

Alternative Performance Measures, Annual Report 2017



Alternative Performance Measures

Alternative Performance Measures (APMs) are financial measures of historic or future earnings performance, financial position or cash flow that are not defined in IFRS or the capital adequacy regulations. The aim of presenting APMs is to more clearly describe the Bank's financial position over time. These measures are not always comparable with similar key ratios presented by other companies.

Key ratios Sweden

SEK million	Full year				
	2017	2016	2015	2014	2013
Average volume (balance sheet total)	69,578	61,355	55,565	47,222	42,541
Investment margin					
Net interest income	796	693	541	497	500
Average volume	69,578	61,355	55,565	47,222	42,541
Investment margin	1.14%	1.13%	0.97%	1.05%	1.17%
Return on total capital					
Operating profit	204	192	-292	13	-8
Average volume	69,578	61,355	55,565	47,222	42,541
Return on total capital	0.29%	0.31%	-0.52%	0.03%	-0.02%
Return on equity					
Equity opening balance (for the period)	3,643	4,063	3,597	2,606	1,878
Equity closing balance (for the period)	3,766	3,643	4,063	3,596	2,606
Average equity (OB + CB/2)	3,705	3,853	3,830	3,101	2,242
Profit for the year	-3	37	175	12	106,2
Adjustment for group contribution (incl. tax effect)	161	122	-383	-4	-115
Profit for the year excl. group contribution (incl. tax effect)	158	159	-208	8	-8
Return on equity	4.24%	4.14%	-5.42%	0.27%	-0.41%

SEK million	Full year				
	2017	2016	2015	2014	2013
Cost/income ratio before loan losses and impairment of intangible assets					
Total costs before loan losses	771	730	1,058	668	679
Adjustment for impairment of intangible assets	—	—	-246	—	—
Total costs before loan losses and excl. impairment of intangible assets	771	730	812	668	679
Total operating income	985	932	772	679	678
Cost/income ratio before loan losses and impairment of intangible assets					
	0.78	0.78	1.05	0.98	1.00
Provision level for impaired loans, %					
Provision for loan losses	11	12	12	12	12
Impaired loans, gross	16	23	33	34	29
Provision level for impaired loans, %	70.1%	51.4%	35.4%	31.6%	41.4%
Share of impaired loans, net, %					
Impaired loans	5	11	21	22	17
Lending to the general public excl. placements with the Swedish National Debt Office	58,303	56,308	46,316	40,139	31,917
Share of impaired loans, net, %	0.01%	0.02%	0.05%	0.05%	0.06%
Loan loss level, %					
Loan losses	10	10	6	-2	7
Opening balance, lending to the general public excl. placements with the Swedish National Debt Office	56,308	46,316	40,139	31,917	27,363
Loan loss level, %	0.02%	0.02%	0.01%	-0.01%	0.03%

Key ratios incl. Norwegian operation through 2015

SEK million	Full year				
	2017	2016	2015	2014	2013
Average volume (balance sheet total)	69,578	61,355	116,714	108,473	89,027
Investment margin					
Net interest income	796	693	1,286	1,418	1,118
Average volume	69,578	61,355	116,714	108,473	89,027
Investment margin	1.14%	1.13%	1.10%	1.31%	1.26%
Return on total capital					
Operating profit	204	192	97	574	298
Average volume	69,578	61,355	116,714	108,473	89,027
Return on total capital	0.29%	0.31%	0.08%	0.53%	0.34%
Return on equity					
Equity opening balance (for the period)	3,643	4,063	5,396	4,047	3,234
Equity closing balance (for the period)	3,766	3,643	4,063	5,396	4,047
Average equity (OB + CB/2)	3,705	3,853	4,730	4,722	3,641
Profit for the year	-3	37	376	417	327
Adjustment for group contribution (incl. tax effect)	161	122	-383	-4	-115
Adjustment for translation differences in equity (see Annual Report 2016, note 1)	—	—	83	—	—
Profit for the year excl. group contribution (incl. tax effect) and translation differences in equity	158	159	76	413	212
Return on equity	4.24%	4.14%	1.61%	8.74%	6.23%

SEK million	Full year				
	2017	2016	2015	2014	2013
Cost/income ratio before loan losses, impairment of intangible assets and translation differences in equity					
Total costs before loan losses	771	730	1,443	1,155	1,124
Adjustment for impairment of intangible assets	—	—	-246	—	—
Total costs before loan losses and excl. impairment of intangible assets	771	730	1,197	1,155	1,124
Total operating income excl. translation differences in equity					
Total operating income excl. translation differences in equity	985	932	1,460	1,770	1,463
Adjustment for translation differences in equity (see Annual Report 2016, note 1)	—	—	107	—	—
Total operating income excl. translation differences in equity	985	932	1,567	1,770	1,463
Cost/income ratio before loan losses, impairment of intangible assets and translation differences in equity					
	0.78	0.78	0.76	0.65	0.77
Provision level for impaired loans, %					
Provision for loan losses	11	12	12	114	92
Impaired loans, gross	16	23	33	174	139
Provision level for impaired loans, %	70.1%	51.4%	35.4%	65.2%	64.2%
Share of impaired loans, net, %					
Impaired loans	5	11	21	60	47
Lending to the general public excl. placements with the Swedish National Debt Office	58,303	56,308	46,328	93,338	77,894
Share of impaired loans, net, %	0.01%	0.02%	0.05%	0.06%	0.06%
Loan loss level, %					
Loan losses	10	10	27	41	41
Opening balance, lending to the general public excl. placements with the Swedish National Debt Office	56,308	46,316	93,338	77,894	58,401
Loan loss level, %	0.02%	0.02%	0.03%	0.05%	0.07%

Definitions

Cost/income ratio before loan losses, impairment of intangible assets and translation differences in equity

The sum of costs excluding loan losses and impairment of intangible assets in relation to the sum of operating income. The aim is to show costs in relation to income, which shows cost efficiency.

Investment margin

Net interest income in relation to average volume of balance sheet total during the period/year. The aim is to describe the Bank's margin on net interest income in relation to the value of total assets.

Loan loss level, %

Loan losses in relation to lending to the general public at the start of the year excluding placements with the Swedish National Debt Office. The aim is to show how large loan losses are in relation to lending.

Provision level for impaired loans, %

The provision for loan losses in relation to impaired loans, gross. The aim is to show the level of provisions for the loans judged as being impaired.

Return on equity, %

Profit after tax in relation to average equity (average of opening and closing equity). Group contributions and translation differences in equity are excluded in calculations of the return. The aim is to show the Bank's return on equity.

Return on total capital

Operating income as % of average volume (balance sheet total). The aim is to show how effectively the Company's total capital is being utilised to generate returns.

Share of impaired loans, net, %

Impaired loans, net, in relation to total lending to the general public excluding placements with the Swedish National Debt Office. The aim is to show what share of lending is judged to be impaired if, for example, a borrower's ability to repay decreases.

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