

Nordea



Capital and Risk Management Report 2016

Appendix E
Nordea Mortgage Bank Plc

Contents

Table/Figure	Table name	Page
E1	Mapping of own funds to the balance sheet	3
E2	Transitional own funds	4
E3	Countercyclical capital buffer (CCyB)	9
E4	Leverage Ratio – Disclosure Template	9
E5	Minimum capital requirement and REA	11
E6	Original exposures, split by exposure class, including average exposure during the year	12
E7	Exposure split by exposure class and by geography	12
E8	Exposure split by industry group and by main exposure class	13
E9	Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class	13
E10	Distribution of collateral	14
E11	Residual maturity broken down by exposure classes	14
E12	Exposure, impaired exposures, past due exposures and allowances, split by industry	15
E13	Exposure, impaired exposures and past due exposures, split by significant geographical areas	15
E14	Reconciliation of allowance accounts for impaired loans	15

Table E1 Mapping of own funds to the balance sheet, 31 December 2016

EURm	Nordea Mortgage Bank Plc	Row in transitional own funds template (Table E2)
Assets		
Intangible assets		8
- of which: Goodwill and other intangible assets		
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	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 reserve		
- of which: Capital instruments and the related share premium accounts		1
- of which: Retained earnings		2
Other reserves	208	
- of which: Retained earnings	208	2
- of which: Accumulated other comprehensive income	0	3
- of which: Fair value reserves related to gains or losses on cash flow hedges	0	11
Retained earnings net of proposed dividend	828	
- of which: Profit/loss for the year	28	5a
- of which: Retained earnings	592	2
- of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

No differences exist with regards to the scope and method for consolidation used for the balance sheet in the financial statements and the scope and method for prudential consolidation according to the Capital Requirements Regulation.

Table E2 Transitional own funds, 31 December 2016

EURm	(A) amount at disclosure date	(B) regulation (EU) No 575/2013 article reference	(C) amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
Common Equity Tier 1 capital: instruments and reserves			
1 Capital instruments and the related share premium accounts	250	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: Share Capital	250	EBA list 26 (3)	
2 Retained earnings	800	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	0	26 (1)	
3a Funds for general banking risk		26 (1) (f)	
4 Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET 1		486 (2)	
Public sector capital injections grandfathered until 1 January 2018		483 (2)	
5 Minority interests (amount allowed in consolidated CET1)		84, 479, 480	
5a Independently reviewed interim profits net of any foreseeable charge or dividend	28	26 (2)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,078		
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	0	33 (a)	
12 Negative amounts resulting from the calculation of expected loss amounts	-27	36 (1) (d), 40, 159, 472 (6)	
13 Any increase in equity that result from securitised assets (negative amount)		32 (1)	
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-2	33 (b)	
15 Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)	
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17 Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	
18 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	0
19 Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)	0
20 Empty Set in the EU	NA		
20a Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)	
20b of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91	
20c of which: securitisation positions (negative amounts)		36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258	
20d of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)	
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
22 Amount exceeding the 15% threshold (negative amount)		48 (1)	

Table E2, cont.

EURm		(A) amount at disclosure date	(B) regulation (EU) No 575/2013 article reference	(C) amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b), 470, 472 (11)	
24	Empty Set in the EU	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 1		467	
	Of which: ...filter for unrealised loss 2		467	
	Of which: ... filter for unrealised gain 1		468	
	Of which: ... filter for unrealised gain 2		468	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR		481	
	Of which: ...		481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)	
28	Total regulatory adjustments to Common equity Tier 1 (CET1)	-29		
29	Common Equity Tier 1 (CET1) capital	1,049		
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts		51, 52	
31	of which: classifies as equity under applicable accounting standards			
32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)	
	Public sector capital injections grandfathered until 1 January 2018		483 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480	
35	of which: instruments issued by subsidiaries subject to phase out		486 (3)	
36	Additional Tier 1 (AT1) capital before regulatory adjustments			
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)	
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79, 475 (4)	
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)		56 (d), 59, 79, 475 (4)	
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			

Table E2, cont.

EURm		(A) amount at disclosure date	(B) regulation (EU) No 575/2013 article reference	(C) amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013 Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013 Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc		477, 477 (3), 477 (4) (a)	
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR Of which: ...possible filter for unrealised losses Of which: ...possible filter for unrealised gains Of which: ...		467, 468, 481 467 468 481	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital			
44	Additional Tier 1 (AT1) capital			
45	Tier 1 capital (T1 = CET1 + AT1)	1,049		
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 Public sector capital injections grandfathered until 1 January 2018		486 (4) 483 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88, 480	
49	of which: instruments issued by subsidiaries subject to phase out		486 (4)	
50	Credit risk adjustments	3	62 (c) & (d)	
51	Tier 2 (T2) capital before regulatory adjustments	203		
Tier 2 (T2) capital: regulatory adjustments				
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)	
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)	
54a	Of which new holdings not subject to transitional arrangements			
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements			
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79, 477 (4)	
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)			

Table E2, cont.

EURm		(A) amount at disclosure date	(B) regulation (EU) No 575/2013 article reference	(C) amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013 Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
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	203		
59	Total capital (TC = T1 + T2)	1,252		
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013(i.e. CRR residual amounts) Of which: ...items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc) Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc) 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)		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b) 475, 475 (2) (b), 475 (2) (c), 475 (4) (b) 477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
60	Total risk weighted assets	2,770		
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	37.9%	92 (2) (a), 465	
62	Tier 1 (as a percentage of risk exposure amount)	37.9%	92 (2) (b), 465	
63	Total capital (as a percentage of risk exposure amount)	45.2%	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			
67	of which: systemic risk buffer requirement			
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer			
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	31.9%	CRD 128	
69	[non relevant in EU regulation]	NA		
70	[non relevant in EU regulation]	NA		
71	[non relevant in EU regulation]	NA		

Table E2, cont.

EURm	(A) amount at disclosure date	(B) regulation (EU) No 575/2013 article reference	(C) amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4) 66 (c), 69, 70, 477 (4)	
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	36 (1) (i), 45, 48, 470, 472 (11)	
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	36 (1) (c), 38, 48, 470, 472 (5)	
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)	2,168 62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	13 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 E3.1 Geographical distribution and amount of institution-specific countercyclical capital buffer (CCyB), EURm, 31 December 2016

Rows	Break-down by Country	General credit exposures		Trading book exposures	Securitization		Own Funds Requirements			Total 100	Own funds requirements weights 110	Counter-cyclical Capital Buffer rate % 120
		Exposure value for SA 010	Exposure Value for IRB 020	Sum of long and short positions of trading book exposures for SA 030	Exposure value SA 050	Exposure value IRB 060	of which: credit exposures 070	of which: trading book exposures 080	of which: securitization exposures 090			
	FI		23,782				173			173	100%	
	SE											1.5
020	Total		23,782				173			173	100%	

Table E3.2 Amount of institution-specific countercyclical capital buffer 31 December 2016

Row	Column
EURm	010
010	Total risk exposure amount 2,770
020	Institution specific countercyclical capital buffer rate
030	Institution specific countercyclical capital buffer requirement

Table E4.1 LRSum: Summary reconciliation of accounting assets and leverage ratio exposures, 31 December 2016

EURm	Applicable Amounts
1	Total assets as per published financial statements 25,586
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 115
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) 3
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 -29
8	Total leverage ratio exposure 25,674

Table E4.2 LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	24,796
2	(Asset amounts deducted in determining Tier 1 capital)	-29
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	24,767
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	763
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	142
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)	904
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	5
18	(Adjustments for conversion to credit equivalent amounts)	-3
19	Total other off-balance sheet exposures (sum of lines 17 to 18)	3
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	1,049
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	25,674
Leverage ratio		
22	Leverage ratio	4.1%
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 E4.3 LRQua: Free format text boxes for disclosure on qualitative items

1	Description of the processes used to manage the risk of excessive leverage	Nordea has policies and processes in place for the identification, management and monitoring of the risk of excessive leverage. The leverage ratio is also part of Nordea's risk appetite framework.
2	Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers	The leverage ratio by end of Q4 2016 was 4.1%. The leverage exposure in Nordea Mortgage Bank Plc consists predominately of on balance sheet items, mainly residential mortgage loans.

Table E5 Minimum capital requirements and REA, 31 December 2016

EURm	31 December 2016	
	Minimum capital requirement	REA
Credit risk	197	2,459
- of which counterparty credit risk	14	180
IRB	173	2,168
- of which corporate	14	175
- of which advanced	14	175
- of which foundation		
- of which institutions		
- of which retail	159	1,993
- of which secured by immovable property	116	1,449
- of which other retail	38	478
- of which SME	5	66
- of which other		
Standardised	23	291
- of which central governments or central banks	1	14
- of which regional governments or local authorities		
- of which public sector entities		
- of which multilateral development banks		
- of which international organisations		
- of which institutions	22	277
- of which corporate		
- of which retail		
- of which secured by mortgages on immovable property		
- of which in default		
- of which associated with particularly high risk		
- of which covered bonds		
- of which securitisation positions		
- of which institutions and corporates with a short-term credit assessment		
- of which collective investments undertakings (CIU)		
- of which equity		
- of which other items		
Credit Value Adjustment risk		
Market risk		
- of which trading book, Internal Approach		
- of which trading book, Standardised Approach		
- of which banking book, Standardised Approach		
Operational risk	24	298
Standardised	24	298
Additional risk exposure amount due to Article 3 CRR	1	13
Sub total	222	2,770
Additional capital requirement due to Basel I floor ¹	653	8,158
Total	874	10,929

Table E6 Original exposure, split by exposure class, including average exposure during the year, 31 December 2016

EURm	Original exposures	Average exposures ¹
IRB exposure classes		
Institution		n.a.
Corporate	1,555	n.a.
- of which Advanced	1,555	n.a.
Retail	22,451	n.a.
- of which secured by immovable property	19,744	n.a.
- of which other retail	2,194	n.a.
- of which SME	512	n.a.
Other non-credit obligation assets		n.a.
Total IRB approach	24,005	n.a.
Standardised exposure classes		
Central governments and central banks	224	n.a.
Regional governments and local authorities		n.a.
Institution	1,387	n.a.
Corporate		n.a.
Retail		n.a.
Exposures secured by real estate		n.a.
Other		n.a.
Total standardised approach	1,611	n.a.
Total exposure	25,617	n.a.

1) Average quarterly data is not available since NMB started in Q4 2016.

Table E7 Exposure split by exposure class and geography, 31 December 2016

EURm	Nordic countries	- of which Denmark	- of which Finland	- of which Norway	- of which Sweden	Baltic countries ¹	Russia	US	Other	Total
IRB exposure classes										
Institution										
Corporate	1,541		1,541							1,541
- of which Advanced	1,541		1,541							1,541
Retail	22,240		22,240							22,240
- of which secured by immovable property	19,743		19,743							19,743
- of which other retail	1,985		1,985							1,985
- of which SME	512		512							512
Other non-credit obligation assets										
Total IRB approach	23,782		23,782							23,782
Standardised exposure classes										
Central governments and central banks	429		429							429
Regional governments and local authorities	17		17							17
Institution	1,387		511		876					1,387
Corporate										
Retail										
Exposures secured by real estate										
Other										
Total standardised approach	1,833		957		876					1,833
Total exposure	25,615		24,739		876					25,615

Table E8 Exposure split by industry group and by main exposure class, 31 December 2016

EURm	IRB approach			Other non-credit obligation assets
	Institution	Corporate	- of which SME	Retail
Construction and engineering		14	13	5
Consumer durables (cars, appliances, etc.)		0	0	0
Consumer staples (food, agriculture, etc.)		2	1	0
Energy (oil, gas, etc.)				
Health care and pharmaceuticals		26	24	4
Industrial capital goods		0	0	
Industrial commercial services		18	16	8
IT software, hardware and services		2	2	2
Media and leisure		8	7	3
Metals and mining materials				
Other financial institutions		20	14	3
Other materials (chemical, building materials, etc.)		0	0	0
Other, public and organisations		3	3	21,730
Paper and forest materials		0	0	0
Real estate management and investment		1,441	1,342	482
Retail trade		5	5	2
Shipping and offshore				
Telecommunication equipment				
Telecommunication operators		0	0	
Transportation		2	2	1
Utilities (distribution and production)		0	0	0
Total exposure		1,541	1,431	22,240

Table E9 Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class, 31 December 2016

EURm	Original exposure	Exposure	- of which secured by guarantees and credit derivatives	- of which secured by collateral	Average weighted LGD
IRB exposure classes					
Institution					
Corporate	1,555	1,541	28	1,510	20.6%
- of which Advanced	1,555	1,541	28	1,510	20.6%
Retail	22,451	22,240	212	20,347	11.5%
- of which secured by immovable property	19,744	19,743		19,743	10.7%
- of which other retail	2,194	1,985	211	111	16.5%
- of which SME	512	512	2	493	22.1%
Other non-credit obligation assets					n.a.
Total IRB approach	24,005	23,782	240	21,857	
Standardised exposure classes					
Central governments and central banks	224	429			
Regional governments and local authorities		17			
Institution	1,387	1,387			
Corporate					
Retail					
Exposures secured by real estates					
Other ²					
Total standardised approach	1,611	1,833			
Total	25,617	25,615	240	21,857	

Table E10 Distribution of collateral, 31 December 2016

	%
Financial collateral	0.4%
Receivables	
Residential real estate	99.3%
Commercial real estate	0.2%
Other physical collateral	0.1%
Total	100.0%

Table E11 Residual maturity broken down by exposure classes, 31 December 2016

EURm	< 1 year	1–3 years	3–5 years	>5 years	Total exposure
IRB exposure classes					
Institution					
Corporate	36	45	64	1,397	1,541
- of which Advanced	36	45	64	1,397	1,541
Retail	175	477	850	20,737	22,240
- of which secured by immovable property	149	408	746	18,439	19,743
- of which other retail	17	26	42	1,900	1,985
- of which SME	9	43	62	397	512
Other non-credit obligation assets					
Total IRB approach	211	522	915	22,134	23,782
Standardised exposure classes					
Central governments and central banks	1	4	8	417	429
Regional governments and local authorities		0	0	16	17
Institution				1,387	1,387
Corporate					
Retail					
Exposures secured by real estates					
Other					
Total standardised approach	1	4	8	1,820	1,833
Total exposure	212	526	923	23,954	25,615

Table E12 Exposure, impaired exposures, past due exposures and allowances, split by industry, 31 December 2016

EURm	Impaired loans	Past due exposures	Credit risk adjustments ¹	- of which charges during the reporting period
Construction and engineering		0.17	0.02	0.02
Consumer durables (cars, appliances, etc.)				
Consumer staples (food, agriculture, etc.)				
Energy (oil, gas, etc.)				
Financial institutions		0.12	0.02	0.02
Health care and pharmaceuticals		0.02	0.02	0.02
Industrial capital goods				
Industrial commercial services, etc.		0.17	0.03	0.03
IT software, hardware and services		0.04		
Media and leisure		0.07	0.01	0.01
Metals and mining materials				
Other materials (chemical, building materials, etc.)				
Other, public and organisations			0.36	0.36
Paper and forest materials				
Real estate management and investment		14.79	0.32	0.32
Retail trade		0.30	0.01	0.01
Shipping and offshore				
Telecommunication equipment				
Telecommunication operators				
Transportation		0.11	0.00	0.00
Utilities (distribution and production)				
Total in banking operations		15.79	0.79	0.79

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

Table E13 Exposure, impaired exposures and past due exposures, split by significant geographical areas, 31 December 2016

EURm	Original exposure	Impaired loans	Past due exposures
Nordic countries	25,617	67	165
- of which Denmark			
- of which Finland	24,740	67	165
- of which Norway			
- of which Sweden	876		
Baltic countries			
Russia			
US			
Other			
Total	25,617	67	165

Specification of impaired loans and past due exposures by country reported according to the bookkeeping country.

Table E14 Reconciliation of allowance accounts for impaired loans

EURm	Specific credit risk adjustments ¹		Total
	Individually assessed	Collectively assessed	
Opening balance, 1 October 2016		-12.20	-12.20
Changes through the income statement		0.42	0.42
– of which Provisions		0.00	0.00
– of which Reversals		0.42	0.42
Allowances used to cover write-offs			
Currency translation differences		0.00	0.00
Closing balance, 31 Dec 2016		-11.78	-11.78

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