

# Nordea



## **Capital and Risk Management Report 2016**

Appendix A  
Nordea Hypotek AB

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**Table A1 Mapping of own funds to the balance sheet, 31 December 2016**

EURm	Nordea Hypotek	Row in transitional own funds template (Table A2)
<b>Assets</b>		
Intangible assets		8
- of which: Goodwill and other intangible assets		
Deferred tax assets		10
- of which: Deferred tax assets that rely on future profitability excluding those arising from temporary differences		
Retirement benefit assets		15
- of which: Retirement benefit assets net of tax		
<b>Liabilities</b>		
Deferred tax liabilities	16	10
- of which: Deductible deferred tax liabilities associated with deferred tax assets that rely on future profitability and do not arise from temporary differences		
Subordinated liabilities	325	46
- of which: AT1 Capital instruments and the related share premium accounts		
- of which: Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		
- of which: Direct and indirect holdings by an institution of own AT1 Instruments		
- of which: T2 Capital instruments and the related share premium accounts	325	51
- of which: Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		
- of which: Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
<b>Equity</b>		
Share capital	12	
Share premium reserve		1
- of which: Capital instruments and the related share premium accounts		1
- of which: Retained earnings		2
Other reserves	58	
- of which: Retained earnings	0	2
- of which: Accumulated other comprehensive income	58	3
- of which: Fair value reserves related to gains or losses on cash flow hedges	-58	11
Retained earnings net of proposed dividend	2,423	
- of which: Profit/loss for the year	585	5a
- of which: Retained earnings	1,839	2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		

Table A2 Transitional own funds, 31 December 2016

EURm		(A) amount at disclosure date	(B) regulation (EU) No 575/2013 article reference	(C) amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
<b>Common Equity Tier 1 capital: instruments and reserves</b>				
1	Capital instruments and the related share premium accounts	12	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which: Share Capital	12	EBA list 26 (3)	
2	Retained earnings	1,839	26 (1) (c)	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	58	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 CET 1		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	585	26 (2)	
6	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>2,493</b>		
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>				
7	Additional value adjustments (negative amount)	–1	34, 105	
8	Intangible assets (net of related tax liability) (negative amount)		36 (1) (b), 37, 472 (4)	
9	Empty Set in the EU	NA		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 472 (5)	
11	Fair value reserves related to gains or losses on cash flow hedges	–58	33 (a)	
12	Negative amounts resulting from the calculation of expected loss amounts	–14	36 (1) (d), 40, 159, 472 (6)	
13	Any increase in equity that result from securitised assets (negative amount)		32 (1)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–4	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 artificially inflate 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 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 amounts)		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)	

Table A2, cont.

EURm	(A) amount at disclosure date	(B) regulation (EU) No 575/2013 article reference	(C) amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
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	N/A	
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 1	467	
	Of which: ...filter for unrealised loss 2	467	
	Of which: ... filter for unrealised gain 1	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	<b>Total regulatory adjustments to Common equity Tier 1 (CET1)</b>	<b>-77</b>	
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>2,416</b>	
<b>Additional Tier 1 (AT1) capital: instruments</b>			
30	Capital instruments and the related share premium accounts	51, 52	
31	of which: classifies 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	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>		
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>			
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)		

Table A2, cont.

EURm		(A) amount at disclosure date	(B) regulation (EU) No 575/2013 article reference	(C) amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013  Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013  Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc		477, 477 (3), 477 (4) (a)	
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR  Of which: ...possible filter for unrealised losses Of which: ...possible filter for unrealised gains Of which: ...		467, 468, 481 467 468 481	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	
43	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>			
44	<b>Additional Tier 1 (AT1) capital</b>			
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,416</b>		
<b>Tier 2 (T2) capital: instruments and provisions</b>				
46	Capital instruments and the related share premium accounts	325	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  Public sector capital injections grandfathered until 1 January 2018		486 (4) 483 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88, 480	
49	of which: instruments issued by subsidiaries subject to phase out		486 (4)	
50	Credit risk adjustments		62 (c) & (d)	
51	<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>325</b>		
<b>Tier 2 (T2) capital: regulatory adjustments</b>				
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)	

Table A2, cont.

EURm		(A) amount at disclosure date	(B) regulation (EU) No 575/2013 article reference	(C) amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc			
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	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>			
58	<b>Tier 2 (T2) capital</b>	325		
59	<b>Total capital (TC = T1 + T2)</b>	2,740		
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			
	Of which: ...items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	
	Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc)		475, 475 (2) (b), 475 (2) (c), 475 (4) (b)	
	Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own t2 instruments, indirect holdings of non significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)		477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
60	<b>Total risk weighted assets</b>	3,657		
<b>Capital ratios and buffers</b>				
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	66.0%	92 (2) (a), 465	
62	Tier 1 (as a percentage of risk exposure amount)	66.0%	92 (2) (b), 465	
63	Total capital (as a percentage of risk exposure amount)	74.9%	92 (2) (c)	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	4.0%	CRD 128, 129, 130	
65	of which: capital conservation buffer requirement	2.5%		
66	of which: countercyclical buffer requirement	1.5%		
67	of which: systemic risk buffer requirement			
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		CRD 131	

Table A2, cont.

EURm		(A) amount at disclosure date	(B) regulation (EU) No 575/2013 article reference	(C) amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	60.0%	CRD 128	
69	[non relevant in EU regulation]	NA		
70	[non relevant in EU regulation]	NA		
71	[non relevant in EU regulation]	NA		
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
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)	
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)	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		62	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	2,782	62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	17	62	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)</b>				
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	98	484 (5), 486 (4) & (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)	

**Table A3.1 Geographical distribution and amount of institution-specific countercyclical capital buffer (CCyB), 31 December 2016**

Rows	Break-down by Country	General credit exposures		Trading book exposures		Securitization		Own Funds Requirements			Total	Own funds requirements weights	Counter-cyclical Capital Buffer rate %
		Exposure value for SA	Exposure Value for IRB	Sum of long and short positions of trading book exposures for SA	Value of Trading book exposures for internal models	Exposure value SA	Exposure value IRB	of which: credit exposures	of which: trading book exposures	of which: securitization exposures			
010		010	020	030	040	050	060	070	080	090	100	110	120
	CY		1					0			0	0.0%	
	FI												
	NO		0					0			0	0.0%	1.5
	SE	0	57,531					223			223	100.0%	1.5
020	Total	0	57,532					223			223	100.0%	

**Table A3.2 Amount of institution-specific countercyclical capital buffer**

Row	Column
	010
010	Total risk exposure amount
020	Institution specific countercyclical capital buffer rate
030	Institution specific countercyclical capital buffer requirement

**Table A4.1 LRSum: Summary reconciliation of accounting assets and leverage ratio exposures, 31 December 2016**

EURm	Applicable Amounts
1 Total assets as per published financial statements	57,278
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	201
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)	1,651
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	-77
8 Total leverage ratio exposure	59,053

Table A4.2 LRCom: Leverage ratio common disclosure, 31 December 2016

		CRR leverage ratio exposures
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	56,269
2	(Asset amounts deducted in determining Tier 1 capital)	-77
3	<b>Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)</b>	<b>56,192</b>
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	950
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	260
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	<b>Total derivative exposures (sum of lines 4 to 10)</b>	<b>1,210</b>
<b>Securities financing transaction exposures</b>		
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	<b>Total securities financing transaction exposures (sum of lines 12 to 15a)</b>	
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposures at gross notional amount	3,302
18	(Adjustments for conversion to credit equivalent amounts)	-1,651
19	<b>Total other off-balance sheet exposures (sum of lines 17 to 18)</b>	<b>1,651</b>
<b>Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)</b>		
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))	
<b>Capital and total exposures</b>		
20	<b>Tier 1 capital</b>	<b>2,416</b>
21	<b>Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)</b>	<b>59,053</b>
<b>Leverage ratio</b>		
22	<b>Leverage ratio</b>	<b>4.1%</b>
<b>Choice on transitional arrangements and amount of derecognised fiduciary items</b>		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429 (11) of Regulation (EU) NO 575/2013	

Table A4.3 LRQua: Free format text boxes for disclosure on qualitative items, 31 December 2016

1	Description of the processes used to manage the risk of excessive leverage	Nordea has policies and processes in place for the identification, management and monitoring of the risk of excessive leverage. The leverage ratio is also part of Nordea's 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	"The leverage ratio have increased to 4.1% from 3.2% last year.  During the period, the leverage ratio benefited from an increase in Tier 1 Capital stemming from a capital injection. This was somewhat offset by an increase in on balance exposures."

Table A5 Minimum capital requirements and REA, 31 December 2016

EURm	31 December 2016		31 December 2015	
	Minimum capital requirement	REA	Minimum capital requirement	REA
<b>Credit risk</b>	<b>224</b>	<b>2,796</b>	<b>240</b>	<b>3,004</b>
- of which counterparty credit risk	0	0	0	1
<b>IRB</b>	<b>223</b>	<b>2,782</b>	<b>240</b>	<b>3,003</b>
- of which corporate	77	965	84	1,047
- of which advanced	77	965	84	1,047
- of which foundation			0	0
- of which institutions			0	4
- of which retail	142	1,780	154	1,927
- of which secured by immovable property	130	1,630	139	1,732
- of which other retail	11	142	15	186
- of which SME	1	8	1	9
- of which other	3	37	2	25
<b>Standardised</b>	<b>1</b>	<b>14</b>	<b>0</b>	<b>1</b>
- of which central governments or central banks	0	0	0	0
- of which regional governments or local authorities	1	14		
- of which public sector entities				
- of which multilateral development banks				
- of which international organisations				
- of which institutions	0	0	0	1
- of which corporate				
- of which retail				
- of which secured by mortgages on immovable property	0	0	0	0
- of which in default				
- of which associated with particularly high risk				
- of which covered bonds				
- of which securitisation positions				
- of which institutions and corporates with a short-term credit assessment				
- of which collective investments undertakings (CIU)				
- of which equity				
- of which other items				
<b>Credit Value Adjustment risk</b>				
<b>Market risk</b>				
- of which trading book, Internal Approach				
- of which trading book, Standardised Approach				
- of which banking book, Standardised Approach				
<b>Operational risk</b>	<b>68</b>	<b>845</b>	<b>60</b>	<b>746</b>
Standardised	68	845	60	746
Additional risk exposure amount due to Article 3 CRR	1	16	3	34
<b>Sub total</b>	<b>293</b>	<b>3,657</b>	<b>303</b>	<b>3,783</b>
Additional capital requirement due to Basel I floor <sup>1</sup>	2,000	25,001	1,923	24,032
<b>Total</b>	<b>2,293</b>	<b>28,659</b>	<b>2,225</b>	<b>27,815</b>

**Table A6 Original exposures, split by exposure class, including average exposure during the year, 31 December 2016**

EURm	Original exposure	Average exposure
<b>IRB exposure classes</b>		
Institution		65
Corporate	8,814	8,795
- of which Advanced	8,814	8,795
Retail	49,320	49,105
- of which secured by immovable property	47,754	47,452
- of which other retail	1,491	1,575
- of which SME	75	78
Other non-credit obligation assets	37	33
<b>Total IRB approach</b>	<b>58,171</b>	<b>57,998</b>
<b>Standardised exposure classes</b>		
Central government and central banks	393	406
Regional governments and local authorities	414	475
Institution	1,806	1,936
Corporate		
Retail		
Exposures secured by real estate	0	0
Other		
<b>Total standardised approach</b>	<b>2,613</b>	<b>2,817</b>
<b>Total</b>	<b>60,784</b>	<b>60,815</b>

**Table A7 Exposure split by exposure class and geography, 31 December 2016**

EURm	Nordic countries	- of which Finland	- of which Norway	- of which Sweden	Other	Total
<b>IRB exposure classes</b>						
Institution						
Corporate	8,177			8,177	1	8,177
- of which Advanced	8,177			8,177	1	8,177
Retail	49,318		0	49,318		49,318
- of which secured by immovable property	47,754			47,754		47,754
- of which other retail	1,491			1,491		1,491
- of which SME	73		0	73		73
Other non-credit obligation assets	37			37		37
<b>Total IRB approach</b>	<b>57,531</b>		<b>0</b>	<b>57,531</b>	<b>1</b>	<b>57,532</b>
<b>Standardised exposure classes</b>						
Central governments and central banks	396			396		396
Regional governments and local authorities	1,049			1,049		1,049
Institution	1,806	1		1,805		1,806
Corporate						
Retail						
Exposures secured by real estate	0			0		0
Other <sup>1</sup>						
<b>Total standardised approach</b>	<b>3,251</b>	<b>1</b>		<b>3,250</b>		<b>3,251</b>
<b>Total exposure</b>	<b>60,783</b>	<b>1</b>	<b>0</b>	<b>60,781</b>	<b>1</b>	<b>60,784</b>

Table A8 Exposure split by industry group and by main exposure class, 31 December 2016

	IRB approach				
EURm	Institution	Corporate	- of which SME	Retail	Other non-credit obligation assets
Construction and engineering		24	23	6	
Consumer durables (cars, appliances, etc.)		0	0	0	
Consumer staples (food, agriculture, etc.)		15	15	45	
Energy (oil, gas, etc.)					
Health care and pharmaceuticals		18	18	4	
Industrial capital goods		0	0	0	
Industrial commercial services		43	13	16	
IT software, hardware and services		1	1	4	
Media and leisure		112	32	4	
Metals and mining materials					
Other financial institutions		73	20	0	
Other materials (chemical, building materials, etc.)		3	3	0	
Other, public and organisations		25	20	49,045	37
Paper and forest materials		3	3	10	
Real estate management and investment		7,814	6,533	174	
Retail trade		42	20	5	
Shipping and offshore					
Telecommunication equipment					
Telecommunication operators					
Transportation		1	1	2	
Utilities (distribution and production)		3	1	1	
Total exposure		8,177	6,703	49,318	37

Table A9 Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class, 31 December 2016

EURm	Original exposure	Exposure	- of which secured by guarantees and credit derivatives	- of which secured by collateral	Average weighted LGD
<b>IRB exposure classes</b>					
Institution					
Corporate	8,814	8,177	776	8,066	20.5%
- of which Advanced	8,814	8,177	776	8,066	20.5%
Retail	49,320	49,318	2	44,515	10.8%
- of which secured by immovable property	47,754	47,754		44,452	10.6%
- of which other retail	1,491	1,491			18.4%
- of which SME	75	73	2	64	11.9%
Other non-credit obligation assets	37	37			n.a.
<b>Total IRB approach</b>	<b>58,171</b>	<b>57,532</b>	<b>778</b>	<b>52,581</b>	
<b>Standardised exposure classes</b>					
Central governments and central banks	393	396			
Regional governments and local authorities	414	1,049	100		
Institution	1,806	1,806			
Corporate					
Retail					
Exposures secured by real estates	0	0		0	
Other					
<b>Total standardised approach</b>	<b>2,613</b>	<b>3,251</b>	<b>100</b>	<b>0</b>	
<b>Total</b>	<b>60,784</b>	<b>60,784</b>	<b>878</b>	<b>52,581</b>	

Table A10 Distribution of collateral

31 December 2016	
Financial collateral	
Receivables	
Residential real estate	96.4%
Commercial real estate	3.6%
Other physical collateral	0.0%
<b>Total</b>	<b>100.0%</b>

Table A11 Residual maturity broken down by exposure classes, 31 December 2016

EURm	< 1 year	1–3 years	3–5 years	>5 years	Total exposure
<b>IRB exposure classes</b>					
Institution					
Corporate	4,792	2,404	940	40	8,177
- of which Advanced	4,792	2,404	940	40	8,177
Retail	418	262	626	48,011	49,318
- of which secured by immovable property	361	228	564	46,601	47,754
- of which other retail	13	18	50	1,410	1,491
- of which SME	44	17	12	1	73
Other non-credit obligation assets				37	37
<b>Total IRB approach</b>	<b>5,210</b>	<b>2,667</b>	<b>1,566</b>	<b>48,088</b>	<b>57,532</b>
<b>Standardised exposure classes</b>					
Central governments and central banks	158	142	94	2	396
Regional governments and local authorities	661	336	36	17	1,049
Institution				1,806	1,806
Corporate					
Retail					
Exposures secured by real estates				0	0
Other					
<b>Total standardised approach</b>	<b>819</b>	<b>478</b>	<b>130</b>	<b>1,825</b>	<b>3,251</b>
<b>Total exposure</b>	<b>6,029</b>	<b>3,145</b>	<b>1,696</b>	<b>49,914</b>	<b>60,784</b>

**Table A12 Exposure, impaired exposures, past due exposures and allowances, split by industry, 31 December 2016**

EURm	Impaired loans	Past due exposures	Credit risk adjustments <sup>1</sup>	- of which charges during the reporting period
Construction and engineering			0.03	-0.02
Consumer durables (cars, appliances, etc.)				0.00
Consumer staples (food, agriculture, etc.)			0.01	-0.01
Energy (oil, gas, etc.)				
Health care and pharmaceuticals			0.01	0.06
Industrial capital goods			0.00	0.00
Industrial commercial services			0.00	0.03
IT software, hardware and services			0.00	0.00
Media and leisure			0.02	0.02
Metals and mining materials				
Other financial institutions				
Other materials (chemical, building materials, etc.)			0.00	0.00
Other, public and organisations			0.00	0.00
Paper and forest materials				0.00
Real estate management and investment		44	0.21	0.03
Retail trade			0.00	0.02
Shipping and offshore				
Telecommunication equipment				
Telecommunication operators				
Transportation				0.00
Utilities (distribution and production)			0.00	0.00
<b>Total in banking operations</b>		<b>44</b>	<b>0.28</b>	<b>0.14</b>

1) Nordea Hypotek only has specific credit risk adjustments due to use of IFRS accounting.

**Table A13 Exposure, impaired exposures and past due exposures, split by significant geographical areas, 31 December 2016**

EURm	Original exposure	Impaired loans	Past due exposures
Nordic countries	60,784	65	77
- of which Denmark		0	0
- of which Finland	1		
- of which Norway	0	1	1
- of which Sweden	60,782	64	76
Other		0	
<b>Total</b>	<b>60,784</b>	<b>65</b>	<b>77</b>

**Table A14 Reconciliation of allowance accounts for impaired loans**

EURm	Specific credit risk adjustments <sup>1</sup>		Total
	Individually assessed	Collectively assessed	
Opening balance, 1 Jan 2016	-2	-6	-7
Changes through the income statement			
- of which Provisions		0	0
- of which Reversals		1	1
Allowances used to cover write-offs			
Currency translation differences			
<b>Closing balance, 31 Dec 2016</b>	<b>-2</b>	<b>-5</b>	<b>-7</b>

1) Nordea hypotek does not have general credit risk adjustment due to use of IFRS accounting.

For loan losses directly recognised through the income statement (not affecting the allowance accounts), refer to the note "Net loan losses" in the Annual Report.