

Nordea



Capital and Risk Management Report 2018

Appendix B

Nordea Kredit Realkreditaktieselskab

Contents

Table name	Table
Mapping of own funds to the balance sheet	B1
Transitional own funds disclosure template	B2
Countercyclical capital buffer	B3
Leverage ratio - disclosure template	B4
Overview of REA	B5
Original exposure by exposure class	B6
Exposure split by exposure class and by geography	B7
Exposure split by industry group and by main class	B8
Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class	B9
Distribution of collateral	B10
Residual maturity broken down by exposure class	B11
Exposure, impaired exposures, past due exposures and allowances, split by sectors	B12
Exposure, impaired exposures, past due exposures and allowances, split by geography	B13
Reconciliation of allowance accounts	B14

B1 Mapping of own funds to the balance sheet

EURm	Nordea Kredit Realkreditaktie selskab	Row in transitional own funds template
Assets		
Intangible assets		
- of which: Goodwill and other intangible assets		8
Deferred tax assets		
- of which: Deferred tax assets that rely on future profitability excluding those arising from temporary differences	0	10
Retirement benefit assets		
- of which: Retirement benefit assets net of tax		15
Liabilities		
Deferred tax liabilities		
- of which: Deductible deferred tax liabilities associated with deferred tax assets that rely on future profitability and do not arise from temporary differences		10
Subordinated liabilities		
- of which: AT1 Capital instruments and the related share premium accounts	295	30
- of which: Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		33
- of which: Direct and indirect holdings by an institution of own AT1 Instruments		37
- of which: T2 Capital instruments and the related share premium accounts	295	46
- of which: Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		47
- of which: Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		52
Equity		
Share capital	230	1
Share premium reserves		
- of which: Capital instruments and the related share premium accounts		1
- of which: Retained earnings	3	2
Other reserves		
- of which: Retained earnings	3	2
- of which: Accumulated other comprehensive income	3	3
- of which: Fair value reserves related to gains or losses on cash flow hedges		11
Retained earnings net of proposed dividend		
- of which: Profit/loss for the year	2,545	5a
- of which: Retained earnings	2,544	2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

B2 Transitional own funds disclosure template

EURm	(A) Amount at disclosure date	(B) regulation (EU) no 575/2013 article reference	(C) Amounts subject to pre-regulation treatment or prescribed residual amount of regulation, (EU) no 575/2013
Common Equity Tier 1 capital: instruments and reserves			
1 Capital instruments and the related share premium accounts	230	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: Instrument type 1	230	EBA list 26 (3)	
of which: Instrument type 2		EBA list 26 (3)	
of which: Instrument type 3		EBA list 26 (3)	
2 Retained earnings	2,544	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	3	26 (1)	
3a Funds for general banking risk		26 (1) (f)	
4 Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)	
Public sector capital injections grandfathered until 1 January 2018		483 (2)	
5 Minority Interests (amount allowed in consolidated CET1)		84, 479, 480	
5a Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,777		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7 Additional value adjustments (negative amount)	-9	34, 105	
8 Intangible assets (net of related tax liability) (negative amount)		36 (1) (b), 37, 472 (4)	
9 Empty Set in the EU	NA		
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 472 (5)	
11 Fair value reserves related to gains or losses on cash flow hedges		33 (a)	
12 Negative amounts resulting from the calculation of expected loss amounts	-54	36 (1) (d), 40, 159, 472 (6)	
13 Any increase in equity that results from securitised assets (negative amount)		32 (1)	
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (b)	
15 Defined-benefit pension fund assets (negative amount)		36 (1) (e) , 41, 472 (7)	
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17 Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	

18 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
19 Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20 Empty Set in the EU	
20a Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	36 (1) (k)
20b of which: qualifying holdings outside the financial sector (negative amount)	36 (1) (k) (i), 89 to 91
20c of which: securitisation positions (negative amount)	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d of which: free deliveries (negative amount)	36 (1) (k) (iii), 379 (3)
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22 Amount exceeding the 15% threshold (negative amount)	48 (1)
23 of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	36 (1) (i), 48 (1) (b), 470, 472 (11)
24 Empty Set in the EU	
25 of which: deferred tax assets arising from temporary differences	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a Losses for the current financial year (negative amount)	36 (1) (a), 472 (3)
25b Foreseeable tax charges relating to CET1 items (negative amount)	36 (1) (l)
26 Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	
Of which: ...filter for unrealised loss on AFS debt instruments	467
Of which: ...filter for unrealised loss 2	467
Of which: ...filter for unrealised gain on AFS debt instruments	468
Of which: ...filter for unrealised gain 2	468
26b Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	481
Of which: ...	481
27 Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	36 (1) (j)
28 Total regulatory adjustments to Common equity Tier 1 (CET1)	-64
29 Common Equity Tier 1 (CET1) capital	2,714

Additional Tier 1 (AT1) capital: instruments

30 Capital instruments and the related share premium accounts	51, 52
31 of which: classified as equity under applicable accounting standards	
32 of which: classified as liabilities under applicable accounting standards	
33 Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	486 (3)
Public sector capital injections grandfathered until 1 January 2018	483 (3)
34 Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	85, 86, 480
35 of which: instruments issued by subsidiaries subject to phase out	486 (3)
36 Additional Tier 1 (AT1) capital before regulatory adjustments	

Additional Tier 1 (AT1) capital: regulatory adjustments

37 Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	52 (1) (b), 56 (a), 57, 475 (2)
38 Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	56 (b), 58, 475 (3)
39 Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	56 (c), 59, 60, 79, 475 (4)
40 Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)	56 (d), 59, 79, 475 (4)
41 Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	
41a Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
Of which shortfall	
41b Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	477, 477 (3), 477 (4) (a)
Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc	
41c Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR	467, 468, 481
Of which: ...possible filter for unrealised losses	467

Of which: ...possible filter for unrealised gains		468
Of which: ...		481
42 Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital		
44 Additional Tier 1 (AT1) capital		
45 Tier 1 capital (T1 = CET1 + AT1)	2,714	
Tier 2 (T2) capital: instruments and provisions		
46 Capital instruments and the related share premium accounts	295	62, 63
47 Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)
Public sector capital injections grandfathered until 1 January 2018		483 (4)
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88, 480
49 of which: instruments issued by subsidiaries subject to phase out		486 (4)
50 Credit risk adjustments		62 (c) & (d)
51 Tier 2 (T2) capital before regulatory adjustments	295	
Tier 2 (T2) capital: regulatory adjustments		
52 Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)
53 Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)
54 Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)
54a Of which new holdings not subject to transitional arrangements		
54b Of which holdings existing before 1 January 2013 and subject to transitional arrangements		
55 Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79, 477 (4)
56 Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
56a Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)

Of which shortfall	
56b Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013 Of which items to be detailed line by line, e.g. reciprocal cross holdings in at1 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc	475, 475 (2) (a), 475 (3), 475 (4) (a)
56c Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR	467, 468, 481
Of which: ...possible filter for unrealised losses	467
Of which: ...possible filter for unrealised gains	468
Of which: ...	481

57 Total regulatory adjustments to Tier 2 (T2) capital

58 Tier 2 (T2) capital 295

59 Total capital (TC = T1 + T2) 3,008

59a Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts) Of which: ...items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc)	475, 475 (2) (b), 475 (2) (c), 475 (4) (b)
Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own t2 instruments, indirect holdings of non significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)

60 Total risk weighted assets 11,357

Capital ratios and buffers

61 Common Equity Tier 1 (as a percentage of risk exposure amount)	0	92 (2) (a), 465
62 Tier 1 (as a percentage of risk exposure amount)	0	92 (2) (b), 465
63 Total capital (as a percentage of risk exposure amount)	0	92 (2) (c)
64 Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	0	CRD 128, 129, 130
65 of which: capital conservation buffer requirement	1.9%	
66 of which: countercyclical buffer requirement	0.0%	
67 of which: systemic risk buffer requirement	1.2%	

67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		CRD 131
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	19.4%	CRD 128
69 [non relevant in EU regulation]	NA	
70 [non relevant in EU regulation]	NA	
71 [non relevant in EU regulation]	NA	

Amounts below the thresholds for deduction (before risk weighting)

72 Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4) 66 (c), 69, 70, 477 (4)
73 Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48, 470, 472 (11)
74 Empty Set in the EU		
75 Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	180	36 (1) (c), 38, 48, 470, 472 (5)

Applicable caps on the inclusion of provisions in Tier 2

76 Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		62
77 Cap on inclusion of credit risk adjustments in T2 under standardised approach		62
78 Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		62
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	58	62

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)

80 Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) & (5)
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)
82 Current cap on AT1 instruments subject to phase out arrangements		484 (4), 486 (3) & (5)
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)
84 Current cap on T2 instruments subject to phase out arrangements		484 (5), 486 (4) & (5)
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)

B3 Countercyclical capital buffer

General credit risk exposures Own funds requirement

EURm	SA ¹	IRB ² approach	General credit exposures	Trading book exposures	Securitisatio n exposures	Total	Own funds requirement weight (%)	Counter-cyclical buffer rate (%)
Countries with existing CCyB rate								
Czech Republic		0	0			0	0.0%	1.0%
Hong Kong		6	0			0	0.0%	1.9%
Iceland		1	0			0	0.0%	1.3%
Lithuania		0	0			0	0.0%	0.5%
Norway		33	1			1	0.1%	2.0%
Slovakia		1	0			0	0.0%	1.3%
Sweden		86	2			2	0.3%	2.0%
United Kingdom		38	0			0	0.1%	1.0%
Sub-total		165	3			3	0%	
Countries with own funds requirements weight 1% or above and no existing CCyB rate								
Denmark	57	47,792	768			768	99.1%	
Sub-total	57	47,792	768			768	99%	
Countries with own funds requirement below 1% and no existing CCyB rate								
Sub-total		244	4			4	0%	
Total	57	48,201	775			775	100%	

1) Standardised approach

2) Internal ratings based

B4 Leverage ratio disclosure templates

LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

EURm	Applicable Amounts
1 Total assets as per published financial statements	58,767
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	
4 Adjustments for derivative financial instruments	21
5 Adjustments for securities financing transactions "SFTs"	0
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	58
EU-6a (Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	
EU-6b (Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	
7 Other adjustments	-60
8 Total leverage ratio exposure	58,785

LRCOM: Leverage ratio common disclosure

EURm	CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)	
1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	53,190
2 (Asset amounts deducted in determining Tier 1 capital)	-64
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	53,127
Derivative exposures	
4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	8
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	12
EU-5a Exposure determined under Original Exposure Method	
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8 (Exempted CCP leg of client-cleared trade exposures)	
9 Adjusted effective notional amount of written credit derivatives	
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11 Total derivative exposures (sum of lines 4 to 10)	21
Securities financing transaction exposures	
12 Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	6,487
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-907
14 Counterparty credit risk exposure for SFT assets	

EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	5,580

Other off-balance sheet exposures

17	Off-balance sheet exposures at gross notional amount	175
18	(Adjustments for conversion to credit equivalent amounts)	-117

19	Other off-balance sheet exposures (sum of lines 17 to 18)	58
----	---	----

Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)

EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	

Capital and total exposures

20	Tier 1 capital	2,714
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	58,785

Leverage ratio

22	Leverage ratio	4.6%
----	----------------	------

Choice on transitional arrangements and amount of derecognised fiduciary items

EU-23	Leverage ratio	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	

LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

EURm	CRR leverage ratio exposures	
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	53,190
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	53,190
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	30
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	2
EU-7	Institutions	244
EU-8	Secured by mortgages of immovable properties	35,157
EU-9	Retail exposures	1,427
EU-10	Corporate	15,119
EU-11	Exposures in default	1,197
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	15

LRQua: Free format text boxes for disclosure on qualitative items

1 Description of the processes used to manage the risk of excessive leverage

Nordea has policies and processes in place for the identification, management and monitoring of the excessive leverage. The leverage ratio is also part of Nordea's risk appetite framework.

2 Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage ratio refers

Q4-Q4

The leverage ratio decreased from 4.1% in Q4 2016 to 3.9% in Q4 2017. The worsened leverage ratio was mainly driven by increased off-balance volumes as well as changes in the treatment of the exposures.

Q3-Q4

The leverage ratio remained stable at 3.9% in Q4 2017 compared to Q3 2017. An increase in off-balance exposures was offset by a decrease in on-balance exposures.

B5 EU OV1: Overview of REA

EURm	REA		Minimum capital requirement	
	2018	2017	2018	2017
Credit risk (excluding counterparty credit risk) (CCR)	10,690	8,685	855	695
Of which standardised approach (SA) ¹	1,030	979	82	78
Of which foundation IRB (FIRB) approach	12	66	1	5
Of which advanced IRB approach	9,647	7,640	772	611
Of which AIRB	4,481	3,790	358	303
Of which Retail RIRB	5,166	3,850	413	308
Of which Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk	26	48	2	4
Of which Marked to market ²	4	4	0	0
Of which Original exposure				
Of which standardised approach				
Of which internal model method (IMM)				
Of which Financial collateral comprehensive method (for SF	22	45	2	4
Of which exposure amount for contributions to the default fund of a CCP				
Of which CVA				
Settlement risk				
Securitisation exposures in banking book (after the cap)				
Of which IRB supervisory formula approach (SFA)				
Market risk				
Of which standardised approach (SA)				
Of which IMA				
Large exposures				
Operational risk	548	520	44	42
Of which Standardised Approach	548	520	44	42
Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0	0
Swedish risk weight floor in Pillar 1	3		0	
Finnish risk weight floor in Pillar 1				
Additional capital requirement according to Basel 1 floor		14,918		1,193
Article 3 CRR Buffer	90		7	
Regulatory Total	11,357	24,173	909	1,934

1) Excluding amounts below the thresholds for deduction (subject to 250% risk weight).

2) Excludes exposures to CCPs.

B6 Original exposure by exposure class, end of year

2018, EURm

	Original exposure	Average exposure
IRB approach		
Sovereign	-	415
Institutions	1	1
Corporates	15,849	15,966
of which Specialised Lending		
of which SME	11,015	11,185
Retail	37,169	37,095
of which Secured by real estate property	35,586	35,472
of which SME	61	60
of which Non-SME	35,526	35,412
of which Other Retail	1,583	1,623
of which SME	15	15
of which Non-SME	1,568	1,608
Equity		
Other non-credit obligation assets	12	39
Total IRB approach	53,031	53,516
Standardised approach		
Central governments or central banks	30	8
Regional governments or local authorities	2	2
Public sector entities		
Multilateral Development Banks		
International Organisations		
Institutions	374	412
Corporates	21	5
- of which SME	10	2
Retail		
- of which SME		
Secured by mortgages on immovable property	54	14
- of which SME	28	7
Exposures in default	0	0
Items associated with particularly high risk		
Covered bonds		
Claims on institutions and corporates with a short-term credit assessment		
Collective investments undertakings (CIU)	-	-
Equity exposures	3	3
Other exposures		
Total standardised approach	484	442
Total	53,515	54,120
- of which loans	53,088	53,076
- of which debt securities	30	8
- of which off-balance sheet exposures	175	167

B7 Exposure split by exposure class and by geography

EURm	Nordic countries	Baltic countries	Russia	US	Other	Total
IRB exposure classes						
Sovereign						
Institution	0					0
Corporate	12,079			6	25	12,110
- of which Advanced	12,079			6	25	12,110
Retail	35,820	1	0	28	229	36,079
- of which secured by immovable property	35,244	1	0	27	226	35,498
- of which other retail	514	0		1	4	519
- of which SME	62			0	0	62
Other non-credit obligation assets	12					12
Total IRB approach	47,912	1	0	34	255	48,201
Standardised exposure classes						
Central governments and central banks	44					44
Regional governments and local authorities	8					8
Institution	5,150					5,150
Corporate	0					0
Retail						
Exposures secured by real estate	54					54
Other	3					3
Total standardised approach	5,260					5,260
Total exposure	53,172	1	0	34	255	53,461

B8 Exposure split by industry group and by main exposure class, 31 December 2018

EURm	IRB approach					Other non credit obligation assets
	Sovereign	Institution	Corporate	- of which SME	Retail	
Construction and engineering			146	65	4	
Consumer durables (cars, appliances, etc.)			35	9	0	
Consumer staples (food, agriculture etc.)			3,473	3,322	7	
Energy (oil, gas, etc.)						
Health care and pharmaceuticals			106	85	2	
Industrial capital goods			27	20	0	
Industrial commercial services			330	216	5	
IT software, hardware and services			15	7	0	
Media and leisure			273	77	1	
Metals and mining materials			4	3		
Other financial institutions		0	542	196	4	
Other materials (chemical, building materials, etc.)			56	17	0	
Other, public and organisations			224	133	36,025	12
Paper and forest materials			74	67	0	
Real estate management and investment			6,015	4,220	26	
Retail trade			169	102	3	
Shipping and offshore			0			
Telecommunication equipment			0			
Telecommunication operators			72			
Transportation			149	97	1	
Utilities (distribution and production)			399	64	0	
Total exposure		0	12,110	8,701	36,079	12

B9 Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class

EURm	Original exposure	Exposure	- of which secured by guarantees and credit derivatives	- of which secured by collateral	Average weighted LGD ¹
IRB exposure classes					
Sovereign					
Institution	1	0	0	0	35.0%
Corporate	15,849	12,110	3,932	11,840	22.6%
- of which Advanced	15,849	12,110	3,932	11,840	22.6%
Retail	37,169	36,079	1,062	35,505	17.6%
- of which secured by immovable property	35,526	35,498		35,445	17.3%
- of which other retail	1,568	519	1,049		39.0%
- of which SME	76	62	13	60	15.2%
Other non-credit obligation assets	12	12			n.a.
Total IRB approach	53,031	48,201	4,994	47,345	18.8%
Standardised exposure classes					
Central government and central banks	30	44			
Regional governments and local authorities	2	8			
Institution	374	5,150			
Corporate	21	0	20		
Retail					
Exposures secured by real estate	54	54		54	
Other	3	3	0		
Total standardised approach	484	5,260	21	54	
Total	53,515	53,461	5,015	47,399	

1) IRB total average LGD is excluding Other non-credit obligation assets.

2) Includes exposures classes Past due items and Equity.

B10 Distribution of collateral

	31 Dec 2018	31 Dec 2017
Financial collateral		
Receivables		
Residential real estate	76.7%	75.5%
Commercial real estate	23.3%	24.5%
Other physical collateral		
Total	100.0%	100.0%

B11 Residual maturity broken down by exposure classes

EURm	<1 year	1-3 years	3-5 years	>5 years	Total exposure
IRB exposure classes					
Sovereign					
Institution				0	0
Corporate	93	207	93	11,717	12,110
- of which Advanced	93	207	93	11,717	12,110
Retail	153	33	46	35,847	36,079
- of which secured by immovable property	150	32	44	35,271	35,498
- of which other retail	2	1	0	516	519
- of which SME	1	0	2	60	62
Other non-credit obligation assets				12	12
Total IRB approach	246	241	140	47,575	48,201
Standardised exposure classes					
Central government and central banks	0	0	2	42	44
Regional governments and local authorities		0		8	8
Institution	119	62	24	4,944	5,150
Corporate	0	0		0	0
Retail					
Exposures secured by real estate	0	1	0	53	54
Other				3	3
Total standardised approach	119	63	26	5,051	5,260
Total	364	304	166	52,627	53,461

B12 Exposure, impaired exposures, past due exposures and allowances,

EURm	Impaired loans	Past due exposures	Credit risk adjustments ¹⁾	- of which charges during the reporting period
Households	330	32	39	10
Non financial corporations	542	38	6	-1
Other	0	0	0	0
Total in banking operations	873	70	45	9

1) For stages 1,2 and 3

B13 Exposure, impaired exposures, past due exposures and allowances, split by significant geografic area

EURm	Original exposure	Impaired loans	Past due exposures
Denmark	52,941	873	70
Sweden	120	0	
Other	454	0	
Total	53,515	873	70

B14 Reconciliation of allowance accounts

Specific credit risk adjustments¹

EURm	Individually assessed, stage 3	Collectively assessed, stage 1&2	Total
Opening balance according to IFRS9	36	0	36
Changes through the income statement			
- Of which Provisions	65	0	65
- Of which Reversals	-47	0	-47
- Of which Net model effect on balance	0	11	11
Allowances used to cover write-offs Currency translation differences	-19	0	-19
	0	0	0
- Closing balance	34	11	45

1) On balance