

Nordea



Capital and Risk Management Report 2018

Appendix D

Nordea Eiendoms kreditt AS

Contents

Table name	Table number
Mapping of own funds to the balance sheet	D1
Transitional own funds disclosure template	D2
Countercyclical capital buffer	D3
Leverage ratio - disclosure template	D4
Overview of REA	D5
Original exposure by exposure class	D6
Exposure split by exposure class and by geography	D7
Exposure split by industry group and by main class	D8
Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class	D9
Distribution of collateral	D10
Residual maturity broken down by exposure class	D11
Exposure, impaired exposures, past due exposures and allowances, split by sectors	D12
Exposure, impaired exposures, past due exposures and allowances, split by geography	D13
Reconciliation of allowance accounts	D14

D1 Mapping of own funds to the balance sheet

EURm	Nordea Eiendomskreditt	Row in transitional own funds template
Assets		
Intangible assets		
- of which: Goodwill and other intangible assets		8
Deferred tax assets		
- of which: Deferred tax assets that rely on future profitability excluding those arising from temporary differences		10
Retirement benefit assets		
- of which: Retirement benefit assets net of tax		15
Liabilities		
Deferred tax liabilities	11	
- of which: Deductible deferred tax liabilities associated with deferred tax assets that rely on future profitability and do not arise from temporary differences	0	10
Subordinated liabilities	121	
- of which: AT1 Capital instruments and the related share premium accounts		30
- of which: Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		33
- of which: Direct and indirect holdings by an institution of own AT1 Instruments		37
- of which: T2 Capital instruments and the related share premium accounts	121	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	171	1
Share premium reserves	375	
- of which: Capital instruments and the related share premium accounts	375	1
- of which: Retained earnings		2
Other reserves	-9	
- of which: Retained earnings		2
- of which: Accumulated other comprehensive income	-9	3
- of which: Fair value reserves related to gains or losses on cash flow hedges	8	11
Retained earnings net of proposed dividend	813	
- of which: Profit/loss for the year	72	5a
- of which: Retained earnings		2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

D2 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	546	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: Instrument type 1	171	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	741	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-9	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	72	26 (2)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,351		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7 Additional value adjustments (negative amount)	0	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	8	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	-2	33 (b)	
15 Defined-benefit pension fund assets (negative amount)		36 (1) (e) , 41, 472 (7)	
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17 Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	
18 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	

19 Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20 Empty Set in the EU	NA
20a Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	36 (1) (k)
20b of which: qualifying holdings outside the financial sector (negative amount)	36 (1) (k) (i), 89 to 91
20c of which: securitisation positions (negative amount)	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d of which: free deliveries (negative amount)	36 (1) (k) (iii), 379 (3)
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22 Amount exceeding the 15% threshold (negative amount)	48 (1)
23 of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	36 (1) (i), 48 (1) (b), 470, 472 (11)
24 Empty Set in the EU	NA
25 of which: deferred tax assets arising from temporary differences	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a Losses for the current financial year (negative amount)	36 (1) (a), 472 (3)
25b Foreseeable tax charges relating to CET1 items (negative amount)	36 (1) (l)
26 Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	
Of which: ...filter for unrealised loss on AFS debt instruments	467
Of which: ...filter for unrealised loss 2	467
Of which: ...filter for unrealised gain on AFS debt instruments	468
Of which: ...filter for unrealised gain 2	468
26b Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	481
Of which: ...	481
27 Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	36 (1) (j)
28 Total regulatory adjustments to Common equity Tier 1 (CET1)	-3
29 Common Equity Tier 1 (CET1) capital	1,347

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)	1,347

Tier 2 (T2) capital: instruments and provisions

46 Capital instruments and the related share premium accounts	121	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	1	62 (c) & (d)
51 Tier 2 (T2) capital before regulatory adjustments	122	

Tier 2 (T2) capital: regulatory adjustments

52 Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	63 (b) (i), 66 (a), 67, 477 (2)
53 Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	66 (b), 68, 477 (3)
54 Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	66 (c), 69, 70, 79, 477 (4)
54a Of which new holdings not subject to transitional arrangements	
54b Of which holdings existing before 1 January 2013 and subject to transitional arrangements	
55 Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	66 (d), 69, 79, 477 (4)
56 Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	
56a Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
Of which shortfall	
56b Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	475, 475 (2) (a), 475 (3), 475 (4) (a)
Of which items to be detailed line by line, e.g. reciprocal cross holdings in at1 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc	

56c Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR 467, 468, 481

Of which: ...possible filter for unrealised losses 467
Of which: ...possible filter for unrealised gains 468
Of which: ... 481

57 Total regulatory adjustments to Tier 2 (T2) capital

58 Tier 2 (T2) capital 122

59 Total capital (TC = T1 + T2) 1,469

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) 472, 472 (5), 472 (8)
(b), 472 (10) (b), 472 (11) (b)

(items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)

Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) 475, 475 (2) (b), 475 (2) (c), 475 (4) (b)

(items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc)

Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) 477, 477 (2) (b), 477 (2) (c), 477 (4) (b)

(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)

60 Total risk weighted assets 5,001

Capital ratios and buffers

61 Common Equity Tier 1 (as a percentage of risk exposure amount) 0
92 (2) (a), 465

62 Tier 1 (as a percentage of risk exposure amount) 0 92 (2) (b), 465

63 0

Total capital (as a percentage of risk exposure amount) 92 (2) (c)

64 0

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)

CRD 128, 129, 130

65 of which: capital conservation buffer requirement 2.5%

66 of which: countercyclical buffer requirement 2.0%

67 of which: systemic risk buffer requirement 3.0%

67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer 0.0% CRD 131

68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) 22.4% CRD 128

69 [non relevant in EU regulation] NA

70 [non relevant in EU regulation] NA

71 [non relevant in EU regulation] NA

Amounts below the thresholds for deduction (before risk weighting)

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

Applicable caps on the inclusion of provisions in Tier 2

76 Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		62
77 Cap on inclusion of credit risk adjustments in T2 under standardised approach		62
78 Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	1	62
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	16	62

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)

80 Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) & (5)
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)
82 Current cap on AT1 instruments subject to phase out arrangements		484 (4), 486 (3) & (5)
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)
84 Current cap on T2 instruments subject to phase out arrangements	65	484 (5), 486 (4) & (5)
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)

D3 Countercyclical capital buffer

	General credit risk exposures		Trading book exposures		Own funds requirement					
	SA ¹	IRB ² approach	SA	Internal models approach	General credit exposures	Trading book exposures	Securitisation exposures	Total	Own funds requirement weight (%)	Counter-cyclical buffer rate (%)
Countries with existing CCyB rate										
Canada		0			0			0	0.0%	2.0%
China										2.0%
Czech Republic		0			0			0	0.0%	1.0%
Hong Kong										1.9%
Iceland		0			0			0	0.0%	1.3%
Lithuania									0.0%	0.5%
Norway		11,662			208			208	99.8%	2.0%
Slovakia		0			0			0	0.0%	1.3%
Sweden		8			0			0	0.0%	2.0%
United Kingdom		2			0			0	0.0%	1.0%
Sub-total		11,673			208			208	99.8%	
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		21			0			0	0.2%	
Total		11,694			208			208	100%	

1) Standardised approach

2) Internal ratings based

D4 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	12,109
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	
4 Adjustments for derivative financial instruments	
5 Adjustments for securities financing transactions "SFTs"	
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	621
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	-91
8 Total leverage ratio exposure	12,639

LRCom: Leverage ratio common disclosure

EURm	CRR leverage ratio exposures
------	------------------------------

On-balance sheet exposures (excluding derivatives and SFTs)

1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	12,022
2 (Asset amounts deducted in determining Tier 1 capital)	-3
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	12,018

Derivative exposures

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

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 1,242
18 (Adjustments for conversion to credit equivalent amounts) -621

19 Other off-balance sheet exposures (sum of lines 17 to 18) 621

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 1,347
21 Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b) 12,639

Leverage ratio

22 Leverage ratio 10.66%

Choice on transitional arrangements and amount of derecognised fiduciary items

EU-23 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:	12,022
EU-2 Trading book exposures	
EU-3 Banking book exposures, of which:	12,022
EU-4 Covered bonds	355
EU-5 Exposures treated as sovereigns	314
EU-6 Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	
EU-7 Institutions	85
EU-8 Secured by mortgages of immovable properties	10,387
EU-9 Retail exposures	838
EU-10 Corporate	
EU-11 Exposures in default	42
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	0

1 Description of the processes used to manage the risk of excessive leverage

Nordea Eiendomskreditt AS has policies and processes in place for the identification, management and monitoring of the excessive leverage. The leverage ratio is also part of Nordea Eiendomskreditt'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 8.5% in Q4 2017 to 10.7% in Q4 2018. The improved leverage ratio was mainly driven by decreased on-balance exposures.

Q3-Q4

The leverage ratio increased from 9.9 % in Q3 2018 to 10.7 % in Q4 2018. The improved leverage ratio was mainly driven by decreased on-balance exposures.

D5 Overview of REA

EURm	REA		Minimum capital requirement	
	2018	2017	2018	2017
Credit risk (excluding counterparty credit risk) (CCR)	2,650	1,281	212	103
Of which standardised approach (SA) ¹	17	3	1	0
Of which foundation IRB (FIRB) approach	28	24	2	2
Of which advanced IRB approach	2,605	1,254	208	100
Of which AIRB				
Of which Retail RIRB	2,605	1,254	208	100
Of which Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk		4		0
Of which Marked to market ²		4		0
Of which Original exposure				
Of which standardised approach				
Of which internal model method (IMM)				
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	233	259	19	21
Of which Standardised Approach	233	259	19	21
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Swedish risk weight floor in Pillar 1	1		0	
Finnish risk weight floor in Pillar 1				
Additional capital requirement according to Basel 1 floor	2,117	4,545	169	364
Article 3 CRR Buffer				
Regulatory Total	5,001	6,090	400	487

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

2) Excludes exposures to CCPs.

D6 Original exposure by exposure class, end of year

2018, EURm

	Original exposure	Average exposure
IRB approach		
Sovereign		244
Institutions	355	367
Corporates		
of which Specialised Lending		
of which SME		
Retail	12,514	13,517
- of which Secured by real estate property	11,602	12,659
of which SME		
of which Non-SME	11,602	12,659
- of which Other Retail	911	858
of which SME		
of which Non-SME	911	858
Equity		
Other non-credit obligation assets		0
Total IRB approach	12,868	14,128
Standardised approach		
Central governments or central banks	314	79
Regional governments or local authorities		
Public sector entities		
Multilateral Development Banks		
International Organisations		
Institutions	85	35
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	399	113
Total	13,268	14,241
- of which loans	12,501	13,505
- of which debt securities	669	689
- of which off-balance sheet exposures	1,242	1,345

D7 Exposure split by exposure class and by geography

EURm	Nordic countries	Baltic countries	Russia	US	Other	Total
IRB exposure classes						
Sovereign						
Institution		355				355
Corporate						
- of which Advanced						
Retail		11,675		3	16	11,694
-of which secured by immovable property		10,811		3	14	10,828
-of which other retail		864		0	1	866
-of which SME						
Other non-credit obligation assets						
Total IRB approach	12,030			3	16	12,048
Standardised exposure classes						
Central governments and central banks		199				314
Regional governments and local authorities						
Institution		85				85
Corporate						
Retail						
Exposures secured by real estate						
Other						
Total standardised approach	284					399
Total exposure	12,314			3		12,448

D8 Exposure split by industry group and by main exposure class, 31 December 2018

EURm	IRB approach				Other non credit obligation assets
	Sovereign	Institution	Corporate	- of which SME	Retail
Construction and engineering					
Consumer durables (cars, appliances, etc.)					
Consumer staples (food, agriculture etc.)					
Energy (oil, gas, etc.)					
Health care and pharmaceuticals					
Industrial capital goods					
Industrial commercial services					
IT software, hardware and services					
Media and leisure					
Metals and mining materials					
Other financial institutions		355			
Other materials (chemical, building materials, etc.)					
Other, public and					11,694
Paper and forest materials					
Real estate management and investment					
Retail trade					
Shipping and offshore					
Telecommunication equipment					
Telecommunication operators					
Transportation					
Utilities (distribution and production)					
Total exposure		355			11,694

D9 Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class,

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	355	355			11.3%
Corporate					
-of which Advanced					
Retail	12,514	11,694		10,828	20.3%
-of which secured by immovable property	11,602	10,828		10,828	19.9%
-of which other retail	911	866		0	25.4%
-of which SME					
Other non-credit obligation assets					
Total IRB approach	12,868	12,048		10,828	20.0%
Standardised exposure classes					
Central government and central banks	314	314			
Regional governments and local authorities					
Institution	85	85			
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach	399	399			
Total	13,268	12,448		10,828	

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

D10 Distribution of collateral

	31 Dec 2018	31 Dec 2017
Financial collateral	0.0%	0.0%
Receivables	0.0%	0.0%
Residential real estate	99.9%	99.9%
Commercial real estate	0.1%	0.1%
Other physical collateral		
Total	100.0%	100.0%

D11 Residual maturity broken down by exposure classes

EURm	<1 year	1-3 years	3-5 years	>5 years	Total exposure	
IRB exposure classes						
Sovereign						
Institution		355			355	
Corporate						
-of which Advanced						
Retail		287	817	715	9,874	11,694
-of which secured by immovable property		236	788	685	9,119	10,828
-of which other retail		51	29	31	755	866
-of which SME						
Other non-credit obligation assets						
Total IRB approach		642	817	715	9,874	12,048
Standardised exposure classes						
Central government and central banks		314				314
Regional governments and local authorities						
Institution				85		85
Corporate						
Retail						
Exposures secured by real estate						
Other						
Total standardised approach		314		85		399
Total		956	817	715	9,960	12,448

D12 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 changes during the reporting period	
Households	53	120	6	0	0
Non financial corporations	0	0	0	0	0
Other	0	0	0	0	0
Total in banking operations	53	120	6	0	0

1) For stages 1,2 and 3

D13 Exposure, impaired exposures, past due exposures and allowances, split by geography

EURm	Impaired loans (stage		
	Original exposure	3) Past due exposures	
Norway	13,038	53	120
Sweden	89	0	0
Other	140		1
Total	13,268	53	120

D14 Reconciliation of allowance accounts

EURm	<u>Specific credit risk adjustments</u>		Total
	Individually assessed, stage 3	Collectively assessed, stage 1&2	
Opening balance according to IFRS9	4.2	2	6
Changes through the income statement	0.2	0	0
- Of which Provisions	-0.7		-1
- Of which Reversals	0.3		0
- Of which Net model effect	0.2	0	0
Allowances used to cover write-offs	0.4		0
Currency translation differences	-0.6	1	0
Closing balance	3.8	2	6