

# Nordea



## **Capital and Risk Management Report 2017**

Appendix E  
Nordea Finans Norge AS

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**Table E1 Mapping of own funds to the balance sheet**

EURm	Nordea Finans Norge	Row in transitional own funds template (Table A2)
<b>Assets</b>		
Intangible assets	10	
- of which: Goodwill and other intangible assets	-10	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
<b>Liabilities</b>		
Deferred tax liabilities	61	
- 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	39	
- 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	39	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	8	1
Share premium reserves	121	
- of which: Capital instruments and the related share premium accounts	121	1
- of which: Retained earnings		2
Other reserves	-1	
- of which: Retained earnings	0	2
- of which: Accumulated other comprehensive income	-1	3
- of which: Fair value reserves related to gains or losses on cash flow hedges		11
Retained earnings net of proposed dividend	313	
- of which: Profit/loss for the year	21	5a
- of which: Retained earnings	306	2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

**Table E2 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	129	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: Instrument type 1	8	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	306	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-1	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	21	26 (2)	
<b>6 Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>454</b>		
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7 Additional value adjustments (negative amount)		34, 105	
8 Intangible assets (net of related tax liability) (negative amount)	-10	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	0	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)
<b>28 Total regulatory adjustments to Common equity Tier 1 (CET1)</b>	<b>-10</b>
<b>29 Common Equity Tier 1 (CET1) capital</b>	<b>444</b>

**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)
<b>36 Additional Tier 1 (AT1) capital before regulatory adjustments</b>	

**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)
<b>43 Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	
<b>44 Additional Tier 1 (AT1) capital</b>	
<b>45 Tier 1 capital (T1 = CET1 + AT1)</b>	<b>444</b>

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

46 Capital instruments and the related share premium accounts	39	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)
<b>51 Tier 2 (T2) capital before regulatory adjustments</b>	<b>39</b>	

**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 Of which shortfall	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
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
<b>57 Total regulatory adjustments to Tier 2 (T2) capital</b>	
<b>58 Tier 2 (T2) capital</b>	<b>39</b>
<b>59 Total capital (TC = T1 + T2)</b>	<b>483</b>
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) (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) (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 575/2013residual 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)
<b>60 Total risk weighted assets</b>	<b>2,243</b>

**Capital ratios and buffers**

<b>61 Common Equity Tier 1 (as a percentage of risk exposure amount)</b>	<b>19.8%</b>	<b>92 (2) (a), 465</b>
<b>62 Tier 1 (as a percentage of risk exposure amount)</b>	<b>19.8%</b>	<b>92 (2) (b), 465</b>
<b>63 Total capital (as a percentage of risk exposure amount)</b>	<b>21.5%</b>	<b>92 (2) (c)</b>
<b>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)</b>	<b>7.5%</b>	<b>CRD 128, 129, 130</b>
65 of which: capital conservation buffer requirement	2.5%	
66 of which: countercyclical buffer requirement	2.0%	
67 of which: systemic risk buffer requirement	3.0%	
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)	13.5%	CRD 128
69 [non relevant in EU regulation]	NA	
70 [non relevant in EU regulation]	NA	
71 [non relevant in EU regulation]	NA	

**Amounts below the thresholds for deduction (before risk weighting)**

72 Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4) 66 (c), 69, 70, 477 (4)
73 Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48, 470, 472 (11)
74 Empty Set in the EU		
75 Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)		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	6	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 E3 Countercyclical capital buffer**

EURm	exposures		Trading book exposures		Own funds requirement			Own funds requirement weight (%)	Counter-cyclical buffer rate (%)	
	SA <sup>1)</sup>	IRB <sup>2)</sup> approach	SA <sup>1)</sup>	Internal models approach	General credit exposures	Trading book exposures	Securitisatio n exposures			
<b>Countries with existing CCyB rate</b>										
Norway	1,391	1,348			155			155	97.7	2.0
Sweden	15	0			1			1	0.6	2.0
<b>Sub-total</b>	<b>1,406</b>	<b>1,348</b>			<b>156</b>			<b>156</b>	<b>98.3</b>	
<b>Countries with own funds requirements weight 1% or above and no existing CCyB rate</b>										
Denmark	0	31			2			2	1.0	
<b>Sub-total</b>	<b>0</b>	<b>31</b>			<b>2</b>			<b>2</b>	<b>1.0</b>	
<b>Countries with own funds requirement below 1% and no existing CCyB rate</b>										
<b>Sub-total</b>	<b>0</b>	<b>21</b>			<b>1</b>			<b>1</b>	<b>0.7</b>	
<b>Total</b>	<b>1,406</b>	<b>1,400</b>			<b>159</b>			<b>159</b>	<b>100.0</b>	<b>2.0%</b>

1) Standardised approach

2) Internal ratings based

## Leverage ratio disclosure templates

**Table E4.1 LRSum: Summary reconciliation of accounting assets and leverage ratio exposures**

EURm	Applicable Amounts
<b>1 Total assets as per published financial statements</b>	<b>2,809</b>
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	
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)	77
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	-10
<b>8 Total leverage ratio exposure</b>	<b>2,876</b>

**Table E4.2 LRCom: Leverage ratio common disclosure**

EURm	CRR leverage ratio exposures
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>	
1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	2,809
2 (Asset amounts deducted in determining Tier 1 capital)	-10
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	2,799
<b>Derivative exposures</b>	
4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	
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)	
<b>11 Total derivative exposures (sum of lines 4 to 10)</b>	

**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	78
18	(Adjustments for conversion to credit equivalent amounts)	-1
<b>19</b>	<b>Other off-balance sheet exposures (sum of lines 17 to 18)</b>	<b>77</b>

**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**

<b>20</b>	<b>Tier 1 capital</b>	<b>444</b>
<b>21</b>	<b>Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)</b>	<b>2,876</b>

**Leverage ratio**

<b>22</b>	<b>Leverage ratio</b>	<b>15.4%</b>
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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 E4.3 LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted**

	CRR leverage ratio exposures
<b>EU-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>2,809</b>
EU-2 Trading book exposures	
EU-3 Banking book exposures, of which:	2,809
EU-4 Covered bonds	
EU-5 Exposures treated as sovereigns	3
EU-6 Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	15
EU-7 Institutions	11
EU-8 Secured by mortgages of immovable properties	
EU-9 Retail exposures	1,009
EU-10 Corporate	1,105
EU-11 Exposures in default	31
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	635

**Table E4. 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 15.5% in Q4 2016 to 15.4% in Q4 2017. The worsened leverage ratio was mainly driven by increased on-balance exposures but was offset by increased Tier 1 capital.

**Q3-Q4**

The leverage ratio increased from 15.0% in Q3 2017 to 15.4% in Q4 2017. The improved leverage ratio was mainly driven by an increase in Tier 1 capital, somewhat offset by an increase in on-balance exposures.

**Table E5 EU OV1: Overview of REA**

EURm	REA			Minimum capital requirements
	31 Dec 2017	30 Sep 2017	31 Dec 2016	31 Dec 2017
<b>Credit risk (excluding CCR)</b>	<b>1,988</b>	<b>2,122</b>	<b>2,100</b>	<b>159</b>
Standardised approach (SA) <sup>1</sup>	1,006	1,022	1,015	80
Foundation IRB (FIRB) approach	983	1,100	1,085	79
Advanced IRB (AIRB) approach				
- of which AIRB				
- of which Retail IRB				
Equity IRB under the simple risk-weight or the IMA				
<b>Counterparty credit risk</b>				
Marked to market <sup>2</sup>				
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				
<b>Settlement risk</b>				
<b>Securitisation exposures in banking book (after the cap)</b>				
IRB supervisory formula approach (SFA)				
<b>Market risk</b>				
Standardised approach (SA)				
IMA				
<b>Large exposures</b>				
<b>Operational risk</b>	<b>158</b>	<b>166</b>	<b>164</b>	<b>13</b>
Standardised Approach	158	166	164	13
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>				
<b>Article 3 CRR Buffer</b>			<b>5</b>	
<b>Pillar 1 total</b>	<b>2,147</b>	<b>2,288</b>	<b>2,268</b>	<b>172</b>
Floor adjustment	96	16	7	8
<b>Regulatory total</b>	<b>2,243</b>	<b>2,304</b>	<b>2,276</b>	<b>179</b>

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

2) Excludes exposures to CCPs.



**Table E6 Original exposure by exposure class, 31 December 2017**

EURm	Original exposure	Average exposure
<b>IRB exposure classes</b>		
Sovereign	4	8
Institution	10	7
Corporate	1,229	1,258
- of which Advanced		
Retail		
- of which secured by immovable property		
- of which other retail		
- of which SME		
Other non-credit obligation assets	251	259
<b>Total IRB approach</b>	<b>1,494</b>	<b>1,531</b>
<b>Standardised exposure classes</b>		
Central government and central banks		1
Regional governments and local authorities		3
Institution	1	1
Corporate	2	2
Retail	1,011	1,008
Exposures secured by real estate		
Other <sup>1</sup>	400	396
<b>Total standardised approach</b>	<b>1,415</b>	<b>1,411</b>
<b>Total</b>	<b>2,909</b>	<b>2,942</b>

1) Includes exposures classes Administrative bodies and non-commercial undertakings, Past due items, Other Items and Equity.

**Table E7 Exposure split by exposure class and by geography, 31 December 2017**

EURm	Norway	Other	Total
<b>IRB exposure classes</b>			
Sovereign	3		3
Institution	10		10
Corporate	1,157	53	1,210
- of which Advanced			
Retail			
- of which secured by immovable property			
- of which other retail			
- of which SME			
Other non-credit obligation assets	190		190
<b>Total IRB approach</b>	<b>1,361</b>	<b>53</b>	<b>1,414</b>
<b>Standardised exposure classes</b>			
Central governments and central banks			
Regional governments and local authorities			
Institution	1		1
Corporate	3	1	4
Retail	995	13	1,007
Exposures secured by real estate			
Other <sup>1</sup>	393	1	394
<b>Total standardised approach</b>	<b>1,392</b>	<b>15</b>	<b>1,406</b>
<b>Total exposure</b>	<b>2,753</b>	<b>68</b>	<b>2,820</b>

1) Includes exposures classes Past due items, Other Items and Equity.

**Table E8 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			197	159		
Consumer durables (cars, appliances, etc.)			10	7		
Consumer staples (food, agriculture etc.)			84	29		
Energy (oil, gas, etc.)			4	2		
Health care and pharmaceuticals			7	3		
Industrial capital goods			6	1		
Industrial commercial services			246	107		
IT software, hardware and services			11	3		
Media and leisure			10	6		
Metals and mining materials			74	18		
Other financial institutions		10	3	2		
Other materials (chemical, building materials, etc.)			32	19		
Other, public and organisations	3		167	14		190
Paper and forest materials			3	2		
Real estate management and investment			30	15		
Retail trade			136	44		
Shipping and offshore			3	1		
Telecommunication equipment						
Telecommunication operators			5	4		
Transportation			149	73		
Utilities (distribution and production)			31	10		
<b>Total exposure</b>	<b>3</b>	<b>10</b>	<b>1,210</b>	<b>521</b>		<b>190</b>

**Table E9 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 <sup>1</sup>
<b>IRB exposure classes</b>					
Sovereign	4	3		1	41.9%
Institution	10	10		5	42.3%
Corporate	1,229	1,210	17	572	42.6%
- of which Advanced					
Retail					
- of which secured by immovable property					
- of which other retail					
- of which SME					
Other non-credit obligation assets	251	190	0	48	n.a.
<b>Total IRB approach</b>	<b>1,494</b>	<b>1,414</b>	<b>17</b>	<b>626</b>	<b>42.6%</b>
<b>Standardised exposure classes</b>					
Central government and central banks					
Regional governments and local authorities					
Institution	1	1			
Corporate	2	4			
Retail	1,011	1,007	2		
Exposures secured by real estate					
Other <sup>2</sup>	400	394	0		
<b>Total standardised approach</b>	<b>1,415</b>	<b>1,406</b>	<b>2</b>		
<b>Total</b>	<b>2,909</b>	<b>2,820</b>	<b>18</b>	<b>626</b>	

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

2) Includes exposures classes Past due items, Other Items and Equity.

**Table E10 Distribution of collateral**

	31 Dec 2017	31 Dec 2016
Financial collateral		
Receivables		
Residential real estate		
Commercial real estate	0.8%	0.8%
Other physical collateral	99.2%	99.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**Table E11 Residual maturity broken down by exposure classes, 31 December 2017**

EURm	< 1 year	1-3 years	3-5 years	>5 years	Total exposure
<b>IRB exposure classes</b>					
Sovereign	0	2	1	0	3
Institution	0	9	1		10
Corporate	106	265	443	396	1,210
- of which Advanced					
Retail					
- of which secured by immovable property					
- of which other retail					
- of which SME					
Other non-credit obligation assets	56	71	36	27	190
<b>Total IRB approach</b>	<b>162</b>	<b>347</b>	<b>481</b>	<b>424</b>	<b>1,414</b>
<b>Standardised exposure classes</b>					
Central government and central banks					
Regional governments and local authorities					
Institution	1				1
Corporate	0	1	2	1	4
Retail	21	199	311	477	1,007
Exposures secured by real estate					
Other <sup>1</sup>	95	246	52	1	394
<b>Total standardised approach</b>	<b>117</b>	<b>446</b>	<b>364</b>	<b>480</b>	<b>1,406</b>
<b>Total</b>	<b>279</b>	<b>793</b>	<b>845</b>	<b>903</b>	<b>2,820</b>

1) Includes exposures classes Past due items, Other Items and Equity.