

# Nordea



## Capital and Risk Management Report 2019

Appendix B

Nordea Kredit Realkreditaktieselskab

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Table 1 Mapping of own funds to the balance sheet

EURm	Nordea Realkredit	Row in transitional own funds template
<b>Assets</b>		
<b>Intangible assets</b>		
- of which: Goodwill and other intangible assets		8
<b>Deferred tax assets</b>		
- of which: Deferred tax assets that rely on future profitability excluding those arising from temporary differences		10
<b>Retirement benefit assets</b>		
- of which: Retirement benefit assets net of tax		15
<b>Liabilities</b>		
<b>Deferred tax liabilities</b>		
- of which: Deductible deferred tax liabilities associated with deferred tax assets that rely on future profitability and do not arise from temporary differences		10
<b>Subordinated liabilities</b>		
- of which: AT1 Capital instruments and the related share premium accounts	294	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	294	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
<b>Equity</b>		
Share capital	230	1
Share premium reserves		
- of which: Capital instruments and the related share premium accounts		1
- of which: Retained earnings		2
<b>Other reserves</b>		
- of which: Retained earnings		2
- of which: Accumulated other comprehensive income	0	3
- of which: Fair value reserves related to gains or losses on cash flow hedges		11
<b>Retained earnings net of proposed dividend</b>		
- of which: Profit/loss for the year	2,794	5a
- of which: Retained earnings	62	2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)	2,546	16

Table 2 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
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
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	2,546	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	0	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	62	26 (2)	
<b>6 Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>2,838</b>		
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7 Additional value adjustments (negative amount)	-25	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	-56	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	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)	-80
29 Common Equity Tier 1 (CET1) capital	2,757

#### Additional Tier 1 (AT1) capital: instruments

30 Capital instruments and the related share premium accounts	51, 52
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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)	2,757	

#### Tier 2 (T2) capital: instruments and provisions

46 Capital instruments and the related share premium accounts	294	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	294	

#### 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  Of which: ...possible filter for unrealised losses Of which: ...possible filter for unrealised gains Of which: ...	467, 468, 481  467 468 481
57	Total regulatory adjustments to Tier 2 (T2) capital	
58	Tier 2 (T2) capital	294
59	Total capital (TC = T1 + T2)	3,052
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) 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) 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)	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)  475, 475 (2) (b), 475 (2) (c), 475 (4) (b)  477, 477 (2) (b), 477 (2) (c), 477 (4) (b)
60	Total risk weighted assets	11,286

#### Capital ratios and buffers

61	Common Equity Tier 1 (as a percentage of risk exposure amount)	24.4%	92 (2) (a), 465
62	Tier 1 (as a percentage of risk exposure amount)	24.4%	92 (2) (b), 465
63	Total capital (as a percentage of risk exposure amount)	27.0%	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)	5.0%	CRD 128, 129, 130
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical buffer requirement	1.0%	
67	of which: systemic risk buffer requirement	1.5%	

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)	18.4%	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)		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)		62
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	57	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)

Table 3 Countercyclical capital buffer

EURm	General credit risk exposures		Trading book exposures		Own funds requirement			Own funds requirement weight (%)	Countercyclical buffer rate (%)
	SA <sup>1</sup>	IRB <sup>2</sup> approach	SA	Internal models approach	General credit exposures	Trading book exposures	Securitisatio n exposures		
							Total		
Countries with existing CCyB rate									
Czech Republic									1.5%
Denmark	70	49,136			759		759	99.2%	1.0%
France		11							0.3%
United Kingdom		38			1		1	0.1%	1.0%
Hong Kong		5							2.0%
Ireland		1							1.0%
Iceland		2							1.8%
Lithuania		1							1.0%
Norway		33						0.1%	2.5%
Sweden		74			2		2	0.2%	2.5%
Bulgaria		1							0.5%
Slovakia		1							1.5%
<b>Sub-total</b>	<b>70</b>	<b>49,302</b>			<b>762</b>		<b>762</b>	<b>99.6%</b>	
Countries with own funds requirements weight 1% or above and no existing CCyB rate									
<b>Sub-total</b>									
Countries with own funds requirement below 1% and no existing CCyB rate									
<b>Sub-total</b>		<b>241</b>			<b>3</b>		<b>3</b>	<b>0.45%</b>	
<b>Total</b>	<b>70</b>	<b>49,543</b>			<b>765</b>		<b>765</b>	<b>100%</b>	

<sup>1</sup> Standardised approach

<sup>2</sup> Internal ratings based

Table 4 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	63,341
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	14
5 Adjustments for securities financing transactions "SFTs"	3
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	81
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	-74
8 Total leverage ratio exposure	63,366

## 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)	54,446
2 (Asset amounts deducted in determining Tier 1 capital)	-80
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	54,366

## Derivative exposures

4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	13
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	13
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	
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)	26

#### Securities financing transaction exposures

12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	1,390
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	7,504
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)	8,893

#### Other off-balance sheet exposures

17	Off-balance sheet exposures at gross notional amount	210
18	(Adjustments for conversion to credit equivalent amounts)	-130
19	Other off-balance sheet exposures (sum of lines 17 to 18)	81

#### 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	2,757
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	63,366

#### Leverage ratio

22	Leverage ratio	4.4%
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## 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:	54,446
EU-2 Trading book exposures	47,159
EU-3 Banking book exposures, of which:	7,287
EU-4 Covered bonds	
EU-5 Exposures treated as sovereigns	1
EU-6 Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	0
EU-7 Institutions	20
EU-8 Secured by mortgages of immovable properties	4,958
EU-9 Retail exposures	79
EU-10 Corporate	2,093
EU-11 Exposures in default	132
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	4

## 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 4.6% in Q4 2018 to 4.4% in Q4 2019.

The change leverage ratio was mainly driven by increased SFT's and on-balance exposures but was offset by increased Tier 1 capital.

Table 5 EU OV1: Overview of REA

EURm	REA		Minimum capital requirement	
	2019	2018	2019	2018
Credit risk (excluding counterparty credit risk) (CCR)	10,553	10,690	844	855
Of which standardised approach (SA) <sup>1</sup>	1,026	1,030	82	82
Of which foundation IRB (FIRB) approach	31	12	2	1
Of which advanced IRB approach	9,497	9,647	760	772
Of which AIRB	4,237	4,481	339	358
Of which Retail RIRB	5,260	5,166	421	413
Of which Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk	180	26	14	2
Of which Marked to market <sup>2</sup>	5	4		
Of which Original exposure				
Of which standardised approach				
Of which internal model method (IMM)				
Of which Financial collateral simple method (for SFTs)				
Of which Financial collateral comprehensive method (for SFTs)	175	22	14	2
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	549	548	44	44
Of which Standardised Approach	549	548	44	44
Amounts below the thresholds for deduction (subject to 250% risk weight)	1			
Additional risk exposure amount related to Finnish RW floor due to Article 458 CRR		3		
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR	2			
Article 3 CRR Buffer		90		7
Pillar 1 total	11,286	11,357	903	909

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

<sup>2</sup> Excludes exposures to CCPs.

Table 6 Original exposure by exposure class, end of year

2019, EURm

	Original exposures	Average exposures
<b>IRB approach</b>		
Central governments or central banks		
Institutions	1	1
Corporates	16,228	16,265
of which Specialised Lending		
of which SME	11,029	11,000
Retail	38,165	37,906
of which Secured by real estate property	36,609	36,264
of which SME	62	64
of which Non-SME	36,547	36,200
of which Other Retail	1,556	1,642
of which SME	12	13
of which Non-SME	1,544	1,630
Equity		
Other non-credit obligation assets	30	44
<b>Total IRB approach</b>	<b>54,425</b>	<b>54,217</b>
<b>Standardised approach</b>		
Central governments or central banks	7	13
Regional governments or local authorities	0	1
Public sector entities		
Multilateral Development Banks		
International Organisations		
Institutions	1,046	2,368
Corporates	29	24
- of which SME	17	13
Retail		
- of which SME		
Secured by mortgages on immovable property	67	59
- of which SME	41	32
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	3	3
Other exposures		
<b>Total standardised approach</b>	<b>1,152</b>	<b>2,467</b>
<b>Total</b>	<b>55,576</b>	<b>56,684</b>
- of which loans	54,436	54,165
- of which debt securities	7	13
- of which off-balance sheet exposures	210	230

Table 7 Exposure split by exposure class and by geography

EURm	Nordic countries	Baltic countries	Russia	US	Other	Total
<b>IRB exposure classes</b>						
Sovereign						
Institution	1					1
Corporate	12,477			6	32	12,516
- of which Advanced	12,477			6	32	12,516
Retail	36,736	2		29	230	36,997
- of which secured by immovable property	36,247	2		28	226	36,503
- of which other retail	426			1	4	431
- of which SME	63					63
Other non-credit obligation assets	30					30
<b>Total IRB approach</b>	<b>49,244</b>	<b>2</b>	<b>0</b>	<b>35</b>	<b>263</b>	<b>49,544</b>
<b>Standardised exposure classes</b>						
Central governments and central banks	18					18
Regional governments and local authorities	6					6
Institution	5,867					5,867
Corporate						
Retail						
Exposures secured by real estate	67					67
Other	3					3
<b>Total standardised approach</b>	<b>5,961</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,961</b>
<b>Total exposure</b>	<b>55,205</b>	<b>2</b>	<b>0</b>	<b>35</b>	<b>263</b>	<b>55,505</b>

Table 8 Exposure split by industry group and by main exposure class, 31 December 2019

EURm	IRB approach					Other non credit obligation assets
	Sovereign	Institution	Corporate	- of which SME	Retail	
Animal husbandry			1,321	1,303	3	
Capital goods			36	22	1	
Commercial & prof. services			145	82	3	
Construction			214	95	3	
Consumer durables			34	6		
Consumer staples (food and health care)			144	112	2	
Crops etc			1,683	1,624	3	
Financial institutions			539	186	4	
Fishing and aquaculture						
Land transportation and IT			25	16	2	
Maritime (shipping)			114	114		
Materials			33	12		
Media, leisure and telecom			539	203	1	
Oil, gas and offshore						
Paper, forest and mining			84	74		
Real estate commercial properties			6,351	4,326	8	
Real estate residential properties			42	37	17	
Retail trade			166	80	3	
Utilities and public services			573	218	3	
Wholesale trade			77	39	1	
Other		0	396	313	36,942	30
<b>Total exposure</b>	<b>0</b>	<b>1</b>	<b>12,516</b>	<b>8,861</b>	<b>36,997</b>	<b>30</b>

Table 9 Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class, 31 December 2019

EURm	Original exposure	Exposure	- of which secured by guarantees and credit derivatives	- of which secured by collateral	Average weighted LGD <sup>1</sup>
<b>IRB exposure classes</b>					
Sovereign					
Institution	1	1		1	35.0%
Corporate	16,228	12,516	3,910	12,288	20.1%
- of which Advanced	16,228	12,516	3,910	12,288	20.1%
Retail	38,165	36,997	1,124	36,483	17.3%
- of which secured by immovable property	36,547	36,503		36,421	17.0%
- of which other retail	1,544	431	1,113		39.5%
- of which SME	74	63	11	62	15.4%
Other non-credit obligation assets	30	30			n.a.
<b>Total IRB approach</b>	<b>54,425</b>	<b>49,544</b>	<b>5,034</b>	<b>48,771</b>	<b>18.0%</b>
<b>Standardised exposure classes</b>					
Central government and central banks	7	18			
Regional governments and local authorities		6			
Institution	1,046	5,867			
Corporate	29		28		
Retail					
Exposures secured by real estate	67	67		67	
Other	3	3			
<b>Total standardised approach</b>	<b>1,152</b>	<b>5,961</b>	<b>28</b>	<b>67</b>	
<b>Total</b>	<b>55,576</b>	<b>55,505</b>	<b>5,063</b>	<b>48,838</b>	

<sup>1</sup> IRB total average LGD is excluding Other non-credit obligation assets.

Table 10 Distribution of collateral

	31 Dec 2019	31 Dec 2018
Financial collateral		
Receivables		
Residential real estate	77.5%	76.7%
Commercial real estate	22.5%	23.3%
Other physical collateral		
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Table 11 Residual maturity broken down by exposure classe

EURm	<1 year	1-3 years	3-5 years	>5 years	Total exposure
IRB exposure classes					
Sovereign					
Institution				1	1
Corporate	59	90	87	12,281	12,516
- of which Advanced	59	90	87	12,281	12,516
Retail	137	45	37	36,777	36,997
- of which secured by immovable proper	137	44	36	36,286	36,503
- of which other retail		1		430	431
- of which SME		1	1	60	63
Other non-credit obligation assets				30	30
<b>Total IRB approach</b>	<b>196</b>	<b>135</b>	<b>124</b>	<b>49,089</b>	<b>49,544</b>
Standardised exposure classes					
Central government and central banks			1	18	18
Regional governments and local authorities				6	6
Institution	1,993	8	22	3,844	5,867
Corporate					
Retail					
Exposures secured by real estate			1	66	67
Other				3	3
<b>Total standardised approach</b>	<b>1,993</b>	<b>9</b>	<b>23</b>	<b>3,936</b>	<b>5,961</b>
<b>Total</b>	<b>2,189</b>	<b>144</b>	<b>147</b>	<b>53,025</b>	<b>55,505</b>

Table 12 Exposure, impaired exposures, past due exposures and allowances, split by sectors

EURm	Impaired loans	Past due exposures	Credit risk adjustments <sup>1</sup>	- of which charges during the reporting period
Households	304	32	-26	13
Non financial corporations	409	48	-8	-2
Other	0	0	0	0
<b>Total in banking operations</b>	<b>713</b>	<b>80</b>	<b>-34</b>	<b>11</b>

<sup>1</sup> For stages 1,2 and 3

Table 13 Exposure, impaired exposures, past due exposures and allowances, split by significant geographic area

EURm	Original exposure	Impaired loans	Past due exposures
Denmark	54,234	713	80
Sweden	110	0	
Other	1,232	0	
<b>Total</b>	<b>55,576</b>	<b>713</b>	<b>80</b>

Table 14 Reconciliation of allowance accounts

EURm	Specific credit risk adjustments <sup>1</sup>		Total
	Individually assessed, stage 3	Collectively assessed, stage 1& 2	
Opening balance according to IFRS9	-34	-11	-45
Changes through the income statement	7	-8	-1
- Of which Provisions	-21	0	-21
- Of which Reversals	28	0	28
- Of which Net model effect	0	-8	-8
Allowances used to cover write-offs	12	0	12
Currency translation differences	0	0	0
Closing balance	-14	-20	-34

<sup>1</sup> On balance

Table 15 Liquidity coverage ratio

EURm	Total weighted value (average)			
	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019
Liquidity buffer	3,888	3,684	3,579	3,287
Total net cash outflows	1,324	1,316	1,310	1,305
Liquidity coverage ratio	293%	280%	273%	252%
Number of data points used in the calculation of averages	12	12	12	12