accordance with the requirements in the CRR.

Nordea Mortgage Bank Plc

Alternative Performance Measures

	2018	2017
Average equity and dividend until paid out, EURm	1,179.1	1,129.5
Net profit attributable to shareholders, EURm	113.4	105.3
Return on equity, %	9.6	9.3
Total operating income, EURm	202.8	178.7
Total operating expenses, EURm	-48.4	-47.8
Cost/income ratio, %	24	27
Net loan losses, EURm	-11.4	0.7
Total lending, EURm	23,106.7	23,530.1
Loan loss ratio, basis points	4.9	-0.3
Impaired loans, EURm	193.6	
Loans before allowances, EURm	24,054.0	
Impairment rate (stage 3), gross, basis points¹	80	
Impaired loans, EURm		135.4
Loans before allowances, EURm		24,188.8
Impairment rate, gross, basis points²		56
Impaired loans, net, EURm	177.4	
Loans before allowances, EURm	24,054.0	
Impairment rate (stage 3), net, basis points¹	74	
Impaired loans, net, EURm		133.4
Loans before allowances, EURm		24,188.8
Impairment rate, net, basis points²		55
Total allowances, EURm	47.8	
Loans before allowances, EURm	24,054.0	
Total allowance ratio (stage 1, 2 and 3), basis points¹	20	
Total allowances, EURm		11.1
Loans before allowances, EURm		24,188.8
Total allowance ratio, basis points²		5
Allowances for individually assessed impaired loans, EURm	16.2	
Impaired loans, EURm	193.6	
Allowances in relation to credit impaired loans (stage 3), %¹	8	
Allowances for individually assessed impaired loans, EURm		2.0
Impaired loans, EURm		135.4
Allowances in relation to impaired loans, %²		1
Total allowances, EURm	47.8	
Impaired loans, EURm	193.6	
Total allowance in relation to impaired loans, bps (provisioning ratio)¹	25	
Total allowances, EURm		11.1
Impaired loans, EURm		135.4
Total allowance in relation to gross impaired loans, bps (provisioning ratio)²		8
CET 1 capital, EURm	1,049.6	1,042.8
Risk exposure amount, excl. Basel I floor ³ , EURm	4,347.6	3,184.4
Common Equity Tier 1 capital ratio, excl. Basel I floor³, %	24.1	32.7
Tier 1 capital ³ , EURm	1,049.6	1,042.8
Risk exposure amount, excl. Basel I floor ³ , EURm	4,347.6	3,184.4
Tier 1 capital ratio, excl. Basel I floor³, %	24.1	32.7
Total Own funds, EURm	1,266.4	1,247.5
Risk exposure amount, excl. Basel I floor ³ , EURm	4,347.6	3,184.4
Total capital ratio, excl. Basel I floor³, %	29.1	39.2

¹ Based on IFRS 9

² Based on IFRS 39. Comparative figures for 2017 include impaired loans and allowances for loans measured at fair value. For 2018, these are not disclosed as impaired loans but rather as adjustments to fair value.

³ End of period

Income statement

EURm	2018	2017
Net interest income	214.1	192.1
Net fee and commission income	-9.5	-11.0
Net result from items at fair value	-1.8	-2.4
Other operating income	0.0	0.0
Total operating income	202.8	178.7
Staff costs	-1.9	-1.9
Other expenses	-46.5	-45.9
Total operating expenses	-48.4	-47.8
Profit before loan losses	154.4	130.9
Net loan losses	-11.4	0.7
Operating profit	143.0	131.6
Income tax expense	-29.6	-26.3
Net profit for the period	113.4	105.3

Business volumes, key items

EURm	31 Dec 2018	31 Dec 2017
Loans to the public	23,106.7	23,530.1
Debt securities in issue	16,760.5	15,469.6
Equity	1,177.8	1,180.5
Total assets	26,391.7	25,025.2