

# Nordea



## **Capital and Risk Management Report First Quarter 2024**

Provided by Nordea Bank Abp on the basis of its consolidated situation

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Table 1 - EU KM1 - Overview of risk weighted exposure amounts

During the first quarter of 2024 Nordea's Own Funds increased by EUR 0.2bn. CET1 capital increased by EUR 0.2bn, Additional Tier 1 (AT1) capital increased by EUR 0.1bn and Tier 2 (T2) capital remained stable during the period. The increase in CET1 capital was mainly driven by profit generation net of dividend accrual, partly offset by FX effects in retained earnings. AT1 capital increased due to FX effects in AT1 instruments. The Risk Exposure Amount (REA) decreased by EUR 0.1bn, mainly due to FX effects and active capital management implemented during the quarter, partly offset by the yearly update in operational risk. Leverage ratio (LR) decreased from 5.0% to 4.9% as a result of increased LR total exposure, primarily driven by increased SFT volumes.

	a	b	c	d	e
Available own funds (amounts), EURm	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
1 Common Equity Tier 1 (CET1) capital	23,798	23,645	23,004	22,393	22,279
2 Tier 1 capital	27,061	26,845	26,318	25,626	25,514
3 Total capital	31,021	30,815	29,164	28,643	28,542
Risk-weighted exposure amounts, EURm					
4 Total risk exposure amount	138,579	138,719	140,925	140,023	141,976
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 ratio (%)	17.2%	17.0%	16.3%	16.0%	15.7%
6 Tier 1 ratio (%)	19.5%	19.4%	18.7%	18.3%	18.0%
7 Total capital ratio (%)	22.4%	22.2%	20.7%	20.5%	20.1%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.6%	1.6%	1.6%	1.6%	1.6%
EU 7b of which: to be made up of CET1 capital (percentage points)	0.9%	0.9%	0.9%	0.9%	0.9%
EU 7c of which: to be made up of Tier 1 capital (percentage points)	1.2%	1.2%	1.2%	1.2%	1.2%
EU 7d Total SREP own funds requirements (%)	9.6%	9.6%	9.6%	9.6%	9.6%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9 Institution specific countercyclical capital buffer (%)	1.7%	1.7%	1.6%	1.6%	1.3%
EU 9a Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10 Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a Other Systemically Important Institution buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
11 Combined buffer requirement (%)	6.7%	6.7%	6.6%	6.6%	6.3%
EU 11a Overall capital requirements (%)	16.3%	16.3%	16.2%	16.2%	15.9%
12 CET1 available after meeting the total SREP own funds requirements (%)	11.8%	11.6%	10.9%	10.9%	10.5%
Leverage ratio					
13 Total exposure measure	555,234	533,497	558,509	552,620	557,817
14 Leverage ratio (%)	4.9%	5.0%	4.7%	4.6%	4.6%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14c Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity Coverage Ratio					
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	110,493	113,628	117,525	119,650	122,033
EU 16a Cash outflows - Total weighted value	86,536	86,686	88,420	90,461	92,852
EU 16b Cash inflows - Total weighted value	16,738	15,149	14,808	15,061	15,017
16 Total net cash outflows (adjusted value)	69,797	71,537	73,612	75,400	77,835
17 Liquidity coverage ratio (%) <sup>1)</sup>	159%	159%	160%	159%	157%
Net Stable Funding Ratio					
18 Total available stable funding	319,522	316,784	314,357	313,104	313,743
19 Total required stable funding	265,493	266,889	266,269	263,968	269,712
20 NSFR ratio (%)	120.4%	118.7%	118.1%	118.6%	116.3%

<sup>1)</sup> The LCR reported in this table is the average of 12 end of month ratios.

Table 2 - EU OV1 - Overview of total risk exposure amounts

The following table provides an overview of total REA in Q1 2024 where credit risk accounted for the largest risk type with approximately 81% of Pillar I REA. Operational risk and market risk accounted for the second and third largest risk types. REA decreased by EUR 0.1bn in the first quarter of 2024, mainly due to FX effects and active capital management (EUR -2.2bn), partly offset by increased operational risk (EUR +1.8bn).

EURm

	Total risk exposure amounts (TREA)		Total own funds requirements
	a	b	c
	Q1 2024	Q4 2023	Q1 2024
1 Credit risk (excluding CCR)	100,022	100,741	8,002
2 <i>Of which the standardised approach</i>	10,971	11,072	878
3 <i>Of which the Foundation IRB (F-IRB) approach</i>	11,146	10,543	892
4 <i>Of which slotting approach</i>			
EU 4a <i>Of which equities under the simple riskweighted approach</i>			
5 <i>Of which the Advanced IRB (A-IRB) approach</i>	77,905	79,127	6,232
6 Counterparty credit risk - CCR	3,354	3,370	268
7 <i>Of which the standardised approach <sup>2)</sup></i>	434	480	35
8 <i>Of which internal model method (IMM) <sup>2)</sup></i>	1,643	1,794	131
EU 8a <i>Of which exposures to a CCP</i>	86	90	7
EU 8b <i>Of which credit valuation adjustment - CVA</i>	523	596	42
9 <i>Of which other CCR <sup>2)</sup></i>	667	410	53
15 Settlement risk		0	
16 Securitisation exposures in the non-trading book (after the cap)	2,737	2,162	219
17 <i>Of which SEC-IRBA approach</i>	2,667	2,094	213
18 <i>Of which SEC-ERBA (including IAA)</i>	21	22	2
19 <i>Of which SEC-SA approach</i>	49	47	4
EU 19a <i>Of which 1250% / deduction</i>			
20 Position, foreign exchange and commodities risks (Market risk)	5,154	4,805	412
21 <i>Of which the standardised approach</i>	703	733	56
22 <i>Of which IMA</i>	4,450	4,072	356
EU 22a Large exposures			
23 Operational risk	17,874	16,048	1,430
EU 23a <i>Of which basic indicator approach</i>			
EU 23b <i>Of which standardised approach</i>	17,874	16,048	1,430
EU 23c <i>Of which advanced measurement approach</i>			
24 Amounts below the thresholds for deduction (subject to 250% risk weight)	417	513	33
29 Total	129,140	127,126	10,331
Additional risk exposure amount related to Finnish RW floor due to Article 458 CRR			
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR	9,439	11,592	755
Article 3 CRR Buffer			
Pillar 1 total	138,579	138,719	11,086

<sup>2)</sup> Q4 2023 figures have been adjusted compared to what was disclosed in Q4 2023. The minor adjustment to exposure values has not impacted any ratios.

Table 3 - EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach

During the first quarter of 2024 IRB REA decreased by EUR 0.6bn, mainly driven by FX effects, favorable asset quality, primarily due to capital management initiatives, and model updates. This was partly offset by increased asset size and increased unsettled transactions at quarter end (seen in "Other").

EURm

Risk weighted exposure  
amount

	a
1 Risk weighted exposure amount Q4 2023	89,669
2 Asset size (+/-)	806
3 Asset quality (+/-)	-539
4 Model updates (+/-)	-192
5 Methodology and policy (+/-)	
6 Acquisitions and disposals (+/-)	
7 Foreign exchange movements (+/-)	-1,246
8 Other (+/-)	553
9 Risk weighted exposure amount Q1 2024	89,051

Table 4 - EU CCR7 - RWEA flow statements of CCR exposures under the IMM

This table only includes exposures calculated under the Internal Model Method (IMM). RWEA for CCR exposures under the IMM decreased throughout the first quarter of 2024. The decrease is mainly attributed to the reduction in asset size of portfolio partly offset by USD appreciation and NOK, SEK depreciation against EUR.

EURm	a
Q1 2024	RWEA
1 RWEA as at the end of the previous reporting period	1,839
2 Asset size	-623
3 Credit quality of counterparties	
4 Model updates (IMM only)	
5 Methodology and policy (IMM only)	
6 Acquisitions and disposals	
7 Foreign exchange movements	446
8 Other	27
9 RWEA as at the end of the current reporting period	1,689

EURm	a
Q4 2023	RWEA
1 RWEA as at the end of the previous reporting period	1,845
2 Asset size	-6
3 Credit quality of counterparties	12
4 Model updates (IMM only)	0
5 Methodology and policy (IMM only)	
6 Acquisitions and disposals	
7 Foreign exchange movements	-5
8 Other	-8
9 RWEA as at the end of the current reporting period	1,839

Table 5 - EU LIQ1 - Quantitative information of LCR

Nordea Group's short term liquidity risk exposure, measured by Liquidity Coverage Ratio (LCR), remained on a good and stable level during Q1 2024. The main drivers of Nordea Group's LCR results are outflows associated with customer deposits which are counterbalanced by high quality liquid assets. In Q1 2024 both net outflows and cash in central banks decreased and hence LCR was stable. Liquidity buffer in Nordea Group is composed mainly of cash with central banks, government bonds, government related bonds and high quality covered bonds. During the quarter Nordea was able to actively use all its funding programs, maintained its strong name in the funding markets, and held a strong and diversified funding base across all main currencies. Nordea Group's main funding sources at the end of Q1 were customer deposits (36%) and issued debt securities (32%) of total liabilities. Nordea has a centralised liquidity management function where Group Treasury is responsible for the management of the Group's liquidity positions, liquidity buffers, external and internal funding including the mobilisation of cash around the Group, and Funds Transfer Pricing. Nordea actively manages LCR on currency level by holding liquid assets across all significant currencies and by managing possible currency mismatches. Nordea's derivative exposures and their impact to LCR is closely monitored and managed. Associated collateral calls during possible liquidity crises are monitored, managed as well as stressed in LCR.

EURm		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (31 March 2024)	31 Mar 24	31 Dec 23	30 Sep 23	30 Jun 23	31 Mar 24	31 Dec 23	30 Sep 23	30 Jun 23
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>High-quality liquid assets</b>									
1	Total high-quality liquid assets (HQLA)					110,493	113,628	117,525	119,650
<b>Cash - Outflows</b>									
2	Retail deposits and deposits from small business customers, of which:	109,783	109,619	110,552	112,083	7,722	7,755	7,871	7,981
3	Stable deposits	72,368	72,706	73,677	75,164	3,618	3,635	3,684	3,758
4	Less stable deposits	37,414	36,913	36,875	36,919	4,104	4,119	4,187	4,223
5	Unsecured wholesale funding	106,037	108,028	111,801	115,143	54,825	55,471	57,549	58,978
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	19,350	20,790	22,481	24,509	4,822	5,181	5,604	6,111
7	Non-operational deposits (all counterparties)	76,615	76,930	79,186	80,225	39,930	39,981	41,811	42,459
8	Unsecured debt	10,072	10,309	10,134	10,409	10,072	10,309	10,134	10,409
9	Secured wholesale funding					3,811	3,454	3,473	3,530
10	Additional requirements	74,610	75,538	76,481	77,130	14,411	14,406	14,165	14,390
11	Outflows related to derivative exposures and other collateral requirements	6,598	6,622	6,371	6,690	6,106	6,112	5,922	6,285
12	Outflows related to loss of funding on debt products								
13	Credit and liquidity facilities	68,012	68,916	70,110	70,440	8,305	8,293	8,243	8,105
14	Other contractual funding obligations	2,249	2,354	2,349	2,545	2,249	2,261	2,130	2,231
15	Other contingent funding obligations	42,650	42,566	43,137	44,825	3,517	3,340	3,232	3,350
16	Total cash outflows					86,536	86,686	88,420	90,461
<b>Cash - Inflows</b>									
17	Secured lending (e.g. reverse repos)	29,260	27,295	25,719	25,265	3,992	3,588	3,469	3,327
18	Inflows from fully performing exposures	15,423	14,575	14,629	14,792	9,106	8,262	8,043	7,959
19	Other cash inflows	3,641	3,299	3,296	3,775	3,641	3,299	3,296	3,775
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	Total cash inflows	48,324	45,168	43,644	43,831	16,738	15,149	14,808	15,061
EU-20a	Fully exempt inflows								
EU-20b	Inflows subject to 90% cap								
EU-20c	Inflows subject to 75% cap	47,945	44,761	43,274	43,546	16,738	15,149	14,808	15,061
<b>Total Adjusted Value</b>									
21	Liquidity buffer					110,493	113,628	117,525	119,650
22	Total net cash outflows					69,797	71,537	73,612	75,400
23	Liquidity coverage ratio					159%	159%	160%	159%

Table 6 - EU MR2-B - RWA flow statements of market risk exposures under the IMA

Market risk under the IMA increased in Q1 2024 to EUR 4.5bn from EUR 4.1bn in Q4 2023 primarily driven by higher contribution from VaR and IRC partially offset by lower contribution from SVaR. Compared to Q4 2023 the RWA stemming from VaR increased by EUR 321m, Incremental risk charge (IRC) increased by EUR 209m while RWA from SVaR decreased by EUR 135m.

EURm	a	b	c	d	e	f	g
	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
1 RWEAs Q4 2023	1,392	2,102	329	248		4,072	326
1a Regulatory adjustment	-978	-1,412	-17	-138		-2,545	-204
1b RWEAs Q4 2023 (end of the day)	414	690	312	111		1,527	122
2 Movement in risk levels	78	-204	170	0		45	4
3 Model updates/changes							
4 Methodology and policy							
5 Acquisitions and disposals							
6 Foreign exchange movements							
7 Other							
8a RWEAs Q1 2024 (end of the day)	493	487	482	111		1,572	126
8b Regulatory adjustment	1,221	1,480	56	121		2,878	230
8 RWEAs Q1 2024	1,714	1,967	538	232		4,450	356

EURm	a	b	c	d	e	f	g
	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
1 RWEAs Q3 2023	1,257	1,801	311	337		3,707	297
1a Regulatory adjustment	-861	-1,148		-72		-2,081	-166
1b RWEAs Q3 2023 (end of the day)	396	653	311	266		1,626	130
2 Movement in risk levels	18	37	0	-155		-99	-8
3 Model updates/changes							
4 Methodology and policy							
5 Acquisitions and disposals							
6 Foreign exchange movements							
7 Other							
8a RWEAs Q4 2023 (end of the day)	414	690	312	111		1,527	122
8b Regulatory adjustment	978	1,412	17	138		2,545	204
8 RWEAs Q4 2023	1,392	2,102	329	248		4,072	326