

Nordea



Capital and Risk Management Report 2017

Appendix C
Nordea Mortgage Bank Plc

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Table C1 Mapping of own funds to the balance sheet

EURm	Nordea Mortgage Bank	Row in transitional own funds template (Table A2)
Assets		
Intangible assets		
- of which: Goodwill and other intangible assets		8
Deferred tax assets	14	
- 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		
- of which: Deductible deferred tax liabilities associated with deferred tax assets that rely on future profitability and do not arise from temporary differences		10
Subordinated liabilities		
- of which: AT1 Capital instruments and the related share premium accounts	201	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	200	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	250	1
Share premium reserves		
- of which: Capital instruments and the related share premium accounts		1
- of which: Retained earnings		2
Other reserves		
- of which: Retained earnings	-3	2
- of which: Accumulated other comprehensive income	-3	3
- of which: Fair value reserves related to gains or losses on cash flow hedges	3	11
Retained earnings net of proposed dividend		
- of which: Profit/loss for the year	828	5a
- of which: Retained earnings	828	2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

Table C2 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	250	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: Instrument type 1	250	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	828	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-3	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		26 (2)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,075		
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	3	33 (a)	
12 Negative amounts resulting from the calculation of expected loss amounts	-33	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)	

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
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)	

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
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)	-32		
29 Common Equity Tier 1 (CET1) capital	1,043		
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)	

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
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 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			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)			1,043

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
Tier 2 (T2) capital: instruments and provisions			
46 Capital instruments and the related share premium accounts	200		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	5		62 (c) & (d)
51 Tier 2 (T2) capital before regulatory adjustments	205		
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)

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
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 Of which shortfall		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
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 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		475, 475 (2) (a), 475 (3), 475 (4) (a)	
56c Amount to be deducted from or added to Tier 2 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
57 Total regulatory adjustments to Tier 2 (T2) capital			
58 Tier 2 (T2) capital	205		
59 Total capital (TC = T1 + T2)	1,247		
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 575/2013residual 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) Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013residual 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)		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	
		475, 475 (2) (b), 475 (2) (c), 475 (4) (b)	

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
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	3,184		
Capital ratios and buffers			
61 Common Equity Tier 1 (as a percentage of risk exposure amount)	32.7%	92 (2) (a), 465	
62 Tier 1 (as a percentage of risk exposure amount)	32.7%	92 (2) (b), 465	
63 Total capital (as a percentage of risk exposure amount)	39.2%	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)	2.5%	CRD 128, 129, 130	
65 of which: capital conservation buffer requirement	2.5%		
66 of which: countercyclical buffer requirement	0.0%		
67 of which: systemic risk buffer requirement			
67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer			CRD 131
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	26.7%		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)			
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)	

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
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)	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)	5		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		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 C3 Countercyclical capital buffer

EURm	exposures		Trading book exposures		Own funds requirement			Own funds requirement weight (%)	Counter-cyclical buffer rate (%)
	SA ¹⁾	IRB ²⁾ approach	SA ¹⁾	Internal models approach	General credit exposures	Trading book exposures	Securitisatio n exposures		
Countries with existing CCyB rate									
Czech Republic		1			0			0.0	0.5
Hong Kong		4			0			0.0	1.3
Iceland		1			0			0.0	1.3
Norway		19			0			0.1	2.0
Slovakia		0			0			0.0	0.5
Sweden		82			1			0.4	2.0
Sub-total		106			1			0.5	
Countries with own funds requirements weight 1% or above and no existing CCyB rate									
Finland		23,245			206		206	98.1	
Sub-total		23,245			206		206	98.1	
Countries with own funds requirement below 1% and no existing CCyB rate									
Sub-total		314			3		3	1.4	
Total		23,665			210		210	100.0	0.0%

1) Standardised approach

2) Internal ratings based

Table C4 Leverage ratio disclosure templates**Table C4.1 LRSum: Summary reconciliation of accounting assets and leverage ratio exposures**

EURm	Applicable Amounts
1 Total assets as per published financial statements	25,025
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of	
3 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting	
4 Adjustments for derivative financial instruments	49
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)	101
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	-32
8 Total leverage ratio exposure	25,143

Table C4.2 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)	24,490
2 (Asset amounts deducted in determining Tier 1 capital)	-32
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	24,457
Derivative exposures	
4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	420
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	165
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)	585

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	210
18	(Adjustments for conversion to credit equivalent amounts)	-109
19	Other off-balance sheet exposures (sum of lines 17 to 18)	101

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	1,043
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	25,143

Leverage ratio

22	Leverage ratio	4.1%
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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 C4.3 LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	CRR leverage ratio exposures
EU-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	24,490
EU-2 Trading book exposures	
EU-3 Banking book exposures, of which:	24,490
EU-4 Covered bonds	
EU-5 Exposures treated as sovereigns	218
EU-6 Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	
EU-7 Institutions	648
EU-8 Secured by mortgages of immovable properties	19,651
EU-9 Retail exposures	2,227
EU-10 Corporate	1,551
EU-11 Exposures in default	193
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	2

Table C4.4 LRQua: Free format text boxes for disclosure on qualitative items**1 Description of the processes used to manage the risk of excessive leverage**

Nordea has policies and processes in place for the identification, management and monitoring of the excessive leverage. The leverage ratio is also part of Nordea's risk appetite framework.

2 Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers**Q4-Q4**

The leverage ratio remained stable at 4.1% in Q4 2017 compared to Q4 2016. A decrease in derivatives and on-balance exposures was offset by increased off-balance exposures and decreased Tier 1 capital.

Q3-Q4

The leverage ratio decreased from 4.3% in Q3 2017 to 4.1% in Q4 2017. The decreased leverage ratio was predominantly driven by increased on-balance exposures.

Table C5 EU OV1: Overview of REA

EURm	REA			Minimum capital requirements
	31 Dec 2017	30 Sep 2017	31 Dec 2016	31 Dec 2017
Credit risk (excluding CCR)	2,769	2,636	2,279	222
Standardised approach (SA) ¹	144	52	111	11
Foundation IRB (FIRB) approach	5	8		0
Advanced IRB (AIRB) approach	2,621	2,576	2,168	210
- of which AIRB	221	221	175	18
- of which Retail IRB	2,400	2,355	1,993	192
Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk	117	120	180	9
Marked to market ²	117	120	180	9
Original exposure				
Standardised approach				
Internal model method (IMM)				
Financial collateral simple method (for SFTs)				
Exposure amount for contributions to the default fund of a CCP				
CVA				
Settlement risk				
Securitisation exposures in banking book (after the cap)				
IRB supervisory formula approach (SFA)				
Market risk				
Standardised approach (SA)				
IMA				
Large exposures				
Operational risk	298	298	298	24
Standardised Approach	298	298	298	24
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Article 3 CRR Buffer			13	
Pillar 1 total	3,184	3,054	2,770	255
Floor adjustment	7,538	7,665	8,158	603
Regulatory total	10,722	10,719	10,929	858

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

2) Excludes exposures to CCPs.

Table C6 Original exposure by exposure class, 31 December 2017

EURm	Original exposure	Average exposure
IRB exposure classes		
Sovereign	204	716
Institution		
Corporate	1,628	1,587
- of which Advanced	1,628	1,587
Retail	22,120	21,905
- of which secured by immovable property	19,419	19,391
- of which other retail	2,207	2,021
- of which SME	494	493
Other non-credit obligation assets	2	1
Total IRB approach	23,955	24,208
Standardised exposure classes		
Central government and central banks	14	64
Regional governments and local authorities		
Institution	1,233	1,029
Corporate		
Retail		
Exposures secured by real estate		
Other		
Total standardised approach	1,247	1,092
Total	25,201	25,300

Table C7 Exposure split by exposure class and by geography, 31 December 2017

EURm	Finland	Other	Total
IRB exposure classes			
Sovereign	215		215
Institution		0	0
Corporate	1,584		1,584
- of which Advanced	1,584		1,584
Retail	21,658	420	22,078
- of which secured by immovable property	19,020	380	19,400
- of which other retail	2,144	40	2,184
- of which SME	494		494
Other non-credit obligation assets	2		2
Total IRB approach	23,460	420	23,880
Standardised exposure classes			
Central governments and central banks	14		14
Regional governments and local authorities			
Institution	648	585	1,233
Corporate			
Retail			
Exposures secured by real estate			
Other			
Total standardised approach	662	585	1,247
Total exposure	24,122	1,005	25,127

Table C8 Exposure split by industry group and by main exposure class, 31 December 2017

EURm	IRB approach					Other non credit obligation assets
	Sovereign	Institution	Corporate	- of which SME	Retail	
Construction and engineering			9	8	4	
Consumer durables (cars, appliances, etc.)					0	
Consumer staples (food, agriculture etc.)			2	2	0	
Energy (oil, gas, etc.)						
Health care and pharmaceuticals			22	19	4	
Industrial capital goods			0	0	0	
Industrial commercial services			12	11	7	
IT software, hardware and services			0	0	1	
Media and leisure			5	5	2	
Metals and mining materials						
Other financial institutions		0	10	9	2	
Other materials (chemical, building materials, etc.)			0		0	
Other, public and organisations	215		2	2	21,584	2
Paper and forest materials			0	0	0	
Real estate management and investment			1,517	1,398	473	
Retail trade			2	2	1	
Shipping and offshore						
Telecommunication equipment						
Telecommunication operators			0	0		
Transportation			2	2	1	
Utilities (distribution and production)			0	0	0	
Total exposure	215	0	1,584	1,458	22,078	2

Table C9 Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class, 31 December 2017

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	204	215		16	44.7%
Institution		0			45.0%
Corporate	1,628	1,584	22	1,524	21.9%
- of which Advanced	1,628	1,584	22	1,524	21.9%
Retail	22,120	22,078	297	20,092	14.6%
- of which secured by immovable prop	19,419	19,400		19,400	13.8%
- of which other retail	2,207	2,184	295	211	20.6%
- of which SME	494	494	2	481	17.9%
Other non-credit obligation assets	2	2	0	2	n.a.
Total IRB approach	23,955	23,880	319	21,633	15.3%
Standardised exposure classes					
Central government and central banks	14	14			
Regional governments and local authorit					
Institution	1,233	1,233			
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach	1,247	1,247			
Total	25,201	25,127	319	21,633	

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

Table C10 Distribution of collateral

	31 December 2017	31 December 2016
Financial collateral	0.7%	0.4%
Receivables		
Residential real estate	98.3%	99.3%
Commercial real estate	0.7%	0.2%
Other physical collateral	0.3%	0.1%
Total	100.0%	100.0%

Table C11 Residual maturity broken down by exposure classes, 31 December 2017

EURm	< 1 year	1-3 years	3-5 years	>5 years	Total exposure
IRB exposure classes					
Sovereign	35	1	7	172	215
Institution				0	0
Corporate	36	49	57	1,443	1,584
- of which Advanced	36	49	57	1,443	1,584
Retail	198	529	872	20,479	22,078
- of which secured by immovable property	156	446	751	18,047	19,400
- of which other retail	34	46	58	2,046	2,184
- of which SME	7	37	63	387	494
Other non-credit obligation assets	0	0	0	2	2
Total IRB approach	268	579	936	22,096	23,880
Standardised exposure classes					
Central government and central banks				14	14
Regional governments and local authorities					
Institution				1,233	1,233
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach				1,247	1,247
Total	268	579	936	23,343	25,127

Table C12 Liquidity Coverage Ratio

	Total weighted value (average)			
EURm	31 Apr 2017	31 Jun 2017	30 Sep 2017	31 Dec 2017
Liquidity buffer	235	473	404	386
Total net cash outflows	7	223	169	169
Liquidity coverage ratio	12724%	9775%	9856%	6656%
Number of data points used in the calculation of averages	6	9	12	12