

Nordea



Capital and Risk Management Report

Second Quarter 2019

**Provided by Nordea Bank Abp on the basis of its consolidated
situation**

Table 1 Summary of items included in own funds

During Q2 2019, the total own funds decreased by EUR 128m, mainly driven by Tier 1 movements and regulatory amortisation while partly offset by the issuance of a new Tier 2 loan. Tier 1 capital was primarily driven by movements in CET1 capital as a result of decreased discount rates in the re-measurement of pension assets (net of deduction) and the unfavorable foreign exchange effects in retained earnings driven by the depreciation of SEK vs EUR (24m). Tier 2 capital increase primarily stemmed from one newly issued T2 loan (298m) in June offset by the regulatory amortisation of T2 contracts (173m).

EURm	2019 Q2 ³	2019 Q1 ²
Calculation of own funds		
Equity in the consolidated situation	28,378	29,219
Proposed/actual dividend		-707
Common Equity Tier 1 capital before regulatory adjustments	28,378	28,512
Deferred tax assets		
Intangible assets	-4,170	-4,167
IRB provisions shortfall (-)	-90	-96
Deduction for investments in credit institutions (50%)		
Pension assets in excess of related liabilities ¹	-137	-148
Other items, net	-328	-275
Total regulatory adjustments to Common Equity Tier 1 capital	-4,724	-4,686
Common Equity Tier 1 capital (net after deduction)	23,653	23,826
Additional Tier 1 capital before regulatory adjustments	3,957	4,002
Total regulatory adjustments to Additional Tier 1 capital	-9	-12
Additional Tier 1 capital	3,948	3,991
Tier 1 capital (net after deduction)	27,602	27,817
Tier 2 capital before regulatory adjustments	4,906	4,801
IRB provisions excess (+)	180	185
Deduction for investments in credit institutions (50%)		
Deductions for investments in insurance companies	-1,000	-1,000
Pension assets in excess of related liabilities		
Other items, net	-63	-49
Total regulatory adjustments to Tier 2 capital	-883	-865
Tier 2 capital	4,023	3,936
Own funds (net after deduction)²	31,625	31,753
	31,613	

1) Based on conditional FSA approval

2) Including profit of the period

3) Excluding profit of the period

Own funds, including profit

EURm	2019 Q2	2019 Q1
Common Equity Tier 1 capital, including profit	23,641	23,826
Total own funds, including profit	31,613	31,753

Table 2 Capital ratios

The CET1 capital ratio and total capital ratio increased 20 and 40 bps respectively. The REA decrease during the period resulted in an increase in the ratios, which was offset by a CET1 capital decline. The REA decrease was foremost due to a decrease in market risk followed by a decrease due to the change in consolidation method for Luminor, partly offset by increased business momentum. Market risk REA was driven by lower exposures in internal method approach. Other assets further decreased REA. The decrease in CET 1 was mainly driven by dividend accrual, movements in net defined pension obligations and FX effects in retained earnings due to the SEK depreciation.

The leverage ratio increased from 4.9% to 5.0%, mainly driven by increased on -balance sheet items and SFT exposures.

Risk based capital ratios

%	Q2 2019	Q1 2019
Common Equity Tier 1 capital ratio, including profit	14.8	14.6
Tier 1 capital ratio, including profit	17.3	17.1
Total capital ratio, including profit	19.8	19.5
Common Equity Tier 1 capital ratio, excluding profit	14.8	14.6
Tier 1 capital ratio, excluding profit	17.3	17.0
Total capital ratio, excluding profit	19.8	19.4

Leverage based capital ratios

	Q2 2019	Q1 2019
Tier 1 capital, EURm ¹	27601.9	27816.6
Tier 1 capital, transitional definition, EURm ¹	27601.9	27816.6
Leverage ratio exposure, EURm	552,727	567,746
Leverage ratio, transitional definition, percentage	5.0	4.9
Leverage ratio, percentage	5.0	4.9

1) Figures exclude profit of the period.

Table 3 EU OV1: Overview of REA

The table provides an overview of total REA where credit risk accounted for the largest risk type with approximately 71% of Pillar I REA in Q2 2019. Operational risk and counterparty credit risk (including CVA) account for the second and third largest risk types respectively. REA decreased EUR 3.3 bn in the second quarter of 2019 mainly driven by the decrease in the market risk due to lower IMA exposures. Credit risk further decreased REA, foremost explained by the change in consolidation method for Luminor as well as decreased other assets, this was partly offset by increased business momentum mainly seen in the corporate portfolio.

EURm	REA		Minimum capital requirement	
	Q2 2019	Q1 2019	Q2 2019	Q1 2019
Credit risk (excluding counterparty credit risk) (CCR)	112,992	116,812	9,039	9,345
Of which standardised approach (SA) ¹	9,350	13,406	748	1,072
Of which foundation IRB (FIRB) approach	14,242	15,373	1,139	1,230
Of which advanced IRB approach	89,400	88,034	7,152	7,043
Of which AIRB	63,163	62,063	5,053	4,965
Of which Retail RIRB	26,237	25,971	2,099	2,078
Of which Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk	8,887	8,667	711	693
Of which Marked to market ²	757	829	61	66
Of which Original exposure	0			
Of which standardised approach	0			
Of which internal model method (IMM)	6,349	5,765	508	461
Of which Financial collateral simple method (for SFTs)				
Of which Financial collateral comprehensive method (for SFTs)	1,053	975	84	78
Of which exposure amount for contributions to the default fund of a CCP			0	
Of which CVA	728	1,098	58	88
Settlement risk	0	1	0	0
Securitisation exposures in banking book (after the cap)	834	1,239	67	99
Of which IRB supervisory formula approach (SFA)	834	1,239	67	99
Market risk	5,165	7,253	413	580
Of which standardised approach (SA)	1,472	2,463	118	197
Of which IMA	3,693	4,790	295	383
Large exposures			0	0
Operational risk	15,698	15,698	1,256	1,256
Of which Standardised Approach	15,698	15,698	1,256	1,256
Amounts below the thresholds for deduction (subject to 250% risk weight)	5,160	2,553	413	204
Additional risk exposure amount related to Finnish RW floor due to Article 458 CRR	663	673	53	54
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR	10,329	10,112	826	809
Article 3 CRR Buffer				
Pillar 1 total	159,729	163,007	12,778	13,041

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

2) Excludes exposures to CCPs.

Table 4 EU CR1-A: Credit quality of exposures by exposure class and instrument

The total net exposure value by Q2 2019 was EUR 493.5 bn (in comparison with EUR 493.8bn in Q4 2018), out of which EUR 395.5 bn (80.0%, in comparison with 79% in Q2 2019) were treated under the Internal Ratings Based approach and EUR 98.0 bn (20%, in comparison with 21% at the end of 2018) under the Standardised approach. Defaulted exposures and specific credit risk adjustment decreased from Q4 2018 as a result of overall improved credit quality.

2019 Q2, EURm	a	b	c	e	f	g
	Original exposures				Credit risk adjustment charges of the period	Net values (a+b-c-d)
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment (allowances)	Accumulated write-offs		
IRB approach						
Central governments or central banks	0	0	0	0	0	0
Institutions	0	33,391	3	0	-1	33,388
Corporates	4,277	166,329	1,503	-10	-66	169,104
of which Specialised Lending	13	261	0	0	0	274
of which SME	1,669	52,178	610	-1	-6	53,237
Retail	2,170	187,359	510	-36	11	189,020
of which Secured by real estate property	1,235	147,028	96	-10	-1	148,167
of which SME	25	1,198	3	-5	1	1,220
of which Non-SME	1,210	145,830	93	-8	-1	146,947
of which Other Retail	935	40,332	413	0	0	40,853
of which SME	132	1,848	32	0	0	1,948
of which Non-SME	803	38,483	381	0	0	38,905
Equity	0	0	0	0	0	0
Other non-credit obligation assets	4	4,002	0	0	0	4,006
Total IRB approach	6,451	391,082	2,015	-46	-57	395,518
Standardised approach						
Central governments or central banks	0	70,281	-1	0	0	70,282
Regional governments or local authorities	0	8,508	0	0	0	8,507
Public sector entities	0	100	0	0	0	100
Multilateral Development Banks	0	884	0	0	0	884
International Organisations	0	102	0	0	0	102
Institutions	0	199	0	-3	0	199
Corporates	7	2,211	5	0	-11	2,213
- of which SME	2	1,831	3	0	0	1,830
Retail	121	6,181	18	-6	-13	6,284
- of which SME	10	857	1	0	0	867
Secured by mortgages on immovable property	0	4,628	5	0	0	4,624
- of which SME	0	67	0	0	0	67
Exposures in default	0	128	54	0	0	74
Items associated with particularly high risk	0	800	0	0	0	800
Covered bonds	0	417	0	0	0	417
Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0
Collective investments undertakings (CIU)	0	436	0	0	0	436
Equity exposures	0	2,312	0	0	0	2,312
Other exposures	0	905	0	0	0	905
Total standardised approach	128	97,964	81	-9	-24	98,011
Total	6,579	489,046	2,096	-55	-81	493,529
- of which loans	5,919	340,280	1,966	0	0	344,232
- of which debt securities	0	52,153	0	0	0	52,153
- of which off-balance sheet exposures	661	96,613	130	0	0	97,143

2018 Q4, EURm	a	b	c	e	f	g
	Original exposures		Specific credit		Credit risk	
	Defaulted	Non-defaulted	risk adjustment	Accumulated	adjustment	Net values
	exposures	exposures	(allowances)	write-offs	charges of	(a+b-c-d)
					the period	
IRB approach						
Central governments or central banks						
Institutions		37,922	2	-1	-28	37,919
Corporates	4,414	159,787	1,647	-97	5	162,554
of which Specialised Lending	28	334	6		0	356
of which SME	1,878	52,004	697	-1	-97	53,185
Retail	2,164	185,518	518	-79	19	187,164
of which Secured by real estate property	1,272	147,948	112	-7	0	149,109
of which SME	30	1,197	4	-1	1	1,223
of which Non-SME	1,242	146,752	108	-15	3	147,886
of which Other Retail	892	37,569	406			38,055
of which SME	125	1,904	34			1,994
of which Non-SME	768	35,666	372			36,061
Equity						
Other non-credit obligation assets	3	2,671				2,674
Total IRB approach	6,582	385,896	2,167	-178	-5	390,311
Standardised approach						
Central governments or central banks		75,634	2		0	75,631
Regional governments or local authorities	0	8,492	0			8,492
Public sector entities	0	105	0			105
Multilateral Development Banks		1,453	0			1,453
International Organisations		233	0			233
Institutions	0	428	2	0	0	426
Corporates	232	5,028	9		1	5,252
- of which SME	142	2,462	3			2,602
Retail	131	6,078	15	-9	-17	6,194
- of which SME	40	1,561	4			1,597
Secured by mortgages on immovable property	46	2,764	15			2,796
- of which SME	1	71	0			72
Exposures in default	0	412	125			287
Items associated with particularly high risk	11	539	7			543
Covered bonds						
Claims on institutions and corporates with a short-term credit assessment						
Collective investments undertakings (CIU)						
Equity exposures		1,124	0			1,124
Other exposures	2	1,029	0			1,031
Total standardised approach	423	103,283	176	-9	-16	103,530
Total	7,005	489,180	2,343	-186	-21	493,841
- of which loans	6,280	337,649	2,270			343,788
- of which debt securities		59,422				59,422
- of which off-balance sheet exposures	714	92,080	73			92,791

Table 5 EU CR1-B: Credit quality of exposures by industry or counterparty types

The industries with the highest total net value exposures were, by the end of the second quarter of 2019, other, public and organisations, other financial institutions and real estate management with EUR 287.0bn (58.5%), EUR 56.0bn (11.4%) and EUR 44.5bn (9.1%), respectively. The industries with the highest defaulted exposures were, by the end of the second quarter of 2019, other, public and organisations, energy and shipping and offshore with EUR 2.2bn (33.2%), EUR 0.9bn (13.6%) and EUR 0.7bn (11.2%), respectively. Most significant movements for the quarter stemmed from other, public and organisations, where retail and central banks were the key contributors to the increase in the industry segment.

Q2 2019	a	b	c	e	f	g
	Original exposures					
EURm	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment (allowances)	Accumulated write-offs	Credit risk adjustment charges of the period	(a+b-c)
Construction and engineering	151	7,751	30	-2	6	7,872
Consumer durables (cars, appliances, etc.)	176	3,296	45	0	0	3,427
Consumer staples (food, agriculture etc.)	724	10,479	179	0	-22	11,023
Energy (oil, gas, etc.)	896	2,138	145	0	0	2,889
Health care and pharmaceuticals	7	2,640	0	0	0	2,647
Industrial capital goods	54	6,180	6	0	0	6,227
Industrial commercial services	291	18,941	47	-1	-33	19,186
IT software, hardware and services	23	2,685	7	-1	-6	2,701
Media and leisure	43	2,533	6	-1	-2	2,570
Metals and mining materials	38	1,272	15	0	18	1,296
Other financial institutions	127	56,078	72	-4	-1	56,133
Other materials (chemical, building materials, etc.)	232	6,306	73	0	0	6,466
Other, public and organisations	2,182	286,367	1,116	-43	-13	287,433
Paper and forest materials	38	2,198	5	0	0	2,231
Real estate management and investment	455	44,219	95	-1	-6	44,579
Retail trade	293	12,695	90	-2	7	12,898
Shipping and offshore	736	9,741	144	0	0	10,334
Telecommunication equipment	1	450	1	0	0	451
Telecommunication operators	13	2,053	0	0	0	2,066
Transportation	94	3,836	19	-1	-27	3,911
Utilities (distribution and production)	3	7,188	1	0	0	7,190
Total	6,579	489,046	2,096	-55	-81	493,529

Q4 2018	a	b	c	e	f	g
	Original exposures		Specific credit risk adjustment (allowances)	Accumulated write-offs	Credit risk adjustment charges of the period	(a+b-c)
EURm	Defaulted exposures	Non-defaulted exposures				
Construction and engineering	179	7,515	43	-4	6	7,651
Consumer durables (cars, appliances, etc.)	250	3,960	42	0	0	4,168
Consumer staples (food, agriculture etc.)	857	11,537	211	-2	-36	12,183
Energy (oil, gas, etc.)	821	2,409	139	0	0	3,091
Health care and pharmaceuticals	7	2,350	0	0	1	2,357
Industrial capital goods	80	6,089	29	0	0	6,140
Industrial commercial services	281	17,600	70	-20	48	17,811
IT software, hardware and services	50	2,865	11	-15	-5	2,904
Media and leisure	40	2,538	8	-2	3	2,570
Metals and mining materials	39	1,196	12	-2	-29	1,223
Other financial institutions	228	58,658	142	-1	-27	58,744
Other materials (chemical, building materials, etc.)	246	6,487	78	0	0	6,655
Other, public and organisations	2,187	281,423	1,156	-117	48	282,453
Paper and forest materials	26	2,631	2	0	0	2,655
Real estate management and investment	549	44,986	135	-3	3	45,400
Retail trade	358	12,654	121	-6	-35	12,891
Shipping and offshore	685	9,675	117	0	0	10,242
Telecommunication equipment	2	450	0	0	0	452
Telecommunication operators	14	1,997	0	0	0	2,011
Transportation	104	4,661	25	-1	-19	4,740
Utilities (distribution and production)	3	7,498	1	-14	22	7,500
Total	7,005	489,180	2,343	-186	-21	493,842

Table 6 EU CR1-C: Credit quality of exposures by geography

Out of the total net exposure value of EUR 493.5bn by the end of the second quarter of 2019, a total of EUR 425.6bn (86.2%, in comparison with 85.1% in Q4 2018) corresponds to exposure in Nordic countries. Defaulted exposures decreased by EUR 0.425bn from Q4 2018 as a result of overall improved credit quality.

Q2 2019	a	b	c	e	f	g
	Original exposures					
EURm	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment (allowances)	Accumulated write-offs (write-offs not covered by allowances)	Credit risk adjustment charges of the period (allowances used to cover write-offs)	Net values (a+b-c)
Nordic countries	5,285	422,017	1,735	-55	-91	425,568
- of which Denmark	2,112	118,497	756	-6	-17	119,853
- of which Finland	1,712	104,026	505	-20	4	105,233
- of which Norway	1,049	85,591	319	-15	-17	86,321
- of which Sweden	413	113,903	155	-13	-61	114,161
Baltic countries	4	3,527	4	0	0	3,527
United States	8	29,197	3	0	0	29,202
Poland	3	153	2	0	0	155
Russia	46	1,735	43	0	6	1,738
Other	1,233	32,415	309	0	4	33,340
Total	6,579	489,046	2,096	-55	-81	493,529

Q4 2018	a	b	c	e	f	g
	Original exposures					
EURm	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment (allowances)	Accumulated write-offs (write-offs not covered by allowances)	Credit risk adjustment charges of the period (allowances used to cover write-offs)	Net values (a+b-c)
Nordic countries	5,381	416,608	1,774	-187	20	420,215
- of which Denmark	2,389	118,704	878	-43	-117	120,214
- of which Finland	1,616	104,564	474	-42	40	105,705
- of which Norway	1,047	75,019	340	-68	86	75,725
- of which Sweden	329	118,322	82	-35	12	118,570
Baltic countries	389	10,060	145	0	0	10,304
United States	9	26,806	2	0	1	26,813
Poland	3	148	2	0	1	149
Russia	54	2,051	70	0	5	2,036
Other	1,168	33,507	349	1	-47	34,326
Total	7,005	489,180	2,343	-186	-21	493,842

Table 7 EU CR1-D: Ageing of past-due exposures

Past due is defined as a loan payment that has not been made as of its due date. Past due 6 days or more amounted to EUR 3.2bn at the end of Q2 2019. Compared to Q4 2018, the total loan amount past due was reduced by EUR 0.1bn.

Q2 2019	Gross carrying values					
	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
EURm						
Loans	1,497	322	259	337	287	463
Debt securities	0	0	0	0	0	0
Total	1,497	322	259	337	287	463

Q4 2018	Gross carrying values					
	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
EURm						
Loans	1,586	354	158	305	222	673
Debt securities	0	0	0	0	0	0
Total	1,586	354	158	305	222	673

Table 8 EU CR1-E: Non-performing and forborne exposures

During the first half of 2019 both non-performing loans as well as total forborne loans has decreased. Part of decrease is related to exposures written-off with a related loss, but also improved credit quality is seen. Total accumulated impairment and provisions and negative fair value adjustments related to credit risk are EUR -2.2bn compared to EUR -2.4bn for Q4 2018.

Q2 2019

Q2 2015

	Gross carrying amount of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing		Of which non-performing	Of which forborne
					Of which: defaulted	Of which: impaired	Of which: forborne		Of which: forborne		Of which: forborne		
EURm													
Debt securities	52,340	0	0	181	181	0	0	-2	0	0	0	0	0
Loans and advances	349,910	572	1,145	5,962	5,637	4,493	2,068	-506	-19	-1,553	-635	3,983	760
Off-balance sheet exposures	98,891	0	71	661	661	0	27	63	0	67	2	12	18

Q4 2018

Q4 2016													
	Gross carrying amount of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		Of which non-performing	Of which forborne
					Of which: defaulted	Of which: impaired	Of which: forborne		Of which: forborne		Of which: forborne		
EURm													
Debt securities	59,389	0	0	0	0	0	0	-2	0	0	0	0	0
Loans and advances	355,236	566	1,322	6,444	6,310	4,946	2,360	-552	-696	-1,711	-709	3,866	747
Off-balance sheet exposures	96,260	0	42	1,171	1,171	2	50	24	1	145	0	7	30

Table 9 EU CR2-A: Changes in stock of general and specific credit risk adjustments

Accumulated specific credit risk adjustment continued the downward trend from 2018 and has decreased 9% in the first half of 2019. The overall decrease was driven by write-offs covered by allowance, partly off-set by net allowance increases related to individually calculated allowance.

Q2 2019

EURm	Accumulated Specific credit risk adjustment
Opening balance according	-2,162
Increases due to amounts set aside for estimated loan losses during the period	-177
Decreases due to amounts reversed for estimated loan losses during the period	108
Net model losses (stage 1&2)	5.8
Net model losses (stage 3, model based)	1.6
Decreases due to amounts taken against accumulated credit risk adjustments	169
Transfers between credit risk adjustments	
Impact of exchange rate differences	
Business combinations, including acquisitions and disposals of subsidiaries	
Other adjustments	82
Closing balance	-1,974
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	13
Specific credit risk adjustments recorded directly to the statement of profit or loss	-224

Q4 2018

EURm	Accumulated Specific credit risk adjustment
Opening balance	-2,477
Increases due to amounts set aside for estimated loan losses during the period	-498
Decreases due to amounts reversed for estimated loan losses during the period	466
Net model losses (stage 1&2)	53
Net model losses (stage 3, model based)	-45
Decreases due to amounts taken against accumulated credit risk adjustments	321
Transfers between credit risk adjustments	1
Impact of exchange rate differences	0
Business combinations, including acquisitions and disposals of subsidiaries	0
Other adjustments	18
Closing balance	-2,162
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	5
Specific credit risk adjustments recorded directly to the statement of profit or loss	-466

Table 10 EU CR2-B: Changes in the stock of defaulted and impaired loans and debt securities

Impaired loans for Nordea was EUR 4.5bn at end of Q2 2019, which was a reduction of 11% compared to Q4 2018. During the past half year, the gross inflow to impaired loans was EUR 0.5bn, which was off-set by customers with improved quality of EUR 0.3bn and write-offs of EUR 0.2bn. The decrease was driven by the change in the consolidation method for Luminor which impacted impaired loans by EUR 369m.

Q2 2019

EURm	Gross carrying value impaired exposures
Opening balance	5,052
Loans and debt securities that have defaulted or impaired since the last reporting period	453
Returned to non-defaulted (and non-impaired) status	-267
Amount written off	-229
Other changes	-516
Closing balance	4,493

Q4 2018

EURm	Gross carrying value impaired exposures
Opening balance	6,391
Loans and debt securities that have defaulted or impaired since the last reporting period	836
Returned to non-defaulted (and non-impaired) status	-264
Amount written off	-530
Other changes	-1,437
Closing balance	5,052

Note that Fair Value exposures was included in the opening balance for 2018, but due to IFRS9 is now excluded. This is the reason for a decrease at EUR 12.bn in 2018 under Other changes.

Table 11 EU CR3: Credit risk mitigation techniques – overview

Nordea's share of exposures (namely 55% of total) had at least one Credit Risk Mitigation (CRM) mechanism (collateral, financial guarantees, credit derivatives) in Q2 2019. The majority of those were secured by real estate collaterals. Secured and unsecured exposures have increased since Q4 2018, and it is mainly driven by stronger business momentum in the corporate portfolio.

Q2 2019

EURm	Exposures unsecured - carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Loans	129,757	217,707	208,830	10,831	0
Total debt securities	51,735	417	417	0	0
Total exposures	181,493	218,125	209,247	10,831	0
- of which defaulted	2,322	3,498	3,127	391	0

Q4 2018

EURm	Exposures unsecured - carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Loans	122,761	213,253	204,454	10,864	
Total debt securities	59,422	0	0	0	
Total exposures	182,182	213,253	204,454	10,864	
- of which defaulted	2,376	3,540	3,257	303	

1) Figures were restated and is the same basis as Q2 2019.

Table 12 EU CR4: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

Total exposure amount before CCF and CRM is EUR 98.0 bn compared to Q42018 amount of EUR 103.5 bn. The decrease in the exposure before CCF and CRM is mainly due to lower exposure in central governments or central banks and the change of consolidation method for Luminor. The decrease is partly offset by higher exposures secured by mortgages on immovable property, post the acquisition of Gjensidige in Q1 2019. The effect of CCF and CRM techniques on the exposures remained stable since Q4 2018, where exposures after CRM techniques represented 97% of the exposures before CRM. REA density slightly increased by 2%, mainly driven by higher equity exposures.

Q2 2019

EURm	Exposures before CCF and CRM		Exposures post-CCF and CRM		REA	REA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
Asset classes						
Central governments or central banks	70,033	563	73,036	327	453	1%
Regional governments or local authorities	3,389	5,118	4,351	605	6	0%
Public sector entities	0	100	0	50	0	0%
Multilateral development banks	880	3	891	1	0	0%
International organisations	102	0	102	0	0	0%
Institutions	199	0	200	0	40	20%
Corporate	1,555	651	1,542	45	1,573	99%
Retail	4,569	1,594	4,548	510	3,735	74%
Secured by mortgages on immovable property	4,062	561	4,062	75	1,457	35%
Exposures in default	76	1	76	0	94	124%
Exposures associated with particularly high risk	381	419	381	209	886	150%
Covered Bonds	417	0	417	0	42	10%
Collective investments undertakings (CIU)	162	274	162	137	299	100%
Equity	2,312	0	2,312	0	5,251	227%
Other items	588	0	587	0	675	115%
Total	88,726	9,285	92,668	1,960	14,511	15%

Q4 2018

EURm	Exposures before CCF and CRM		Exposures post-CCF and CRM		REA	REA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
Asset classes						
Central governments or central banks	75,067	558	78,134	372	557	1%
Regional governments or local authorities	3,366	5,125	4,356	487	16	0%
Public sector entities	4	101	17	50	2	3%
Multilateral development banks	1,448	5	1,459	2	0	0%
International organisations	233	0	233	0	0	0%
Institutions	391	10	379	9	82	21%
Corporate	3,630	1,612	3,565	391	3,888	98%
Retail	4,494	1,666	4,453	106	3,242	71%
Secured by mortgages on immovable property	2,790	5	2,790	1	984	35%
Exposures in default	279	7	277	2	344	123%
Exposures associated with particularly high risk	538	6	538	3	811	150%
Equity	1,124	0	1,124	0	2,472	220%
Other items	1,031	0	1,030	0	640	62%
Total	94,396	9,095	98,355	1,423	13,039	13%

Table 13 EU CR5: Standardised approach - credit risk exposures by regulatory portfolio and risk

Exposures shown include on- and off-balance sheet exposures post conversion factor and post risk mitigation techniques. At the end of Q2 2019, the total exposure amount was EUR 94.6bn, decreased by EUR 5.1bn from Q4 2018. The largest decrease was seen in the 0% risk weight bucket by EUR 5.9 bn due to lower deferred tax assets and loans in the sovereign portfolio. The change in consolidation method for Luminor further decreased the overall exposures while also impacting the equity for the consolidated entities. The decrease is partly offset by higher exposures secured by real estate property, mainly attributable to the acquisition of Gjensidige in Q1 2019.

Q2 2019

EURm	Risk weight															
Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other	Total
Central governments or central banks	72,794				202		231			23	8	104				73,363
Regional governments or local authorities	4,930				25		1									4,956
Public sector entities	50															50
Multilateral development banks	891															891
International organisations	102															102
Institutions					201											201
Corporate										1,587						1,587
Retail									5,058							5,058
Secured by mortgages on immovable property						4,064	73									4,138
Exposures in default	3									31	42					76
Associated with particularly high risk											591					591
Covered Bonds				417												417
Collective investments undertakings (CIU)										299						299
Equity										352		1,960				2,312
Other items										251					336	587
Total	78,771			417	428	4,064	305		5,058	2,543	641	2,064			336	94,628

Q4 2018

EURm	Risk weight															
Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other	Total
Central governments or central banks	78,053				11		206			87	8	141				78,506
Regional governments or local authorities	4,763				78		2									4,843
Public sector entities	63						5									67
Multilateral development banks	1,461															1,461
International organisations	233															233
Institutions					373		15									388
Corporate										3,956						3,956
Retail									4,558							4,558
Secured by mortgages on immovable property						2,723	68									2,791
Exposures in default										149	130					279
Items associated with particularly high risk											541					541
Equity										226		899				1,124
Other items	98				38					288					606	1,030
Total	84,671				500	2,723	295		4,558	4,706	678	1,040			606	99,777

Table 14 EU CR6 Total IRB: Credit risk exposures by portfolio and PD scale

For the exposure classes under the IRB approach, the following tables show a comprehensive overview of exposures as well as statistics on the inputs used for their computation, such as EAD, average PD and average LGD. The amounts are broken down by exposure class and obligor grade. The EAD increase of EUR 2.6 bn mainly stemmed from the corporate and retail exposures due to increased business momentum. LGD value increased by 0.184%, driven by the composition effect throughout the LGD segments. Average PD, maturity and REA density remained stable between quarters.

Q2 2019, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors. '000	Average LGD	Average maturity	REA	REA density	EL	Value adj. and provision
Total IRB exposures												
0.00 to < 0.15	148,998	40,246	55%	171,245	0.09%	1,366,766	19.4%	2.6	21,839	13%	30	16
0.15 to < 0.25	47,752	13,147	52%	54,459	0.20%	582,611	21.9%	2.5	12,231	22%	24	13
0.25 to < 0.50	49,005	18,784	46%	57,132	0.41%	474,137	25.3%	2.5	25,625	45%	60	41
0.50 to < 0.75	6,013	812	53%	6,252	0.60%	155,323	19.9%	2.5	1,172	19%	7	8
0.75 to < 2.50	33,926	10,998	47%	37,593	1.20%	462,345	25.8%	2.6	21,200	56%	116	123
2.50 to < 10.00	9,304	2,449	41%	9,386	4.27%	228,904	26.2%	2.6	5,530	59%	104	113
10.00 to < 100	4,752	893	42%	4,701	18.53%	93,747	25.5%	2.5	4,462	95%	214	176
100 (Default)	5,788	660	12%	5,495	100.00%	102,696	26.4%	2.5	8,112	148%	1,316	1,526
Total	305,538	87,989	51%	346,262	2.24%	3,466,529	21.9%	2.6	100,172	29%	1,871	2,015

Q1 2019, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors. '000	Average LGD	Average maturity	REA	REA density	EL	Value adj. and provision
Total IRB exposures												
0.00 to < 0.15	151,011	36,551	54%	171,080	0.09%	1,343,371	19.1%	2.5	21,190	12%	29	22
0.15 to < 0.25	46,973	13,727	51%	53,860	0.20%	577,003	22.0%	2.5	12,390	23%	24	17
0.25 to < 0.50	47,761	17,506	46%	55,247	0.41%	484,297	25.2%	2.6	24,685	45%	58	51
0.50 to < 0.75	6,101	817	53%	6,325	0.60%	160,362	20.0%	2.5	1,229	19%	8	7
0.75 to < 2.50	33,734	10,704	48%	37,041	1.20%	479,296	25.6%	2.6	20,527	55%	113	118
2.50 to < 10.00	9,695	2,572	40%	9,649	4.27%	226,650	26.6%	2.6	6,131	64%	110	117
10.00 to < 100	4,965	812	44%	4,861	18.39%	84,134	25.7%	2.5	4,676	96%	221	159
100 (Default)	5,797	667	11%	5,598	100.00%	100,751	26.3%	2.7	8,070	144%	1,456	1,669
Total	306,037	83,355	50%	343,662	2.29%	3,455,864	21.7%	2.5	98,899	29%	2,019	2,159

Table 14 EU CR6 FIRB Sovereign: Credit risk exposures by PD scale

Sovereign exposure is reported under the standardised approach from Q4 2018, hence no data for the period.

Q2 2019, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors. '000	Average LGD	Average maturity	REA	REA density	EL	Value adj. and provision
Sovereigns - FIRB												
0.00 to < 0.15												
0.15 to < 0.25												
0.25 to < 0.50												
0.50 to < 0.75												
0.75 to < 2.50												
2.50 to < 10.00												
10.00 to < 100												
100 (Default)												
Total												

Q1 2019, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors. '000	Average LGD	Average maturity	REA	REA density	EL	Value adj. and provision
Sovereigns - FIRB												
0.00 to < 0.15												
0.15 to < 0.25												
0.25 to < 0.50												
0.50 to < 0.75												
0.75 to < 2.50												
2.50 to < 10.00												
10.00 to < 100												
100 (Default)												
Total												

Table 14 EU CR6 FIRB Institutions: Credit risk exposures by PD scale

Q2 2019, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors. '000	Average LGD	Average maturity	REA	REA density	Value adj. and EL	provision
Institutions - FIRB												
0.00 to < 0.15	26,470	2,336	55%	27,821	0.07%	1,325	16.7%	3.0	3,408	12%	3	1
0.15 to < 0.25	2,116	186	45%	2,212	0.17%	215	14.3%	2.5	305	14%	1	0
0.25 to < 0.50	858	501	30%	1,114	0.34%	434	23.4%	2.5	405	36%	1	1
0.50 to < 0.75	113	106	31%	126	0.68%	201	42.9%	2.5	88	70%	0	0
0.75 to < 2.50	97	164	34%	144	1.20%	296	45.0%	2.5	100	70%	1	0
2.50 to < 10.00	180	240	26%	203	4.22%	573	37.5%	2.5	228	112%	3	0
10.00 to < 100	5	19	23%	7	11.62%	133	45.0%	2.5	4	60%	0	0
100 (Default)	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
Total	29,839	3,552	48%	31,628	0.12%	3,177	17.1%	2.9	4,539	14%	10	3

Q1 2019, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors. '000	Average LGD	Average maturity	REA	REA density	Value adj. and EL	provision
Institutions - FIRB												
0.00 to < 0.15	28,690	1,152	37%	29,172	0.07%	620	14.6%	2.5	3,102	11%	3	2
0.15 to < 0.25	1,702	193	43%	1,798	0.17%	84	13.7%	2.5	312	17%	0	0
0.25 to < 0.50	723	587	29%	994	0.35%	204	26.4%	2.5	425	43%	1	0
0.50 to < 0.75	146	134	29%	164	0.68%	77	42.8%	2.5	144	88%	0	0
0.75 to < 2.50	54	152	33%	102	1.18%	100	45.0%	2.5	128	126%	1	0
2.50 to < 10.00	112	208	29%	136	4.65%	321	44.9%	2.5	246	180%	3	1
10.00 to < 100	5	22	23%	8	11.7%	48	44.4%	2.5	19	247%	0	0
100 (Default)												
Total	31,431	2,448	34%	32,374	0.11%	1,454	15.3%	2.5	4,376	14%	9	3

Table 14 EU CR6: IRB Corporates: Credit risk exposures by PD scale

Q2 2019, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors. '000	Average LGD	Average maturity	REA	REA density	EL	Value adj. and provision
Corporate - IRB, Total												
0.00 to < 0.15	34,239	22,531	49%	45,301	0.10%	12,551	29.3%	2.5	11,141	25%	13	11
0.15 to < 0.25	13,903	8,357	48%	18,035	0.22%	4,379	29.6%	2.6	8,363	46%	12	8
0.25 to < 0.50	31,357	15,880	45%	38,230	0.44%	13,185	28.2%	2.5	22,798	60%	47	31
0.50 to < 0.75	0	0	0%	0	0.0%	0	0.0%	0.0	0	0%	0	0
0.75 to < 2.50	22,802	8,526	45%	25,642	1.13%	13,879	28.4%	2.6	17,892	70%	83	80
2.50 to < 10.00	3,791	1,595	36%	3,653	3.29%	15,772	29.4%	2.7	2,930	80%	36	40
10.00 to < 100	2,603	746	38%	2,551	14.50%	5,403	28.1%	2.5	2,856	112%	104	95
100 (Default)	3,759	518	0%	3,420	100.00%	1,685	29.1%	2.6	3,416	100%	1,197	1,237
Total	112,454	58,152	46%	136,831	3.25%	66,854	28.8%	2.5	69,396	51%	1,492	1,503
Corporate - AIRB, Total												
0.00 to < 0.15	31,153	21,648	51%	41,718	0.10%	11,529	28.2%	2.4	9,974	24%	12	9
0.15 to < 0.25	12,390	7,924	50%	16,435	0.22%	3,994	28.4%	2.6	7,546	46%	10	7
0.25 to < 0.50	29,296	14,966	47%	36,143	0.44%	11,957	27.4%	2.6	21,525	60%	43	29
0.50 to < 0.75	0	0	0%	0	0	0	0.0%	0.0	0	0%	0	0
0.75 to < 2.50	20,788	7,606	49%	23,542	1.13%	12,291	27.1%	2.6	16,131	69%	73	72
2.50 to < 10.00	2,760	1,141	51%	2,963	3.31%	12,883	26.8%	2.8	2,164	73%	27	33
10.00 to < 100	2,320	584	50%	2,274	14.35%	4,804	26.5%	2.6	2,407	106%	86	86
100 (Default)	3,650	463	0%	3,327	100.00%	1,623	28.7%	2.6	3,416	103%	1,158	1,205
Total	102,358	54,332	49%	126,403	3.36%	59,081	27.7%	2.5	63,163	50%	1,409	1,442
Corporate - AIRB, Corporates (excluding SMEs and specialised lending)												
0.00 to < 0.15	16,461	19,583	51%	25,155	0.11%	2,328	31.5%	2.4	7,175	29%	9	9
0.15 to < 0.25	8,240	7,116	49%	11,315	0.22%	1,448	30.0%	2.6	5,288	47%	7	7
0.25 to < 0.50	19,871	13,006	46%	24,595	0.44%	4,186	28.6%	2.6	15,816	64%	31	24
0.50 to < 0.75	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
0.75 to < 2.50	11,318	5,984	47%	12,449	1.12%	4,209	29.0%	2.7	9,592	77%	41	51
2.50 to < 10.00	1,361	766	51%	1,490	3.21%	6,925	29.1%	3.0	1,349	90%	15	20
10.00 to < 100	855	312	51%	836	13.38%	1,569	29.7%	2.6	1,118	134%	33	41
100 (Default)	2,180	331	0%	1,971	100.00%	484	30.6%	2.6	1,922	98%	695	713
Sub-total	60,284	47,098	48%	77,811	3.12%	21,149	29.9%	2.5	42,260	54%	831	865
Corporate - AIRB, SMEs (excluding specialised lending)												
0.00 to < 0.15	14,621	2,003	52%	16,476	0.07%	9,198	23.1%	2.5	2,760	17%	3	1
0.15 to < 0.25	4,150	808	55%	5,120	0.22%	2,546	25.1%	2.7	2,258	44%	3	0
0.25 to < 0.50	9,349	1,924	55%	11,468	0.44%	7,766	24.8%	2.5	5,660	49%	12	4
0.50 to < 0.75	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
0.75 to < 2.50	9,464	1,613	54%	11,081	1.14%	8,078	25.0%	2.5	6,528	59%	32	21
2.50 to < 10.00	1,399	375	51%	1,472	3.41%	5,958	24.5%	2.5	816	55%	12	13
10.00 to < 100	1,466	272	49%	1,438	14.91%	3,235	24.7%	2.5	1,289	90%	53	46
100 (Default)	1,462	128	0%	1,348	100.00%	1,139	26.1%	2.5	1,485	110%	463	492
Sub-total	41,910	7,123	53%	48,403	3.75%	37,920	24.3%	2.5	20,796	43%	578	576
Corporate - AIRB, Specialised lending												
0.00 to < 0.15	71	61	26%	88	0.15%	3	34.1%	4.2	38	43%	0	0
0.15 to < 0.25	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
0.25 to < 0.50	77	36	57%	81	0.44%	5	36.2%	2.9	49	61%	0	0
0.50 to < 0.75	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
0.75 to < 2.50	7	9	57%	12	0.84%	4	32.8%	5.0	11	91%	0	0
2.50 to < 10.00	0	0	X	0	0.00%	0	0.0%	0.0	0	0%	0	0
10.00 to < 100	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
100 (Default)	8	5	0%	8	100.00%	1	22.2%	1.1	8	95%	0	0
Sub-total	163	111	37%	189	4.75%	13	34.4%	3.6	106	56%	0	0

Corporate - FIRB, Total

0.00 to < 0.15	3,085	883	6%	3,582	0.10%	2,608	42.8%	2.5	1,167	33%	2	2
0.15 to < 0.25	1,514	433	7%	1,599	0.22%	1,325	41.5%	2.5	817	51%	1	1
0.25 to < 0.50	2,061	914	11%	2,087	0.44%	3,903	42.6%	2.5	1,274	61%	4	2
0.50 to < 0.75 ¹	0	0	0%	0	0	0	0.0%	0.0	0	0%	0	0
0.75 to < 2.50	2,014	919	13%	2,100	1.15%	4,960	42.1%	2.5	1,761	84%	10	8
2.50 to < 10.00	1,031	454	3%	690	3.23%	5,009	40.2%	2.5	766	111%	9	7
10.00 to < 100	283	162	3%	276	15.71%	2,020	41.1%	2.5	449	162%	18	9
100 (Default)	109	55	0%	92	100.00%	301	42.6%	2.5	0	0%	39	32
Total	10,096	3,821	8%	10,428	1.90%	20,126	42.2%	2.5	6,233	60%	83	61

Corporate - FIRB, Corporates (excluding SMEs and specialised lending)

0.00 to < 0.15	2,427	668	6%	2,755	0.10%	1,106	43.1%	2.5	933	34%	1	1
0.15 to < 0.25	858	312	6%	854	0.22%	468	42.0%	2.5	395	46%	1	0
0.25 to < 0.50	1,153	678	12%	1,135	0.44%	1,317	43.1%	2.5	760	67%	2	1
0.50 to < 0.75 ¹	0	0	0%	0	0	0	0.0%	0.0	0	0%	0	0
0.75 to < 2.50	1,013	613	17%	1,099	1.07%	1,460	42.5%	2.5	1,046	95%	5	2
2.50 to < 10.00	807	375	3%	472	3.15%	2,151	39.7%	2.5	575	122%	6	4
10.00 to < 100	52	61	6%	51	16.04%	406	42.3%	2.5	112	218%	3	2
100 (Default)	58	27	0%	44	100.00%	52	43.1%	2.5	0	0%	19	16
Total	6,369	2,734	10%	6,410	1.37%	6,960	42.6%	2.5	3,821	60%	37	27

Corporate - FIRB, SMEs (excluding specialised lending)

0.00 to < 0.15	658	215	4%	828	0.11%	1,502	41.5%	2.5	234	28%	0	1
0.15 to < 0.25	656	121	8%	745	0.22%	857	40.9%	2.5	421	57%	1	0
0.25 to < 0.50	908	237	6%	952	0.44%	2,586	41.9%	2.5	514	54%	2	1
0.50 to < 0.75 ¹	0	0	0%	0	0	0	0.0%	0.0	0	0%	0	0
0.75 to < 2.50	1,001	306	6%	1,001	1.25%	3,500	41.8%	2.5	715	71%	5	5
2.50 to < 10.00	224	79	5%	218	3.39%	2,858	41.3%	2.5	190	87%	3	3
10.00 to < 100	231	100	1%	225	15.63%	1,614	40.9%	2.5	338	150%	14	7
100 (Default)	51	28	0%	49	100.00%	249	42.2%	2.5	0	0%	20	16
Sub-total	3,727	1,087	5%	4,017	2.75%	13,166	41.5%	2.5	2,412	60%	46	34

Corporate - FIRB, Specialised Lending

0.00 to < 0.15	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
0.15 to < 0.25	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
0.25 to < 0.50	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
0.50 to < 0.75 ¹	0	0	0%	0	0	0	0.0%	0.0	0	0%	0	0
0.75 to < 2.50	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
2.50 to < 10.00	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
10.00 to < 100	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
100 (Default)	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0
Sub-total	0	0	0%	0	0.00%	0	0.0%	0.0	0	0%	0	0

1) For corporate exposure class the bucket 4 is empty, since no regulatory PD in the range 0,5% - 0,75%.

Q1 2019, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors. '000	Average LGD	Average maturity	REA	REA density	EL	Value adj. and provision
<i>Corporate - IRB, Total</i>												
0.00 to < 0.15	34,137	21,278	49%	44,870	0.10%	12,580	29.6%	2.4	10,833	24%	13	18
0.15 to < 0.25	14,026	9,241	47%	18,503	0.22%	4,504	29.5%	2.6	8,608	47%	12	11
0.25 to < 0.50	30,136	14,588	45%	36,381	0.44%	13,949	28.2%	2.6	21,835	60%	45	41
0.50 to < 0.75 ¹												
0.75 to < 2.50	22,676	8,456	46%	25,247	1.13%	13,865	28.0%	2.6	17,205	68%	80	77
2.50 to < 10.00	4,288	1,776	35%	4,022	3.34%	13,546	30.1%	2.6	3,521	88%	44	40
10.00 to < 100	2,803	663	41%	2,701	14.45%	5,658	28.4%	2.5	3,072	114%	111	83
100 (Default)	3,773	527	0%	3,528	100.00%	1,687	29.0%	2.8	3,476	99%	1,298	1,341
Total	111,839	56,528	46%	135,252	3.39%	65,789	28.9%	2.5	68,552	51%	1,603	1,612
<i>Corporate - AIRB, Total</i>												
0.00 to < 0.15	30,946	20,384	51%	41,175	0.09%	11,568	28.3%	2.4	9,638	23%	11	16
0.15 to < 0.25	12,582	8,878	48%	17,043	0.22%	4,122	28.5%	2.6	7,870	46%	11	10
0.25 to < 0.50	28,058	13,658	47%	34,249	0.44%	12,599	27.3%	2.6	20,535	60%	41	39
0.50 to < 0.75 ¹												
0.75 to < 2.50	20,601	7,411	50%	23,030	1.13%	12,359	26.7%	2.6	15,344	67%	70	70
2.50 to < 10.00	3,234	1,336	46%	3,241	3.37%	10,823	27.7%	2.7	2,634	81%	34	32
10.00 to < 100	2,488	522	52%	2,393	14.33%	5,011	26.7%	2.5	2,565	107%	91	74
100 (Default)	3,662	478		3,433	100.00%	1,615	28.6%	2.8	3,476	101%	1,257	1,325
Total	101,570	52,666	49%	124,565	3.51%	58,097	27.7%	2.5	62,063	50%	1,515	1,566
<i>Corporate - AIRB, Corporates (excluding SMEs and specialised lending)</i>												
0.00 to < 0.15	15,985	18,430	51%	23,879	0.11%	2,201	31.2%	2.4	6,524	27%	8	15
0.15 to < 0.25	8,274	8,032	47%	11,623	0.22%	1,338	30.0%	2.5	5,571	48%	8	9
0.25 to < 0.50	18,389	11,609	45%	22,519	0.44%	4,052	28.7%	2.6	14,932	66%	28	35
0.50 to < 0.75 ¹												
0.75 to < 2.50	11,714	5,984	48%	12,617	1.12%	4,041	28.3%	2.8	9,224	73%	40	47
2.50 to < 10.00	1,891	983	44%	1,826	3.38%	5,058	30.1%	2.8	1,884	103%	22	20
10.00 to < 100	1,029	277	52%	953	13.18%	1,555	30.1%	2.4	1,282	135%	38	40
100 (Default)	2,054	349		1,923	100.00%	446	30.1%	3.0	1,947	101%	700	734
Sub-total	59,337	45,663	48%	75,340	3.19%	18,691	29.7%	2.6	41,364	55%	844	900
<i>Corporate - AIRB, SMEs (excluding specialised lending)</i>												
0.00 to < 0.15	14,900	1,890	51%	17,216	0.07%	9,365	24.4%	2.4	3,078	18%	3	1
0.15 to < 0.25	4,307	846	54%	5,419	0.22%	2,784	25.3%	2.6	2,299	42%	3	1
0.25 to < 0.50	9,581	2,015	56%	11,640	0.44%	8,541	24.6%	2.5	5,547	48%	13	5
0.50 to < 0.75 ¹												
0.75 to < 2.50	8,882	1,385	56%	10,385	1.14%	8,314	24.6%	2.4	6,099	59%	29	23
2.50 to < 10.00	1,343	353	51%	1,415	3.37%	5,765	24.4%	2.5	750	53%	12	13
10.00 to < 100	1,459	245	51%	1,441	15.09%	3,456	24.5%	2.5	1,283	89%	54	33
100 (Default)	1,598	124		1,500	100.00%	1,169	26.6%	2.5	1,521	101%	558	591
Sub-total	42,069	6,858	53%	49,016	4.00%	39,394	24.7%	2.5	20,578	42%	671	666

Corporate - AIRB, Specialised lending

0.00 to < 0.15	61	64	26%	79	0.15%	2	33.9%	4.6	36	46%	0
0.15 to < 0.25											
0.25 to < 0.50	89	34	56%	91	0.46%	6	36.2%	2.9	55	61%	0
0.50 to < 0.75 ¹											
0.75 to < 2.50	5	42	57%	28	0.84%	4	35.1%	2.6	20	72%	0
2.50 to < 10.00											
10.00 to < 100											
100 (Default)	9	5		9	100.00%	1	20.9%	1.3	8	87%	0
Sub-total	164	145	41%	208	4.89%	13	34.5%	3.4	121	58%	0

Q4 2018, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors. '000	Average LGD	Average maturity	REA	REA density	EL	Value adj. and provision
<i>Corporate - FIRB, Total</i>												
0.00 to < 0.15	3,191	894	8%	3,695	0.10%	2,600	43.0%	2.5	1,195	32%	2	2
0.15 to < 0.25	1,444	363	12%	1,460	0.22%	1,346	41.2%	2.5	739	51%	1	1
0.25 to < 0.50	2,077	930	11%	2,132	0.44%	4,178	41.9%	2.5	1,300	61%	4	2
0.50 to < 0.75 ¹												
0.75 to < 2.50	2,075	1,045	16%	2,216	1.14%	4,931	42.3%	2.5	1,861	84%	11	7
2.50 to < 10.00	1,054	440	5%	781	3.22%	4,725	40.4%	2.5	887	114%	10	8
10.00 to < 100	315	141	4%	307	15.38%	2,107	41.2%	2.5	507	165%	19	10
100 (Default)	112	49	0%	95	100.00%	302	42.9%	2.5	0	0%	41	16
Total	10,269	3,862	11%	10,687	1.96%	20,189	42.1%	2.5	6,489	61%	88	46

Corporate - FIRB, Corporates (excluding SMEs and specialised lending)

0.00 to < 0.15	2,433	688	8%	2,718	0.09%	1,083	43.3%	2.5	915	34%	1	1
0.15 to < 0.25	824	258	11%	822	0.22%	433	41.6%	2.5	377	46%	1	0
0.25 to < 0.50	1,194	704	13%	1,196	0.43%	1,354	42.5%	2.5	787	66%	2	1
0.50 to < 0.75 ¹												
0.75 to < 2.50	1,084	738	19%	1,214	1.03%	1,389	42.8%	2.5	1,147	94%	5	3
2.50 to < 10.00	852	358	4%	580	3.15%	2,103	39.9%	2.5	709	122%	7	5
10.00 to < 100	70	37	12%	68	14.97%	417	41.4%	2.5	144	211%	4	2
100 (Default)	63	25	0%	49	100.00%	52	43.8%	2.5			21	12
Sub-total	6,520	2,808	12%	6,648	1.50%	6,831	42.6%	2.5	4,078	61%	42	24

Corporate - FIRB, SMEs (excluding specialised lending)

0.00 to < 0.15	752	206	6%	970	0.12%	1,516	42.0%	2.5	279	29%	0	1
0.15 to < 0.25	620	105	14%	639	0.22%	913	40.7%	2.5	362	57%	1	1
0.25 to < 0.50	883	226	7%	935	0.44%	2,824	41.2%	2.5	513	55%	2	1
0.50 to < 0.75 ¹												
0.75 to < 2.50	991	307	8%	1,002	1.26%	3,542	41.7%	2.5	714	71%	5	5
2.50 to < 10.00	202	82	11%	202	3.40%	2,622	41.7%	2.5	178	88%	3	2
10.00 to < 100	246	104	1%	239	15.50%	1,690	41.1%	2.5	363	152%	15	8
100 (Default)	49	24	0%	46	100.00%	250	41.9%	2.5	0	0%	19	4
Sub-total	3,743	1,054	7%	4,034	2.72%	13,357	41.4%	2.5	2,409	60%	46	21

Corporate - FIRB, Specialised Lending

0.00 to < 0.15	6			6	0.06%	1	45.0%	2.5	1	23%	0	
0.15 to < 0.25												
0.25 to < 0.50												
0.50 to < 0.75 ¹												
0.75 to < 2.50												
2.50 to < 10.00												
10.00 to < 100												
100 (Default)												
Sub-total	6			6	0.06%	1	45.0%	2.5	1	23%	0	

Table 14 EU CR6: IRB Retail: Credit risk exposures by PD scale

Q2 2019, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors, '000	Average LGD	Average maturity	REA	REA density	Value adj. EL	and provision
Retail - RIRB, total												
0.00 to < 0.15	88,288	15,379	65%	98,123	0.09%	1,352,890	15.6%	2.5	7,290	7%	14	3
0.15 to < 0.25	31,732	4,604	58%	34,212	0.19%	578,017	18.3%	2.5	3,564	10%	12	5
0.25 to < 0.50	16,790	2,403	56%	17,787	0.36%	460,517	19.1%	2.5	2,422	14%	12	9
0.50 to < 0.75	5,900	707	57%	6,127	0.60%	155,122	19.4%	2.5	1,084	18%	7	7
0.75 to < 2.50	11,028	2,308	56%	11,807	1.34%	448,170	20.0%	2.5	3,208	27%	32	43
2.50 to < 10.00	5,334	614	56%	5,529	4.91%	212,559	23.6%	2.5	2,372	43%	64	72
10.00 to < 100	2,144	128	63%	2,142	23.35%	88,211	22.4%	2.5	1,601	75%	110	81
100 (Default)	2,029	141	55%	2,075	100.00%	101,011	21.8%	2.5	4,696	226%	118	289
Total	163,245	26,284	62%	177,803	1.83%	3,396,497	17.3%	2.5	26,237	15%	369	510

Retail - RIRB, Non-SME (excluding exposures secured by immovable property)

0.00 to < 0.15	5,838	7,983	55%	10,071	0.09%	1,184,432	29.7%	2.5	731	7%	3	1
0.15 to < 0.25	4,208	3,326	58%	5,922	0.19%	542,903	29.7%	2.5	722	12%	3	3
0.25 to < 0.50	3,836	1,723	54%	4,426	0.36%	438,428	29.0%	2.5	804	18%	5	6
0.50 to < 0.75	1,396	452	53%	1,462	0.60%	141,406	29.8%	2.5	366	25%	3	5
0.75 to < 2.50	2,790	1,325	54%	3,034	1.38%	386,973	29.5%	2.5	1,054	35%	12	25
2.50 to < 10.00	3,783	471	49%	3,888	4.86%	184,391	25.6%	2.5	1,553	40%	49	66
10.00 to < 100	1,254	97	54%	1,231	21.31%	82,661	26.8%	2.5	782	63%	71	67
100 (Default)	700	103	54%	734	100.00%	91,290	30.8%	2.5	2,203	300%	97	210
Sub-total	23,807	15,479	55%	30,768	4.13%	3,052,484	29.0%	2.5	8,215	27%	242	381

Retail - RIRB, SME (excluding exposures secured by immovable property)

0.00 to < 0.15	2	6	64%	5	0.09%	1,900	34.0%	2.5	0	7%	0	0
0.15 to < 0.25	9	10	61%	15	0.19%	1,320	34.1%	2.5	2	11%	0	0
0.25 to < 0.50	35	71	66%	81	0.38%	8,288	31.9%	2.5	15	18%	0	0
0.50 to < 0.75	40	76	80%	99	0.60%	7,219	27.6%	2.5	20	20%	0	0
0.75 to < 2.50	608	439	61%	827	1.52%	46,975	28.3%	2.5	253	31%	4	2
2.50 to < 10.00	353	107	81%	414	4.95%	25,926	28.0%	2.5	154	37%	6	4
10.00 to < 100	76	14	89%	82	23.89%	4,287	26.7%	2.5	45	55%	5	3
100 (Default)	98	34	55%	107	100.00%	7,195	29.7%	2.5	343	320%	13	23
Sub-total	1,222	758	67%	1,631	9.85%	103,110	28.5%	2.5	832	51%	28	32

Retail - RIRB, SME exposures secured by immovable property

0.00 to < 0.15	5	10	40%	9	0.09%	849	16.7%	2.5	0	3%	0	0
0.15 to < 0.25	372	23	41%	382	0.19%	6,659	17.1%	2.5	20	5%	0	0
0.25 to < 0.50	120	19	51%	130	0.36%	2,158	16.5%	2.5	11	9%	0	0
0.50 to < 0.75	76	17	53%	85	0.60%	1,347	16.4%	2.5	11	13%	0	0
0.75 to < 2.50	397	79	49%	436	1.27%	8,321	17.2%	2.5	95	22%	1	1
2.50 to < 10.00	53	8	53%	57	4.04%	1,115	16.5%	2.5	24	41%	0	0
10.00 to < 100	18	1	54%	18	26.74%	331	16.3%	2.5	15	80%	1	0
100 (Default)	23	2	65%	24	100.00%	619	17.5%	2.5	51	210%	0	2
Sub-total	1,063	160	49%	1,141	3.41%	21,399	17.0%	2.5	227	20%	3	3

Retail - RIRB, Non-SME exposures secured by immovable property

0.00 to < 0.15	82,444	7,380	76%	88,038	0.09%	632,585	14.0%	2.5	6,559	7%	11	2
0.15 to < 0.25	27,142	1,245	60%	27,894	0.19%	197,251	15.9%	2.5	2,820	10%	8	2
0.25 to < 0.50	12,799	590	60%	13,151	0.36%	96,879	15.6%	2.5	1,592	12%	7	4
0.50 to < 0.75	4,388	161	57%	4,480	0.60%	33,128	15.9%	2.5	687	15%	4	3
0.75 to < 2.50	7,233	465	60%	7,510	1.31%	55,311	15.4%	2.5	1,806	24%	15	15
2.50 to < 10.00	1,144	28	1	1,170	5.13%	8,058	15.7%	2.5	641	55%	10	2
10.00 to < 100	796	16	1	811	26.33%	7,278	15.5%	2.5	760	94%	33	11
100 (Default)	1,208	2	69%	1,209	100.00%	11,277	15.7%	2.5	2,099	174%	8	55
Sub-total	137,153	9,887	72%	144,264	1.24%	1,041,767	14.7%	2.5	16,964	12%	97	93

Q1 2019, EURm

PD scale	Original exposure	Off-balance exposure	Average CCF	EAD	Average PD	Number of obligors. '000	Average LGD	Average maturity	REA	REA density	Value adj. EL	and provision
Retail - RIRB, total												
0.00 to < 0.15	88,184	14,121	64%	97,038	0.09%	1,330,171	15.7%	2.5	7,255	7%	14	3
0.15 to < 0.25	31,245	4,292	59%	33,559	0.19%	572,415	18.2%	2.5	3,470	10%	11	5
0.25 to < 0.50	16,903	2,331	57%	17,872	0.36%	470,144	19.0%	2.5	2,424	14%	12	10
0.50 to < 0.75	5,955	683	58%	6,162	0.60%	160,285	19.4%	2.5	1,085	18%	7	7
0.75 to < 2.50	11,005	2,097	57%	11,692	1.34%	465,331	20.1%	2.5	3,194	27%	32	40
2.50 to < 10.00	5,295	588	57%	5,491	4.94%	212,783	23.5%	2.5	2,364	43%	64	76
10.00 to < 100	2,158	126	63%	2,153	23.35%	78,428	22.4%	2.5	1,585	74%	110	75
100 (Default)	2,023	140	55%	2,070	100.00%	99,064	21.7%	2.5	4,594	222%	158	329
Total	162,767	24,379	61%	176,036	1.85%	3,388,621	17.3%	2.5	25,971	15%	408	544

Retail - RIRB, Non-SME (excluding exposures secured by immovable property)

0.00 to < 0.15	5,708	7,729	56%	9,869	0.09%	1,161,369	29.7%	2.5	714	7%	3	1
0.15 to < 0.25	4,085	3,116	59%	5,713	0.19%	536,281	29.5%	2.5	692	12%	3	3
0.25 to < 0.50	3,758	1,676	56%	4,345	0.36%	447,403	29.1%	2.5	793	18%	5	6
0.50 to < 0.75	1,436	441	54%	1,490	0.60%	145,670	29.7%	2.5	371	25%	3	5
0.75 to < 2.50	2,802	1,172	56%	2,999	1.36%	404,075	29.5%	2.5	1,038	35%	12	26
2.50 to < 10.00	3,712	448	50%	3,816	4.86%	183,923	25.6%	2.5	1,523	40%	48	69
10.00 to < 100	1,291	96	55%	1,266	21.45%	72,733	26.5%	2.5	799	63%	72	71
100 (Default)	670	102	54%	706	100.00%	89,330	30.9%	2.5	2,083	295%	121	230
Sub-total	23,462	14,780	56%	30,204	4.13%	3,040,784	28.9%	2.5	8,012	27%	266	410

Retail - RIRB, SME (excluding exposures secured by immovable property)

0.00 to < 0.15	2	5	64%	5	0.09%	1,864	34.0%	2.5	0	7%	0	0
0.15 to < 0.25	8	9	60%	14	0.19%	1,278	34.4%	2.5	2	11%	0	0
0.25 to < 0.50	40	76	66%	90	0.38%	8,430	31.9%	2.5	16	18%	0	0
0.50 to < 0.75	46	77	80%	106	0.60%	7,322	27.6%	2.5	21	20%	0	0
0.75 to < 2.50	599	438	61%	820	1.53%	47,099	28.3%	2.5	251	31%	4	2
2.50 to < 10.00	351	107	82%	414	4.98%	26,478	27.9%	2.5	155	37%	6	4
10.00 to < 100	79	15	82%	84	22.96%	4,400	26.8%	2.5	45	54%	5	2
100 (Default)	97	34	55%	105	100.00%	7,073	29.8%	2.5	332	316%	15	24
Sub-total	1,221	761	67%	1,637	9.67%	103,944	28.5%	2.5	822	50%	29	33

Retail - RIRB, SME exposures secured by immovable property

0.00 to < 0.15	4	10	40%	8	0.09%	850	16.8%	2.5	0	3%	0	0
0.15 to < 0.25	363	21	41%	372	0.19%	6,538	17.1%	2.5	20	5%	0	0
0.25 to < 0.50	135	22	52%	146	0.36%	2,422	16.6%	2.5	13	9%	0	0
0.50 to < 0.75	75	16	54%	83	0.60%	1,363	16.4%	2.5	11	13%	0	0
0.75 to < 2.50	402	80	49%	441	1.28%	8,387	17.2%	2.5	96	22%	1	0
2.50 to < 10.00	55	8	56%	59	4.10%	1,146	16.4%	2.5	25	42%	0	
10.00 to < 100	18	1	63%	19	27.68%	317	16.3%	2.5	15	81%	1	
100 (Default)	26	2	64%	27	100.00%	647	17.5%	2.5	57	210%	1	2
Sub-total	1,078	160	49%	1,156	3.65%	21,670	17.0%	2.5	236	20%	3	2

Retail - RIRB, Non-SME exposures secured by immovable property

0.00 to < 0.15	82,470	6,377	73%	87,156	0.09%	628,933	14.1%	2.5	6,540	8%	11	2
0.15 to < 0.25	26,789	1,146	59%	27,460	0.19%	196,713	15.9%	2.5	2,756	10%	8	2
0.25 to < 0.50	12,970	558	58%	13,291	0.36%	98,803	15.6%	2.5	1,603	12%	7	4
0.50 to < 0.75	4,398	148	57%	4,483	0.60%	33,759	15.8%	2.5	682	15%	4	3
0.75 to < 2.50	7,202	407	56%	7,431	1.31%	55,462	15.6%	2.5	1,809	24%	15	12
2.50 to < 10.00	1,177	26	1	1,201	5.23%	8,157	15.6%	2.5	662	55%	10	2
10.00 to < 100	770	15	1	784	26.37%	6,935	15.4%	2.5	726	93%	32	2
100 (Default)	1,231	2	69%	1,232	100.00%	11,529	15.7%	2.5	2,122	172%	22	72
Sub-total	137,007	8,678	69%	143,038	1.26%	1,040,291	14.7%	2.5	16,900	12%	110	98

Table 15 EU CR7: Effect on REA of credit derivatives used as CRM techniques

Outside of the synthetic securitisation of certain corporate exposures, Nordea does not use credit derivatives as a credit risk mitigation technique in the banking book. The REA increase during the year for FIRB and AIRB were mainly driven by IRB floors and the growth in the loan exposures.

Q2 2019		
EURm	Pre-credit derivatives REA	Actual REA
Exposures under Foundation IRB		
Central governments and central banks		
Institutions	4,539	4,539
Corporates - SME	2,412	2,412
Corporates - Specialised Lending	0	0
Corporates - Other	3,821	3,821
Exposures under Advanced IRB		
Corporates - SME	20,796	20,796
Corporates - Specialised Lending	106	106
Corporates - Other	42,260	42,260
Retail - Secured by real estate SME	226	226
Retail - Secured by real estate non-SME	16,964	16,964
Retail - Other SME	832	832
Retail - Other non-SME	8,215	8,215
Other non credit-obligation assets	3,470	3,470
Total	103,641	103,641
Q4 2018		
EURm	Pre-credit derivatives REA	Actual REA
Exposures under Foundation IRB		
Central governments and central banks		
Institutions	4,272	4,272
Corporates - SME	2,686	2,686
Corporates - Specialised Lending	13	13
Corporates - Other	3,876	3,876
Exposures under Advanced IRB		
Corporates - SME	20,588	20,588
Corporates - Specialised Lending	191	191
Corporates - Other	39,848	39,848
Retail - Secured by real estate SME	240	240
Retail - Secured by real estate non-SME	16,878	16,878
Retail - Other SME	813	813
Retail - Other non-SME	8,020	8,020
Other non credit-obligation assets	2,187	2,187
Total	99,611	99,611

Table 16 EU CR8: REA flow statements of credit risk exposures under IRB

Over the second quarter REA increased by EUR 0.2bn, driven mainly by the increase in the portfolio size followed by mild increase in the asset quality. That was offset by a decrease in the IRB portfolio, foreign exchange movements as well as the LGD validation in the Swedish corporate portfolio.

EURm	REA	Capital requirement
REA 2019 Q1	103,407	8,273
Asset size	1,223	98
Asset quality	643	51
Model updates	-233	-19
Methodology and policy		
Acquisitions and disposals		
Foreign exchange movements	-496	-40
Other	-902	-72
REA 2019 Q2	103,641	8,291

EURm	REA amount	Capital require-ment
REA 2018 Q4	99,611	7,969
Asset size	-3	-0
Asset quality	917	73
Model updates	-1,399	-112
Methodology and policy	2,229	178
Acquisitions and disposals		
Foreign exchange movements	385	31
Other	1,666	133
REA 2019 Q1	103,407	8,273

Table 17 Minimum capital requirements for credit risk, split by exposure class

The table shows a comprehensive overview of regulatory exposures and capital requirements for credit risk split by exposure class. IRB exposures remain the largest component of REA, comprising EUR 111.4bn (88%) of a EUR 126.3bn total (compared to EUR 110.6bn of EUR 126.9 bn Q1 2019). The movements in Q2 2019 are mainly explained by the change in consolidation method for luminor, seen mostly in the corporate portfolio in Standardised Approach, as well as other assets. This was partially offset by increased business momentum seen in the corporate and retail portfolios.

Q2 2019, EURm

EURm	Original exposure	Exposure	Average risk weight	REA	Capital requirement
IRB exposure classes					
Sovereign					
Institution	38,216	36,453	17%	6,364	509
Corporate	181,061	147,285	51%	75,304	6,024
- of which advanced	156,690	126,403	50%	63,163	5,053
Retail	189,607	177,881	15%	26,268	2,101
- of which mortgage	148,263	145,405	12%	17,191	1,375
- of which other retail	41,344	32,477	28%	9,077	726
- of which SME	3,230	2,798	38%	1,070	86
Other non-credit obligation assets	4,006	3,806	91%	3,470	278
Total IRB approach	412,889	365,425	30%	111,405	8,912
Standardised exposure classes					
Central government and central banks	73,760	76,529	1%	477	38
Regional governments and local authorities	10,114	6,562	1%	78	6
Institution	5,176	5,177	6%	328	26
Corporate	2,226	1,602	99%	1,585	127
Retail	6,181	5,058	74%	3,735	299
Exposure secured by real estate	4,628	4,138	35%	1,457	117
Equity	2,312	2,312	227%	5,251	420
Other ¹	4,227	3,781	45%	1,996	160
Total standardised approach	108,623	105,159	9%	14,906	1,192
Total	521,512	470,583	26%	126,312	10,105

1) Includes exposure classes Administrative bodies and non-commercial undertakings, Multilateral development banks, International organisations, Past due items, Items belonging to regulatory high-risk categories, Covered bonds, Short-term claims on institutions and corporate and other items.

Q1 2019, EURm	Original exposure	Exposure	Average risk weight	REA	Capital requirement
IRB exposure classes					
Sovereign					
Institution	39,070	37,566	16%	6,130	490
Corporate	178,221	145,105	51%	73,978	5,918
- of which advanced	154,236	124,565	50%	62,063	4,965
Retail	187,229	176,118	15%	26,004	2,080
- of which mortgage	146,923	144,194	12%	17,136	1,371
- of which other retail	40,306	31,924	28%	8,867	709
- of which SME	3,245	2,819	38%	1,069	86
Other non-credit obligation assets	5,035	4,838	93%	4,508	361
Total IRB approach	409,555	363,628	30%	110,619	8,850
Standardised exposure classes					
Central government and central banks	78,552	81,358	1%	447	36
Regional governments and local authorities	10,353	6,616	1%	85	7
Institution	4,105	4,100	7%	278	22
Corporate	5,079	3,936	99%	3,896	312
Retail	7,811	6,451	72%	4,634	371
Exposure secured by real estate	7,256	6,766	35%	2,381	190
Other ¹	6,447	6,245	73%	4,594	367
Total standardised approach	119,602	115,470	14%	16,314	1,305
Total	529,156	479,099	26%	126,933	10,155

1) Includes exposure classes Administrative bodies and non-commercial undertakings, Multilateral development banks, International organisations, Past due items, Items belonging to regulatory high-risk categories, Other items and Equity.

Table 18 EU CCR1 Analysis of counterparty credit risk by approach

Nordea is using two methodologies when calculating the counterparty credit risk amounts. These methodologies are the Mark to Market Method and Internal Model Method (IMM). For Securities Financing Transactions (SFT) Nordea is using the financial collateral comprehensive method. REA increased since last reporting period by approximately EUR 1.2bn mostly driven by higher IMM exposures as a consequence of lower euro and nordic rates. Higher SFT volumes for the period have also pushed REA up.

Q2 2019

EURm	Notional	Replace- ment cost/ Current market value	Potential future value	EEPE	Multiplier	EAD post- CRM	REA
Mark to market		189	1,630			1,818	724
Original exposure	0					0	0
Standardised approach		0			0	0	0
Internal Model Method (for derivatives and SFTs)			6,871	9,804	1	13,725	6,176
Securities Financing Transactions			0	0	0	0	0
Derivatives & Long Settlement Transactions			6,871	9,804	1	13,725	6,176
From Contractual Cross Product Netting			0	0	0	0	0
Financial collateral simple method (for SFTs)						0	0
Financial collateral comprehensive method (for SFTs)						5,377	974
VaR for SFTs						0	0
Total							7,874

EURm	Notional	Replace- ment cost/ Current market value	Potential future value	EEPE	Multiplier	EAD post- CRM	REA
Mark to market		261	1,902			2,162	701
Original exposure	0					0	0
Standardised approach		0			0	0	0
Internal Model Method (for derivatives and SFTs)			6,338	9,051	1	12,672	5,263
Of which securities Financing Transactions			0	0	0	0	0
Of which derivatives & Long Settlement Transactions			6,338	9,051	1	12,672	5,263
Of which from Contractual Cross Product Netting			0	0	0	0	0
Financial collateral simple method (for SFTs)						0	0
Financial collateral comprehensive method (for SFTs)						4,886	707
VaR for SFTs						0	0
Total							6,671

Luminor Bank CCR exposures of EUR 42m are not considered in the table.

Table 19 EU CCR2 Credit valuation adjustment (CVA) capital charge

The CVA risk capital charge computes the amount required to cover the potential losses arising from marking to market the counterparty credit risk of the OTC derivative portfolio. It is calculated using either an advanced approach or a standardised approach where the advanced approach is based on a VaR model and calculated as a 60 day average. Decrease in ACVA REA numbers since last reporting period was driven by the exemption of counterparties qualifying as Pension Scheme Arrangements (PSAs), model changes reducing exposures and improved index hedge effectiveness.

Q2 2019

EURm	Exposure value	REA
Total portfolios subject to the Advanced Method	1,968	500
(i) VaR component (including the 3×multiplier)		93
(ii) Stressed VaR component (including the 3×multiplier)		407
All portfolios subject to the Standardised Method Based on Original Exposure Method	1,659	228
Total subject to the CVA capital charge	3,628	728

Q4 2018

EURm	Exposure value	REA
Total portfolios subject to the Advanced Method	2,706	721
(i) VaR component (including the 3×multiplier)		104
(ii) Stressed VaR component (including the 3×multiplier)		617
All portfolios subject to the Standardised Method Based on Original Exposure Method	1,454	201
Total subject to the CVA capital charge	4,160	922

Table 20 EU CCR3 Standardised approach - Counterparty credit risk exposures by regulatory portfolio and risk

The total amount of EAD for this approach increased from EUR 6.5bn in Q4 2018 to EUR 10.5bn in Q2 2019, mostly explained by the Institutional exposures reported under the standardised approach in Q2 2019. Most of these exposures had a 2% risk weight. The second most significant EAD change was driven by the Central governments or central banks exposures, with a total of EUR 3.2bn at the end of the second quarter of 2019. Most of these exposures were classified within 0% risk weight.

Q2 2019

EURm Exposure classes	Risk weight												Total
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Other	
Central governments or central banks	3,049				109		4						3,162
Regional governments or local authorities	1,246				360								1,606
Public sector entities													
Multilateral development banks	560												560
International organisations	211												211
Institutions	87	3,941			861		12					76	4,976
Corporate										15			15
Retail													0
Exposures in default	0												0
Total	5,153	3,941			1,330		16			15		76	10,531

Q4 2018

EURm Exposure classes	Risk weight												Total
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Other	
Central governments or central banks	2,196				34					37			2,266
Regional governments or local authorities	925				346								1,272
Public sector entities	0												0
Multilateral development banks	644												644
International organisations	89												89
Institutions	92	1,664			347							77	2,180
Corporate	8									11			18
Retail	1												1
Exposures in default	0												0
Total	3,955	1,664			727					48		77	6,471

Table 21 EU CCR4: Counterparty credit risk exposures by portfolio and PD scale

During the second quarter of 2019, on a total CCR IRB level, EAD increased by EUR 0.2bn and REA increased by EUR 0.6 bn mostly driven by market movements.

Q2 2019							
PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
Total IRB							
0.00 to < 0.15	9,545	0.08%	1,943	45.0%	2.0	3,009	32%
0.15 to < 0.25	1,126	0.21%	731	44.9%	2.1	635	56%
0.25 to < 0.50	2,699	0.43%	1,735	44.8%	2.3	2,171	80%
0.50 to < 0.75	56	0.66%	79	43.9%	2.5	49	88%
0.75 to < 2.50	1,677	1.20%	1,955	44.9%	2.0	1,596	95%
2.50 to < 10.00	122	3.34%	478	44.6%	2.4	140	115%
10.00 to < 100	62	12.23%	349	44.9%	2.5	103	167%
100 (Default)	70	100.00%	149	44.7%	2.5	60	86%
Total IRB	15,357	0.80%	7,419	44.9%	2.0	7,764	51%

Sovereigns FIRB

0.00 to < 0.15
0.15 to < 0.25
0.25 to < 0.50
0.50 to < 0.75
0.75 to < 2.50
2.50 to < 10.00
10.00 to < 100
100 (Default)

Sovereigns FIRB							
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Institutions FIRB

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15	4,094	0.07%	220	44.9%	1.8	1,349	33%
0.15 to < 0.25	228	0.17%	58	45.0%	1.9	95	42%
0.25 to < 0.50	357	0.38%	72	44.5%	2.0	240	67%
0.50 to < 0.75	50	0.66%	24	45.0%	2.5	47	94%
0.75 to < 2.50	92	1.04%	16	45.0%	0.8	89	97%
2.50 to < 10.00	4	5.39%	3	45.0%	2.5	4	91%
10.00 to < 100							
100 (Default)							
Institutions FIRB	4,825	0.13%	393	44.9%	1.8	1,825	38%

Retail RIRB

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15	10	0.09%	94	34.4%	2.5	1	8%
0.15 to < 0.25	8	0.17%	114	35.4%	2.5	1	13%
0.25 to < 0.50	25	0.39%	79	34.4%	2.5	6	22%
0.50 to < 0.75	6	0.60%	55	34.9%	2.5	2	28%
0.75 to < 2.50	21	1.55%	503	37.4%	2.4	9	43%
2.50 to < 10.00	6	4.65%	168	37.4%	2.4	3	50%
10.00 to < 100	1	24.08%	36	35.1%	2.5	1	82%
100 (Default)	2	100.00%	25	34.7%	2.5	9	434%
Retail RIRB	78	3.87%	1,074	35.6%	2.5	31	39%

Corporate FIRB, Total

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15	5,442	0.08%	1,629	45.0%	2.1	1,659	30%
0.15 to < 0.25	890	0.22%	559	45.0%	2.2	539	61%
0.25 to < 0.50	2,317	0.44%	1,584	45.0%	2.3	1,925	83%
0.50 to < 0.75							
0.75 to < 2.50	1,565	1.21%	1,436	45.0%	2.1	1,498	96%
2.50 to < 10.00	111	3.18%	307	45.0%	2.4	133	119%
10.00 to < 100	61	12.09%	313	45.0%	2.5	103	168%
100 (Default)	68	100.00%	124	45.0%	2.5	51	76%
Corporate FIRB, Total	10,454	1.09%	5,952	45.0%	2.2	5,908	57%

Corporate FIRB, Corporate exposures excluding SMEs and specialised lending

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15	4,492	0.08%	853	45.0%	2.0	1,377	31%
0.15 to < 0.25	750	0.22%	244	45.0%	2.1	436	58%
0.25 to < 0.50	1,865	0.44%	650	45.0%	2.3	1,559	84%
0.50 to < 0.75			0				
0.75 to < 2.50	1,208	1.24%	489	45.0%	2.0	1,181	98%
2.50 to < 10.00	70	2.96%	87	45.0%	2.3	91	130%
10.00 to < 100	25	11.31%	43	45.0%	2.5	49	191%
100 (Default)	30	100.00%	12	45.0%	2.5	37	122%
Sub-total	8,440	0.75%	2,378	45.0%	2.1	4,729	56%

Corporate FIRB, SME exposures excluding specialised lending

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15	950	0.07%	776	45.0%	2.4	282	30%
0.15 to < 0.25	140	0.22%	315	45.0%	2.5	103	73%
0.25 to < 0.50	452	0.44%	934	45.0%	2.5	367	81%
0.50 to < 0.75							
0.75 to < 2.50	357	1.10%	947	45.0%	2.5	317	89%
2.50 to < 10.00	42	3.56%	220	45.0%	2.5	42	101%
10.00 to < 100	36	12.65%	270	45.0%	2.5	54	152%
100 (Default)	37	100.00%	112	45.0%	2.5	14	38%
Sub-total	2,014	2.49%	3,574	45.0%	2.4	1,179	59%

Corporate FIRB, Specialised lending exposures

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15							
0.15 to < 0.25							
0.25 to < 0.50							
0.50 to < 0.75							
0.75 to < 2.50							
2.50 to < 10.00							
10.00 to < 100							
100 (Default)							
Sub-total							

Q1 2019

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
Total IRB							
0.00 to < 0.15	9,630	0.08%	1,895	44.6%	2.0	2,829	29%
0.15 to < 0.25	1,096	0.21%	771	44.9%	2.2	636	58%
0.25 to < 0.50	2,561	0.43%	1,722	43.9%	2.2	1,975	77%
0.50 to < 0.75	65	0.66%	65	44.3%	2.5	64	100%
0.75 to < 2.50	1,514	1.16%	2,010	44.9%	2.0	1,392	92%
2.50 to < 10.00	139	3.29%	478	44.7%	2.1	165	118%
10.00 to < 100	58	12.47%	374	44.9%	2.5	94	162%
100 (Default)	65	100.00%	157	44.7%	2.5	58	89%
Total	15,128	0.77%	7,472	44.5%	2	7,213	48%

Sovereigns FIRB

0.00 to < 0.15
0.15 to < 0.25
0.25 to < 0.50
0.50 to < 0.75
0.75 to < 2.50
2.50 to < 10.00
10.00 to < 100
100 (Default)

Sovereigns FIRB

Institutions FIRB

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15	4,442	0.07%	152	44.1%	1.8	1,255	28%
0.15 to < 0.25	268	0.17%	42	45.0%	1.8	129	48%
0.25 to < 0.50	329	0.38%	56	37.5%	2.0	210	64%
0.50 to < 0.75	60	0.66%	17	45.0%	2.5	63	106%
0.75 to < 2.50	88	1.03%	11	45.0%	0.9	86	99%
2.50 to < 10.00	5	5.65%	2	45.0%	2.5	9	181%
10.00 to < 100							
100 (Default)							
Sub-total	5,192	0.13%	280	43.8%	2	1,754	34%

Retail RIRB

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15	8	0.09%	91	34.4%	2.5	1	8%
0.15 to < 0.25	9	0.18%	129	35.5%	2.5	1	13%
0.25 to < 0.50	26	0.38%	83	34.5%	2.5	6	22%
0.50 to < 0.75	5	0.60%	48	35.1%	2.5	1	28%
0.75 to < 2.50	25	1.68%	525	36.7%	2.0	11	45%
2.50 to < 10.00	6	4.52%	171	37.4%	2.5	3	51%
10.00 to < 100	1	23.81%	39	36.0%	2.5	1	79%
100 (Default)	2	100.00%	31	34.4%	3	9	430%
Sub-total	83	3.75%	1,117	35.5%	2	33	40%

Corporate FIRB, Total

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15	5,180	0.08%	1,652	45.0%	2.1	1,573	30%
0.15 to < 0.25	819	0.22%	600	45.0%	2.3	506	62%
0.25 to < 0.50	2,205	0.44%	1,583	45.0%	2.3	1,758	80%
0.50 to < 0.75							
0.75 to < 2.50	1,402	1.16%	1,474	45.0%	2.1	1,294	92%
2.50 to < 10.00	128	3.14%	305	45.0%	2.1	152	119%
10.00 to < 100	57	12.29%	335	45.0%	2.5	93	163%
100 (Default)	63	100.00%	126	45.0%	2.5	50	78%
Sub-total	9,853	1.08%	6,075	45.0%	2	5,426	55%

Corporate FIRB, Corporate exposures excluding SMEs and specialised lending

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15	4,376	0.08%	849	45.0%	2.0	1,314	30%
0.15 to < 0.25	668	0.22%	247	45.0%	2.3	396	59%
0.25 to < 0.50	1,815	0.44%	611	45.0%	2.2	1,453	80%
0.50 to < 0.75			0				
0.75 to < 2.50	1,001	1.20%	487	45.0%	1.9	944	94%
2.50 to < 10.00	93	2.98%	86	45.0%	1.9	118	127%
10.00 to < 100	21	11.64%	41	45.0%	2.5	40	188%
100 (Default)	28	100.00%	16	45.0%	2.5	35	126%
Sub-total	8,002	0.72%	2,337	45.0%	2	4,299	54%

Corporate FIRB, SME exposures excluding specialised lending

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15	804	0.07%	803	45.0%	2.5	260	32%
0.15 to < 0.25	151	0.22%	353	45.0%	2.5	110	73%
0.25 to < 0.50	390	0.44%	972	45.0%	2.5	305	78%
0.50 to < 0.75							
0.75 to < 2.50	401	1.08%	987	45.0%	2.5	350	87%
2.50 to < 10.00	35	3.54%	219	45.0%	2.5	35	99%
10.00 to < 100	36	12.68%	294	45.0%	2.5	53	149%
100 (Default)	36	100.00%	110	45.0%	2.5	14	40%
Sub-total	1,852	2.61%	3,738	45.0%	2	1,127	61%

Corporate FIRB, Specialised lending exposures

PD scale	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	REA	REA density
0.00 to < 0.15							
0.15 to < 0.25							
0.25 to < 0.50							
0.50 to < 0.75							
0.75 to < 2.50							
2.50 to < 10.00							
10.00 to < 100							
100 (Default)							
Sub-total							

Table 22 EU CCR5-A: Impact of netting and collateral held on exposure values

Higher SFT volumes together with higher derivative exposures have driven gross and net exposures up during the first half of 2019 which have translated into higher netting benefits. Note that collateral held (d) is the residual between (c) and (e) and reflects the actual risk mitigation coming from held collateral. Excess collateral received is not recognised. At the end of the year the current exposure net (after close-out netting and collateral reduction) was EUR 9.1bn.

Q2 2019

EURm	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives by underlying	150,724	135,863	14,861	7,194	7,667
Securities Financing Transactions	52,508	27,182	25,326	23,917	1,408
Cross product netting	0	0	0	0	0
Total	203,232	163,045	40,187	31,111	9,076

Luminor Bank CCR exposures of EUR xxm are not considered in the table.

Q4 2018

EURm	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	113,046	99,970	13,077	6,749	6,328
SFTs	34,656	21,509	13,147	12,676	471
Cross-product netting	0	0	0	0	0
Total	147,702	121,479	26,223	19,425	6,799

Luminor Bank CCR exposures of EUR 42m are not considered in the table.

Table 23 EU CCR5-B: Composition of collateral for exposures to CCR

Collateral used in derivative transactions reflect the total amounts of posted and received collateral on the day of reporting. For the SFT's the trade collateral (the counterparties obligation in the transaction) is included as collateral. Most significant development since Q4 2018 was higher SFT volumes experienced during the first half of 2019.

Q2 2019

EURm	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash		7,825	0	10,635	49,920	78,533
Government bonds	0	617	259	2,790	46,719	39,834
Mortgage bonds	0	169	0	412	18,298	7,625
Bonds	0	25	17	0	10,469	3,390
Equity	0	0	0	0	4,108	1,479
Total	0	8,636	276	13,837	129,513	130,861

Q4 2018

EURm	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	0	6,846	0	9,538	34,806	46,600
Government bonds	0	829	323	1,383	23,307	21,941
Mortgage bonds	0	115	10	214	13,085	8,376
Bonds	0	40	128	4	5,992	5,431
Equity	0	0	0	0	0	581
Total	0	7,831	461	11,138	77,191	82,929

Table 24 EU CCR6: Credit derivatives exposures

Q2 2019		
	Credit derivative hedges	
	Protection bought	Protection sold
EURm		
Notionals		
Credit default swaps	66,444	66,743
Credit options	176	176
Total notionals	66,620	66,919
Fair values		
Positive fair value (asset)	799	55
Negative fair value (liability)	277	708
Q4 2018		
	Credit derivative hedges	
	Protection bought	Protection sold
EURm		
Notionals		
Credit default swaps	65,324	65,387
Credit options	105	105
Total notionals	65,429	65,492
Fair values		
Positive fair value (asset)	430	103
Negative fair value (liability)	362	390

Table 25 EU CCR7: REA flow statements of CCR exposures under the IMM

Higher exposures from interest rate transactions due to lower rates for the reporting period was the main driver for increased IMM exposure and capital during Q.

EURm	REA amounts	Capital requirements
REA 2019 Q2	5,765	461
Asset size	93	7
Credit quality of counterparties	61	5
Model updates (IMM only)	0	0
Methodology and policy (IMM only)		0
Acquisitions and disposals	0	0
Foreign exchange movements	-87	-7
Interest rate movements	511	41
Other	6	0
REA 2019 Q1	6,349	508

EURm	REA amounts	Capital requirements
REA 2018 Q4	5,263	421
Asset size	-643	-51
Credit quality of counterparties	59	5
Model updates (IMM only)	0	0
Methodology and policy (IMM only)		0
Acquisitions and disposals	0	0
Foreign exchange movements	63	5
Interest rate movements	661	53
Other	362	29
REA 2019 Q1	5,765	461

Table 26 EU CCR8 Exposures to central counterparties

Exposure towards QCCPs increased mainly as a consequence of higher repo volumes since Q4 2018. Higher exposure values for derivative transactions were mainly driven by cleared interest rate swaps as a consequence of higher market values driven by lower euro and nordic rates. No material change in the default fund contribution.

Q2 2019		
EURm	EAD (post-CRM)	REA
Exposures to QCCPs (total)		286
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	5,082	256
(i) OTC derivatives	1,408	184
(ii) Exchange-traded derivatives	72	1
(iii) Securities financing transactions	3,602	70
(iv) Netting sets where cross-products netting has been approved	0	0
Segregated initial margin	250	
Non-segregated initial margin	0	0
Pre-funded default fund contribution	163	31
Unfunded default fund contribution	0	0
Exposures to non-QCCPs (total)		0

Q4 2018		
EURm	EAD (post-CRM)	REA
Exposures to QCCPs (total)		159
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,061	108
(i) OTC derivatives	610	75
(ii) Exchange-traded derivatives	235	5
(iii) Securities financing transactions	1,215	29
(iv) Netting sets where cross-products netting has been approved	0	0
Segregated initial margin	440	
Non-segregated initial margin	0	0
Pre-funded default fund contribution	143	32
Unfunded default fund contribution	2	19
Exposures to non-QCCPs (total)		0

Table 27 EU MR1 B: Market risk under standardised approach

Compared to Q4 2018, the standardised approach REA in Q2 2019 decreases by approximately 96 EURm. The Interest rate risk REA increased with 63 EURm mainly driven by increased Danish mortgage bond holding partially offset by reduced holding in municipalities. The Foreign exchange risk dropped by 183 EURm to 423 EURm compared to Q4 mainly driven by changed SEK structural exposure position during Q2.

Q2 2019

EURm	REA	Capital requirements
Outright products¹	1,380	110
Interest rate risk (general and specific)	714	57
Equity risk (general and specific)	228	18
Foreign exchange risk	423	34
Commodity risk	16	1
Options	92	7
Simplified approach	0	0
Delta-plus method	0	0
Scenario approach	92	7
Securitisation	0	0
Total	1,472	118

1) Outright products refer to positions in products that are not optional.

Q4 2018

EURm	REA	Capital requirements
Outright products¹	1,567	125
Interest rate risk (general and specific)	652	52
Equity risk (general and specific)	279	22
Foreign exchange risk	606	48
Commodity risk	30	2
Options	93	7
Simplified approach	0	0
Delta-plus method	0	0
Scenario approach	93	7
Securitisation	0	0
Total	1,661	133

1) Outright products refer to positions in products that are not optional.

Table 28 EU MR2-A: Market risk under the internal models approach

Since Q4 2018 MR REA from Internal Model Approach decreased by approx. 700 EURm. The decrease was mainly driven by the Incremental Risk charge (IRC) which decreased by 513 EURm from Q4 2018 to Q2 2019. This significant drop was due to both lower jump to default and migration components. The REA component stemming from Value-at-Risk (VaR) amounted to 587 EURm which corresponded to a decrease of 137 EURm from Q4 2018. The decrease in the VaR REA component was driven by reduced contribution from USD FX swap, EUR swap and German government bonds. The REA component arising from total stressed Value-at-Risk (sVaR) decreased by 136 EURm from Q4 2018. The sVaR decreased due to reduced exposure to mortgage bonds, DKK swap and USD FX swap.

2019 Q2, EURm

	REA	Capital requirements
VaR ¹ (higher of values a and b)	587	47
Previous day's VaR (Article 365 (1)(VaRt-1))	183	15
Average of daily VaR (article 365 (1)) on each of the preceding 60 business days (VaRavg) x multiplication factor ((mc) in accordance with article 366)	587	47
SVaR (higher of values a and b)	2,036	163
Latest SVaR (Article 365 (2) (sVaRt-1))	470	38
Average of the SVaR (article 365 (2)) during the preceding 60 business days (sVaRavg) x multiplication factor (ms) (article 366)	2,036	163
Incremental risk charge - IRC (higher of values a and b)	554	44
Most recent IRC value (incremental default and migration risks section 3 calculated in accordance with Section 3 articles 370/371)	554	44
Average of the IRC number over the preceding 12 weeks	505	40
Comprehensive risk method - CRM (higher of values a,b and c)	516	41
Most recent risk number for the correlation trading portfolio (article 377)	255	20
Average of the risk numbers for the correlation trading portfolio over the preceding 12-weeks	310	25
8% of the own funds requirement in SA on most recent risk number for the correlation trading portfolio (Article 338 (4))	516	41
Total	3,693	295

1)Of which Equity Event Risk (EER) REA is EUR 4m. EER is an official IMA measure from Q3 2018.

2018 Q4, EURm

	REA	Capital requirements
VaR ¹ (higher of values a and b)	724	58
Previous day's VaR (Article 365 (1)(VaRt-1))	233	19
Average of daily VaR (article 365 (1)) on each of the preceding 60 business days (VaRavg) x multiplication factor ((mc) in accordance with article 366)	724	58
SVaR (higher of values a and b)	2,173	174
Latest SVaR (Article 365 (2) (sVaRt-1))	774	62
Average of the SVaR (article 365 (2)) during the preceding 60 business days (sVaRavg) x multiplication factor (ms) (article 366)	2,173	174
Incremental risk charge - IRC (higher of values a and b)	1,066	85
Most recent IRC value (incremental default and migration risks section 3 calculated in accordance with Section 3 articles 370/371)	1,066	85
Average of the IRC number over the preceding 12 weeks	987	79
Comprehensive risk method - CRM (higher of values a,b and c)	425	34
Most recent risk number for the correlation trading portfolio (article 377)	412	33
Average of the risk numbers for the correlation trading portfolio over the preceding 12-weeks	353	28
8% of the own funds requirement in SA on most recent risk number for the correlation trading portfolio (Article 338 (4))	425	34
Total	4,388	351

1)Of which Equity Event Risk (EER) REA is EUR 4m. EER is an official IMA measure from Q3 2018.

Table 29 EU MR2-B: REA flow statements of market risk exposures under the IMA

By the end of Q2 2019 period, the IMA REA amounts to 3,693 EURm corresponding to a decrease of 1,097 EURm from Q1 2019, whereof -299 EURm stems from methodology changes going into effect Q2 2019. The decrease in Value-at-Risk (VaR) and Stressed Value-at-Risk (SVaR) was primarily driven by methodology and policy changes together with movements in risk levels especially with respect to IR VaR and IR sVaR. The decrease in IRC REA from end of Q1 2019 to end of Q2 was primarily driven by a lower default component and a higher migration component compared to the average of Q1.

EURm	VaR ¹	SVaR	IRM	CRM	Total REA	Total capital requirements
REA before regulatory adjustments 2019 Q1	770	2,854	687	478	4,790	383
Regulatory adjustment						
REA 2019 Q1	770	2,854	687	478	4,790	383
Movement in risk levels	-117	-585	-133	38	-797	-64
Model updates/changes						
Methodology and policy	-66	-233			-299	-24
Aquisitions and disposals						
Foreign exchange movements						
Other						
REA before regulatory adjustments 2019 Q2	587	2,036	554	516	3,693	295
Regulatory adjustment						
REA 2019 Q2	587	2,036	554	516	3,693	295

1)Of which Equity Event Risk (EER) REA is EUR 4m. EER is an official IMA measure from Q3 2018.

EURm	VaR ¹	SVaR	IRC	CRC	Total REA	Total capital requirements
REA before regulatory adjustments 2018 Q3	523	1,480	291	424	2,719	218
Regulatory adjustment						
REA 2018 Q3	523	1,480	291	424	2,719	218
Movement in risk levels	222	630	144	1	998	80
Model updates/changes						
Methodology and policy	-22	62	631		671	54
Aquisitions and disposals						
Foreign exchange movements						
Other						
REA before regulatory adjustments 2018 Q4	724	2,173	1,066	425	4,388	351
Regulatory adjustment						
REA 2018 Q4	724	2,173	1,066	425	4,388	351

1)Of which Equity Event Risk (EER) REA is EUR 4m. EER is an official IMA measure from Q3 2018.

Table 30 EU MR3: IMA values for trading portfolios

On a broader level, all average IMA values decreased compared to end of Q4 2018. The average Value-at-Risk (VaR) decreased cumulatively by 20% mainly due to lower IR VaR risk during Q2 2019. The average stressed Value at Risk (sVaR) was reduced by almost 40% also driven by IR sVaR. The average Incremental Risk Charge (IRC) dropped more than 20% driven by changes in both default and migration components. The spike in IRC observed during the month of January 2019 was mainly driven by long positions in corporate bonds. The June 2019 peak in IRC was driven by increased exposure to Rep. of Germany. Ultimately, the average comprehensive risk capital charge (CRC) decreases by 10%.

2019 Q2, EURm	
	EURm
VaR (10 day 99%)	
Maximum	20
Average	15
Minimum	11
Period end	14
sVaR (10 day 99%)	
Maximum	86
Average	53
Minimum	36
Period end	38
Incremental Risk Charge (99.9%)	
Maximum	41
Average	20
Minimum	9
Period end	18
Comprehensive capital charge (99.9%)	
Maximum	29
Average	23
Minimum	18
Period end	18
2018 Q4, EURm	
	EURm
VaR (10 day 99%)	
Maximum	22
Average	13
Minimum	8
Period end	18
SVaR (10 day 99%)	
Maximum	70
Average	33
Minimum	18
Period end	62
IRC (10 day 99%)	
Maximum	41
Average	25
Minimum	11
Period end	35
Comprehensive capital charge (99.9%)	
Maximum	55
Average	25
Minimum	12
Period end	29

1) Equity Event Risk, which equalled EUR 5m at end of 2018, is an official IMA measure from Q3 2018.

Table 31 EU MR4: Comparison of VaR estimates with gains/losses

Figure below shows the VaR backtest of the trading book for 2019. The VaR models are considered being of a satisfactory quality if less than five exceptions are recorded within the last 250 banking days. By the end of Q2 2019, both backtests based on actual profit/loss (APL) and hypothetical profit/loss (SPL) were in the green zone. The backtest deciding the capital multiplier is the one with the highest number of exceptions based on hypothetical profit/loss or actual profit/loss.

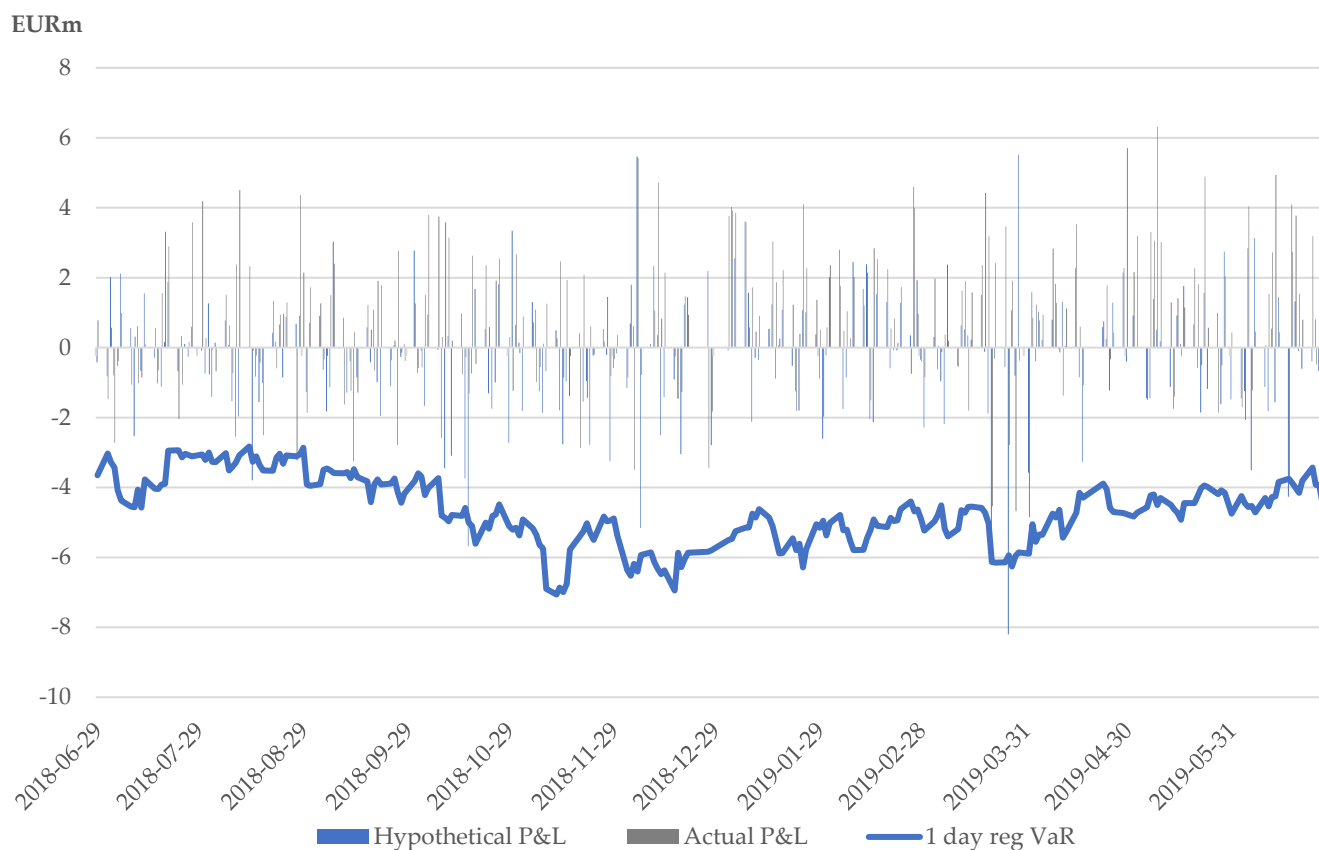


Table 32 LIQ 1: LCR Disclosures

Nordea Group's short liquidity risk exposure measured by Liquidity Coverage Ratio (LCR) according to EBA Delegated act remained on good and stable level, yearly average being at 182%.

EURm	Total unweighted value (average)		Total weighted value (average)	
	Q2 2019	Q1 2019	Q2 2019	Q1 2019
Number of data points used in the calculation of averages	12	12	12	12
High-quality liquid assets				
Total high-quality liquid assets (HQLA)			95,976	114,046
Cash-outflows				
Retail deposits & deposits from small business customers	86,033	86,402	5,733	5,932
- Of which stable deposits	68,071	68,366	3,404	3,446
- Of which less stable deposits	17,962	18,036	2,330	2,486
Unsecured wholesale funding	104,295	115,714	46,981	60,725
- Of which Operational deposits (all counterparties) and deposits in networks of cooperative banks	43,804	44,306	9,985	10,211
- Of which Non-operational deposits (all counterparties)	50,031	59,099	26,536	37,324
- Of which unsecured debt	10,460	12,309	10,460	13,190
Secured wholesale funding			2,676	2,090
Additional requirements	50,383	51,515	11,492	12,715
- Of which outflows related to derivative exposures and other collateral requirements	8,488	9,776	7,879	9,021
- Of which Outflows related to loss Of funding on debt products				
- Of which credit and liquidity facilities	41,895	41,740	3,612	3,693
Other contractual funding obligations	3,136	3,680	2,740	2,761
Other contingent funding obligations	52,666	56,121	2,831	3,207
Total cash outflows			72,452	87,430
Cash inflows				
Secured lending (e.g. reverse repos)	33,068	31,540	2,908	1,923
Inflows from fully performing exposures	12,094	11,561	5,915	5,666
Other cash inflows	13,785	13,547	10,161	9,693
Total cash inflows	58,947	56,648	18,984	17,282
Inflows subject to 75% cap	58,947	56,648	18,984	17,282
Liquidity buffer			95,976	114,046
Total net cash outflows			53,469	70,148
Liquidity coverage ratio (%)			182%	163%

Table 33 Encumbered and unencumbered assets

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
Assets of the reporting institution	168,698	48,174			367,592	92,822		
Equity instruments	3,103	0			1,291	0		
Debt securities	22,641	19,455	22,641	19,455	48,600	42,495	47,702	42,495
of which: covered bonds	9,762	9,028	9,762	9,028	29,548	30,096	29,548	30,096
of which: asset-backed securities	0	0	0	0	0	0	0	0
of which: issued by general governments	12,313	11,015	12,313	11,015	8,559	8,320	8,559	8,320
of which: issued by financial corporations	11,139	9,152	11,139	9,152	35,753	33,186	35,753	33,186
of which: issued by non-financial corporations	721	246	721	246	1,258	250	1,258	250
Other assets	143,392	28,201			317,393	47,820		

Collateral received

	Encumbered		Unencumbered	
	Fair value of encumbered collateral received or own debt securities issued		Fair value of encumbered collateral received or own debt securities issued	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA
Collateral received by the reporting institution	13,806	11,817	50,238	44,837
Loans on demand	0	0	0	0
Equity instruments	0	0	662	0
Debt securities	13,806	11,817	24,333	19,361
of which: covered bonds	4,446	3,599	8,457	7,244
of which: asset-backed securities	0	0	0	0
of which: issued by general governments	9,003	8,476	12,753	11,778
of which: issued by financial corporations	4,606	3,597	10,573	7,320
of which: issued by non-financial corporations	148	1	1,079	522
Loans and advances other than loans on demand	0	0	21,926	21,926
Other collateral received	0	0	3,612	3,612
Own debt securities issued other than own covered bonds or asset-backed securities	0	0	0	0
Own covered bonds and asset-backed securities issued and not yet pledged			2,647	2,647
Total assets, collateral received and own debt securities issued	184,264	58,983		

Sources of encumbrance

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	176,909	180,692
of which: covered bonds issued	110,388	114,337

Nordea Bank Abp with Finnish corporate registration number 2858394-9 provides these public disclosures according to Part Eight of Regulation (EU) No 575/2013, commonly referred to as the Capital Requirements Regulation (CRR), on the basis of its consolidated situation (hereinafter referred to as simply "Nordea"). Nordea Bank Abp and its subsidiaries have adopted a formal policy to assure compliance with the disclosure requirements and has established policies for assessing the appropriateness of these disclosures, including the verification and frequency. Nordea is part of the Sampo conglomerate in accordance to the Act on the Supervision of Financial and Insurance Conglomerates (2004/699), based on Directive 2002/87/EC.