

Nordea Mortgage Bank Plc

Business definitions

Nordea Mortgage Banks's Alternative Performance Measures (APMs) are presented to provide users of Nordea Mortgage Bank's financial reporting with relevant information and tools to be able to establish a view on Nordea Mortgage Banks's performance.

APMs on capital adequacy are disclosed to give the user a view on Nordea Mortgage Banks's balance between capital and risk, while lending related APMs are disclosed to provide information on Nordea Mortgage Banks's provisions in relation to credit risk. Return on equity is intended to provide the user of financial statements with relevant information on Nordea Mortgage Banks's performance in relation to capital invested. The cost/income ratio is disclosed to provide the user with information on the correlation between income and expense.

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, basis points

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

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 (stage 3), net, basis points

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

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

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

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

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

Allowances in relation to loans in stage 1 and 2, basis points

Allowances for not impaired loans (stage 1 and 2) divided by not impaired loans measured at amortised cost (stage 1 and 2) before allowances.

Tier 1 capital

The Tier 1 capital consists of the sum of the Common Equity Tier 1 capital and Additional Tier 1 capital. Common Equity Tier 1 capital includes shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets, the full expected shortfall deduction (the negative difference between expected losses and provisions) and finally other deductions such as cash flow hedges.

Common Equity Tier 1 (CET 1) capital ratio

Common equity tier 1 capital as a percentage of risk exposure amount.

Tier 1 capital ratio

Tier 1 capital as a percentage of 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.

Risk Exposure Amount (REA)

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

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Alternative Performance Measures

	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Average equity and dividend until paid out, EURm	1,642.4	1,574.7	1,607.2
Net profit attributable to shareholders, EURm	46.0	43.6	81.4
<i>Net profit attributable to shareholders, annualised, EURm</i>	<i>92.0</i>	<i>87.1</i>	<i>81.4</i>
Return on equity, %	5.6	5.5	5.1
Total operating income, EURm	135.2	137.4	262.2
Total operating expenses, EURm	-70.7	-75.1	-144.0
Cost/income ratio, %	52	55	55
Net loan losses, EURm	-7.1	-7.9	-16.4
<i>Net loan losses, annualised, EURm</i>	<i>-14.2</i>	<i>-15.8</i>	<i>-16.4</i>
Closing balance of loans to the public at amortised cost, EURm	30,995.4	31,541.1	31,066.0
Loan loss ratio, basis points	4.6	5.0	5.3
Impaired loans, EURm	313.0	237.4	270.1
Total loans measured at amortised cost before allowances, EURm	32,192.6	32,430.2	32,188.4
Impairment rate (stage 3), gross, basis points	97	73	84
Impaired loans, EURm	313.0	237.4	270.1
Allowances for individually assessed impaired loans, EURm	54.7	48.0	50.6
<i>Impaired loans net, EURm</i>	<i>258.4</i>	<i>189.5</i>	<i>219.5</i>
Total loans measured at amortised cost before allowances, EURm	32,192.6	32,430.2	32,188.4
Impairment rate (stage 3), net, basis points	80	58	68
Total allowances, EURm	85.2	75.3	80.4
Total loans measured at amortised cost before allowances, EURm	32,192.6	32,430.2	32,188.4
Total allowance ratio (stage 1, 2 and 3), basis points	26	23	25
Allowances for individually assessed impaired loans, EURm	54.7	48.0	50.6
Impaired loans, EURm	313.0	237.4	270.1
Allowances in relation to credit impaired loans (stage 3), %	17	20	19
Allowances for not impaired loans (stage 1 and 2) , EURm	30.6	27.3	29.8
Not impaired loans measured at amortised cost (stage 1 and 2) before allowances, EURm	31,879.6	32,192.8	31,918.3
Allowances in relation to loans in stage 1 and 2, basis points	10	8	9
CET 1 capital ¹ , EURm	1,708.4	1,556.7	1,559.5
Risk exposure amount, EURm	4,059.8	3,925.1	3,922.5
Common Equity Tier 1 capital ratio, %	42.1	39.7	39.8
Tier 1 capital ¹ , EURm	1,708.4	1,556.7	1,559.5
Risk exposure amount, EURm	4,059.8	3,925.1	3,922.5
Tier 1 capital ratio, %	42.1	39.7	39.8
Total Own funds ¹ , EURm	1,729.9	1,577.5	1,580.3
Risk exposure amount, EURm	4,059.8	3,925.1	3,922.5
Total capital ratio, %	42.6	40.2	40.3

¹ 2023 figures including profit for the period adjusted with anticipated dividend

Income statement

EURm	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Net interest income	135.8	139.6	265.7
Net fee and commission income	2.9	3.2	7.4
Net result from items at fair value	-3.5	-5.4	-10.9
Other operating income	0.0	0.0	0.0
Total operating income	135.2	137.4	262.2
Staff costs	-0.9	-1.1	-1.9
Other expenses	-69.8	-74.0	-142.1
Depreciation of tangible assets	0.0	0.0	0.0
Total operating expenses	-70.7	-75.1	-144.0
Profit before loan losses	64.5	62.4	118.2
Net loan losses	-7.1	-7.9	-16.4
Operating profit	57.4	54.5	101.8
Income tax expense	-11.4	-10.9	-20.4
Net profit for the period	46.0	43.6	81.4

Business volumes, key items

EURm	30 Jun 2024	30 Jun 2023	31 Dec 2023
Loans to the public	30,995.4	31,541.1	31,066.0
Debt securities in issue	19,474.1	21,909.0	20,289.9
Equity	1,763.1	1,595.5	1,562.8
Total assets	32,513.5	32,831.9	32,524.3