

Nordea



Capital and Risk Management Report 2019

Appendix A
Nordea Hypotek AB

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Table 1 Mapping of own funds to the balance sheet

EURm	Nordea Hypotek AB	transitional own funds template
Assets		
Intangible assets		
- of which: Goodwill and other intangible assets		8
Deferred tax assets		
- of which: Deferred tax assets that rely on future profitability excluding those arising from temporary differences		10
Retirement benefit assets		
- of which: Retirement benefit assets net of tax	-1	15
Liabilities		
Deferred tax liabilities		
- of which: Deductible deferred tax liabilities associated with deferred tax assets that rely on future profitability and do not arise from temporary differences		10
Subordinated liabilities		
- of which: AT1 Capital instruments and the related share premium accounts	158	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	158	46
- of which: Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		47
- of which: Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		52
Equity		
Share capital	11	1
Share premium reserves		
- of which: Capital instruments and the related share premium accounts		1
- of which: Retained earnings		2
Other reserves		
- of which: Retained earnings	2	2
- of which: Accumulated other comprehensive income	2	3
- of which: Fair value reserves related to gains or losses on cash flow hedges	-2	11
Retained earnings net of proposed dividend		
- of which: Profit/loss for the year	394	5a
- of which: Retained earnings	2,030	2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		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
Common Equity Tier 1 capital: instruments and reserves			
1 Capital instruments and the related share premium accounts	11	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: Instrument type 1	11	EBA list 26 (3)	
of which: Instrument type 2		EBA list 26 (3)	
of which: Instrument type 3		EBA list 26 (3)	
2 Retained earnings	2,030	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	2	26 (1)	
3a Funds for general banking risk		26 (1) (f)	
4 Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)	
Public sector capital injections grandfathered until 1 January 2018		483 (2)	
5 Minority Interests (amount allowed in consolidated CET1)		84, 479, 480	
5a Independently reviewed interim profits net of any foreseeable charge or dividend	394	26 (2)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,437		
n Equity			
7 Additional value adjustments (negative amount)		34, 105	
8 Intangible assets (net of related tax liability) (negative amount)		36 (1) (b), 37, 472 (4)	
9 Empty Set in the EU	NA		
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 472 (5)	
11 Fair value reserves related to gains or losses on cash flow hedges	-2	33 (a)	
12 Negative amounts resulting from the calculation of expected loss amounts	-10	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)	-1	36 (1) (e) , 41, 472 (7)	
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17 Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	

18 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
19 Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20 Empty Set in the EU	NA
20a Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	36 (1) (k)
20b of which: qualifying holdings outside the financial sector (negative amount)	36 (1) (k) (i), 89 to 91
20c of which: securitisation positions (negative amount)	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d of which: free deliveries (negative amount)	36 (1) (k) (iii), 379 (3)
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22 Amount exceeding the 15% threshold (negative amount)	48 (1)
23 of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	36 (1) (i), 48 (1) (b), 470, 472 (11)
24 Empty Set in the EU	NA
25 of which: deferred tax assets arising from temporary differences	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a Losses for the current financial year (negative amount)	36 (1) (a), 472 (3)
25b Foreseeable tax charges relating to CET1 items (negative amount)	36 (1) (l)
26 Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	
Of which: ...filter for unrealised loss on AFS debt instruments	467
Of which: ...filter for unrealised loss 2	467
Of which: ...filter for unrealised gain on AFS debt instruments	468
Of which: ...filter for unrealised gain 2	468
26b Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	481
Of which: ...	481
27 Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	36 (1) (j)
28 Total regulatory adjustments to Common equity Tier 1 (CET1)	-13
29 Common Equity Tier 1 (CET1) capital	2,423

Additional Tier 1 (AT1) capital: instruments

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

Additional Tier 1 (AT1) capital: regulatory adjustments

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

41c Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481
Of which: ...possible filter for unrealised losses		467
Of which: ...possible filter for unrealised gains		468
Of which: ...		481
42 Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital		
44 Additional Tier 1 (AT1) capital		
45 Tier 1 capital (T1 = CET1 + AT1)	2,423	

Tier 2 (T2) capital: instruments and provisions

46 Capital instruments and the related share premium accounts	158	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	160	

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)
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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)
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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
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Of which: ...possible filter for unrealised losses	467
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Of which: ...possible filter for unrealised gains	468
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Of which: ...	481
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57 Total regulatory adjustments to Tier 2 (T2) capital

58 Tier 2 (T2) capital	160
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59 Total capital (TC = T1 + T2)	2,583
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59a Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)

Of which: ...items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
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Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc)	475, 475 (2) (b), 475 (2) (c), 475 (4) (b)
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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)
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60 Total risk weighted assets	15,322
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Capital ratios and buffers

61 Common Equity Tier 1 (as a percentage of risk exposure amount)	15.8%	92 (2) (a), 465
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62 Tier 1 (as a percentage of risk exposure amount)	15.8%	92 (2) (b), 465
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63 Total capital (as a percentage of risk exposure amount)	16.9%	92 (2) (c)
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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	2.5%	
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)	8.9%	CRD 128
69 [non relevant in EU regulation]	NA	
70 [non relevant in EU regulation]	NA	
71 [non relevant in EU regulation]	NA	

Amounts below the thresholds for deduction (before risk weighting)

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

Applicable caps on the inclusion of provisions in Tier 2

76 Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		62
77 Cap on inclusion of credit risk adjustments in T2 under standardised approach		62
78 Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	2	62
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	20	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		Total	Own funds requirement weight (%)	Counter-cyclical buffer rate (%)
	SA ¹	IRB ² approach	SA	Internal models approach	General credit exposures	Trading book exposures	Securitisati on exposures			
Countries with existing CCyB rate										
Bulgaria										0.5%
Czech Republic		1								1.5%
Denmark		87								1.0%
France		21								0.3%
United Kingdom		102								1.0%
Hong Kong		9								2.0%
Ireland		4								1.0%
Iceland		5								1.8%
Lithuania		1								1.0%
Norway		217			1		1	0.1%		2.5%
Sweden		58,521			1,106		1,106	99.7%		2.5%
Slovakia										1.5%
Sub-total		58,969			1,107		1,107	99.9%		
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	506			2			2	0.1%		
Total	59,475			1,109			1,109	100%		

¹ Standardised approach

² 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	58,531
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	184
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)	996
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	-13
8 Total leverage ratio exposure	59,697

LRCom: Leverage ratio common disclosure

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

1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	58,094
2 (Asset amounts deducted in determining Tier 1 capital)	-13
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	58,081

Derivative exposures

4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	391
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	229
EU-5a Exposure determined under Original Exposure Method	
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7 (Deductions of receivables assets for cash variation margin provided)	
8 (Exempted CCP leg of client-cleared trade exposures)	
9 Adjusted effective notional amount of written credit derivatives	
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11 Total derivative exposures (sum of lines 4 to 10)	620

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	4,979
18	(Adjustments for conversion to credit equivalent amounts)	-3,983
19	Other off-balance sheet exposures (sum of lines 17 to 18)	996

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	2,423
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	59,697

Leverage ratio

22	Leverage ratio	4.1%
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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:	58,094
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	58,094
EU-4	Covered bonds	947
EU-5	Exposures treated as sovereigns	1,189
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	508
EU-7	Institutions	613
EU-8	Secured by mortgages of immovable properties	44,346
EU-9	Retail exposures	971
EU-10	Corporate	9,427
EU-11	Exposures in default	59
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	34

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 increased from 3.8% in Q4 2018 to 4.1% in Q4 2019.

The increase of leverage ratio was mainly driven by change in reporting off-balance volumes (from 100% CCF to 20% CCF) and increase in 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)	3,501	4,028	280	322
Of which standardised approach (SA) ¹	123	149	10	12
Of which foundation IRB (FIRB) approach	101	133	8	11
Of which advanced IRB approach	3,278	3,746	262	300
Of which AIRB	1,610	2,103	129	168
Of which Retail RIRB	1,668	1,643	133	131
Of which Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk	127	134	10	11
Of which Marked to market ²	127	134	10	11
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)				
Of which exposure amount for contributions to the default fund of a CCP				
Of which CVA				
Settlement risk				
Securitisation exposures in banking book (after the cap)				
Of which IRB supervisory formula approach (SFA)				
Market risk				
Of which standardised approach (SA)				
Of which IMA				
Large exposures				
Operational risk	1,143	1,119	91	89
Of which Standardised Approach	1,143	1,119	91	89
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Additional risk exposure amount related to Finnish RW floor due to Article 458 CRR				
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR	10,550	10,493	844	839
Article 3 CRR Buffer				
Pillar 1 total	15,322	15,773	1,226	1,262

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

² Excludes exposures to CCPs.

Table 6 Original exposure by exposure class, end of year

2019, EURm

	Original exposures	Average exposures
IRB approach		
Central governments or central banks		
Institutions	947	1,039
Corporates	9,428	9,024
of which Specialised Lending		
of which SME	8,028	7,652
Retail	50,389	49,028
of which Secured by real estate property	49,388	48,056
of which SME	67	68
of which Non-SME	49,320	47,988
of which Other Retail	1,001	972
of which SME	3	3
of which Non-SME	998	969
Equity		
Other non-credit obligation assets	34	38
Total IRB approach	60,798	59,129
Standardised approach		
Central governments or central banks	1,189	1,146
Regional governments or local authorities	508	482
Public sector entities		
Multilateral Development Banks		
International Organisations		
Institutions	1,249	2,029
Corporates		
- of which SME		
Retail		
- of which SME		
Secured by mortgages on immovable property		
- of which SME		
Exposures in default		
Items associated with particularly high risk		
Covered bonds		
Claims on institutions and corporates with a short-term credit assessment		
Collective investments undertakings (CIU)		
Equity exposures		
Other exposures		
Total standardised approach	2,945	3,657
Total	63,743	62,786
- of which loans	60,433	58,698
- of which debt securities	2,018	2,017
- of which off-balance sheet exposures	4,979	4,969

Table 7 Exposure split by exposure class and by geography

EURm	Nordic countries	Baltic countries	Russia	US	Other	Total
IRB exposure classes						
Sovereign						
Institution	947					947
Corporate	9,053					9,053
- of which Advanced	9,053					9,053
Retail	49,769	5	2	91	521	50,388
- of which secured by immovable property	48,716	4	2	89	509	49,320
- of which other retail	984			2	12	998
- of which SME	69					69
Other non-credit obligation assets	34					34
Total IRB approach	59,804	5	2	91	521	60,422
Standardised exposure classes						
Central governments and central banks	1,191					1,191
Regional governments and local authorities	881					881
Institution	1,249					1,249
Corporate						
Retail						
Exposures secured by real estate						
Other						
Total standardised approach	3,321					3,321
Total exposure	63,125	5	2	91	521	63,743

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	1	8	
Capital goods						
Commercial & prof. services			73	15	9	
Construction			29	21	7	
Consumer durables						
Consumer staples (food and health care)			14	13	7	
Crops etc			7	6	2	
Financial institutions		850	78	24	1	
Fishing and aquaculture						
Land transportation and IT			7	7	3	
Maritime (shipping)						
Materials						
Media, leisure and telecom			53	26	5	
Oil, gas and offshore						
Paper, forest and mining			5	4	3	
Real estate commercial properties			7,351	6,724	73	
Real estate residential properties			1,310	966	16	
Retail trade			7	5	2	
Utilities and public services			112	112	4	
Wholesale trade			4	4	1	
Other		97	1		50,247	34
Total exposure		947	9,053	7,930	50,388	34

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 ¹
IRB exposure classes					
Sovereign					
Institution	947	947			11.3%
Corporate	9,428	9,053	616	8,918	20.8%
- of which Advanced	9,428	9,053	616	8,918	20.8%
Retail	50,389	50,388	1	44,409	10.1%
- of which secured by immovable property	49,320	49,320		44,341	9.9%
- of which other retail	998	998			18.1%
- of which SME	70	69	1	67	14.5%
Other non-credit obligation assets	34	34			n.a.
Total IRB approach	60,798	60,422	617	53,327	11.7%
Standardised exposure classes					
Central government and central banks	1,189	1,191			
Regional governments and local authorities	508	881			
Institution	1,249	1,249			
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach	2,945	3,321			
Total	63,743	63,743	617	53,327	

¹ 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	96.2%	96.5%
Commercial real estate	3.8%	3.5%
Other physical collateral		
Total	100.0%	100.0%

Table 11 Residual maturity broken down by exposure class:

EURm	<1 year	1-3 years	3-5 years	>5 years	Total exposure
IRB exposure classes					
Sovereign					
Institution	134	630	183		947
Corporate	4,347	3,001	1,519	187	9,053
- of which Advanced	4,347	3,001	1,519	187	9,053
Retail	292	202	215	49,678	50,388
- of which secured by immovable property	224	177	200	48,719	49,320
- of which other retail	47	3	4	944	998
- of which SME	21	23	11	14	69
Other non-credit obligation assets				34	34
Total IRB approach	4,773	3,832	1,917	49,899	60,422
Standardised exposure classes					
Central government and central banks	485	557	129	21	1,191
Regional governments and local authorities	231	335	289	25	881
Institution				1,249	1,249
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach	716	892	418	1,295	3,321
Total	5,489	4,724	2,335	51,194	63,743

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

EURm	Impaired loans (stage 3)	Past due exposures	Credit risk adjustments ¹	- of which charges during the reporting period
Households	56.8	41.4	-5.8	-0.4
Non financial corporations	0.5	33.1	-0.5	2.2
Other	0.0	0	0.0	0.0
Total in banking operations	57	75	-6	2

¹ 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 (stage 3)	Past due exposures
Sweden	62,111	57.3	74.5
Other	1,632		
Total	63,743	57	75

Table 14 Reconciliation of allowance accounts

EURm	Specific credit risk adjustments ¹		Total
	Individually assessed, stage 3	Collectively assessed, stage 1&2	
Opening balance according to IFRS9	-4	-4	-8
Changes through the income statement	0	0	0
- Of which Provisions	0	0	0
- Of which Reversals	0	0	0
- Of which Net model effect	0	0	-1
Allowances used to cover write-offs	2	0	2
Other changes/Currency translation differences	0	0	0
Closing balance	-2	-4	-6

¹ 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	1,924	1,927	1,608	1,130
Total net cash outflows	319	337	569	1,009
Liquidity coverage ratio	3749%	3826%	3550%	3335%
Number of data points used in the calculation of averages	12	12	12	12

