

## 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 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**

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

#### **Impairment rate, gross, basis points**

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

#### **Impairment rate, net, basis points**

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

#### **Total allowance ratio, basis points**

Total allowances divided by total loans 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 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

	Jan-Jun 2017
Average equity and dividend until paid out, EURm	1,101.0
Net profit attributable to shareholders, EURm	45.5
Net profit attributable to shareholders, annualised, EURm	91.0
<b>Return on equity, %</b>	<b>8.3</b>
Total operating income, EURm	81.5
Total operating expenses, EURm	-24.3
<b>Cost/income ratio, %</b>	<b>30</b>
Net loan losses, EURm	-0.3
Net loan losses, annualised, EURm	-0.6
Total lending, EURm	23,160.4
<b>Loan loss ratio, basis points</b>	<b>0.3</b>
Impaired loans, EURm	116.4
Loans before allowances, EURm	23,401.0
<b>Impairment rate, gross, basis points</b>	<b>50</b>
Impaired loans, net, EURm	114.4
Loans before allowances, EURm	23,401.0
<b>Impairment rate, net, basis points</b>	<b>49</b>
Total allowances, EURm	12.1
Loans before allowances, EURm	23,401.0
<b>Total allowance ratio, basis points</b>	<b>5</b>
Total allowances, EURm	12.1
Impaired loans, EURm	116.4
<b>Total allowances in relation to gross impaired loans, (%) (provisioning ratio)</b>	<b>10</b>
CET 1 capital <sup>1,2</sup> , EURm	1,052.6
Risk exposure amount, excl. Basel I floor <sup>1</sup> , EURm	3,135.8
<b>Common Equity Tier 1 capital ratio, excl. Basel I floor<sup>1,2</sup>, %</b>	<b>33.6</b>
CET 1 capital <sup>1,2</sup> , EURm	1,052.6
IRB Shortfall, EURm	-23.4
Risk exposure amount, incl. Basel I floor <sup>1</sup> , EURm	10,521.0
<b>Common Equity Tier 1 capital ratio, incl. Basel I floor<sup>1,2</sup>, %</b>	<b>10.2</b>
Tier 1 capital <sup>1,2</sup> , EURm	1,052.6
Risk exposure amount, excl. Basel I floor <sup>1</sup> , EURm	3,135.8
<b>Tier 1 capital ratio, excl. Basel I floor<sup>1,2</sup>, %</b>	<b>33.6</b>
Total Own funds <sup>1,2</sup> , EURm	1,253.8
Risk exposure amount, excl. Basel I floor <sup>1</sup> , EURm	3,135.8
<b>Total capital ratio, excl. Basel I floor<sup>1,2</sup>, %</b>	<b>40.0</b>

<sup>1</sup> End of period.

<sup>2</sup> Excluding result of the period

## Income statement

EURm	Jan-Jun 2017
Net interest income	91.1
Net fee and commission income	-5.3
Net result from items at fair value	-4.3
<b>Total operating income</b>	<b>81.5</b>
Staff costs	-0.9
Other expenses	-23.4
<b>Total operating expenses</b>	<b>-24.3</b>
<b>Profit before loan losses</b>	<b>57.2</b>
Net loan losses	-0.3
<b>Operating profit</b>	<b>56.9</b>
Income tax expense	-11.4
<b>Net profit for the period</b>	<b>45.5</b>

## Business volumes, key items

EURm	30 Jun 2017
Loans to the public	23,160.4
Debt securities in issue	17,780.5
Equity	1,123.6
Total assets	26,589.2

Nordea Mortgage Bank Plc commenced its operations 1 October 2016. No comparative figures for the corresponding previous periods are available.