

Nordea



Capital and Risk Management Report 2018

Appendix A

Nordea Hypotek AB

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A1 Mapping of own funds to the balance sheet

EURm	(Nordea Hypotek AB)	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		10
Retirement benefit assets		
- of which: Retirement benefit assets net of tax	-1	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	1 0	10
Subordinated liabilities		
- of which: AT1 Capital instruments and the related share premium accounts	78	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	78	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	11	1
Share premium reserves		
- of which: Capital instruments and the related share premium accounts		1
- of which: Retained earnings		2
Other reserves		
- of which: Retained earnings	1 -1	2
- of which: Accumulated other comprehensive income	2	3
- of which: Fair value reserves related to gains or losses on cash flow hedges	-2	11
Retained earnings net of proposed dividend		
- of which: Profit/loss for the year	2,377 479	5a
- of which: Retained earnings	1,899	2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

A2 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	11	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: Instrument type 1	11	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	1,898	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	2	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	479	26 (2)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,390		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7 Additional value adjustments (negative amount)	0	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	-2	33 (a)	
12 Negative amounts resulting from the calculation of expected loss amounts	-11	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	-2	33 (b)	
15 Defined-benefit pension fund assets (negative amount)	-1	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	NA	
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	NA	
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)	-	16
29	Common Equity Tier 1 (CET1) capital		2,375

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 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	477, 477 (3), 477 (4) (a)
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)

2,375

Tier 2 (T2) capital: instruments and provisions

46 Capital instruments and the related share premium accounts	78	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	2	62 (c) & (d)
51 Tier 2 (T2) capital before regulatory adjustments	80	

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	475, 475 (2) (a), 475 (3), 475 (4) (a)

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

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 80

59 Total capital (TC = T1 + T2) 2,455

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 15,773

Capital ratios and buffers

61 Common Equity Tier 1 (as a percentage of risk exposure amount) 15.1% 92 (2) (a), 465

62 Tier 1 (as a percentage of risk exposure amount) 15.1% 92 (2) (b), 465

63 Total capital (as a percentage of risk exposure amount) 15.6% 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) 4.5% CRD 128, 129, 130

65 of which: capital conservation buffer requirement 2.5%

66 of which: countercyclical buffer requirement 2.0%

67 of which: systemic risk buffer requirement

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) 10.6% 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)	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)	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)	2	62
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	23	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)

A3 Countercyclical capital buffer

EURm	General credit risk exposures		Trading book exposures		Own funds requirement			Total	Own funds requirement weight (%)	Counter-cyclical buffer rate (%)
	SA ¹	IRB ² approach	SA	Internal models approach	General credit exposures	Trading book exposures	Securitisation exposures			
Countries with existing CCyB rate										
Czech Republic		1			0			0	0.0%	1.0%
Hong Kong		11			0			0	0.0%	1.9%
Iceland		4			0			0	0.0%	1.3%
Lithuania		1			0			0	0.0%	0.5%
Norway		196			1			1	0.1%	2.0%
Slovakia		0			0			0	0.0%	1.3%
Sweden		58,065			1,146			1,146	99.8%	2.0%
United Kingdom		97			0			0	0.0%	1.0%
Sub-total		58,375			1,147			1,147	99.8%	
Countries with own funds requirements weight 1% or above and no existing CCyB rate										
Sub-total										
Countries with own funds requirement below 1% and no existing CCyB rate										
Sub-total		558			2			2	0.2%	
Total		58,933			1,149			1,149	100.0%	

1) Standardised approach

2) Internal ratings based

A4 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	57,016
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	671
5 Adjustments for securities financing transactions "SFTs"	
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,956
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	-481
8 Total leverage ratio exposure	63,162

LRCom: Leverage ratio common disclosure

EURm	CRR leverage ratio exposures
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On-balance sheet exposures (excluding derivatives and SFTs)

1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	56,550
2 (Asset amounts deducted in determining Tier 1 capital)	-16
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	56,535

Derivative exposures

4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	440
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	231
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)	
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)	671

Securities financing transaction exposures

- 12 Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions
- 13 (Netted amounts of cash payables and cash receivables of gross SFT assets)
- 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)

Other off-balance sheet exposures

17 Off-balance sheet exposures at gross notional amount 5,956
18 (Adjustments for conversion to credit equivalent amounts)

19 Other off-balance sheet exposures (sum of lines 17 to 18) 5,956

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 2,375

21 Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b) 63,162

Leverage ratio

22 Leverage ratio 3.76%

Choice on transitional arrangements and amount of derecognised fiduciary items

22 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:	56,550
EU-2 Trading book exposures	
EU-3 Banking book exposures, of which:	56,550
EU-4 Covered bonds	1,358
EU-5 Exposures treated as sovereigns	917
EU-6 Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	433
EU-7 Institutions	743
EU-8 Secured by mortgages of immovable properties	42,967
EU-9 Retail exposures	1,053
EU-10 Corporate	8,974
EU-11 Exposures in default	64
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	42

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 3.9% in Q4 2017 to 3.8% in Q4 2018. The decrease in leverage ratio was mainly driven by increased off-balance volumes, implementation of a liquidity buffer and an increase in lending to the public.

Q3-Q4

The leverage ratio increased from 3.6% in Q3 2018 to 3.8% in Q4 2018 mainly due to an increase in Tier 1 capital.

A5 Overview of REA

EURm	REA		Minimum capital requirement	
	2018	2017	2018	2017
Credit risk (excluding counterparty credit risk) (CCR)	4,028	2,803	322	224
Of which standardised approach (SA) ¹	149		12	
Of which foundation IRB (FIRB) approach	133	80	11	6
Of which advanced IRB approach	3,746	2,723	300	218
Of which AIRB	2,103	1,052	168	84
Of which Retail RIRB	1,643	1,672	131	134
Of which Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk	134		11	
Of which Marked to market ²	134		11	
Of which Original exposure				
Of which standardised approach				
Of which internal model method (IMM)				
Of which Financial collateral comprehensive method (for SFTs)	0		0	
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	1,119	992	89	79
Of which Standardised Approach	1,119	992	89	79
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Swedish risk weight floor in Pillar 1	10,493		839	
Finnish risk weight floor in Pillar 1				
Additional capital requirement according to Basel 1 floor		24,562		1,965
Article 3 CRR Buffer				
Regulatory Total	15,773	28,358	1,262	2,269

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

2) Excludes exposures to CCPs.

A6 Original exposure by exposure class, end of year

2018, EURm

	Original exposure	Average exposure
IRB approach		
Sovereign		649
Institutions	1,358	678
Corporates	8,978	8,664
- of which Specialised Lending		
- of which SME	7,484	7,227
Retail	49,992	49,074
- of which Secured by real estate property	48,989	48,051
- of which SME	65	68
- of which Non-SME	48,924	47,983
- Of which Other Retail	1,003	1,023
- of which SME	3	4
- of which Non-SME	1,000	1,019
Equity		
Other non-credit obligation assets	42	42
Total IRB approach	60,369	59,106
Standardised approach		
Central governments or central banks	917	229
Regional governments or local authorities	433	108
Public sector entities		
Multilateral Development Banks		
International Organisations		
Institutions	1,412	1,673
Corporates		
- of which SME		
Retail		
- of which SME		
Secured by mortgages on immovable property		
- of which SME		
Exposures in default		
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		
Other exposures		
Total standardised approach	2,762	2,011
Total	63,131	61,117
- of which loans	59,614	58,359
- of which debt securities	2,062	1,033
- of which off-balance sheet exposures	5,956	5,715

A7 Exposure split by exposure class and by geography

EURm	Nordic countries	Baltic countries	Russia	US	Other	Total
IRB exposure classes						
Sovereign						
Institution	1,358					1,358
Corporate	8,591					8,591
- of which Advanced	8,591					8,591
Retail	49,735	4	3	80	478	50,299
- of which secured by immovable property	48,682	3	3	78	467	49,233
- of which other retail	986	0	0	2	11	1,000
- of which SME	67					67
Other non-credit obligation assets	42					42
Total IRB approach	59,726	4	3	80	478	60,290
Standardised exposure classes						
Central governments and central banks	919					919
Regional governments and local authorities	818					818
Institution	1,412					1,412
Corporate						
Retail						
Exposures secured by real estate						
Other						
Total standardised approach	3,149					3,149
Total exposure	62,875	4	3	80	478	63,440

A8 Exposure split by industry group and by main exposure class

IRB approach

EURm	Sovereign	Institution	Corporate	- of which SME	Retail	Other non credit obligation assets
Construction and engineering			18	16	25	
Consumer durables (cars, appliances, etc.)			0	0	3	
Consumer staples (food, agriculture etc.)			9	9	71	
Energy (oil, gas, etc.)						
Health care and pharmaceuticals			16	15	17	
Industrial capital goods			0	0	1	
Industrial commercial services			39	37	78	
IT software, hardware and services			2	2	5	
Media and leisure			55	27	21	
Metals and mining materials						
Other financial institutions		1,358	73	23	1	
Other materials (chemical, building materials, etc.)			3	3	2	
Other, public and organisations			9	7	49,826	42
Paper and forest materials			4	4	28	
Real estate management and investment			8,341	7,245	193	
Retail trade			19	11	14	
Shipping and offshore					0	
Telecommunication equipment						
Telecommunication operators					2	
Transportation					8	
Utilities (distribution and production)			2	0	5	
Total exposure		1,358	8,591	7,400	50,299	42

A9 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	1,358	1,358			11.2%
Corporate	8,978	8,591	548	8,549	23.4%
- of which Advanced	8,978	8,591	548	8,549	23.4%
Retail	49,992	49,991	1	43,033	10.1%
- of which secured by immovable property	48,924	48,924		42,968	9.9%
- of which other retail	1,000	1,000	0		17.9%
- of which SME	68	67	1	65	16.1%
Other non-credit obligation assets	42	42			n.a.
Total IRB approach	60,369	59,982	550	51,582	12.0%
Standardised exposure classes					
Central government and central banks	917	919			
Regional governments and local authorities	433	818			
Institution	1,412	1,412			
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach	2,762	3,149			
Total	63,131	63,131	550	51,582	

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

A10 Distribution of collateral

	31 Dec 2018	31 Dec 2017
Financial collateral	0.0%	0.0%
Receivables		
Residential real estate	96.5%	96.9%
Commercial real estate	3.5%	3.0%
Other physical collateral		0.0%
Total	100.0%	100.0%

A11 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	92	980	286		1,358
Corporate	4,640	2,931	806	214	8,591
- of which Advanced	4,640	2,931	806	214	8,591
Retail	399	170	186	49,236	49,991
- of which secured by immovable property	291	142	174	48,317	48,924
- of which other retail	86	7	5	901	1,000
- of which SME	22	21	7	17	67
Other non-credit obligation assets				42	42
Total IRB approach	5,132	4,080	1,278	49,492	59,982
Standardised exposure classes					
Central government and central banks	248	442	212	17	919
Regional governments and local authorities	271	228	268	51	818
Institution				1,412	1,412
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach	519	670	480	1,480	3,149
Total	5,650	4,750	1,758	50,972	63,131

A12 Exposure, impaired exposures, past due exposures and allowances, split by sectors

EURm	Impaired loans (stage 3)	Past due exposures	Credit risk adjustments ¹⁾	- of which charges during the reporting period
Households	53.1	44.7	5.3	0.6
Non financial corporations	3.8	27.3	2.7	2.2
Other			0.0	0.0
Total in banking operations	56.9	72.0	8.1	2.7

1) For stages 1,2 and 3

A13 Exposure, impaired exposures, past due exposures and allowances, split by significant geographic area

EURm	Original exposure	Impaired loans (stage 3)	Past due exposures
Sweden	61,551	56.9	72.0
Other	1,580	0.0	0.0
Total	63,131	56.9	72.0

A14 Reconciliation of allowance accounts

EURm	Specific credit risk adjustments		Total
	Individually assessed, stage 3	Collectively assessed, stage 1&2	
Opening balance according to IFRS9	1.1	4.2	5.3
Changes through the income statement	2.2		2.2
- Of which Provisions			0.0
- Of which Reversals			0.0
- Of which Net model effect			0.0
Allowances used to cover write-offs			0.0
Currency translation differences	0.7	-0.2	0.5
Closing balance	4.0	4.0	8.1