

Nordea



Capital and Risk Management Report 2018

Appendix C

Nordea Mortgage Bank Plc

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C1 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	12	
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	201	
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	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	3	
of which: Retained earnings	0	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	925	
of which: Profit/loss for the year		5a
of which: Retained earnings	811	2
of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

C2 Transitional own funds disclosure template

EURm	(C) Amounts subject to pre-regulation treatment or prescribed residual amount of regulation, (EU) no 575/2013		
	(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	0	EBA list 26 (3)	
of which: Instrument type 3	0	EBA list 26 (3)	
2 Retained earnings ¹	811	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	0	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	0	486 (2)	
Public sector capital injections grandfathered until 1 January 2018	0	483 (2)	
5 Minority Interests (amount allowed in consolidated CET1)	0	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	1,064		
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)	0	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)	0	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	-9	36 (1) (d), 40, 159, 472 (6)	
13 Any increase in equity that results from securitised assets (negative amount)	0	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)	0	36 (1) (e), 41, 472 (7)	
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0	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)	0	36 (1) (g), 44, 472 (9)	

1) Includes non-restricted reserves

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)	0	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)	0	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	0	36 (1) (k)
20b of which: qualifying holdings outside the financial sector (negative amount)	0	36 (1) (k) (i), 89 to 91
20c of which: securitisation positions (negative amount)	0	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d of which: free deliveries (negative amount)	0	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)	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22 Amount exceeding the 15% threshold (negative amount)	0	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	0	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	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a Losses for the current financial year (negative amount)	0	36 (1) (a), 472 (3)
25b Foreseeable tax charges relating to CET1 items (negative amount)	0	36 (1) (l)
26 Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	0	
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	0	
Of which: ...filter for unrealised loss on AFS debt instruments	0	467
Of which: ...filter for unrealised loss 2	0	467
Of which: ...filter for unrealised gain on AFS debt instruments	0	468
Of which: ...filter for unrealised gain 2	0	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	0	481
Of which: ...	0	481
27 Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0	36 (1) (j)
28 Total regulatory adjustments to Common equity Tier 1 (CET1)	-15	
29 Common Equity Tier 1 (CET1) capital	1,050	

Additional Tier 1 (AT1) capital: instruments

30 Capital instruments and the related share premium accounts	0	51, 52
31 of which: classified as equity under applicable accounting standards	750	
32 of which: classified as liabilities under applicable accounting standards	-750	
33 Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	486 (3)
Public sector capital injections grandfathered until 1 January 2018	0	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	0	85, 86, 480
35 of which: instruments issued by subsidiaries subject to phase out	0	486 (3)
36 Additional Tier 1 (AT1) capital before regulatory adjustments	0	

Additional Tier 1 (AT1) capital: regulatory adjustments

37 Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	0	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)	0	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)	0	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)	0	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)	0	
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	0	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
Of which shortfall	0	
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	0	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	0	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)	0	56 (e)
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	
44 Additional Tier 1 (AT1) capital	0	
45 Tier 1 capital (T1 = CET1 + AT1)	1,050	

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	0	486 (4)
Public sector capital injections grandfathered until 1 January 2018	0	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	0	87, 88, 480
49 of which: instruments issued by subsidiaries subject to phase out	0	486 (4)
50 Credit risk adjustments	17	62 (c) & (d)
51 Tier 2 (T2) capital before regulatory adjustments	217	

Tier 2 (T2) capital: regulatory adjustments

52 Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	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)	0	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)	0	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)	0	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)	0	

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	0	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
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Of which shortfall	0
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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	0	475, 475 (2) (a), 475 (3), 475 (4) (a)
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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	0	467, 468, 481
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Of which: ...possible filter for unrealised losses	467
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Of which: ...possible filter for unrealised gains	468
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Of which: ...	481
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57 Total regulatory adjustments to Tier 2 (T2) capital	0
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58 Tier 2 (T2) capital	217
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59 Total capital (TC = T1 + T2)	1,266
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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)
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(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)
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(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)
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(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	4,348
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Capital ratios and buffers

61 Common Equity Tier 1 (as a percentage of risk exposure amount)	24.1%	92 (2) (a), 465
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62 Tier 1 (as a percentage of risk exposure amount)	24.1%	92 (2) (b), 465
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63 Total capital (as a percentage of risk exposure amount)	29.1%	92 (2) (c)
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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)	3.0%	CRD 128, 129, 130
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65 of which: capital conservation buffer requirement	2.5%	
66 of which: countercyclical buffer requirement	0.0%	
67 of which: systemic risk buffer requirement	0.0%	
67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.5%	CRD 131
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	19.6%	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)	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)	0	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)	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)	0	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)	17	62
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	19	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	0	484 (3), 486 (2) & (5)
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	484 (3), 486 (2) & (5)
82 Current cap on AT1 instruments subject to phase out arrangements	0	484 (4), 486 (3) & (5)
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	484 (4), 486 (3) & (5)
84 Current cap on T2 instruments subject to phase out arrangements	0	484 (5), 486 (4) & (5)
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	484 (5), 486 (4) & (5)

C3 Countercyclical capital buffer

EURm	General credit risk exposures		Trading book exposures		Own funds requirement			Total	Own funds requirement weight (%)	Counter-cyclical buffer rate (%)
	SA ¹	IRB ² approach	SA	Internal models approach	General credit exposures	Trading book exposures	Securitisation exposures			
Countries with existing CCyB rate										
Czech Republic		1			0			0	0.0%	1.0%
Hong Kong		3			0			0	0.0%	1.9%
Iceland		1			0			0	0.0%	1.3%
Lithuania		1			0			0	0.0%	0.5%
Norway		15			0			0	0.1%	2.0%
Slovakia										1.3%
Sweden		63			1			1	0.3%	2.0%
United Kingdom		34			0			0	0.2%	1.0%
Sub-total		117			1			1	0.5%	
Countries with own funds requirements weight 1% or above and no existing CCyB rate										
Finland		22,787			243			243	98.4%	
Sub-total		22,787			243			243	98.4%	
Countries with own funds requirement below 1% and no existing CCyB rate										
Sub-total		242			3			3	1.1%	
Total		23,147			247			247	100.0%	

1) Standardised approach

2) Internal ratings based

C4 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	26,392
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	607
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)	95
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	-525
8 Total leverage ratio exposure	26,568

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)	25,882
2 (Asset amounts deducted in determining Tier 1 capital)	-15
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	25,867
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)	187
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)	607

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 197
- 18 (Adjustments for conversion to credit equivalent amounts) -102

19 Other off-balance sheet exposures (sum of lines 17 to 18) 95

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 1,050
- 21 Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b) 26,568

Leverage ratio

22 Leverage ratio 3.95%

Choice on transitional arrangements and amount of derecognised fiduciary items

- EU-23 Leverage ratio Transitional
- EU-24 Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013

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

EURm	CRR leverage ratio exposures
EU-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	25,882
EU-2 Trading book exposures	
EU-3 Banking book exposures, of which:	25,882
EU-4 Covered bonds	
EU-5 Exposures treated as sovereigns	1,725
EU-6 Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	
EU-7 Institutions	919
EU-8 Secured by mortgages of immovable properties	18,928

EU-9	Retail exposures	2,553
EU-10	Corporate	1,474
EU-11	Exposures in default	246
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	38

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. Nordea mortgage Bank Risk Appetite Framework (RAF) includes risk appetite statement for excessive leverage which is monitored and followed by leverage ratio metric on a quarterly basis.

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 4.1% to 3.95% impacted by increased lending from the Group due to redemption of Covered Bond in 14th of January.

Q3 – Q4

The leverage ratio decreased from 4.2% to 3.95% mainly driven by increased lending from the Group.

C5 Overview of REA

EURm	REA		Minimum capital requirement	
	2018	2017	2018	2017
Credit risk (excluding counterparty credit risk) (CCR)	3,287	2,769	263	222
Of which standardised approach (SA) ¹	196	144	16	11
Of which foundation IRB (FIRB) approach	38	5	3	0
Of which advanced IRB approach	3,053	2,621	244	210
Of which AIRB	433	221	35	18
Of which Retail RIRB	2,620	2,400	210	192
Of which Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk	121	117	10	9
Of which Marked to market ²	121	117	10	9
Of which Original exposure				
Of which standardised approach				
Of which internal model method (IMM)				
Of which Financial collateral comprehensive method (for SFTs)				
Of which exposure amount for contributions to the default fund of a CCP				
Of which CVA				
Settlement risk				
Securitisation exposures in banking book (after the cap)				
Of which IRB supervisory formula approach (SFA)				
Market risk				
Of which standardised approach (SA)				
Of which IMA				
Large exposures				
Operational risk	273	298	22	24
Of which Standardised Approach	273	298	22	24
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Swedish risk weight floor in Pillar 1	7		1	
Finnish risk weight floor in Pillar 1	660		53	
Additional capital requirement according to Basel 1 floor		7,538		603
Article 3 CRR Buffer				
Regulatory Total	4,348	10,722	348	858

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

2) Excludes exposures to CCPs.

C6 Original exposure by exposure class, end of year

2018, EURm

	Original exposure	Average exposure
IRB approach		
Sovereign		163
Institutions		
Corporates	1,495	1,575
of which Specialised Lending		
of which SME	1,356	1,429
Retail	21,856	21,978
of which Secured by real estate property	19,258	19,527
of which SME	467	475
of which Non-SME	18,791	19,052
of which Other Retail	2,598	2,451
of which SME	10	11
of which Non-SME	2,588	2,441
Equity		
Other non-credit obligation assets	38	14
Total IRB approach	23,389	23,730
Standardised approach		
Central governments or central banks	1,725	442
Regional governments or local authorities		
Public sector entities		
Multilateral Development Banks		
International Organisations		
Institutions	1,524	1,367
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	3,250	1,809
Total	26,639	25,539
of which loans	23,713	23,929
of which debt securities		
of which off-balance sheet exposures	197	203

C7 Exposure split by exposure class and by geography

EURm	Nordic countries	Baltic countries	Russia	US	Other	Total
IRB exposure classes						
Sovereign						
Institution						
Corporate	1,475					1,475
of which Advanced	1,475					1,475
Retail	21,366	12	4	40	212	21,634
of which secured by immovable property	18,530	10	4	36	188	18,768
of which other retail	2,360	2	0	3	25	2,390
of which SME	476					476
Other non-credit obligation assets	38					38
Total IRB approach	22,879	12	4	40	212	23,147
Standardised exposure classes						
Central governments and central banks	1,888					1,888
Regional governments and local authorities	16					16
Institution	1,524					1,524
Corporate						
Retail						
Exposures secured by real estate						
Other						
Total standardised approach	3,428					3,428
Total exposure	26,307	12	4	40	212	26,575

C8 Exposure split by industry group and by main exposure class, 31 December 2018

EURm	IRB approach					Other non credit obligation assets
	Sovereign	Institution	Corporate	- of which SME	Retail	
Construction and engineering			7	6	2	
Consumer durables (cars, appliances, etc.)					0	
Consumer staples (food, agriculture etc.)			1	1	0	
Energy (oil, gas, etc.)						
Health care and pharmaceuticals			13	11	3	
Industrial capital goods			0	0		
Industrial commercial services			8	8	5	
IT software, hardware and services			0	0	1	
Media and leisure			4	4	2	
Metals and mining materials						
Other financial institutions			8	6	2	
Other materials (chemical, building materials, etc.)			0			
Other, public and organisations			11	2	21,157	38
Paper and forest materials			0	0	0	
Real estate management and investment			1,420	1,304	461	
Retail trade			1	1	1	
Shipping and offshore						
Telecommunication equipment						
Telecommunication operators			0	0		
Transportation			1	1	0	
Utilities (distribution and production)			0	0	0	
Total exposure			1,475	1,346	21,634	38

C9 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	1,495	1,475	23	1,439	22.5%
of which Advanced	1,495	1,475	23	1,439	22.5%
Retail	21,856	21,634	260	19,692	15.3%
of which secured by immovable property	18,791	18,768		18,768	14.5%
of which other retail	2,588	2,390	259	457	20.7%
of which SME	477	476	1	467	17.9%
Other non-credit obligation assets	38	38			n.a.
Total IRB approach	23,389	23,147	282	21,131	0
Standardised exposure classes					
Central government and central banks	1,725	1,888			
Regional governments and local authorities		16			
Institution	1,524	1,524			
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach	3,250	3,428			
Total	26,639	26,575	282	21,131	

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

C10 Distribution of collateral

	31 Dec 2018	31 Dec 2017
Financial collateral	1.8%	0.7%
Receivables		
Residential real estate	97.1%	98.3%
Commercial real estate	0.7%	0.7%
Other physical collateral	0.4%	0.3%
Total	100.0%	100.0%

C11 Residual maturity broken down by exposure classes

EURm	<1 year	1-3 years	3-5 years	>5 years	Total exposure
IRB exposure classes					
Sovereign					
Institution					
Corporate	20	37	33	1,385	1,475
of which Advanced	20	37	33	1,385	1,475
Retail	239	528	892	19,975	21,634
of which secured by immovable property	183	448	746	17,391	18,768
of which other retail	49	46	86	2,209	2,390
of which SME	7	34	60	376	476
Other non-credit obligation assets				38	38
Total IRB approach	259	565	925	21,398	23,147
Standardised exposure classes					
Central government and central banks	2	34	56	1,795	1,888
Regional governments and local authorities	0	0	2	14	16
Institution				1,524	1,524
Corporate					
Retail					
Exposures secured by real estate					
Other					
Total standardised approach	3	34	58	3,334	3,428
Total	261	599	983	24,732	26,575

C12 Exposure, impaired exposures, past due exposures and allowances, split by sectors

EURm	Impaired loans (stage 3)	Past due exposures	Credit risk adjustments ¹⁾	- of which charges during the reporting period
Households	190.4	224.0	46.3	10.9
Non financial corporations	3.2	14.1	1.4	0.4
Other				
Total in banking operations	193.6	238.1	47.8	11.3

1) For stages 1,2 and 3

C13 Exposure, impaired exposures, past due exposures and allowances, split by geography

EURm	Original exposure	Impaired loans (stage 3)	Past due exposures
Finland	26,276	191.6	235.0
Sweden	63	0.3	1.0
Other	300	1.7	2.1
Total	26,639	193.6	238.1

C14 Reconciliation of allowance accounts

EURm	Specific credit risk adjustments		Total
	Individually assessed, stage 3	Collectively assessed, stage 1&2	
Opening balance according to IFRS9	-10.0	-26.4	-36.5
Changes through the income statement	-6.1	-5.2	-11.3
Of which provisions	-0.1	0.0	-0.1
Of which reversals	0.0	0.0	0.0
Of which Net model effect	-6.1	-5.2	-11.2
Allowances used to cover write-offs	0.0	0.0	0.0
Currency translation differences	0.0	0.0	0.0
Closing balance	-16.2	-31.6	-47.8