

Nordea



Capital and Risk Management Report 2017

Appendix A
Nordea Hypotek AB

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Table A1 Mapping of own funds to the balance sheet

EURm	Nordea Hypotek	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		15
Liabilities		
Deferred tax liabilities	1	
- 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	183	
- of which: AT1 Capital instruments and the related share premium accounts		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	183	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	5	
- of which: Retained earnings	0	2
- of which: Accumulated other comprehensive income	5	3
- of which: Fair value reserves related to gains or losses on cash flow hedges	-5	11
Retained earnings net of proposed dividend	2,346	
- of which: Profit/loss for the year	553	5a
- of which: Retained earnings	1,793	2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

Table 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	11	26 (1), 27, 28, 29, EBA list 26	
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	1,793	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	5	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	553	26 (2)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,362		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7 Additional value adjustments (negative amount)	-1	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	-5	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	-1	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)	

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
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			

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
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)	-18		
29 Common Equity Tier 1 (CET1) capital	2,344		
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)	

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
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 Of which shortfall		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
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 Of which: ...possible filter for unrealised losses Of which: ...possible filter for unrealised gains Of which: ...		467, 468, 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)	2,344		

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
Tier 2 (T2) capital: instruments and provisions			
46 Capital instruments and the related share premium accounts	183		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	185		
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)

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
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	185		
59 Total capital (TC = T1 + T2)	2,529		
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 575/2013residual amounts)		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	
(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 575/2013residual amounts)		475, 475 (2) (b), 475 (2) (c), 475 (4) (b)	
(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)			

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
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	3,795		
Capital ratios and buffers			
61 Common Equity Tier 1 (as a percentage of risk exposure amount)	62%	92 (2) (a), 465	
62 Tier 1 (as a percentage of risk exposure amount)	62%	92 (2) (b), 465	
63 Total capital (as a percentage of risk exposure amount)	67%	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)	55.8%		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)	

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
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	17		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	65	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 A3 Countercyclical capital buffer

EURm	exposures		Trading book exposures		Own funds requirement			Own funds requirement weight (%)	Counter-cyclical buffer rate (%)
	SA ¹⁾	IRB ²⁾ approach	SA ¹⁾	Internal models approach	General credit exposures	Trading book exposures	Securitisatio- n exposures		
Countries with existing CCyB rate									
Czech Republic		1			0			0.0	0.5
Hong Kong		11			0			0.0	1.3
Iceland		3			0			0.0	1.3
Norway		194			1			0.3	2.0
Slovakia		0			0			0.0	0.5
Sweden		57,014			219			98.7	2.0
Sub-total		57,223			219			99.1	
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		626			2			0.9	
Total		57,849			221			100.0	2.0%

1) Standardised approach

2) Internal ratings based

Table A4.1 LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

EURm	Applicable Amounts
1 Total assets as per published financial statements	56,127
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	174
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)	4,305
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	-18
8 Total leverage ratio exposure	60,589

Table A4.2 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)	55,500
2 (Asset amounts deducted in determining Tier 1 capital)	-18
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	55,482
Derivative exposures	
4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	584
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	218
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)	802

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	4,305
18	(Adjustments for conversion to credit equivalent amounts)	

19 Other off-balance sheet exposures (sum of lines 17 to 18) 4,305**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	2,344
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	60,589

Leverage ratio

22	Leverage ratio	3.9%
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Choice on transitional arrangements and amount of derecognised fiduciary items

EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	

Table A4.3 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:	55,500
EU-2 Trading book exposures	
EU-3 Banking book exposures, of which:	55,500
EU-4 Covered bonds	
EU-5 Exposures treated as sovereigns	695
EU-6 Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	
EU-7 Institutions	858
EU-8 Secured by mortgages of immovable properties	44,013
EU-9 Retail exposures	1,147
EU-10 Corporate	8,683
EU-11 Exposures in default	61
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	43

Table A4.4 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 4.1% in Q4 2016 to 3.9% in Q4 2017. The change in 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.

Table A5 EU OV1: Overview of REA

EURm	REA		Minimum capital requirements	
	31 Dec 2017	30 Sep 2017	31 Dec 2016	31 Dec 2017
Credit risk (excluding CCR)	2,803	2,888	2,796	224
Standardised approach (SA) ¹			14	
Foundation IRB (FIRB) approach	80	79	37	6
Advanced IRB (AIRB) approach	2,723	2,809	2,744	218
- of which AIRB	1,052	1,128	965	84
- of which Retail IRB	1,672	1,681	1,780	134
Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk			0	
Marked to market ²			0	
Original exposure				
Standardised approach				
Internal model method (IMM)				
Financial collateral simple method (for SFTs)				
Exposure amount for contributions to the default fund of a CCP				
CVA				
Settlement risk				
Securitisation exposures in banking book (after the cap)				
IRB supervisory formula approach (SFA)				
Market risk				
Standardised approach (SA)				
IMA				
Large exposures				
Operational risk	992	1,012	845	79
Standardised Approach	992	1,012	845	79
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Article 3 CRR Buffer			16	
Pillar 1 total	3,795	3,901	3,657	304
Floor adjustment	24,562	25,179	25,001	1,965
Regulatory total	28,358	29,080	28,659	2,269

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

2) Excludes exposures to CCPs.

Table A6 Original exposure by exposure class, 31 December 2017

EURm	Original exposure	Average exposure
IRB exposure classes		
Sovereign	695	414
Institution		4
Corporate	8,683	8,936
- of which Advanced	8,683	8,936
Retail	49,539	50,235
- of which secured by immovable property	48,321	48,842
- of which other retail	1,145	1,319
- of which SME	73	74
Other non-credit obligation assets	43	41
Total IRB approach	58,961	59,631
Standardised exposure classes		
Central government and central banks		92
Regional governments and local authorities		89
Institution	1,663	1,693
Corporate		
Retail		
Exposures secured by real estate		0
Other		
Total standardised approach	1,663	1,874
Total	60,624	61,505

Table A7 Exposure split by exposure class and by geography, 31 December 2017

EURm	Sweden	Other	Total
IRB exposure classes			
Sovereign	1,112		1,112
Institution			
Corporate	8,265	1	8,266
- of which Advanced	8,265	1	8,266
Retail	48,705	834	49,539
- of which secured by immovable property	47,511	810	48,321
- of which other retail	1,121	24	1,145
- of which SME	73	0	73
Other non-credit obligation assets	43		43
Total IRB approach	58,126	835	58,961
Standardised exposure classes			
Central governments and central banks			
Regional governments and local authorities			
Institution	1,663		1,663
Corporate			
Retail			
Exposures secured by real estate			
Other			
Total standardised approach	1,663		1,663
Total exposure	59,790	835	60,624

Table A8 Exposure split by industry group and by main exposure class, 31 December 2017

EURm	IRB approach					Other non credit obligation assets
	Sovereign	Institution	Corporate	- of which SME	Retail	
Construction and engineering			17	16	17	
Consumer durables (cars, appliances, etc.)			0	0	2	
Consumer staples (food, agriculture etc.)			14	14	65	
Energy (oil, gas, etc.)						
Health care and pharmaceuticals			17	16	11	
Industrial capital goods			0	0	0	
Industrial commercial services			42	39	49	
IT software, hardware and services			3	3	4	
Media and leisure			108	36	15	
Metals and mining materials						
Other financial institutions			70	23	1	
Other materials (chemical, building materials, etc.)			3	3	1	
Other, public and organisations	1,112		12	8	49,163	43
Paper and forest materials			3	3	13	
Real estate management and investment			7,952	6,966	182	
Retail trade			23	16	10	
Shipping and offshore						
Telecommunication equipment						
Telecommunication operators						
Transportation			0	0	5	
Utilities (distribution and production)			3	1	2	
Total exposure	1,112		8,266	7,143	49,539	43

Table A9 Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class, 31 December 2017

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	695	1,112		17	44.9%
Corporate	8,683	8,266	525	8,009	21.8%
- of which Advanced	8,683	8,266	525	8,009	21.8%
Retail	49,539	49,539	2	44,084	10.1%
- of which secured by immovable prop	48,321	48,321		44,016	9.9%
- of which other retail	1,145	1,145	0		18.2%
- of which SME	73	73	2	68	16.9%
Other non-credit obligation assets	43	43			n.a.
Total IRB approach	58,961	58,961	526	52,110	12.4%
Standardised exposure classes					
Central government and central banks					
Regional governments and local authorities					
Institution	1,663	1,663			
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach	1,663	1,663			
Total	60,624	60,624	526	52,110	

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

Table A10 Distribution of collateral

	31 Dec 2017	31 Dec 2016
Financial collateral	0.0%	
Receivables		
Residential real estate	96.95%	96.4%
Commercial real estate	3.05%	3.6%
Other physical collateral	0.0%	0.0%
Total	100.0%	100.0%

Table A11 Residual maturity broken down by exposure classes, 31 December 2017

EURm	< 1 year	1-3 years	3-5 years	>5 years	Total exposure
IRB exposure classes					
Sovereign	609	375	128		1,112
Institution					
Corporate	4,659	2,676	888	43	8,266
- of which Advanced	4,659	2,676	888	43	8,266
Retail	441	408	472	48,219	49,539
- of which secured by immovable property	390	375	434	47,122	48,321
- of which other retail	7	13	29	1,096	1,145
- of which SME	44	19	9	1	73
Other non-credit obligation assets				43	43
Total IRB approach	5,709	3,460	1,488	48,305	58,961
Standardised exposure classes					
Central government and central banks					
Regional governments and local authorities					
Institution				1,663	1,663
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach				1,663	1,663
Total	5,709	3,460	1,488	49,968	60,624

Table A12 Liquidity coverage ratio

EURm	Total weighted value (average)			
	31 Mar 2017	31 Jun 2017	30 Sep 2017	31 Dec 2017
Liquidity buffer				
Total net cash outflows	5,533	5,294	5,208	5,164
Liquidity coverage ratio	0%	0%	0%	0%
Number of data points used in the calculation of averages	7	10	12	12