



Capital and Risk Management Report 2016

Appendix B

Nordea Kredit Realkreditaktieselskab

Contents

Table/Figure	Table name	Page
B1	Mapping of own funds to the balance sheet	3
B2	Transitional own funds	4
B3.1	Geographical distribution and amount of institution-specific countercyclical capital buffer (CCyB)	9
B3.2	Amount of institution-specific countercyclical buffer	9
B4.1–4.4	Leverage ratio template	9
B5	Minimum capital requirements and REA, 31 December 2016	11
B6	Original exposure split by exposure class, including average exposure during the year	12
B7	Exposure split by exposure class and by geography	12
B8	Exposure split by industry group and by main exposure class	13
B9	Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class	13
B10	Distribution of collateral	14
B11	Residual maturity broken down by exposure classes, 31 December 2016	14
B12	Exposure, impaired exposures, past due exposures and allowances, split by industry	15
B13	Original exposure, impaired exposures and past due exposures, split by significant geographical areas	15
B14	Reconciliation of allowance accounts for impaired loans	16

Table B1 Mapping of own funds to the balance sheet, 31 December 2016

EURm	Nordea Kredit Realkreditaktieselskab	Row in transitional own funds template (Table B2)
Assets		
Intangible assets	0	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		
Liabilities		
Deferred tax liabilities		
– of which: Deductible deferred tax liabilities associated with deferred tax assets that rely on future profitability and do not arise from temporary differences		10
Subordinated liabilities	296	
– 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	296	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	231	1
Share premium reserve		
– of which: Capital instruments and the related share premium accounts		1
– of which: Retained earnings		2
Other reserves	2	
– of which: Retained earnings	0	2
– of which: Accumulated other comprehensive income	2	3
– of which: Fair value reserves related to gains or losses on cash flow hedges		11
Retained earnings net of proposed dividend	2,498	
– of which: Profit/loss for the year	0	5a
– of which: Retained earnings	2,498	2
– of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

Table B2 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
Common Equity Tier 1 capital: instruments and reserves			
1 Capital instruments and the related share premium accounts	231	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: Share Capital	231	EBA list 26 (3)	
2 Retained earnings	2,498	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	2	26 (1)	
3a Funds for general banking risk		26 (1) (f)	
4 Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from 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	0	26 (2)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,731		
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			
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 472 (5)	
11 Fair value reserves related to gains or losses on cash flow hedges		33 (a)	
12 Negative amounts resulting from the calculation of expected loss amounts	-26	36 (1) (d), 40, 159, 472 (6)	17
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		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			
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)	
22 Amount exceeding the 15% threshold (negative amount)		48 (1)	

Table B2, 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
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			
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)	–9	36 (1) (j)	
28	Total regulatory adjustments to Common equity Tier 1 (CET1)	–35		17
29	Common Equity Tier 1 (CET1) capital	2,696		17
Additional Tier 1 (AT1) capital: instruments				
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	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)			

Table B2, 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)	-9
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	Total regulatory adjustments to Additional Tier 1 (AT1) capital		
44	Additional Tier 1 (AT1) capital		
45	Tier 1 capital (T1 = CET1 + AT1)	2,696	
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	296	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	2	62 (c) & (d)
51	Tier 2 (T2) capital before regulatory adjustments	298	
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)		

Table B2, 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
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	–9	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	–9	
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	–9	
58	Tier 2 (T2) capital	289	
59	Total capital (TC = T1 + T2)	2,985	
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	Total risk weighted assets	8,468	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	31.8%	92 (2) (a), 465
62	Tier 1 (as a percentage of risk exposure amount)	31.8%	92 (2) (b), 465
63	Total capital (as a percentage of risk exposure amount)	35.3%	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)	1.4%	CRD 128, 129, 130
65	of which: capital conservation buffer requirement	0.6%	
66	of which: countercyclical buffer requirement	0.0%	
67	of which: systemic risk buffer requirement	0.8%	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	25.8%	CRD 128
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		

Table B2, 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
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4) 66 (c), 69, 70, 477 (4)	
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48, 470, 472 (11)	
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)	0	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)	7,927	62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	48	62	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) & (5)	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)	
82	Current cap on AT1 instruments subject to phase out arrangements		484 (4), 486 (3) & (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)	
84	Current cap on T2 instruments subject to phase out arrangements		484 (5), 486 (4) & (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)	

Table B3.1 Geographical distribution and amount of institution-specific countercyclical capital buffer (CCyB)

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	020	030	040	050	060	070	080	090	100	110	120
	CH		2					0			0	0.0%	
	DE		4					0			0	0.0%	
	DK	3	47,947					632			632	99.6%	
	FR		0					0			0	0.0%	
	GB		0					0			0	0.0%	
	GL		1					0			0	0.0%	
	IS		1					0			0	0.0%	
	LU		8					0			0	0.0%	
	NL		1					0			0	0.0%	
	NO		0					0			0	0.0%	1.5
	PL		5					0			0	0.0%	
	SE		89					2			2	0.3%	1.5
	SK		1					0			0	0.0%	
	UA		0					0			0	0.0%	
	US		4					0			0	0.0%	
	ZM		0					0			0	0.0%	
020	Total	3	48,063					634			634	100.0%	

Table B3.2 - 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 B4.1 LRSum: Summary reconciliation of accounting assets and leverage ratio exposures, 31 December 2016

EURm	Applicable Amounts
1	Total assets as per published financial statements
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)
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
8	Total leverage ratio exposure

Table B4.2 LRCom: Leverage ratio common disclosure

		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)	54,691
2	(Asset amounts deducted in determining Tier 1 capital)	-53
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	54,638
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	27
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	24
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)	51
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	4,323
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-261
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)	4,061
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	216
18	(Adjustments for conversion to credit equivalent amounts)	-136
19	Total other off-balance sheet exposures (sum of lines 17 to 18)	80
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429 (7) of Regulation (EU) No 575/2013 (on and off balance sheet))	
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	
Capital and total exposures		
20	Tier 1 capital	2,696
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	58,830
Leverage ratio		
22	Leverage ratio	4.6%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429 (11) of Regulation (EU) NO 575/2013	

Table B4.3 LRQua: Free format text boxes for disclosure on qualitative items

1	Description of the processes used to manage the risk of excessive leverage	Nordea has policies and processes in place for the identification, management and monitoring of the risk of excessive leverage. The leverage ratio is also part of Nordea's risk appetite framework.
2	Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers	The leverage ratio has remained flat during the period, with an increase in Tier 1 Capital being offset by an exposure increase.

Table B5 Minimum capital requirements and REA, 31 December 2016

EURm	31 December 2016		31 December 2015	
	Minimum capital requirement	REA	Minimum capital requirement	REA
Credit risk	634	7,931	676	8,451
– of which counterparty credit risk			0	0
IRB	634	7,927	675	8,441
– of which corporate	293	3,657	327	4,093
– of which advanced	293	3,657	327	4,093
– of which foundation				
– of which institutions			0	0
– of which retail	338	4,226	343	4,284
– of which secured by immovable property	318	3,972	318	3,970
– of which other retail	19	239	25	314
– of which SME	1	14	1	16
– of which other	3	44	5	63
Standardised	0	4	1	10
– of which central governments or central banks	0	0	0	0
– of which regional governments or local authorities	0	1		
– of which public sector entities				
– of which multilateral development banks				
– of which international organisations				
– of which institutions			0	0
– of which corporate				
– of which retail				
– of which secured by mortgages on immovable property				
– 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	0	3	0	3
– of which other items			1	6
Credit Value Adjustment risk				
Market risk				
– of which trading book, Internal Approach				
– of which trading book, Standardised Approach				
– of which banking book, Standardised Approach				
Operational risk	38	476	34	428
Standardised	38	476	34	428
Additional risk exposure amount due to Article 3 CRR	5	62	10	125
Sub total	677	8,468	720	9,004
Additional capital requirement due to Basel I floor ¹	1,200	14,996	1,130	14,131
Total	1,877	23,464	1,851	23,135

Table B6 Original exposures, split by exposure class, including average exposure during the year, 31 December 2016

EURm	Original exposure	Average exposure
IRB exposure classes		
Institution		
Corporate	15,931	16,168
– of which Advanced	15,931	16,168
Retail	36,793	36,658
– of which secured by immovable property	34,483	34,226
– of which other retail	2,239	2,359
– of which SME	71	72
Other non-credit obligation assets	44	48
Total IRB approach	52,768	52,874
Standardised exposure classes		
Central government and central banks	2,007	1,674
Regional governments and local authorities	3	2
Institution	216	358
Corporate		
Retail		
Exposures secured by real estate		
Other ¹⁾	3	4
Total standardised approach	2,229	2,037
Total	54,997	54,911

¹⁾ Includes exposures classes equity and other items.

Table B7 Exposure split by exposure class and by geography, 31 December 2016

EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Russia	US	Other	Total
IRB exposure classes										
Institution										
Corporate	12,823	12,734		0	89			4	23	12,850
– of which Advanced	12,823	12,734		0	89			4	23	12,850
Retail	35,170	35,170		0					0	35,170
– of which secured by immovable property	34,440	34,440								34,440
– of which other retail	667	667								667
– of which SME	62	62		0					0	62
Other non-credit obligation assets	44	44								44
Total IRB approach	48,036	47,947		0	89			4	23	48,063
Standardised exposure classes										
Central governments and central banks	2,028	2,028								2,028
Regional governments and local authorities	27	27								27
Institution ¹⁾	4,807	4,807								4,807
Corporate										
Retail										
Exposures secured by real estate										
Other ¹⁾	3	3								3
Total standardised approach	6,866	6,866								6,866
Total	54,902	54,813		0	89			4	23	54,929

¹⁾ Includes exposure class equity.

Table B8 Exposure split by industry group and by main exposure class, 31 December 2016

EURm	IRB approach				Other non-credit obligation assets
	Institution	Corporate	– of which SME	Retail	
Construction and engineering		211	167	4	
Consumer durables (cars, appliances, etc.)		43	16	0	
Consumer staples (food, agriculture, etc.)		4,047	3,897	8	
Energy (oil, gas, etc.)					
Health care and pharmaceuticals		98	86	2	
Industrial capital goods		49	32	0	
Industrial commercial services		427	290	4	
IT software, hardware and services		20	11	0	
Media and leisure		285	101	1	
Metals and mining materials		4	3		
Other financial institutions		359	138	4	
Other materials (chemical, building materials, etc.)		73	37	1	
Other, public and organisations		319	186	35,118	44
Paper and forest materials		94	88	0	
Real estate management and investment		5,966	4,270	23	
Retail trade		289	141	4	
Shipping and offshore		0	0		
Telecommunication equipment		0			
Telecommunication operators					
Transportation		80	32	0	
Utilities (distribution and production)		485	87	0	
Total exposure		12,850	9,582	35,170	44

Table B9 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
IRB exposure classes					
Institution					
Corporate	15,931	12,850	3,264	12,562	20.8%
- of which Advanced	15,931	12,850	3,264	12,562	20.8%
Retail	36,793	35,170	1,581	34,418	16.6%
- of which secured by immovable property	34,483	34,440		34,358	16.1%
- of which other retail	2,239	667	1,572		43.2%
- of which SME	71	62	9	59	16.7%
Other non-credit obligation assets	44	44	0	0	n.a.
Total IRB approach	52,768	48,063	4,844	46,980	
Standardised exposure classes					
Central governments and central banks	2,007	2,028			
Regional governments and local authorities	3	27			
Institution	216	4,807			
Corporate					
Retail					
Exposures secured by real estates					
Other ¹⁾	3	3			
Total standardised approach	2,229	6,866			
Total	54,997	54,929	4,844	46,980	

1) Includes exposure class equity.

Table B10 Distribution of collateral, 31 December 2016

	%
Financial collateral	
Receivables	
Residential real estate	74.8%
Commercial real estate	25.2%
Other physical collateral	
Total	100.0%

Table B11 Residual maturity broken down by exposure classes, 31 December 2016

EURm	< 1 year	1–3 years	3–5 years	>5 years	Total exposure
IRB exposure classes					
Institution					
Corporate	142	57	97	12,554	12,850
– of which Advanced	142	57	97	12,554	12,850
Retail	523	197	52	34,397	35,170
– of which secured by immovable property	477	188	50	33,725	34,440
– of which other retail	45	9	1	612	667
– of which SME	1	0	0	60	62
Other non-credit obligation assets	31			13	44
Total IRB approach	695	254	149	46,965	48,063
Standardised exposure classes					
Central governments and central banks		2	17	2,009	2,028
Regional governments and local authorities			0	27	27
Institution	51	17	11	4,728	4,807
Corporate					
Retail					
Exposures secured by real estates					
Other ¹⁾				3	3
Total standardised approach	51	19	29	6,767	6,866
Total exposure	746	273	177	53,732	54,929

¹⁾ Includes exposure class equity.

Table B12 Exposure, impaired exposures, past due exposures and allowances, split by industry, 31 December 2016

EURm	Impaired loans	Past due exposures	Credit risk adjustments ¹⁾	– of which charges during the reporting period
Construction and engineering	49			
Consumer durables (cars, appliances, etc.)	3			
Consumer staples (food, agriculture, etc.)	475			
Energy (oil, gas, etc.)				
Financial institutions	18			
Health care and pharmaceuticals	7			
Industrial capital goods	1			
Industrial commercial services, etc.	61			
IT software, hardware and services	16			
Media and leisure	10			
Metals and mining materials				
Other materials (chemical, building materials, etc.)	5			
Other, public and organisations	1			
Paper and forest materials	3			
Real estate management and investment	173			
Retail trade	46			
Shipping and offshore	0			
Telecommunication equipment				
Telecommunication operators	0			
Transportation	12			
Utilities (distribution and production)	1			
Total in banking operations	882		42	-12

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

Table B13 Original 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	54,969	1,461	226
– of which Denmark	54,843	1,461	226
– of which Finland			
– of which Norway	0		
– of which Sweden	126		
Baltic countries			
Russia			
USA	4		
Other	24		
Total	54,997	1,461	226

Table B14 Reconciliation of allowance accounts for impaired loans

EURm	Specific credit risk adjustments ¹⁾		Total
	Individually assessed	Collectively assessed	
Opening balance, 1 Jan 2016	48	6	54
Changes through the income statement	22	–3	19
– of which Provisions	44	3	46
– of which Reversals	–22	–6	–27
Allowances used to cover write-offs	–32		–32
Currency translation differences	0	0	0
Closing balance, 31 Dec 2016	39	3	42

¹⁾ Nordea Kredit Realkreditaktieselskab 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.