

Nordea



Capital and Risk Management Report 2019

Appendix C
Nordea Mortgage Bank Plc

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Table 1 Mapping of own funds to the balance sheet

EURm	Nordea Mortgage Bank	Row in transitional own funds template
Assets		
Intangible assets		
- of which: Goodwill and other intangible assets		8
Deferred tax assets		
- of which: Deferred tax assets that rely on future profitability excluding those arising from temporary differences	9	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		2
- of which: Accumulated other comprehensive income	15	3
- of which: Fair value reserves related to gains or losses on cash flow hedges	-15	11
Retained earnings net of proposed dividend		
- of which: Profit/loss for the year	120	5a
- of which: Retained earnings	750	2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

Table 2 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	750	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	15	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	120	26 (2)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,135		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7 Additional value adjustments (negative amount)		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	-15	33 (a)	
12 Negative amounts resulting from the calculation of expected loss amounts	-36	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	-1	33 (b)	
15 Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)	
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17 Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	

18 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
19 Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20 Empty Set in the EU	NA
20a Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	36 (1) (k)
20b of which: qualifying holdings outside the financial sector (negative amount)	36 (1) (k) (i), 89 to 91
20c of which: securitisation positions (negative amount)	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d of which: free deliveries (negative amount)	36 (1) (k) (iii), 379 (3)
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22 Amount exceeding the 15% threshold (negative amount)	48 (1)
23 of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	36 (1) (i), 48 (1) (b), 470, 472 (11)
24 Empty Set in the EU	NA
25 of which: deferred tax assets arising from temporary differences	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a Losses for the current financial year (negative amount)	36 (1) (a), 472 (3)
25b Foreseeable tax charges relating to CET1 items (negative amount)	36 (1) (l)
26 Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	
Of which: ...filter for unrealised loss on AFS debt instruments	467
Of which: ...filter for unrealised loss 2	467
Of which: ...filter for unrealised gain on AFS debt instruments	468
Of which: ...filter for unrealised gain 2	468
26b Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	481
Of which: ...	481
27 Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	36 (1) (j)
28 Total regulatory adjustments to Common equity Tier 1 (CET1)	-51
29 Common Equity Tier 1 (CET1) capital	1,083

Additional Tier 1 (AT1) capital: instruments

30 Capital instruments and the related share premium accounts	51, 52
31 of which: classified as equity under applicable accounting standards	
32 of which: classified as liabilities under applicable accounting standards	
33 Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	486 (3)
Public sector capital injections grandfathered until 1 January 2018	483 (3)
34 Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	85, 86, 480
35 of which: instruments issued by subsidiaries subject to phase out	486 (3)
36 Additional Tier 1 (AT1) capital before regulatory adjustments	

Additional Tier 1 (AT1) capital: regulatory adjustments

37 Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	52 (1) (b), 56 (a), 57, 475 (2)
38 Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	56 (b), 58, 475 (3)
39 Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	56 (c), 59, 60, 79, 475 (4)
40 Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)	56 (d), 59, 79, 475 (4)
41 Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	
41a Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
Of which shortfall	
41b Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	477, 477 (3), 477 (4) (a)
Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc	

41c Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481
Of which: ...possible filter for unrealised losses		467
Of which: ...possible filter for unrealised gains		468
Of which: ...		481
42 Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital		
44 Additional Tier 1 (AT1) capital		
45 Tier 1 capital (T1 = CET1 + AT1)	1,083	

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)
56 Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	

56a Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013 472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)

Of which shortfall

56b Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013 475, 475 (2) (a), 475 (3), 475 (4) (a)

Of which items to be detailed line by line, e.g. reciprocal cross holdings in at1 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc

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

Of which: ...possible filter for unrealised losses 467

Of which: ...possible filter for unrealised gains 468

Of which: ... 481

57 Total regulatory adjustments to Tier 2 (T2) capital

58 Tier 2 (T2) capital 205

59 Total capital (TC = T1 + T2) 1,288

59a Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)

Of which: ...items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) 472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)

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

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

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

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

(items to be detailed line by line, e.g. Indirect holdings of own t2 instruments, indirect holdings of non significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)

60 Total risk weighted assets 4,613

Capital ratios and buffers

61	Common Equity Tier 1 (as a percentage of risk exposure amount)	23.5%	92 (2) (a), 465
62	Tier 1 (as a percentage of risk exposure amount)	23.5%	92 (2) (b), 465
63	Total capital (as a percentage of risk exposure amount)	27.9%	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)	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)	17.5%	CRD 128
69	[non relevant in EU regulation]	NA	
70	[non relevant in EU regulation]	NA	
71	[non relevant in EU regulation]	NA	

Amounts below the thresholds for deduction (before risk weighting)

72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4) 66 (c), 69, 70, 477 (4)
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48, 470, 472 (11)
74	Empty Set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	9	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	21	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 3 Countercyclical capital buffer

EURm	General credit risk exposures		Trading book exposures			Own funds requirement		Own funds requirement weight (%)	Countercyclical buffer rate (%)
	SA ¹	IRB ² approach	SA	Internal models approach	General credit exposures	Trading book exposures	Securitisati on exposures		
Countries with existing CCyB rate									
Czech Republic									1.5%
Denmark		8							1.0%
France		11							0.3%
United Kingdom		30						0.1%	1.0%
Hong Kong		2							2.0%
Ireland		2							1.0%
Iceland									1.8%
Lithuania		1							1.0%
Norway		11						0.1%	2.5%
Sweden		55			1		1	0.4%	2.5%
Bulgaria									0.5%
Slovakia									1.5%
Sub-total		121			2		2	0.7%	
Countries with own funds requirements weight 1% or above and no existing CCyB rate									
Finland	26,465			273			273	98.5%	
Sub-total	26,465			273			273	98.5%	
Countries with own funds requirement below 1% and no existing CCyB rate									
Sub-total	222			2			2	0.8%	
Total	26,808			277			277	100%	

¹ Standardised approach

² Internal ratings based

Table 4 Leverage ratio disclosure templates

LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

EURm	Applicable Amounts
1 Total assets as per published financial statements	30,022
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	78
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)	162
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	-51
8 Total leverage ratio exposure	30,211

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)	29,310
2 (Asset amounts deducted in determining Tier 1 capital)	-51
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	29,259
Derivative exposures	
4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	554
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	236
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)	
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)	790

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	334
18	(Adjustments for conversion to credit equivalent amounts)	-172
19	Other off-balance sheet exposures (sum of lines 17 to 18)	162

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	1,083
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	30,211

Leverage ratio

22	Leverage ratio	3.6%
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Choice on transitional arrangements and amount of derecognised fiduciary items

22	Leverage ratio	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	

LRSpI: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

EURm	CRR leverage ratio exposures	
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	29,310
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	29,310
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	1,704
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	
EU-7	Institutions	693
EU-8	Secured by mortgages of immovable properties	21,780
EU-9	Retail exposures	3,318
EU-10	Corporate	1,509
EU-11	Exposures in default	303
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	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 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 decreased from 4% in Q4 2018 to 3.6% in Q4 2019.

The worsened leverage ratio was mainly driven by increased on-balance exposures.

Table 5 EU OV1: Overview of REA

EURm	REA		Minimum capital requirement	
	2019	2018	2019	2018
Credit risk (excluding counterparty credit risk) (CCR)	3,486	3,287	279	263
Of which standardised approach (SA) ¹	23	196	2	16
Of which foundation IRB (FIRB) approach	3	38		3
Of which advanced IRB approach	3,460	3,053	277	244
Of which AIRB	460	433	37	35
Of which Retail RIRB	3,001	2,620	240	210
Of which Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk		121		10
Of which Marked to market ²		121		10
Of which Original exposure				
Of which standardised approach				
Of which internal model method (IMM)				
Of which Financial collateral simple method (for SFTs)				
Of which Financial collateral comprehensive method (for SFTs)				
Of which exposure amount for contributions to the default fund of a CCP				
Of which CVA				
Settlement risk				
Securitisation exposures in banking book (after the cap)				
Of which IRB supervisory formula approach (SFA)				
Market risk				
Of which standardised approach (SA)				
Of which IMA				
Large exposures				
Operational risk	287	273	23	22
Of which Standardised Approach	287	273	23	22
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Additional risk exposure amount related to Finnish RW floor due to Article 458 CRR	835	660	67	53
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR	5	7		1
Article 3 CRR Buffer				
Pillar 1 total	4,613	4,348	369	348

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

² Excludes exposures to CCPs.

Table 6 Original exposure by exposure class, end of year
2019, EURm

	Original exposures	Average exposures
IRB approach		
Central governments or central banks		
Institutions		1
Corporates	1,549	1,566
of which Specialised Lending		
of which SME	1,390	1,402
Retail	25,532	24,307
of which Secured by real estate property	22,163	21,326
of which SME	478	482
of which Non-SME	21,685	20,844
of which Other Retail	3,369	2,981
of which SME	12	11
of which Non-SME	3,357	2,970
Equity		
Other non-credit obligation assets	3	1
Total IRB approach	27,084	25,876
Standardised approach		
Central governments or central banks	1,704	1,007
Regional governments or local authorities		
Public sector entities		
Multilateral Development Banks		
International Organisations		
Institutions	1,482	1,593
Corporates		
- of which SME		
Retail		
- of which SME		
Secured by mortgages on immovable property		
- of which SME		
Exposures in default		
Items associated with particularly high risk		
Covered bonds		
Claims on institutions and corporates with a short-term credit assessment		
Collective investments undertakings (CIU)		
Equity exposures		
Other exposures		
Total standardised approach	3,187	2,600
Total	30,271	28,476
- of which loans	27,419	26,215
- of which debt securities		
- of which off-balance sheet exposures	334	284

Table 7 Exposure split by exposure class and by geography

EURm	Nordic countries	Baltic countries	Russia	US	Other	Total
IRB exposure classes						
Sovereign						
Institution						
Corporate	1,526					1,526
- of which Advanced	1,526					1,526
Retail	25,011	14	4	39	213	25,279
- of which secured by immovable property	21,422	11	3	34	180	21,651
- of which other retail	3,099	3	1	5	32	3,139
- of which SME	490					490
Other non-credit obligation assets	3					3
Total IRB approach	26,539	14	4	39	213	26,808
Standardised exposure classes						
Central governments and central banks	1,856					1,856
Regional governments and local authorities	17					17
Institution	1,482					1,482
Corporate						
Retail						
Exposures secured by real estate						
Other						
Total standardised approach	3,355					3,355
Total exposure	29,894	14	4	39	213	30,163

Table 8 Exposure split by industry group and by main exposure class, 31 December 2019

EURm	IRB approach				Retail	Other non credit obligation assets
	Sovereign	Institution	Corporate	- of which SME		
Animal husbandry						
Capital goods						
Commercial & prof. services			4	4	2	
Construction			5	5	2	
Consumer durables						
Consumer staples (food and health care)			9	9	2	
Crops etc			1	1		
Financial institutions			6	5	1	
Fishing and aquaculture						
Land transportation and IT			1	1	1	
Maritime (shipping)						
Materials						
Media, leisure and telecom			3	3	1	
Oil, gas and offshore						
Paper, forest and mining						
Real estate commercial properties			215	163	7	
Real estate residential properties			1,278	1,187	472	
Retail trade					1	
Utilities and public services			2	2	1	
Wholesale trade						
Other					24,788	3
Total exposure			1,526	1,381	25,279	3

Table 9 Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class

EURm	Original exposure	Exposure	- of which secured by guarantees and credit derivatives	- of which secured by collateral	Average weighted LGD ¹
IRB exposure classes					
Sovereign					
Institution					
Corporate	1,549	1,526	32	1,470	20.3%
- of which Advanced	1,549	1,526	32	1,470	20.3%
Retail	25,532	25,279	237	22,547	15.5%
- of which secured by immovable property	21,685	21,651		21,651	14.6%
- of which other retail	3,357	3,139	235	418	21.7%
- of which SME	491	490	1	478	17.5%
Other non-credit obligation assets	3	3			n.a.
Total IRB approach	27,084	26,808	269	24,016	15.8%
Standardised exposure classes					
Central government and central banks	1,704	1,856			
Regional governments and local authorities		17			
Institution	1,482	1,482			
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach	3,187	3,355			
Total	30,271	30,163	269	24,016	

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

Table 10 Distribution of collateral

	31 Dec 2019	31 Dec 2018
Financial collateral	1.3%	1.8%
Receivables		
Residential real estate	97.5%	97.1%
Commercial real estate	0.8%	0.7%
Other physical collateral	0.5%	0.4%
Total	100.0%	100.0%

Table 11 Residual maturity broken down by exposure class:

EURm	<1 year	1-3 years	3-5 years	>5 years	Total exposure	
IRB exposure classes						
Sovereign						
Institution						
Corporate		12	48	40	1,426	1,526
- of which Advanced		12	48	40	1,426	1,526
Retail	421	595	912	23,352	25,279	
- of which secured by immovable property	303	492	765	20,090	21,651	
- of which other retail	112	67	91	2,867	3,139	
- of which SME	5	35	55	394	490	
Other non-credit obligation assets				3	3	
Total IRB approach	433	642	951	24,781	26,808	
Standardised exposure classes						
Central government and central banks	3	19	44	1,790	1,856	
Regional governments and local authorities		0	2	15	17	
Institution				1,482	1,482	
Corporate						
Retail						
Exposures secured by real estate						
Other						
Total standardised approach	3	19	45	3,288	3,355	
Total	436	662	997	28,069	30,163	

Table 12 Exposure, impaired exposures, past due exposures and

EURm	Impaired loans (stage 3)	Past due exposures	Credit risk adjustments ¹	- of which charges during the reporting period
Households	232	272	-10	36
Non financial corporations	9	16	-1	0
Other	0	0	0	0
Total in banking operations	241	288	-12	36

¹ For stages 1,2 and 3

Table 13 Exposure, impaired exposures, past due exposures and allowances, split by significant geographic area

EURm	Original exposure	Impaired loans (stage 3)	Past due exposures
Finland	29,924	238.6	284.9
Sweden	56	0	0
Other	291	2	2
Total	30,271	241	288

Table 14 Reconciliation of allowance accounts

EURm	Specific credit risk adjustments ¹		Total
	Individually assessed, stage 3	Collectively assessed, stage 1&2	
Opening balance according to IFRS9	-16	-32	-48
Changes through the income statement	4	7	11
- Of which Provisions	0	0	0
- Of which Reversals	0	0	0
- Of which Net model effect	4	7	11
Allowances used to cover write-offs	0	0	0
Other changes/Currency translation differences ²	7	18	25
Closing balance	-5	-6	-12

¹ On balance

² Other changes is covering changes through the equity corresponds to former IFRS 9 provisions recognised on 2018 opening balance. The previous impact on equity has been reversed (EUR 25m).

Table 15 Liquidity coverage ratio

EURm	Total weighted value (average)			
	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019
Liquidity buffer	637	621	721	572
Total net cash outflows	205	209	242	135
Liquidity coverage ratio	6767%	6752%	6196%	5769%
Number of data points used in the calculation of averages	12	12	12	12