Nordea

Capital and Risk Management Report 2024

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

Nordea Board of Directors' risk statement

Nordea's business model is well-diversified with the largest risks being credit and operational risks.

The Nordea Group

Nordea is the largest financial services Group in the Nordic region and a major European bank. As at 31 December 2024 Nordea had a market capitalisation of approximately EUR 36.8bn, total assets of EUR 623bn and a Common Equity Tier 1 (CET1) capital ratio of 15.8%. Nordea has a strong market position within its four business areas: Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management.

Economic conditions – key operating markets

Although the Nordic economies look set for a soft landing in the coming years, the outlook is characterised by persistent geopolitical uncertainty. This may be particularly challenging for the European and Nordic economies.

The ongoing geopolitical conflicts could lead to a renewed rise in energy prices, putting further pressure on the European economies. Structurally, the latter are vulnerable to both geopolitical developments leading to trade restrictions and the increasing use of state subsidies for green sectors in China. These developments threaten the traditional strengths of the European economies, while fragmented and regulated markets make it more difficult for them to compete within high growth technology sectors, such as Artificial Intelligence. Although the Nordic countries have strong fiscal positions and have demonstrated resilience in the recent energy and inflation crisis, these vulnerabilities could also affect their economies, which are heavily involved in global trade and dependent on exports to the rest of Europe. European and Nordic central banks could respond to these weaknesses by cutting interest rates more aggressively than expected.

In order to continuously evaluate vulnerabilities and potential related adverse outcomes, Nordea carries out internal stress tests based on geopolitical developments and their impacts on macro-economic indicators in the Nordic countries. The stress tests also consider climate-related physical and transition risks as well as nature-related transition risks, which are all considered to be material for Nordea and are covered by Nordea's risk management framework. In 2024 Nordea's capital and liquidity positions showed resilience under a variety of scenarios and targeted stresses. The Group's capacity to maintain a solid earnings profile and curtail losses through sound risk management remains a key feature of its strong financial performance through economic cycles.

Risk appetite

The Risk Appetite Framework (RAF) supports effective risk management and a sound risk culture by enabling informed decisions on risk-taking. Its objective is to ensure that risk-taking activities are conducted within the appetite stipulated by the Board of Directors. Nordea's risk appetite corresponds to the aggregate level and types of risk Nordea is willing to assume, in line with its business model, to achieve its strategic objectives.

The Risk Appetite Statement (RAS) is the articulation of the Board approved risk appetite through qualitative statements. The RAS is supported by quantitative limits and triggers for each main risk type which are deemed appropriate for Nordea to be able to operate with a prudent risk profile and have been approved by the Board Risk Committee.

Key risks in Nordea's operations

Nordea's Board of Directors sets the strategy for managing risks in alignment with the Group's business strategy. Strategic business decisions are informed by independent risk assessments to ensure sound decision-making. This supports the goal of driving business growth and operational and capital efficiency while delivering ongoing risk management and compliance improvements.

Nordea has a well-diversified universal banking business model. Risks are spread across the Nordic countries and across industries and customer types. Material risks to the Group derive from business activities that include banking, insurance provision and asset management.

Nordea operates within four business areas and provides its customers with a variety of services. Personal Banking serves households and individuals, Asset & Wealth Management serves individuals and businesses, Business Banking serves small and medium-sized entities, and Large Corporates & Institutions serves large corporate and institutional customers. The Group's offerings, which are primarily linked to lending to households and corporates within the Nordics, give rise to credit risk. This is Nordea's main financial risk, representing approximately 85% of its total risk exposure amount (REA).

In the third quarter of 2024 Nordea implemented new capital models for retail exposures. Internal ratings-based (IRB) corporate and retail exposures currently represent 37% and 32% of Nordea's total REA, respectively. The quality of the Group's credit portfolio remained stable throughout 2024.

In line with its credit strategy, Nordea strives to maintain a well-diversified credit portfolio. In recent years, Nordea has further improved the quality of the credit portfolio through a conscious de-risking strategy for selected segments. The Group's credit risk appetite statement is defined in terms of credit risk concentration (limits applicable to individual names, sectors and geographies) and asset quality (limits for expected loss, loan losses under plausible stress scenarios, and the non-performing loan ratio in line with the regulatory definition). It also addresses specific sub-portfolios and financing structures.

Forward-looking information is used for assessing significant increases in credit risk and calculating expected credit losses. In its collective impairment modelling, Nordea uses three macroeconomic scenarios: a baseline scenario, a favourable scenario and an adverse scenario. The baseline scenario uses the latest available forecasts by Nordic central banks. Nordic central banks' latest macroeconomic forecasts anticipate modest growth in the Nordics in 2025, supported by lower inflation and lower interest rates. In subsequent years the economic recovery is projected to continue, with unemployment stable and house prices growing in all Nordic countries. The risks around the baseline forecast are skewed to the downside.

Nordea's adverse and favourable scenarios cover a range of plausible risk factors which may cause economic growth to deviate from the baseline scenario. The adverse scenario considers the potential effects of an escalating conflict in the Middle East, with high energy prices triggering a recession accompanied by rising unemployment and a renewed fall in house prices. In the favourable scenario, consumer and business sentiment improve as inflation continues to moderate and interest rates decline. This leads to an acceleration in economic growth and stronger growth in house prices.

Nordea's credit quality remains strong and net loan losses and similar net result amounted to EUR 206m (6bp) in 2024. The REA attributable to credit risk was EUR 132.6bn as at the end of the fourth quarter.

In 2024 Nordea continued to engage with customers to drive transition and capture growth opportunities towards a more sustainable economy. These actions which are integral to Nordea's 2022-2025 strategy, focusing on four key areas: financial strength, climate and environmental action, social responsibility, and governance and culture. Nordea's progress in these areas is most evident in its financed emissions reduction of approximately 33% between 2019 and 2024. This demonstrates strong initial progress towards the 2030 target of a 40-50% reduction.

During the year Nordea also enhanced the climate and nature-related materiality assessment based on its internal ESG factor taxonomy of risk drivers (i.e. hazards) and transmission channels. Relevant risk drivers were assessed across geographies, economic sectors and portfolios using different time horizons (short, medium, long and very long-term). This activity supported Nordea's ongoing efforts to further embed ESG in the risk management cycle in order to improve the identification, control and management of relevant risk types. Specifically, ESG integration to the loan origination process was enhanced and for the first time, Nordea capitalised for climate related risk impact on credit risk as part of the latest internal capital adequacy assessment process (ICAAP).

In 2025, Nordea will continue to develop a more sustainable business mix while meeting relevant supervisory expectations and regulatory requirements. Nordea is also closely monitoring global geopolitical developments and their potential impacts on the green transition.

Operational risk is inherent in all Nordea's activities. The REA attributable to operational risk was EUR 18bn or 11.5% of the Group's total REA, as at the end of the fourth quarter. Nordea's risk appetite statement for operational risk is expressed in terms of (i) effective risk management, with requirements regarding the number and type of operational risk areas in breach of their respective limits, and (ii) limits for total loss amounts related to operational and compliance risk incidents and for large loss events occurrences.

Nordea closely monitors geopolitical developments, such as (at present) the war in Ukraine and the conflict in the Middle East. Over the past year Nordea has observed elevated risks in the areas of cyber security and physical security, and an increase in fraudulent activity across the Nordics. In 2024 there was a wave of increased Distributed Denial-of-Service (DDoS) attacks in the Nordic region. Like other companies, Nordea is on occasion subject to DDoS attacks. Nordea is taking necessary measures in response to current events, as well as fine-tuning strategic cyber resilience plans to accommodate the changing threat landscape.

As a leading financial services provider in the Nordic region, Nordea plays a critical role in helping society detect and prevent financial crime. The risk of Nordea's infrastructure being used to facilitate financial crime remains a key inherent risk. In 2024 Nordea continued to invest in new technologies and resources to further strengthen its compliance programme. As in 2023, the European Union (EU), United Nations (UN), United Kingdom (UK) and United States (US) continued to introduce new sanctions in response to Russia's war in Ukraine. Nordea has implemented the applicable sanctions rules introduced by EU, US and UK. The sanctions currently include asset freezes, deposit restrictions, restrictions on economic relations with certain regions of Ukraine, restrictions related to the energy and finance sectors, import and export restrictions, and overflight bans. Against this backdrop, sanctions evasion has become a key focus area for EU, US and UK sanction regulators and Nordea's home regulators. As sanctions measures continue to curb the ability to support and finance the war in Ukraine, the sanctioned parties and facilitators are finding more creative ways to circumvent them. In addition to traditional techniques, such as wire stripping, regulators have highlighted an increased use of cryptocurrencies and third countries as common circumvention methods.

Nordea has no risk appetite or direct exposure to virtual currencies, also considering the various significant risks related to credit, fraud, ESG areas, which are difficult to manage at the current level of maturity in the market. Nordea continues to follow the developments in the area of virtual currencies, while regulation is proposed and implemented.

Nordea's trading book carries both market and counterparty credit risk (CCR). Risk-taking in the trading book occurs mainly through client-driven trading activity, agreed market-making obligations, and Nordea's role as a liquidity provider. Nordea passes on, or actively hedges, open market risks, and mitigates client exposure through legally enforceable netting agreements, high quality financial collateral, central counterparty (CCP) clearing, and credit default swaps. The effectiveness of this active risk mitigation strategy is evidenced in the minimal trading book contribution to the Group's overall capital requirement, with market risk and CCR accounting for approximately 3.5% and 2.5% respectively of the Nordea Group Pillar 1 REA.

Nordea's banking book carries market risk on the fair value assets the Group holds in its investment portfolios, staff pension funds, and holding of high quality liquid assets (HQLA), as required by the liquidity coverage ratio (LCR) regulation. Nordea's banking book lending and funding activities not only give rise to credit risk but also generate market risks, which are managed under Nordea's frameworks for interest rate risk in the banking book (IRRBB) and credit spread risk in the banking book (CSRBB). Banking book fair valued, and net interest income related market risks are capitalised not under the Pillar 1 but under the Pillar 2 framework. Market risk is governed in Nordea's RAF by way of limits on key risk and capital metrics such as value at risk (VaR), fair value stressed losses (FVSL) in the trading and banking books, market risk REA, structural foreign exchange, net interest income and economic value. The impact of ESG risk drivers on trading and banking book market risks is assessed through scenario analysis and stress testing. CCR, including ESG related exposure, is governed under the credit risk framework, where limits and exposures are included in the overall credit risk appetite and individual limits are independently monitored and controlled.

Liquidity risk represents a material risk for Nordea, although it does not carry a direct regulatory capital requirement. Nordea's liquidity risk management framework defines the Group's liquidity risk tolerance and limit-setting and adheres to regulatory requirements for the monitoring and reporting of liquidity risk positions, including the LCR and net stable funding ratio (NSFR) requirements. This ensures that the Group holds sufficient liquidity to be able to meet its cash flow needs, including on an intraday basis, across market cycles and during periods of stress. Specifically, Nordea's liquidity risk appetite requires it to hold a liquidity buffer (i) sufficient to be able to survive at least 90 days under combined institution-specific and market-wide liquidity stress, (ii) sufficient to ensure a liquidity stress coverage ratio based on internal stress tests of at least 105% under a combined scenario, (iii) sufficient to ensure an LCR of at least 115%, and (iv) denominated in currencies that can be readily converted to meet regulatory LCR net cash outflows in all significant currencies. Throughout 2024 Nordea maintained a strong liquidity position and remained within its liquidity risk appetite.

Material related party transactions

In 2024 there were no intragroup transactions or transactions with related parties that had a material impact on the risk profile of the consolidated Nordea Group.

Board of Directors' approval of the risk statement

Nordea's Board of Directors has approved this risk statement and acknowledges that the Group's risk management arrangement is adequate and well adapted to its business model, risk appetite and capital position.

Key risks: distribution of the Nordea Group's exposure at default (EAD), risk exposure amount (REA), Pillar 1 capital requirement (CAR) and allocated equity (AE) across business areas

EURbn		EAD	%	REA	CAR	%	AE	%
Total Nordea Group	Credit risk [1]	498,5	100%	132,6	10,6	85%	18,1	60%
	Market risk			5,3	0,4	3%	0,8	3%
	Operational risk			17,9	1,4	11%	2,5	8%
	Nordea Life & Pension						0,8	3%
	Other[2]						7,8	26%
	Total	498,5	100%	155,9	12,5	100%	30,0	100%
Personal Banking	Credit risk[1]	181,2	100%	53,4	4,3	89%	6,5	59%
	Market risk			0,0	0,0		0,0	0%
	Operational risk			6,8	0,5	11%	1,0	9%
	Nordea Life & Pension						0,4	3%
	Other[2]						3,2	29%
	Total	181,2	36%	60,2	4,8	39%	11,1	37%
Business Banking	Credit risk[1]	105,0	100%	37,7	3,0	88%	5,3	61%
	Market risk			0,0	0,0		0,0	0%
	Operational risk			5,4	0,4	12%	0,8	9%
	Nordea Life & Pension						0,0	0%
	Other[2]						2,6	30%
	Total	105,0	21%	43,1	3,4	28%	8,7	29%
Large Corporates & Institutions	Credit risk[1]	94,5	100%	30,4	2,4	76%	4,1	62%
	Market risk			5,3	0,4	13%	0,8	11%
	Operational risk			4,1	0,3	10%	0,6	9%
	Nordea Life & Pension						0,0	0%
	Other[2]						1,2	18%
	Total	94,5	19%	39,9	3,2	26%	6,6	22%
Asset & Wealth Management	Credit risk[1]	15,9	100%	5,5	0,4	76%	0,5	24%
	Market risk			0,0	0,0		0,0	2%
	Operational risk			1,7	0,1	24%	0,2	13%
	Nordea Life & Pension						0,3	18%
	Other[2]						0,8	43%
	Total	15,9	3%	7,2	0,6	5%	1,9	6%
Group functions, other and eliminations	Credit risk[1]	101,9	100%	5,5	0,4	103%	1,8	108%
	Market risk			0,0	0,0	0%	0,0	0%
	Operational risk			-0,1	0,0	-3%	0,0	0%
	Nordea Life & Pension						0,0	0%
	Other[2]						-0,1	-7%
	Total	101,9	20%	5,4	0,4	3%	1,6	5%

[1] Includes securitisation positions and the REA related to the Swedish risk weight floor due to Article 458 of the Capital Requirements Regulation.

[2] Equity items, deductions and reallocations.

Part 1: Risk methodologies and governance

Part 1 Table of contents

Executive summary

With high profitability and a strong balance sheet, Nordea is well placed to manage volatility throughout the economic cycle. In 2024 the Group maintained stable business volumes in all countries and posted a 4% increase in profit before loan losses (EUR 6.8bn) and a return on equity of 16.7%. The CET1 ratio was 15.8% at the end of 2024, 2.2 percentage points above the regulatory requirement. After receiving ECB approval, new retail capital models were implemented during the third quarter. Nordea remains committed to maintaining an AA- credit rating, with a focus on profitability, a well-diversified credit portfolio, a strong capital position and a diversified funding base.

Common Equity Tier 1 capital ratio

15.8%

Total capital ratio

21.0%

MREL ratio

35.5%

Net loan loss ratio

6bp

Credit risk exposure change

2%

Liquidity coverage ratio

157%

Strong capital position; continued share buy-backs

At the end of 2024 Nordea's Common Equity Tier 1 (CET1) ratio was 15.8%, 2.2 percentage points above the regulatory requirement. This is consistent with Nordea's capital policy, which targets a management buffer of 150bp above the regulatory CET1 requirement. Nordea's ambition is to distribute 60–70% of the net profit for the year to shareholders. Nordea's Board of Directors has proposed a dividend per share of EUR 0.94 for 2024, a 2% increase on the EUR 0.92 for 2023. This represents a 65% payout ratio, in line with Nordea's dividend policy range.

Following the implementation of new retail capital models in the third quarter, the CET1 ratio decreased by 1.9 percentage points, as expected, mainly due to an increase in the risk exposure amount.

At the end of 2024 Nordea was subject to a Pillar 2 requirement of 1.6%, of which 0.9% had to be met with CET1 capital. Including regulatory buffers, Nordea's total CET1 requirement is currently 13.6%. The total capital ratio at the end of 2024 was 21.0%, 3.3 percentage points above the regulatory requirement. The leverage ratio was 5.0%, well above the requirement of 3.0%. The requirements for own funds and eligible liabilities (MREL) and subordinated MREL ratios were 35.5% and 30.2%, above the respective requirements of 31.4% and 27.0%.

Continued strong credit quality; solid management judgement buffer

Nordea's credit quality remained solid in 2024 and was supported by a well-diversified loan book and stable portfolio quality. The net loan loss ratio including loans held at fair value was 6bp (5bp in 2023). Credit quality was solid in all customer sectors.

Nordea introduced enhanced collective provisioning models for the retail portfolios during the fourth quarter, in line with the new capital models implemented in the third quarter, which led to adjustments in the portfolio quality composition; however, there was no significant impact on provisioning requirements.

During the year the macroeconomic outlook somewhat deteriorated, as expected, driven by high interest rates and a general slowdown in the economy. However, the development has stabilised and the outlook for the Nordics is now more positive. Allowances remain at high levels due to continued elevated macroeconomic uncertainty, e.g. resulting from potential changes in trade policies and evolving geopolitical risks. The total management judgement buffer now stands at EUR 414m. At the end of the year total allowances amounted to EUR 1.8bn. Stage 3 (impaired) loans increased by 20% compared 2023, mainly driven by the new retail capital models, and the impaired loans ratio increased to 1.04% (0.89% in 2023), which remains a very low level.

Strong funding and liquidity positions; all credit ratings AA- or equivalent

Nordea maintained its strong liquidity position and reputation in the funding markets. The Group used all its funding programmes in 2024, issuing approximately EUR 20.7bn in long-term debt (excluding capital instruments and Nordea Kredit covered bonds), compared with EUR 26.4bn last year. Nordea's year-end liquidity coverage ratio (LCR) was 157% and its net stable funding ratio (NSFR) was 124% at the Group level. Nordea's issuer credit ratings are at the AA- level, according to Moody's (Aa3), S&P (AA-) and Fitch (AA-). In May 2024 Moody's upgraded the outlook for Nordea Bank Abp to positive; the outlooks of S&P and Fitch remained stable.

Further integration of sustainability into business strategy

In 2024 Nordea made significant progress in identifying, mitigating, managing and monitoring material ESG factors impacting its business strategy and risk profile. Nordea performed an extensive climate and environmental materiality assessment and completed the double materiality assessment required under the Corporate Sustainability Reporting Directive (CSRD). The process, methodology and results are presented in a dedicated ESG section in this report, which also covers the improved ESG risk management framework and other relevant matters.

EU KM1 - Key metrics template

During the fourth quarter Nordea's own funds increased by EUR 1.1bn, of which CET1 increased by EUR 0.6bn, Additional Tier 1 (AT1) increased by EUR 0.2bn and Tier 2 (T2) increased by EUR 0.3bn. CET1 increased due to profit generation net of dividend accrual, partly offset by new share buy-back programme. AT1 capital increased mainly due to FX-effects on AT1 capital due to the appreciation of USD, while T2 increased due to new T2 instruments issued in November (EUR 0.2bn). The increase of REA by EUR 2.2bn was mainly driven by the acquisition of Danske Bank's personal customer and private banking business in Norway. Leverage ratio increased slightly from 4.9% to 5.0% mainly due to Tier 1 capital increase. During the third quarter new retail capital models were implemented, which led to a decrease in the CET1 ratio by 1.9 percentage points, mainly driven by increased REA.

		a	b	c	d	e
	Available own funds (amounts), EURm	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
1	Common Equity Tier 1 (CET1) capital	24,570	23,935	24,315	23,798	23,645
2	Tier 1 capital	28,683	27,844	27,602	27,061	26,845
3	Total capital	32,800	31,703	32,008	31,021	30,815
	Risk-weighted exposure amounts, EURm					
4	Total risk exposure amount	155,850	153,691	139,333	138,579	138,719
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15.8%	15.6%	17.5%	17.2%	17.0%
6	Tier 1 ratio (%)	18.4%	18.1%	19.8%	19.5%	19.4%
7	Total capital ratio (%)	21.0%	20.6%	23.0%	22.4%	22.2%
	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%	1.6%	1.7%	1.7%	1.7%
EU 9a	Systemic risk buffer (%)	1.5%	1.4%	1.0%	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 (%)	8.2%	8.1%	7.7%	6.7%	6.7%
EU 11a	Overall capital requirements (%)	17.8%	17.7%	17.3%	16.3%	16.3%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.4%	10.2%	12.1%	11.8%	11.6%
	Leverage ratio					
13	Total exposure measure	568,334	566,487	556,605	555,234	533,497
14	Leverage ratio (%)	5.0%	4.9%	5.0%	4.9%	5.0%
	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[1)]					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	109,127	107,742	108,379	110,493	113,628
EU 16a	Cash outflows - Total weighted value	91,083	88,685	86,011	86,536	86,686
EU 16b	Cash inflows - Total weighted value	21,364	20,060	17,715	16,738	15,149
16	Total net cash outflows (adjusted value)	69,718	68,625	68,297	69,797	71,537
17	Liquidity coverage ratio (%)[2)]	157%	157%	159%	159%	159%
	Net Stable Funding Ratio					
18	Total available stable funding	283,292	323,339	323,564	319,522	316,784
19	Total required stable funding	228,512	264,145	265,413	265,493	266,889
20	NSFR ratio (%)	124.0%	122.4%	121.9%	120.4%	118.7%

[1)] Q3 2024 LCR data was re-stated
[2)] The LCR reported in this table is the average of 12 end of month ratios.

Regulatory development

This section provides an overview of the recent regulatory developments relevant to Nordea's capital and liquidity requirements. Nordea constantly monitors the regulatory landscape and is highly involved in consultations and advocacy towards regulators, both nationally and internationally. The main changes to currently applicable and future regulations are summarised below.

Current regulatory framework

The current regulatory framework consists of the Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR), Bank Recovery and Resolution Directive (BRRD) and Single Resolution Mechanism Regulation (SRMR). The CRR became applicable in all European Union (EU) countries in January 2014, while the Directives were implemented into national law within all EU member states from 2014.

In June 2019, the 'banking package' was adopted in the EU, which contained revisions to the BRRD, the SRMR, the CRD and the CRR. The amended CRD and BRRD included revised minimum requirements for own funds and eligible liabilities (MREL) rules, changes to the macroprudential buffers, and introduced a split of Pillar 2 add-ons into Pillar 2 Requirements (P2R) and Pillar 2 Guidance (P2G). The amendments in CRR included, among other things, a binding leverage ratio requirement of 3% to be met by Tier 1 capital, as well as a binding net stable funding ratio (NSFR) requirement of 100%.

As a bank domiciled in Finland, Nordea Group and its Finnish subsidiaries are subject to Finnish legislation and the supervision from the European Central Bank (ECB). However, the application of capital buffers are decided by local authorities and impacts Nordea based on the application and amount of exposures in the relevant country. The subsidiaries outside Finland are subject to local legislation and the supervision from the local supervisory authorities.

EU implementation of finalised Basel III framework ("Basel IV")

Basel III is a global regulatory framework for bank capital adequacy, stress testing and liquidity risk. In December 2017 the finalised Basel III framework, often referred to as the Basel IV package, was published. It includes revisions to credit risk, market risk, operational risk, credit valuation adjustment (CVA) risk as well as the leverage ratio, and introduces a new output floor.

The Basel IV package is implemented into CRR and will become effective on 1 January 2025. The updated regulation is referred to as the CRR3.

On credit risk, the CRR3 includes revisions to both the internal ratings-based (IRB) approach, where restrictions on the use of IRB for certain exposures are implemented, as well as on the standardised approach. For market risk, the internal model approach and the standardised approach have been revised. The EU Commission has issued a delegated act to postpone the application of the new market risk rules until 1 January 2026 to maintain the level playing field with other jurisdictions. For operational risk, the three existing approaches will be removed and replaced by one standardised approach to be used by all banks. For CVA risk, the internally modelled approach is removed and the standardised approach is revised.

The CRR3 introduces an output floor which is to be set at 72.5% of the standardised approaches on an aggregate level. This means that the capital requirement will be floored to 72.5% of the total Pillar 1 risk exposure amount (REA) calculated with the standardised approaches for credit, market and operational risk. The floor will be phased in, starting with 50% from 1 January 2025 and to be fully implemented at 72.5% from 1 January 2030 with transitional rules for the calculation of REA for the output floor extending to end-2032. Due to differences across banks, the timing for when and if the output floor will be the constraining measure might differ.

Regulatory minimum requirements

The CRR requires banks to comply with the following minimum own funds requirements in relation to total risk weighted assets:

- CET1 capital ratio of 4.5%
- Tier 1 capital ratio of 6%
- Total capital ratio of 8%

In addition, banks are required to maintain a leverage ratio of 3%. The leverage ratio is a non-risk-based measure calculated as the Tier 1 capital divided by an exposure measure, comprising of on-balance and off-balance sheet exposures with adjustments for certain items such as derivatives and securities financing transactions.

Banks also need to meet MREL and subordination requirements as decided by their resolution authorities, expressed in terms of total REA and leverage ratio exposure (LRE). Banks should meet the MREL requirement with own funds and MREL eligible liabilities, and subordination requirement with own funds and subordinated MREL eligible liabilities such as senior non-preferred liabilities.

The CRR requires institutions to comply with a 100% NSFR requirement, i.e. to finance their long-term activities (assets and off-balance sheet items) with stable funding. Furthermore, the liquidity coverage ratio (LCR) needs to be maintained above 100%, which means that banks should hold high-quality liquid assets in excess of expected cash outflows over 30 days.

Capital buffers

In addition to the minimum requirements, the CRD contains capital buffer requirements. The application and the levels are regulated and based on the institutions contribution to systemic risk and/or general macro prudential justifications. Each Member State decides the capital buffer levels applicable to the institutions within their jurisdiction. The capital buffer requirements are expressed in relation to REA to be covered by CET1 capital and represent capital to be maintained in addition to minimum regulatory requirements. The combined capital buffer comprises the capital conservation buffer (CCoB) of 2.5% applicable to all institutions. Depending on the characteristics of the institution and/or macroprudential justifications, the following capital buffers may also be required: A countercyclical capital buffer (CCyB), a buffer for globally systemically important institutions (G-SII), a buffer for other systemically important institutions (O-SIIs), as well as a systemic risk buffer (SyRB).

The institution-specific CCyB will, under normal circumstances, be in the range of 0-2.5%, depending on the buffer rate in the countries where the institution has its relevant exposures. The O-SII buffer can be set up to 3% and the SyRB can be set up to 5% for all exposures or up to 10% for specific sectors or domestic exposures. In aggregate the SyRB cannot exceed 5%. All of these buffers are included in the so-called combined buffer requirement (CBR). The CBR is the sum of the CCoB, CCyB, SyRB and the highest of the O-SII and G-SII buffer.

Breaching the combined buffer requirement will restrict banks' capital distribution, such as the payment of dividends, share buybacks, remuneration and coupon payments on Additional Tier 1 (AT1) instruments, in accordance with the regulations on maximum distributable amount (MDA).

Nordic implementation

Both the CRD/CRR and the BRRD allow for national implementation of certain provisions, which is why there may be some national differences in the implementation in the different countries.

Finland

The Finnish FSA has maintained the O-SII buffer for Nordea at 2.5% and the CCyB rate at 0%.

In the beginning of 2023, the Finnish FSA concluded that the sector's macroprudential buffers were below the assessed structural risks after the reduction in buffer requirements due to COVID-19 and imposed a SyRB of 1%, which became applicable on 1 April 2024.

The Finnish FSA has reciprocated the risk weight floor applicable to Swedish corporate loans secured by real estate (35% on commercial real estates (CRE) and 25% on residential real estates (RRE)). In addition, the Finnish FSA has also reciprocated risk weight floors applicable to exposures in Norway (35% CRE and 20% RRE).

On 9 July Nordea received ECB approval for new retail capital models which were implemented in the third quarter this year.

In June 2024, Nordea received the Single Resolution Board's decision on the updated MREL. The Group must meet MREL requirements of the sum of 23.18% of REA and the CBR, and in parallel 7.14% of the LRE. The Group must also meet subordination requirements of the sum of 21.40% of REA and the CBR, and in parallel 7.14% of the LRE. In addition, the amount of the subordination requirement shall at no time exceed the amount which corresponds to a value of 27% of REA including the CBR.

The MREL requirements will be assessed by the Single Resolution Board and updated annually.

Denmark

The Minister of Industry, Business and Financial Affairs has decided to maintain the CCyB at 2.5% which is the level that has been in force since Q1 2023.

As part of the implementation of BRRD in Denmark, mortgage institutions such as Nordea Kredit Realkreditaktieselskab must hold a debt buffer of 2% based on outstanding mortgage loans. The debt buffer requirement is comparable to an MREL requirement and can be met with CET1, AT1 or Tier 2 capital instruments as well as senior non-preferred instruments that fulfil certain criteria.

If the mortgage institution belongs to an international financial group, which is the case for Nordea Kredit, where the MREL requirement of 8% is fulfilled, the debt buffer requirement can be kept at 2%. If the 8% MREL requirement is not fulfilled, the debt buffer requirement is set to a minimum of 2%, and the debt buffer and own funds in total have to be minimum 8% of the total liabilities and own funds in the mortgage institution.

Nordea Kredit Realkreditaktieselskab was in 2017 identified as an other systemically important institution and is subject to a 1.5% O-SII buffer requirement. The requirement was confirmed on 19 December 2024.

On 26 April 2024 the Minister of Industry, Business and Financial Affairs decided to activate a sector specific SyRB based on a recommendation from the Systemic Risk Council in Denmark. The SyRB is valid for banks in Denmark from 30 June 2024 for exposures to real estate companies with a specific industry code. In addition, the exposure covered by real estate collateral up to a loan-to-value of 15% is exempted. On 30 September 2024 the Finnish FSA published a decision to reciprocate the Danish sector SyRB of 7% applicable from 1 January 2025. The buffer is not additive with the already applicable general SyRB of 1%, hence for these exposures the total SyRB requirement will be 7%.

Norway

A SyRB of 4.5%, applicable for all exposures in Norway, was implemented from 31 December 2020 for banks using the advanced internal ratings-based (AIRB) approach. The Board of the Finnish FSA decided to partially reciprocate the Norwegian SyRB requirement at the level of 3.5%. The requirement became effective to Nordea's exposures in Norway on 1 July 2024.

Norges Bank has decided to keep the CCyB to 2.5% which is the level that has been in force since Q1 2023.

On 29 August 2024, the Ministry of Finance decided that four banks should continue to be identified as other systemically important institutions, of which Nordea Eiendomskreditt is identified with an unchanged O-SII buffer of 1%.

The Ministry of Finance, on 6 December 2024, decided to increase the risk weight floor from 20% to 25% for loans secured by residential real estates. The increase to 25% applies form 1 July 2025.

Sweden

The Swedish FSA has decided to keep the CCyB to 2% which is the level that has been in force since Q2 2023.

On 29 May 2024, the Swedish FSA communicated the intention to start the process to extend the current risk weight floors for residential mortgages and commercial real estates to at least 2027. The assessment is that the risks remain and that they will not be fully addressed at the time of the entry into force of the CRR3 on 1 January 2025.

Nordea Hypotek was identified as other systemically important institution in 2022 and is subject to a 1% O-SII buffer requirement. The requirement was confirmed by the Swedish FSA on 7 June 2024.

Governance of risk, liquidity and capital management

The chapter introduces Nordea's governance of risk, liquidity and capital management.

Internal Control Framework

The Internal Control Framework covers the whole Group and includes the Board of Directors, Group Chief Executive Officer (Group CEO) and senior executive management responsibilities towards internal control, all Group functions and business areas including outsourced activities and distribution channels. Under the Internal Control Framework, all business areas, Group functions and units are responsible for managing the risks they incur when conducting their activities and to have controls in place that aim to ensure compliance with internal and external requirements. As part of the Internal Control Framework, Nordea has established Group Control Functions with appropriate and sufficient authority, independence and access to the Group Board to fulfil their mission. Within the Internal Control Framework the Group Board has established Nordea's Risk Management Framework and Compliance Risk Management Framework.

The Internal Control Framework ensures effective and efficient operations, adequate identification, measurement and mitigation of risks, prudent conduct of business, sound administrative and accounting procedures, reliability of financial and non-financial information (both internal and external) and compliance with applicable laws, regulations, standards, supervisory requirements and the Group internal rules.

Three lines of defence model

The primary governance principle in Nordea for internal control is the adherence to the three lines of defence model.

- First line of defence (1st LoD) is responsible for risk management and for compliance with applicable rules in its day-to-day work
- Second line of defence (2nd LoD) is responsible for maintaining and monitoring the implementation of Nordea's Risk Management and Compliance Risk Management Frameworks
- Third line of defence (3rd LoD) is responsible for independent assurance and advisory activities related to the Internal Control Framework

Table 1: Three lines of defence (LoD)

1st LoD	2nd LoD	3rd LoD
Business areas and Group functions	Group Risk and Group Compliance	Group Internal Audit (GIA)
The first line of defence refers to all units and employees that are neither in the second nor in the third line of defence. The first line of defence is responsible for the daily risk management and for compliance with applicable rules. All employees in the first line of defence have a role of understanding and adhering to prudent risk management and for compliance with external and Group Internal Rules as part of performing their tasks. All managers are fully responsible for the risks and for compliance within their respective area of responsibility. Hence, they are responsible for ensuring that the appropriate organisation, procedures and support systems are implemented to ensure a sufficient system of internal controls.	The second line of defence consists of Group Risk and Group Compliance which are responsible for monitoring the implementation of the Internal Control Framework. The second line of defence implements the financial and the non-financial risk policies and according to a risk-based approach, monitors and controls the Risk Management Framework and the Compliance Risk Management Framework and shall among other things ensure that all risks that Nordea is or could be exposed to, are identified, assessed, monitored, managed and reported on.	The third line of defence consists of GIA being an independent internal audit function. GIA conducts risk-based and general audits and reviews that the Internal Governance arrangements, processes and mechanisms are sound and effective, implemented and consistently applied. GIA is also in charge of the independent review of the first two lines of defence including ensuring that the segregation of duties are defined and established between risk management (first line) and risk control (second line).

Decision-making bodies for risk and capital management

The Group Board, the Board Risk Committee (BRIC), the Group CEO in the Group Leadership Team (GLT), the Asset and Liability Committee (ALCO) and the Risk Committee (RC) are the key decision-making bodies for risk and capital management in Nordea. In addition, the CEO Credit Committee, the Executive Credit Committee and Business Area Credit Committees are the key bodies for Credit decision making.

Group Board

The Group Board has the following overarching risk management responsibilities:

- Decide on the Group's risk strategy and the Risk Appetite Framework, including the Risk Appetite Statement, with at least annual reviews and additional updates when needed.
- Oversee and monitor the implementation of the risk strategy, Risk Appetite Framework, and Risk Management Framework and regularly evaluate whether the Group has effective and appropriate controls to manage the risks.
- Monitor and oversee the development of the Group's risk profile against the Group Board approved Risk Appetite Statement.
- Set and oversee the implementation of the Group's risk culture, monitor that the risk culture is implemented consistently, and consider the impact of the risk culture on the financial stability risk profile and governance.

The Group Board decides on capital policy including dividend policy to ensure adequate capital and liquidity levels within the Group on an ongoing and forward-looking basis, consistent with Nordea's business model, risk appetite and regulatory requirements and expectations.

Board Risk Committee (BRIC)

BRIC assists the Group Board in fulfilling its oversight responsibilities concerning management and control of the risks, risk frameworks, controls and processes associated with the Group's operations.

Group CEO

The Group CEO is responsible to the Group Board for the overall management of the Group's operations and risks. Responsibilities include ensuring that the risk strategy and risk management framework decided by the Group Board is implemented, the necessary practical measures are taken and risks are monitored and limited.

The Group CEO is supported in decision-making by senior management within the GLT. Matters that are to be decided by the Group Board and matters of principle or otherwise of particular importance that are to be decided by the Boards of Directors of the major subsidiaries of Nordea Bank Abp, shall first be presented to the Group CEO in GLT for discussion and recommendation.

Group-wide committees have been established by the Group CEO to promote coordination within the Group, thus ensuring commitment to and ownership of Group-wide prioritisations, decisions and implementation. The composition and areas of responsibility of each committee are established in the Group CEO Instructions for the respective committees.

Asset and Liability Committee (ALCO)

ALCO is subordinated to the Group CEO in GLT and chaired by the Group Chief Financial Officer (CFO). ALCO decides on changes to the financial operations and the risk profile of the balance sheet, including asset and liability management (ALM), balance sheet management and liquidity management. ALCO also decides on certain issuances and capital injections for all wholly-owned legal entities within the Group. ALCO has established sub-committees for its work and decision-making within specific risk areas.

Risk Committee (RC)

RC is subordinated to the Group CEO in GLT and chaired by the Group Chief Risk Officer (CRO). RC manages the overarching Risk Management Framework and prepares or provides guidance regarding proposals to the Group CEO in GLT and/or the Group Board on issues of major importance concerning Nordea's Risk Management Framework. The Group Board decides on the Risk Appetite Framework. The RC allocates the risk appetite to the risk-taking units, and the 1st LoD is responsible for ensuring that limits are further cascaded and operationally implemented. RC has established sub-committees for its work and decision-making within specific risk areas.

Table 2: Governing bodies for risk and capital management

Board of Directors Board Risk Committee			
Group CEO			
Asset and Liability Committee (ALCO) (Chairman: CFO)	**Risk Committee** (RC) (Chairman: CRO)	**CEO Credit Committee** (Chairman: CEO) **Executive Credit Committee** (Chairman: Head of Group Credit Management) **Business Area Credit Committees** (Chairman: Head of Credit)	**Sustainability and Ethics Committee** (SEC) (Chairman: Head of Business Banking)

Credit decision-making bodies

The Group Board and the subsidiary Boards of Directors delegate credit decision-making according to the Powers to Act as described in the Group Board Directive on Risk.

- CEO Credit Committee is chaired by the Group CEO and the members of the Executive Credit Committee are included.
- Executive Credit Committee is chaired by the Head of Group Credit Management. The CEO appoints the members of the Executive Credit Committee.
- Business Area Credit Committees: The Executive Credit Committee establishes credit committees for each business area as required by organisational and customer segmentation.

Sustainability and Ethics Committee (SEC)

SEC is subordinated to the Group CEO in GLT and chaired by the Head of Business Banking. The objective of SEC is to ensure Group-wide input and governance of sustainability as part of the strategy and the development of the strategy prior to GLT. SEC supports the Group CEO and GLT by coordination within the Group, thus ensuring commitment to and ownership of Group-wide prioritisations, decisions and implementation related to sustainability matters and ethical dilemmas. Part of this is to approve sector and thematic guidelines.

Subsidiary governance

The subsidiary Board of Directors is responsible for approving Risk Appetite Limits and capital actions within the overarching framework set by the Group Board. The proposals for such items are the responsibility of relevant subsidiary management which are supported by Group functions.

Subsidiaries must adhere to the Internal Control Framework of the Group including Nordea's Risk Management and Compliance Risk Management Frameworks, unless local legal or supervisory requirements determine otherwise. The subsidiary Board of Directors has oversight responsibilities concerning the management and control of risk, and the implementation of risk management frameworks as well as the processes associated with the subsidiary's operations. In addition, there are risk management functions responsible for the risk management frameworks and processes within the subsidiaries.

The subsidiary CEO is part of the decision-making process at the subsidiary level and is responsible for its daily operations.

Risk management processes

The Risk Management Framework ensures consistent processes for identifying, assessing and measuring, responding to and mitigating, controlling, monitoring and reporting risks to enable informed decisions on risk-taking.

The Risk Management Framework covers all risks to which Nordea is exposed, including off-balance sheet risks. Detailed risk information covering all types of risk is regularly reported to the RC, GLT, BRIC and the Group Board. In addition, Nordea's compliance with regulatory requirements is reported to the GLT and the Group Board. The Board of Directors and the CEO in each subsidiary regularly receive local risk reporting.

The Risk Identification Process starts with identifying potential risks to which Nordea is or could be exposed. Risks are then assessed for relevance, classified, and included in the Common Risk Taxonomy. All risks within Nordea's Common Risk Taxonomy need to be classified as material or not material, where material risks are those assessed as having a material impact on Nordea's current and/or future financial position, its customers and stakeholders.

Risk appetite

The Risk Appetite Framework (RAF) supports effective risk management and a sound risk culture by enabling informed decisions on risk-taking, with the objective of ensuring that risk- taking activities are conducted within the organisation's risk capacity. Risk capacity is the maximum level of risk Nordea is deemed able to assume given its capital (own funds), its risk management and control capabilities and its regulatory constraints. Risk appetite is the aggregate level and types of risk Nordea is willing to assume within its risk capacity, in line with its business model, to achieve its strategic objectives.

The Risk Appetite Statement is the articulation of the Group Board approved risk appetite and comprises the qualitative Statements and quantitative Limits and Triggers by main risk type, which are deemed appropriate to be able to operate with a prudent risk profile.

Table 3: Group Board approved Risk Appetite Statements

Risk type	Risk Appetite Level 1
Credit risk	Sector Limit Framework
	Geography Concentration
	Single Name Concentration
	Leveraged Transactions
	Non-performing Loans
	Expected Credit Losses
	Stressed Loan Losses
Counterparty credit Risk	Credit Portfolio Loss
Market risk	Market Risk REA
	Value at Risk
	Economic Value Risk
	Earnings Risk
Liquidity risk	Liquidity Coverage Ratio
	Liquidity Stress Coverage
	Structural Funding
Operational risk	Operational Risk
	Incident Loss
ESG risk	GHG Financed Emission Index
Capital risk	CET1 Capital Ratio
	Total Capital Ratio
	Leverage Ratio
	NLP Solvency Ratio
	Structural FX Risk
Model risk	Qualitative and quantitative Risk Assessment
Compliance risk	Qualitative and quantitative Risk Assessment

Risk appetite processes

The RAF is maintained through processes and controls that establish, monitor and communicate Nordea's risk appetite:

- Risk capacity setting based on capital and liquidity position: The Group's overall risk capacity is aligned with the financial and capital planning process, based on Nordea's risk strategy. Risk capacity is set in line with Nordea's capital and liquidity position, including buffers that allow for appropriate risk volatility.
- Risk appetite allocation by risk type: Risk appetite includes Risk Appetite Limits for the main risk types that Nordea is exposed to. Risk Appetite Triggers are set for these main risk types, to act as early indicators allowing key decision-makers to manage risk within established limits.
- Risk limit setting: Measurable risk limits are established and set at an appropriate level to manage risk-taking effectively. Risk Appetite Limits are set by the BRIC. Board mandated limits are then cascaded throughout the various business areas to ensure risk is allocated to reflect the desired business mix and risk allocation management needs to adhere to. These inform the risk limits which are established and approved at lower decision-making levels. The RAF is calibrating to ensure consistency throughout the framework. Subsidiary Risk Appetite Limits must be set by the appropriate governing body in alignment with local regulatory requirements and consistent with the Group risk limits.
- Controlling and monitoring risk exposures against risk limits: Regular controlling and monitoring of risk exposures compared to risk limits is carried out to ensure that risk-taking activity remains within risk appetite.
- Risk Appetite Limit breach management process: Group Risk (GR) and Group Compliance (GC) oversee that Risk Appetite Limit breaches are appropriately escalated to RC and BRIC. GR and GC report monthly on any breaches of the risk appetite to the Group Board and other relevant governing bodies including a follow-up on the status of actions to be taken, until the relevant risk exposure is within appetite. The reporting includes a consistent status indicator to communicate the current risk exposure compared to Risk Appetite Limit for all risk types covered by the Risk Appetite Statements.

Embedding risk appetite in business processes

The end-to-end risk appetite process cycle is aligned with other strategic processes, including the Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP) and the Recovery Plan.

The risk appetite is embedded in business processes and communicated across the organisation to meet Nordea's objectives of maintaining a sound risk culture. This includes but is not limited to ensuring a strong link between the assessed risk appetite and the business plans and budgets as well as capital and liquidity position. Risk appetite is also considered in the Group recoverability and resolvability assessments as well as the incentive structures and remuneration framework.

ESG factors in business strategy, governance and risk management

This chapter provides an overview of Nordea's ESG-related business strategy, governance and risk management. In the next chapter, these topics are covered in more detail for each of the three elements – environmental, social and governance factors.

ESG FACTORS IN BUSINESS STRATEGY: INTRODUCTION

Environmental, social and governance (ESG) factors are the characteristics potentially positively or negatively impacting the financial, environmental, social or governance performance or solvency of Nordea or its counterparties, across value chains or business environments. ESG factors as risk drivers may materialise, first of all, through the traditional (prudential) risk categories. This includes credit risk, market risk, business model risk, operational risk (including reputational risk and legal risk, the latter covering litigation and liability risk), liquidity risk, and any other material risk. The risk drivers could also materialise through any of the risk areas' sub-categories that Nordea is or might become exposed to. Secondly, they may materialise through Nordea seeking to take action on material impacts to sustainable development, for people and the natural environment, within our operations and through our business environment. For the purposes of this report, Nordea's strategic sustainability ambition and management of material ESG-related risks are cross-mapped to the respective components of Nordea's Common Risk Taxonomy, as detailed in corresponding sub-sections.

Setting and aligning sustainability objectives in Nordea's business strategy with ESG-related risk management and risk strategies are a response to the systematic identification and mapping of relevant ESG factors via their transmission channels to Nordea's business operations and model, and risk profile (Figure X). Identification relies on the concept of double materiality; one of the unique features of the new Corporate Sustainability Reporting Directive (CSRD) requirements per 2024. It indicates, on one side, the material positive or negative impacts on the planet and society, and on the other side, their potential impact to Nordea and its counterparties.

Following this, Nordea developed its climate and nature related materiality assessment (MA) to identify and assess the most relevant ESG factors (i.e. climate and environmental (C&E) risks) towards Nordea's business model. This MA process leverages on the Internal Capital and Liquidity Adequacy Assessment Processes (ICLAAP) framework, using a 4-level risk materiality banding system (refer to section 'Approach to the assessment of materiality of ESG factors') and adds components for the purposes of embedding C&E risk drivers. This enhanced 2024 MA concluded that Nordea is materially exposed to various C&E risk drivers across its prudential risk categories, mainly via counterparties but partly via our own operations. Based on the risk quantification, extra capital was reserved in 2024 to cover for additional climate-related risk within credit risk, the main risk type for Nordea. Leveraging on the MA results, Nordea also performed the double materiality assessment (DMA) as part of the new CSRD requirements.

Nordea's overall risk strategy is to respond actively through customer engagement in driving a sustainability-based transition while capturing growth opportunities. This includes having relevant risk mitigation in place to address the C&E risk drivers as identified in the 2024 MA. In general, Nordea's sustainability efforts are structured around four key areas: financial strength, climate and environmental action, social responsibility, and governance and culture. For each of these areas, Nordea has identified relevant UN Sustainable Development Goals, as well as specific sustainability-related matters that impact Nordea or where Nordea can have significant impact through its lending activities, investments and internal operations. Nordea has adopted a long-term perspective and believes that companies with sustainable business models carry different types of risk than the 'traditional' prudential risks. Helping Nordea's customers build resilience therefore goes hand in hand with future-proofing Nordea's own business. Understanding and managing ESG risks and opportunities is essential for maintaining Nordea's financial strength and strong capital position.

The resilience of Nordea's business model is dependent on the sustainability of the counterparties' business models and having in place effective risk mitigation measures. One key objective for Nordea's sustainability steering is the alignment of on-balance sheet lending and investments with the Paris Agreement, especially through financed greenhouse gas (GHG) emissions reductions. Through ESG-related product offerings, Nordea supports sustainable practices and actively engages with customers and investees, who are among the key enablers of the sustainability strategy and targets. These offerings allow for the incorporation of sustainability into the overall funding and liquidity strategy, including sustainability-related funding activities. To further support Nordea's sustainable strategy, internal targets are set to decrease GHG emissions by 40-50% by 2030 and achieving net zero at latest by 2050 (see 2024 Annual Report, Sustainability Statement chapter E1 Climate change). Nordea has set interim targets on selected portfolios to support active net zero steering and to align Nordea's balance sheet with the business environment, external policy, and industry best practices for identified material sustainability dimensions. These are embedded in Nordea's lending and investment policies and management practices through engagement with Principles for Responsible Banking (PRB), UN Global Compact, Equator Principles, Poseidon Principles and other key benchmarks (see Sustainability Statement chapter X E1 Climate change). For sustainability steering in Nordea's internal operations, such commitments are embedded in Nordea's policy frameworks, including for third-party procurement, travel and employee conduct. In addition to the GHG emission targets and accompanying mitigating actions, mitigation measures include, among others, implementation of specific industry credit policies (ICP), corporate transition plans and specific customer ESG assessments, and monitoring of energy performance certificates (ECP).

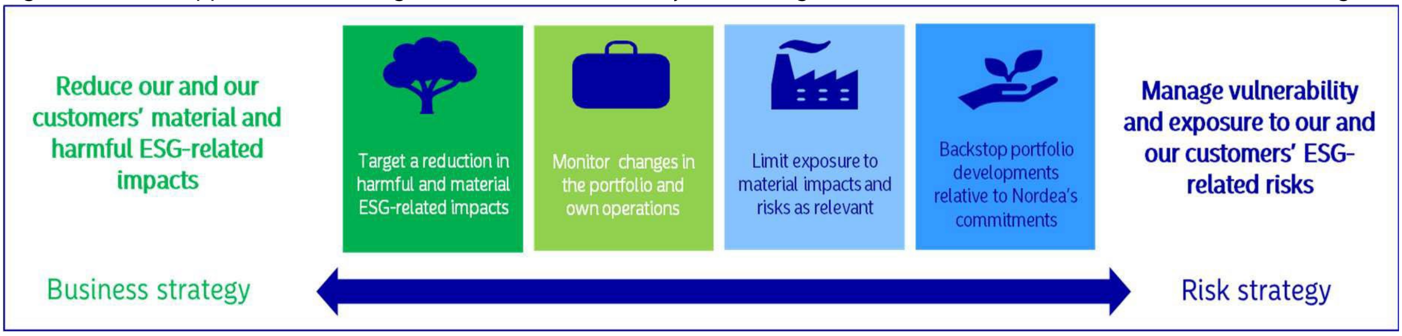
During 2024, Nordea approved a position on biodiversity and nature-related impacts to be incorporated into Nordea's strategy, governance and risk management towards 2025. Biodiversity aspects were also integrated in the internal 2024 business environment scanning (BES) process, reflecting the identification of these aspects in Nordea's climate and nature-related MA. The BES report supports the development of sustainable business strategies and risk management throughout Nordea's organisation. Sector guidelines have been updated in 2024 to capture biodiversity and nature-related aspects, both in terms of a general introduction across new sector guidelines and more specific expectations in sector guidelines on agriculture, aquaculture, feed and food processing sectors, and real estate. Further improvements of sector guidelines to include biodiversity aspects will be made during 2025. Building capacity in terms of understanding, methodologies and data foundation has been the key focus in 2024 to continue to support the incorporation of biodiversity into Nordea's strategies, governance, risk management, stakeholder engagements and offerings. To further support the integration of biodiversity into Nordea's business, several trainings and internal dialogues have been held during the year. On top, initial assessments of dependencies and impacts on biodiversity and ecosystem services along Nordea's value chain were conducted using the tools WWF Biodiversity Risk Filter and ENCORE. In 2025, Nordea will continue to enhance the biodiversity assessment approach, including quantification of dependency and impacts on biodiversity and ecosystem services across the value chain, focusing on Nordea's lending portfolio as a basis for more targeted actions to reduce downstream value chain impacts, and risks and to capture opportunities.

Reporting and EU Taxonomy

As of 2024, the CSRD applies to Nordea. The CSRD will replace the Non-Financial Reporting Directive (NFRD) requirements. The CSRD is an industry-wide comprehensive reporting requirement on sustainability matters. One of the key concepts of the CSRD is the double materiality assessment. Nordea included CSRD reporting in the Sustainability Statement as part of the 2024 Annual Report, applying the European Sustainability Reporting Standards (ESRS), as required by CSRD. Nordea has also performed a feasibility and benchmarking exercise based on the draft 'EBA guidelines on the management of ESG risk' in order to be prepared for the final guidelines.

In addition, in accordance with the EU Taxonomy (EU Taxonomy Regulation 2020/852 Article 8), Nordea is required to disclose its exposures related to taxonomy-eligible and aligned activities, where 'aligned exposures' are environmentally sustainable according to the regulation. The Green Asset Ratio (GAR) KPIs communicate the proportion of exposures related to taxonomy-aligned activities compared to Nordea's total covered assets. The implementation of the EU Taxonomy is described in the 2024 Annual Report, alongside the exposures to taxonomy-eligible and taxonomy-aligned activities and the related taxonomy KPIs, as well as in GAR templates 6, 7 and 8 in Part 2 of this report. The assets in scope for disclosures for 2024 are retail exposures as set out in Nordea's internal GAR methodology document, exposures to undertakings falling under NFRD including financial and non-financial undertakings, local governments financing, collateral obtained by taking possession (residential and commercial immovable properties), and off-balance sheet exposures.

Figure 1: Overall approach for the alignment of ESG-related objectives, targets and limits in Nordea's business and risk strategies



ESG FACTORS GOVERNANCE: INTRODUCTION

ESG factors in group governance

Nordea has embedded oversight of strategic steering for material ESG impacts within its Group governance model (Figure X). The Nordea Board of Directors (the Board) sets out Nordea's purpose and values on which the sustainability approach is built and their expectations for how sustainability should be strategically driven and implemented. The Board is responsible for overseeing the integration of sustainability into Nordea's strategic priorities and business plan as well as ensuring that the strategy is compatible with the transition to a sustainable economy.

The Board Operations and Sustainability Committee (BOSC) assists the Board in overseeing the sustainability impacts, including development, decision and oversight of the strategic priorities and related targets and objectives that are presented for review and input. On the recommendation of BOSC, the Board approves the strategic sustainability priorities.

The Board Risk Committee (BRIC) oversees the financial impacts of ESG factors on Nordea and reviews the Group's risk profile and key risk issues including significant development with regard to environmental, social and governance risks. The Board Audit Committee (BAC) oversees the reporting of matters related to Nordea's sustainability strategy. This predominantly refers to the quarterly and annual reports, including the quantitative regulatory disclosures and the control environment of the sustainability reporting process.

At the Group Leadership Team (GLT) level, the Group CEO is responsible for proposing the strategic sustainability priorities and deciding on the related targets and objectives. The Sustainability & Ethics Committee (SEC) oversees implementation of sustainability in the business strategy and facilitates operational ESG-related risk management. The Risk Committee (RC) has oversight of the implementation of ESG-related risk strategy and policy framework, and the Asset & Liability Committee (ALCO) monitors and decides on principles for the performance management framework and the financial planning framework. The ESG Reporting Sub-committee, a sub-committee of ALCO, supports in preparation of sustainability disclosures and oversees the methodologies; especially for financed emissions used in the risk appetite framework. Additionally, Risk Committee sub-committees opine on ESG-related topics within their mandates.

Figure 2: Overview of ESG-related governance model.

A suitability assessment of the individual board members and of the Board as a whole is completed annually and its outcome is taken into account in the annual training plan. The Board and GLT trainings for 2024 covered an introduction to facilitated emissions, Nordea's customer engagement strategies and approach to social responsibility (in particular just transition), as well as insights related to the Nordic energy transition and how Nordea works with emission removals offsetting.

Specifically concerning ESG-related risks in the credit process, these are governed according to the delegated powers to act. Approvals follow the established decision-making responsibilities and accountabilities. For customers associated with a high level of ESG-related risk, decisions are escalated to higher-level credit committees as relevant.

Group-wide implementation governance

A Group-wide ESG programme was established in 2021 with the objective to ensure efficient and consistent implementation of ESG factors in the business and risk strategies across the 1st and 2nd lines of defence (LoD) and delivering on relevant regulatory changes. The programme is overseen by an Operational Steering Committee (OSC), co-chaired by the Chief of Staff and Head of Group Credit Risk Control (GCRC), and involves all relevant business areas and Group functions, as well as relevant risk areas, Group Financial Management and Risk Control. In 2024, the key focus of the programme was the continuation of the establishment of an ESG Data Foundation, supporting data driven portfolio steering, improving ESG risk management, disclosures and management oversight.

ESG factors in organisational structure and reporting

ESG is an integrated component of existing processes for decision-making, risk management, escalation and reporting across the three LoDs. The 1st LoD is responsible and accountable for setting and implementing the strategic response and mitigation of ESG-related impacts and risks. The Chief of Staff is accountable for ensuring coordination and facilitation of this mandate. The 2nd LoD is responsible and accountable for developing the Sustainability and ESG policy framework and provides oversight to 1st LoD implementation of the business and risk strategies. The Head of GCRC is responsible for coordinating and facilitating this mandate as the policy framework owner. The 3rd LoD provides independent and objective assurance and advice related to ESG-related risks.

Within each LoD, a function and its associated head are assigned as an ESG coordinator and ambassador within their LoD and towards the other LoDs. Group Sustainability (GS) is responsible for 1st LoD coordination an GCRC is responsible for 2nd LoD coordination. Group Internal Audit (GIA) coordinates ESG assurance and advice activities based on its risk assessment in order to provide sufficient and relevant audit coverage. Coordination between risk areas is mandated for key topics, such as greenwashing, and processes, such as the aggregation of ESG-related reporting, to ensure coherent and consistent implementation of the Sustainability and ESG Policy Framework.

Nordea continues to increase competence and awareness regarding ESG factors. Nordea uses a three-layer approach throughout the Group : (1) general training to all employees in mandatory Code of Conduct (e-learning) training that embeds also ESG-related principles and two general non- mandatory e-learnings. Regulatory changes are also implemented with relevant training to employees impacted by the change as needed; (2) tailored training for identified groups of employees that work directly with ESG; and (3) in-depth training for selected groups.

From a learning perspective, Group Risk has prioritised analysis of nature risk and continued enhancement of financed emissions accounting for strategic oversight. Employees in Group Compliance have had mandatory targeted ESG-themed learnings on ESG regulatory requirements and terminology and the EU Taxonomy regulation.

Aggregated and quarterly ESG-specific reporting to the Board is carried out as follows:

- ESG programme monitoring of strategic implementation progress, including progress against sustainability targets, voluntary and supervisory commitments, through a Sustainability Roadmap.
- ESG Management report includes an overview of the total Group exposure, business areas, sectors and products, especially where strategic targets and KPIs are in place. Historical and forecasted financed emissions are presented, as well as historical development of EU Taxonomy eligible and aligned assets and business volumes for sustainable finance, -funding, and -savings products. In addition, overall risk reporting to management includes ESG-related data quality indicators and monitoring of progress.
- Group Risk Report includes risk appetite monitoring on ESG cross-risk concentrations and financed emissions, to cover ESG impacts on all risks, combined and separate, from Nordea's Common Risk Taxonomy.
- Other risk reports to the Board include financed emissions developments across business areas, geographies, industries and customers, climate-related physical and nature-related risk exposure concentration monitoring, for geographies and industries respectively, and the status and coverage of relevant risk mitigation measures.
- Non-ESG specific reporting is also conducted as an embedded component of ICAAP, including capital adequacy, stress testing and scenario analysis (refer to section 'Capital & liquidity adequacy conclusion') and 2nd LoD functions report as relevant on embedment of ESG and monitoring metrics such as in the Group Compliance Report for the Board.

Remuneration

Nordea has integrated ESG goals in all Group's variable pay plans, extending it from the GLT and other senior leaders across the Nordea Group to variable pay participants through introduction of ESG-related goals to the Group Pool funding mechanism and more broadly to all employees by adding green financing, defined in accordance with Nordea's Green Financing Framework, and Sustainability Roadmap goals in the profit sharing plan. Furthermore, ESG scorecards supporting Nordea's ambitions towards 2025 have been included in the long-term incentive plan. As such ESG goals can be considered fully embedded into Nordea's remuneration framework. The ESG goals in senior leaders' remuneration aim to support Nordea in fulfilling its sustainability and climate objectives in three key areas: (1) progress in relation to Nordea's Sustainability Roadmap, (2) volume increase for green financing, and (3) gender balance improvement in senior leadership levels. These are in addition to the non-financial KPIs on employee engagement, customer satisfaction and risk, compliance and conduct priorities, as well as goals supporting Nordea's financial targets. This means that a material portion of the GLT's and senior leaders' non-financial goals for remuneration measured at Group-level are linked to ESG factors.

ESG FACTORS RISK MANAGEMENT: INTRODUCTION

Policy framework

As part of the overall policy framework, the Sustainability and ESG Policy Framework specifically addresses the integration of ESG related items into the risk management cycle. The foundation for the Sustainability and ESG Policy Framework is based on the Group Board Directive (GBD) on Sustainability and GBD on Risk, covering both aspects of double materiality CSRD.

Within the Sustainability and ESG Policy Framework, Nordea defines ESG factors as environmental, social or governance characteristics that may have a positive or negative impact in the short, medium or long term on the financial performance or solvency of Nordea or its counterparties, across value chains or business environments. The Sustainability and ESG Policy Framework provides the common definitions and sets their operationalisation through Nordea's strategic and risk management approaches. During 2024, the framework was enhanced with, for example, updates to ESG-related risk identification and materiality assessment (MA) and significant effort also took place to cascade the framework into relevant documents, including several risk area documents and strategy setting guidance. Continued development of the framework in 2025 will focus on extending the identification and management of material ESG risks and enhancing the monitoring and control framework.

Within the framework, the GBD on Sustainability sets out the principles for impact materiality embedment in the business strategy and associated governance, while, the GBD on Risk sets out the principles for financial materiality embedment in risk management and associated governance. The CEO Instruction (CEOI) on ESG Factors, is the starting point for all assessments of ESG-related materiality across the Group. In 2024, CRO Protocol on ESG-related risk and Group Accountable Executive Protocol on Sustainability Strategy were approved, detailing how ESG factors should be integrated into risk management and strategy setting frameworks respectively. These documents expand the financial risk materiality and impact materiality aspects of the DMA. Further cascading for business strategy and risk management embedment is found in the relevant subordinate documentation in 1st and 2nd LoDs. In 2024, with the guidance provided by the CRO Protocol on ESG-related risks, relevant risk areas enhanced the integration of ESG-related risks in their risk management frameworks.

Within the CEOI, a ESG Factor Taxonomy is defined, first developed in 2021 and updated on a yearly basis. Nordea's ESG Factor Taxonomy aims toward alignment with the EU Taxonomy environmental objectives, Global Reporting Initiative 300 Disclosures guidance, Sustainability Accounting Standards Board materiality guidance, European Banking Authority's guidance, ECB Guide on Climate-related and Environmental Risks, CSRD and the accompanying ESRS, and other relevant sources.

Approach to the assessment of materiality of ESG factors

Nordea has in place a Group-wide ESG Factor Taxonomy of ESG risk drivers (i.e. hazards) and a list of transmission channels. Transmission channels are first defined based on literature review. Next, the defined transmission channels are consulted with business and risk areas, to determine which transmission channels are applicable to Nordea's business model specifically. As part of the enhanced climate and nature-related MA, performed in 2024, relevant C&E risk drivers have been identified and assessed across geographies, economic sectors and portfolios using different time horizons (short, medium, long and very long-term). These C&E risk drivers are considered to potentially impact all prudential risks of Nordea's overall risk taxonomy, separately as well as along a cross risk view.

In addition to the 2024 MA, Nordea also performed the DMA which next to the environmental aspects (assessed in the MA) also included an assessment of the social and governance aspects (refer to section 'Environmental, social and governance factors').

Transmission channels used in the risk identification for ESG material risk drivers are defined as the causal chains that explain how ESG risk drivers impact Nordea specifically, through its counterparties, invested assets, third parties or its own operations. Transmission channels can be further divided into economic transmissions impacting the real economy and financial transmissions impacting a portion of Nordea's risk profile. Economic transmissions are either direct or indirect micro-economic effects, such as disruptions to economic activities from severe weather events, or macro-economic effects, such as productivity changes due to investments in climate change mitigation, and they map the impact on the level of the whole economy. Financial transmissions are channelled to Nordea through the risk categories, such as through higher probabilities of default in credit risk resulting from a negative impact of a climate-related transition in the real economy. For the purpose of risk identification, economic transmission channels are mapped to all relevant prudential risks, as part of Nordea's overall risk taxonomy, resulting in the ESG Factor Taxonomy.

Transmission channel relationships, between economic effects and financial effects, are classified according to direct effects on Nordea, predominately managed through Nordea's internal governance and control framework, and indirect effects on Nordea's third-parties and financial counterparties, predominately managed through Nordea's business and risk strategies and risk management for business activities. For the purposes of risk identification, a gross risk approach is applied (i.e. before management and mitigation). Nordea also defines the potential duration of the impact. Short term is defined as less than one year, medium term as one to five years, long-term as five to ten years, and very long-term as ten years or above.

As a supporting component of the (ESG) risk identification approach, Nordea has developed heatmaps to identify industries, and for climate-related physical risks countries and/or regions, that are potentially vulnerable to certain environmental factors. Heatmaps can only provide the starting point for assessment of risk materiality, indicating where to assess in more detail. Heatmaps are used, for example for credit, market, and operational risk areas to help risk identification, incl. portfolio classification, and materiality assessment.

Next to risk identification resulting from the MA and DMA, assessment of risk materiality is conducted within Nordea's Internal Capital and Liquidity Adequacy Assessment Processes (ICAAP and ILAAP respectively) across all prudential risks. Where ESG factors and their transmission channels are assessed as material under ICAAP and ILAAP thresholds, ESG-related risk must be embedded in Nordea's Common Risk Taxonomy and corresponding framework documentation. ESG-related risks are defined as Level 2 risk under credit risk. For the other prudential Level 1 risk types, market, liquidity, capital (including the Level 2 risk business model risk), operational and compliance risks, several ESG-specific Level 3 risks are defined under selected categories. These include fair value market risk, financial reporting, reputational, outsourcing and third party, physical security, legal, technology, conduct and customer outcomes, governance and people risks.

Material risks are assessed as those that could lead to a material impact on Nordea according to predefined criteria. These risks will typically refer to a higher-level risk within the risk taxonomy, which captures a number of underlying risks (i.e. Level 2 and 3 risks) in which direct losses arise from a common source. Materiality is assessed on a gross basis such that risk is considered with reference to the total exposure. Potential mitigants to the risk should not be considered in the assessment of materiality. As part of determining materiality, the impact from the risk needs to be assessed as well. As part of its ICLAAP framework, Nordea has defined a four-tier categorisation (Bands 1-4) to determine materiality and impact of a risk:

- Band 1: quantitively defined as a loss relative to Nordea's Common Equity Tier 1 (CET1) capital. A risk in Band 1 is always material.
- Band 2: quantitively defined as a loss relative to CET1 capital. A risk assigned to Band 2 must be further assessed from a qualitative perspective and internal risk controllers use expert judgement to determine whether this risk is material or not.
- Band 3: qualitatively defined according to a set of criteria and relies on the expert judgement of the risk controller. A risk in Band 3 is always material.
- Band 4: defined as not meeting the criteria outlined in Bands 1-3. A risk in Band 4 is always non-material.

Bands 2 and 3 rely on expert judgement by the appropriate risk controller. Such expert judgement must be well documented. The materiality assessment is reviewed annually, as part of the annual update of the MA and yearly ICLAAP process.

ESG factors in Risk Appetite Framework

As part of its prudent risk management, Nordea needs to ensure that risks driven by ESG factors (i.e. ESG Factor Taxonomy) are adequately managed and mitigated. Nordea's ESG Risk Appetite Framework (RAF) is a dedicated framework for ESG-related risk statements, metrics, limits, and governance. Specific monitoring and reporting processes are in place to ensure that the ESG-related risk profile of Nordea Group, branches and subsidiaries follow internal strategy and targets. This includes that the risk profile remains:

- within the parameters of the Group's strategic sustainability objectives
- within the parameters of the Group's financed emissions targets;
- in alignment with Nordea's business environment to avoid quick and disruptive changes to the business model or portfolios necessary to realign;
- at a limited exposure to material cross-risk ESG-related concentrations;
- and finally, within the defined lower (i.e. Level 2 and Level 3) limits and controls set for the underlying prudential risk types (e.g. compliance risk and operational risk).

Nordea first introduced a qualitative Board approved ESG-related Risk Appetite Statement (RAS) in 2019, setting the ESG-related boundaries within which business areas can operate. The current RAS elaborated further and requires prudent management of material ESG-related risk exposures across all prudential risks, engagement with customers to align with the Paris Agreement and Nordea's reduction in associated financed emissions over time.

Overall, specific ESG RAF metrics (set at Level 1, Level 2 or Level 3) are in place to control and monitor ESG specific risks via defined limits. The defined ESG metrics take the following in consideration:

- Consolidation and aggregation of ESG-related risk exposure (i.e. whether the metric controls a specific aspect of the individual risk area's profile or is more broadly part of the Group's cross risk profile), long to very long term Group strategy targets and objectives.
- Level of the risk within the Nordea Common Risk Taxonomy and the relevance of ESG factor exposure, focusing on material ESG factor exposures with a higher impact to the risk profile.
- Nordea's strategic ambition level, covering as relevant Group commitments (e.g. on financed emissions) and exclusion policies for activities that Nordea has decided not to finance.
- Alignment of the metric with other metrics – e.g. tolerances for financed GHG emissions disclosure restatement versus development of financed GHG emissions across the balance sheet over time.

Risk metrics and limits need to be expressed and measured in a consistent manner across business areas and/or Group functions to ensure a consistent and aggregable link to the Group's business and risk strategies and the RAS. The Sustainability and ESG Policy Framework sets guidance for the ESG RAS criteria, governance for limit monitoring, reporting, and breach escalation. In 2021, Board approved limits were introduced, with key risk indicators (KRIs) for limiting the financed emissions levels attributed to loans to the public. Continued development of the RAS and KRIs in 2024 resulted in the tightening of the Group Level 1 financial emissions limit to assure Nordea will reach its GHG emissions targets. Next, the Group Level 1 limit is further cascaded to the relevant business areas (Level 2 limits), using 2019 baseline levels and 2030 targets. The tightening includes a year-on-year decline of financed emissions to follow targets set.

Lending and investment strategies for selected portfolios and/or industries also include limits on Nordea's exposure to harmful or controversial economic activities that Nordea refrains from financing. Sector guidelines, which are publicly available, outline those activities that Nordea either refrains from financing or investing in and provide guidance in terms of requirements or recommendations for Nordea's customers. Sector guidelines also describe how Nordea will engage with customers who are committed to reducing their emission in line with the Paris Agreement. Nordea publishes such requirements in sector guidelines for forestry, real estate, shipping, agriculture, gambling, fossil fuel based, defence, and mining industries (see Sustainability Statement chapter E1 Climate change)

These requirements apply under credit, market and liquidity exposures as relevant for the risk profile. For lending exposures, industry credit policies provide internal guidance, as a part of the credit risk assessment and loan origination processes and embed the requirements as disclosed in the sector guidelines. For the investment strategy in the Illiquid Exposures portfolio, there is a detailed ESG analysis and separate ESG rating applied in the due diligence phase that is aligned towards Nordea's minimum requirements and long-term targets.

Further details regarding business strategy, risk management and governance associated with ESG factors, are specified in this report, in sub-sections for environmental, social and governance factors.

Environmental, social and governance factors

ENVIRONMENTAL FACTORS

Business strategy, targets and objectives

Management of environmental factors is key for Nordea. The factors are related to both positive and negative impacts towards Nordea. Nordea defined specific C&E risk drivers (see section: 'Approach to the assessment of materiality of ESG factors') and hazards. Risk drivers relate only to the impacts on the risk profile and hazards are individual / granular risk drivers (e.g. climate-related physical risk drivers versus flooding hazards).

The Group has published positions for both short- and long-term objectives on climate change for 2030 and 2050. For achieving Nordea's ESG objectives, Nordea identified the relevant and material United Nations Social Development Goals (SDGs) it will adhere to. The SDGs identified as material include SDG 7, Affordable and clean energy, and SDGs 12-15, Responsible production and consumption, Climate action, Life below water, and Life on land (see Sustainability Statement chapter 8A). The climate objectives have so far been prioritised with the objective to become a net-zero emissions bank by 2050 at the latest. At a global level, Nordea analyses the relationship between companies' GHG emissions intensities levels and their probabilities of default, indicating that a quantified GHG emissions reduction target relates to lower probability of default. In addition, Nordea has committed to support the Group's customers to address their impacts, while at the same time also reducing Nordea's own impact (see Sustainability Statement chapter 8A). This strategic ambition is implemented through various internal and external policies concerning selected own operations and financial counterparties, which have been aligned with international and European policy frameworks and benchmarks.

ENVIRONMENTAL FACTORS RELATED RISK MANAGEMENT

Risk identification

As defined in the section 'Approach to the assessment of materiality of ESG factor', Nordea has in place a specific ESG Factor Taxonomy. This has been developed taking into account EBA's report on management and supervision of ESG risks for credit institutions and investment firms (EBA/REP/2021/18), the EU's Regulation (EU) 2020/852 and international and regional best practices and sources. In addition, the ESG Factor Taxonomy is also aligned to the requirements of the CSRD.

The environmental part of the ESG Factor Taxonomy, consists of two secondary factors: climate and nature-related factors. Subsequently, these are further divided into physical and transitional effects and their corresponding constituent hazards (i.e. individual risk drivers) as relevant in the context of Nordea's business model. The ESG Factor Taxonomy is, among others, used as input for the annual climate- and nature-related MA. As part of the enhanced 2024 MA, all prudential risks in Nordea's risk taxonomy were assessed against C&E risk drivers. After the risk identification, each risk type is assessed for impact and materiality. For all prudential risks of Nordea's Common Risk Taxonomy, the MA is performed based on the four band process (as described in the section 'Approach to the assessment of materiality of ESG factors'). In 2024, only compliance risks were assessed as being in Band 4 (non-material). Per Q2 2024 Nordea also performed the DMA required by the CSRD. The internal 2024 MA serves as input for the risk identification part of the DMA, by mapping the internal defined C&E risk drivers to the ESRS topics, sub-topics and sub-sub-topics. The DMA, in the context of the internal MA, is aligned to the bank's approach to the ICLAAP materiality thresholds, i.e., the four band process. The assessment has considered the impacts identified in the DMA across different portfolios, geographies and business areas.

Figure 3: Mapping and materiality assessment of the double materiality assessment scope for ESRS E1 – E5 towards Nordea internal ESG factor taxonomy for CSRD purposes.
*Includes biodiversity loss, state of species, extent and condition of ecosystems, ecosystem services, water consumption, withdrawal, & discharges in the ocean, extraction and use of marine resources, pollution, and non-climate-related environmental hazards.

ESRS topic	Nordea ESG Factor Taxonomy level 2	Nordea ESG Factor Taxonomy level 3	DMA Materiality assessment
E1:Climate change	Climate-related changes	Physical effects	Material
		Transition effects	
	Nature-related Changes*	Physical effects	
		Transition effects	
E2: Pollution	Nature-related changes*	Physical effect	Non material
E3: Water and marine resources			Non material
E4: Biodiversity and ecosystems		Transition effects	Material
E5: Resources use and circular economy			Non-material

For the ESRS environmental topics, the internal C&E risk drivers were mapped against each environmental ESRS topic. Internal risk drivers related to climate change are mapped to ESRS topic E1 and risk drivers related to nature (degradation) were mapped to ESRS topics E2 to E5 (see figure 3).

Data adequacy

During 2024, Nordea has continued its efforts in improving data quality and accuracy in order to conduct effective risk quantification for environmental factors. The following section details the data improvements for each quantitative template for climate-related transitional and physical risk and mitigation actions subject to Q4 2024 reporting:

- Calculation and data distribution improvements in the business loans portfolio.
- Improved quality of customer Nomenclature of Economic Activities (NACE) codes.
- Increased quality of collateral data matching with EPCs.
- Improved methodology for identification of exposures subject to climate and nature-related physical hazards in Nordea's operating environment to cover both acute and chronic hazards and taking into account impact assessment.
- Inclusion of exposures to Norwegian NFRD undertakings as well as alignment for other financial NFRD undertakings.
- Disclosure of template 'Use of Proceeds for Households' according to internal GAR methodology.
- Inclusion of buildings built after 2021 through enhanced data and methodology using Near Zero Energy Buildings (NZEB) -10% approach.
- For Swedish households, the utilisation of primary energy demand (PED) values instead of EPC labels to improve identification of EU Taxonomy aligned households.
- Improvement of aligned households data in Finland through utilisation of correct EPC version against PED values
- Updated GAR methodology. When assessing exposures as EU Taxonomy aligned for residential real estate lending in the Danish and Finnish markets, the gross carrying amount excluding any second mortgage is assessed, as the use of second mortgages is unknown
- Regarding Template 10 in Part 2 of this report, the exposures in scope have been defined as the outstanding lending exposures according to Nordea's Green Funding Framework and Sustainability Linked Funding Framework criteria, other than EU Taxonomy aligned. These are exposures supporting counterparties in the climate change transition and adaptation process albeit not aligned with the EU Taxonomy.

In addition to the improvements made, to manage the challenge with data availability, manual data collection and data quality, effective controls are in place to improve the accuracy in the short term. In the medium to long term, improved detailed disclosure by customers is expected.

Further, for its GHG emission accounting, Nordea has sought to approximate missing information through common proxies, such as those provided through the Partnership for Carbon Accounting Financials (PCAF) or internally derived estimates. The data requirements are set and determined by Nordea's internal governing body on reporting methodologies. Further disclosure ambitions, which in turn determine the need for further data collection, will be accomplished by leveraging on the established and existing processes.

Risk assessment and measurement per material risk type

The following section presents the approach and results of the 2024 MA per material risk type of Nordea's Common Risk Taxonomy, including business model risk, credit risk, market risk, liquidity risk and operational risk.

Business model risk

Risk factors for business model risk

Business model risk for Nordea is mainly driven by exposure within credit risk, given that Nordea's income and risk exposure amount (REA) are mainly driven (85%) by lending-related activities. This means that the ESG hazards relevant for credit risk are the most relevant for business model risk as well, for example coastal and inland flooding and the need to reduce the GHG emissions of counterparties. However, it's also important to not double-count these hazard transmissions to Nordea.

Transmission channels identified for business model risk

Given that business model risk is broader than any single ESG hazard, in most cases the risk cannot be linked toward any single hazard. Hence, different hazards and their impact could carry (additional) business model risks due to climate risks, manifesting through e.g. increased credit risk, resulting from stranded assets, legal liability, or changing customer preferences. Given the uncertainties around the ESG hazards occurring in the future, the relevant transmission channels and their impacts as well as any decision to set new strategic objectives to pre-emptively mitigate these risks and adapt to the changing climate, should be carried out prudently. Hence, while not specifically applicable to Nordea, as part of the 2024 MA only one specific business model related transmission channel covering all relevant C&E hazards was identified. Namely, potentially not having an effective long-term strategy in place to respond effectively and efficiently to the relevant C&E hazards that have been identified within an appropriate time horizon.

Materiality assessment method for business model risk

The MA for business model risk included the following methods to evaluate climate transition risk:

- Relevant literature review (e.g. scientific literature, publications from regulators, standard setters and industry groups).
- Quantitative analysis: Net Interest Income (NII) concentration and Net Commission Income (NCI) analysis. In addition, Nordea performed an assessment on the Group-wide emission targets per business areas and potential changes in strategy.
- Stress testing: specific long-term scenario analysis (+30 years).
- Heatmapping: mapping relevant ESG risk factors towards transmission channels which will impact Nordea's business model risk (mainly via credit risk).

For business model risk, the climate-related physical and nature-related risk impact is qualitatively assessed. As indicated above, business model risk is mainly manifested through the choice of assets Nordea has on its balance sheet. Nature-related and climate-related physical risk impact quantification may also be materially affected, especially in the very long-term. Therefore, qualitatively business model risk is well considered within Nordea's current strategy via, among others, the portfolio strategies, policy frameworks and customer engagements. Further improvements and enhancements are recognised for 2025.

Outcome of materiality assessment for business model risk
The 2024 MA concluded that business model risk is assessed as Band 3, and is material. C&E risk drivers are expected to potentially deteriorate Nordea's revenue-making capacity under a business-as-usual approach (i.e. without a strategic response aligned to the business environment). Nordea already mitigates this impact through strategic response that includes both targets and objectives on reducing exposure into harmful activities (e.g. peat mining and offshore) and financed emissions (i.e. targets toward net zero by 2050 covering the entire balance sheet and cascaded to business areas and selected industries), as well as via inclusion of ESG factors into our credit strategies and policies.

Credit risk

Risk factors for credit risk
Credit risk for Nordea is mainly driven by the climate-related physical risk drivers related to 'flooding' and the climate-related transition risk drivers related to the 'need to reduce the GHG emissions of counterparties'.

Transmission channels identified for credit risk
'Credit quality deterioration', 'increase in concentration' and 'collateral valuation' have been assessed as Nordea's climate and nature-related transmission channels materially driven by the identified hazards (i.e. specific risk drivers). Nordea has significant exposure to industries identified as vulnerable to climate-related transition and physical hazards, predominately driven by the residential real-estate (RE) exposure. Non-RE portfolios are relatively well diversified across and within different industries.

Materiality assessment method for credit risk
The MA assessment for credit risk included the following methods to evaluate both climate-related physical as well as transition risk:

- Relevant literature review (e.g. scientific literature, publications from regulators, standard setters and industry groups).
- Portfolio exposure analysis.
- Stress testing: Three specific scenarios were assessed for credit risk impact (part of ICAAP). The three scenarios were a mixture of both short- and long-term scenarios, to test climate-related transition and physical risk resilience respectively.
- Heatmapping: identified risk drivers are assessed according to a standardised and literature derived set of transmission channels and time horizons, and applied to assess materiality. Hence, with the support of this heatmapping exercise per industry, country and geography, 'collateral devaluation', 'credit quality deterioration' and 'increase in concentration' have been assessed as the most material credit risk transmission channels for Nordea.

Credit risk is also the risk type most affected by nature-related transition and physical risks, mainly arising via Nordea's lending operations, via the defined transmission channels. Although some quantification was performed for nature-related credit risks (i.e. stress testing), the estimated impact requires further enhancements. During 2025, further development will be undertaken in relation to the risk quantification. Overall, Nordea has a low exposure to industries assessed as highly vulnerable to nature-related risks, with highest vulnerability in primary production segments such as agriculture.

Outcome of materiality assessment for credit risk
The 2024 MA concluded that credit risk is assessed as materiality Band 1 with capital allocation impact. Risk drivers are assessed primarily on a scenario and stress testing basis where three unique scenarios were applied, supplemented through an assessment of the portfolio exposures and relevant scientific literature. Credit risk represents the most important component of the aggregate risk (85% of REA). C&E risk drivers are assessed as material drivers of credit risk in the short- to very long-term, although at varying time horizons per C&E driver of risk. 70-75% of Nordea's credit exposures are in the industries vulnerable to climate-related physical hazards (concentrated mainly in real estate) and a further 5% in industries vulnerable to climate-related transition hazards. Compounding water-based hazards are a key risk driver, especially in Denmark and Sweden and to a lesser extent in Finland and Norway (in order of magnitude) for immovable property. In addition, transitional hazards impact regulatory and technological driven counterparties the most. The assessment of the capital amount needed for climate-related credit risk is based on the 1-year REA impact from climate stress testing, considering climate-related transitional and physical risks.

Market risk

Risk factors for market risk

Market risk for Nordea is mainly driven by climate-related transition risk drivers related to 'regulatory changes'. There is a lesser effect from climate-related physical risk drivers related to 'extreme weather conditions' (e.g. 'heatwaves & droughts'), and 'flooding' related risk drivers.

Transmission channels identified for market risk

'Fair value asset devaluation' is identified as the only, directly relevant transmission channel for market risk.

Materiality assessment method for market risk

The MA assessment for market risk, i.e. effect of the risk drivers on the trading and banking book fair value (FV), includes the following methods to evaluate both climate-related physical as well as transition risk:

- Relevant literature review (e.g., scientific literature, publications from regulators, standard setters and industry groups).
- Qualitative assessment: qualitative assessment by the appropriate risk controller of the combined mitigating factors in the non-trading book. The assessment was based on the portfolio composition (e.g., products and sectors), analysis of the business models, portfolio structures, geographical footprint across the Nordics, the EU and the US, and underlying risk types, e.g., interest rate and equity.
- Stress testing: The market risk stress testing was primarily based on two Phase IV Network for Greening the Financial System (NGFS) scenarios: Delayed Transition and the Current Policies, for climate-related transition and physical risk respectively. The scenarios are based on Integrated Assessment Models (IAMs) which account for multiple compounding events and socio-economic pathways.

Nature-related risk drivers were assessed qualitatively through analysis of each portfolio's exposure to sectors vulnerable to nature-related risk. Due to the portfolio composition there is little exposure to vulnerable sectors and where there is, it is deemed not material.

Outcome of materiality assessment for market risk

The 2024 MA concluded that market risk is assessed as Band 2 and further assessed by the respective risk controller as not material and requiring no additional capitalization. C&E risk drivers were assessed on a scenario and stress testing basis where a combination of scenarios was applied. Climate-related risk drivers were assessed to decrease the FV of market risk. However the decrease of FV remained within the risk appetite limits. These results are based on the impact from transition risk drivers related to 'regulatory changes'. The impact is driven by macro and general market shocks to interest rate risk in the liquidity portfolio and equity risk (outside the Nordic region) in the illiquid exposure portfolio. C&E risk drivers cause FV devaluations on the non-traded exposures in the liquidity portfolio, illiquid exposures and defined benefit pension scheme (DBPS) portfolios. Nature-related risks are assessed as immaterial for market risk based on the limited corporate exposure in vulnerable industries.

Liquidity risk

Risk factors for liquidity risk

Liquidity risk for Nordea is mainly driven by the climate-related physical 'flooding' risk drivers (both acute and chronic) and the climate-related transition risk drivers related to 'reputational risk', stemming from greenwashing risk.

Transmission channels identified for liquidity risk

'Cash outflows', ' collateral funding impact' and 'high-quality liquid asset (HQLA) devaluation' are identified as the relevant transmission channels for liquidity risk.

Materiality assessment method for liquidity risk

The MA assessment for liquidity risk, which relates to short-term C&E impacts, includes Nordea's exposures to GHG emission intensive sectors and the value of the underlying collateral of lending exposures. The following methods are included to evaluate both climate-related physical as well as climate-related transition risk:

- Relevant literature review (e.g., scientific literature, publications from regulators, standard setters and industry groups).
- Stress testing: four specific (short-term) scenarios were assessed for liquidity risk impact (part of ILAAP).
- From nature-related risk perspective materiality was assessed on the basis of importance from a regulatory perspective (non-quantified impact) over the short to very long time horizon.

Outcome of materiality assessment for liquidity risk

The 2024 MA concluded that liquidity risk is assessed as materiality Band 3 with no capital allocation impact. C&E risk drivers are assessed on a scenario and stress testing basis where four unique scenarios were applied. C&E risk drivers mainly impact high-quality liquid assets and real estate collateralised assets (e.g. mortgage bonds), where compounding water-based hazards are seen as the most relevant risk drivers. Liquidity ratios remain within risk limits under all stress scenarios, except under a very severe scenario of compounding hazards (e.g. where climate-related transition and physical plus a reputational event all happen concurrently). Nature-related hazards are not likely to affect liquidity.

Operational risk

Risk factors for operational risk

Operational risk (including reputational risk , liability and litigation risk) for Nordea is mainly driven by the climate-related and nature-related transition risk drivers related to 'reputational risk', stemming from the risk of being fined or litigated. Climate-related physical risk drivers were assessed as non-material.

Transmission channels identified for operational risk

Relevant transmission channels identified for operational risk are 'increased litigation and liability' mapped to legal risk, 'litigation due to legal risk' mapped to legal risk, 'changed market perception' mapped to reputational risk and 'failures in financial reporting' mapped to financial reporting risk.

Materiality assessment method for operational risk

The MA assessment for operational risk includes the following methods to evaluate climate and nature-related transition risk:

- Relevant literature review (e.g. scientific literature, publications from regulators, standard setters and industry groups).
- Qualitative assessment: Identification and conclusion of all relevant C&E hazards in parallel with mapping out critical assets/ operations in geographical locations.
- Scenario-based analysis: For each identified C&E-related risk, the most likely time horizon for materialisation was determined. Quantitative and qualitative impact of the C&E hazards, identified vulnerable for materialisation, are assessed via multiple scenario-based analysis to decide the materiality.

Outcome of materiality assessment for operational risk

The 2024 MA concluded that operational risk (incl. reputational, liability and litigation risk) is assessed as materiality Band 3 with no capital allocation impact. C&E risk drivers are assessed on a scenario basis where 34 unique scenarios were created across 7 different countries. C&E-related physical risk drivers were (scope covering own operations & third-party providers) assessed as non-material. Transition risk drivers (both climate and nature-related) associated with legal and greenwashing effects are found to potentially materialise due to accusations of greenwashing activities, resulting from financing emission intensive customers.

Risk response and mitigation

Climate-related transition risks

Nordea issued a first position statement in 2019 outlining key climate transition commitments. This, among others, included the support for the Task Force on Climate-related Financial Disclosure (TCFD) recommendations and development of financed emissions reporting aligned with the GHG Protocol and PCAF Standard. In addition, business areas' strategies towards 2025 are set to engage with counterparties to reduce financed emissions and to grow sustainable financing to support the 2030 internal GHG emissions reduction target.

Concerning environmental impacts by Nordea's own operations (see Sustainability Statement chapter E1 Climate change and E4 Biodiversity and ecosystems), the internal Code of Conduct sets out the importance of employees acting in a manner conducive to caring for the environment and the third-party procurement process assesses selected environmental impacts. Finally, Nordea implemented an internal carbon reduction plan towards 2030 and 2050.

More specifically, sector specific climate targets are defined, covering shipping, agriculture, power production, motor vehicles (cars & vans), fossil fuel, residential real estate (household mortgages and tenant-owner associations), and thermal peat mining outlining how these portfolios must evolve over time to meet long-term objectives (see further information on targets in Sustainability Statement chapter E1 Climate change). A quantitative financed emissions limit, as defined in the Risk Appetite Statement, backstops Nordea's 2030 objective, and operates as a 'carbon budget' for retail and corporate lending. The limit is comprised of the financed emissions stemming from lending, covering the Scope 1 and 2 carbon dioxide equivalent GHG emissions of Nordea's counterparties. The limit is measured in relative terms to the 2019 year-end level. The limit is cascaded to the business areas, to ensure a link between the Group objective and industry level targets which are steered at a business area level. Allocations and steering are conducted using 2019 as baseline and 2030 forecasts for financed emissions developments, which are supported in steering through the use of granulated financed emissions data and customer's transition plans. During 2024, Nordea tightened the limits for the total financed emissions to keep on track of its internal targets. The tightening of the financial emissions limits consists of a methodological year on year change towards 40%-50% reduction by 2030. The next target is set to become net zero by 2050, accounting for the broader economic transition pathway.

On top, to ensure that portfolio steering accounts for quantified climate-related objectives, Nordea has integrated financed emissions developments to the Rolling Financial Forecast (RFF) to 2030 and initiated high level outlooks to 2050, using policy-driven decarbonization targets, client specific reduction targets, and lending volume forecasts. The implied trajectory towards financed emission targets and utilization of limits indicated by the forecast are monitored on a quarterly basis and discussed at least semi-annually by senior management including GLT.

To follow the industry-level climate-related transition strategies, available customer-level emissions data is collected and assessed via the internal BES process. The purpose of the BES is to provide insights to the organisation on how ESG factors impact the business environment where Nordea is active or is considering becoming active and to support Nordea's strategy setting process. Hence, results of the BES aim to support:

- business areas in making informed strategic decisions and managing their business strategies in alignment with sustainability-related targets and objectives
- the organisation in further developing processes for managing ESG-related risks, stress-testing and capital
- compliance with relevant supervisory and regulatory requirements regarding the alignment of the business model with the external business environment.

In 2024, the insights of the BES were also used for the enhancement of the climate- and nature-related MA based on the Group-wide ESG Factor Taxonomy, including C&E risk hazards, individual risk drivers, transmission channels and accompanying materiality impact assessment (as described in the section: 'Approach to the assessment of materiality of ESG factors').

Climate-related physical risks

For climate-related physical risks, as part of the ESG Factor Taxonomy, Nordea has in place specific risk drivers which potentially could (negatively) impact Nordea. As a result of the 2024 MA, especially underlying real-estate collateral may be impacted by risks associated with flooding, which were identified as potentially the most relevant in the period to 2030 (i.e. collateral devaluation). Nordea publishes the Group's gross risk exposure to climate-related physical hazards, chronic and acute, in Table X of Part 2 of this report. The identified risk drivers are managed and mitigated through a range of private and public, municipal and national actions. These include, but are not limited to, energy performance certificate (EPC) data, availability of corporate transition plans, customer ESG assessments, industry credit policies, national adaption & insurance availability monitoring and environmental & building certifications & permits. Ongoing data development projects assure more accurate and precise data is being used for risk management. Nordea also has in place specific risk appetite indicators (as part of the overall RAF) for climate-related physical risks.

Nature-related risks

For nature-related risks, as part of the ESG framework, Nordea has defined specific physical and transition risk drivers which potentially could (negatively) impact Nordea . On the physical risk side, relevant risk drivers would relate to, among others, the loss of tree cover and the condition and productivity of ecosystems. Relevant transition risks would constitute, for example, various regulatory, technology and societal trends associated with nature. Physical risk drivers identified as less relevant for Nordea's business included e.g., land, freshwater and sea use change, invasive species and water scarcity.

Overall, Nordea's exposure to nature-related risk is mainly driven by transition risks, and the exposure to highly vulnerable sectors is low on the credit risk side. Still, where individual exposures can be low such as on the real estate side, in aggregate the size of the total exposure can drive up the total nature-related risk. While materiality was identified for nature-related risks in the various risk categories, it is mainly regulatory, driven by the high attention to various environmental and nature-related risks. Nordea has also taken several steps to quantify nature-related impact. By applying an external biodiversity impact scoring to our lending portfolio (based on Finance for Biodiversity Foundation, 04/2023), Nordea has identified sectors with the highest biodiversity footprint, and identified that those are within agriculture, animal husbandry, food processing & beverages, and materials. Furthermore, Nordea has investigated several approaches on biodiversity impact quantification, including via commercial providers and academic institutions, to identify approaches suitable for Nordea both in relation to impact metrics, scientific approach and data solutions. During 2025, Nordea will continue working on the quantification of biodiversity impacts and risks from our lending portfolio, including to understand in more detail the sources of risk, data requirements and the risk transmission to Nordea's portfolios.

As described in the introduction, Nordea published the Group's first position on biodiversity and nature-related impacts and risks in 2023. This guiding document outlines Nordea's Biodiversity Roadmap, and the commitments to incorporate biodiversity into the Group's business strategy, governance and risk management towards 2025. Initial steps have been taken by carrying out internal trainings. In addition, first steps have also been taken for extending nature-related targets in Nordea's Risk Appetite Framework.

Although the position is forward-looking, Nordea already has several commitments in place to address nature-related changes. One action is the implementation of the Equator Principles for project finance. For shipping, Nordea is also signatory to the Responsible Ship Recycling Standards (RSRS) and Poseidon Principles (PP) with the aim to minimize the dangers associated with dismantling of vessels including labour conditions and environmental impact. By following the UN Global Compact together with RSRS, the Equator Principles and PP, specific commitments are in place for selected financial counterparties for recycling, pollution prevention and mitigating climate related risk in shipping and project finance. Mitigation of fresh water stress, resource scarcity and water, air & land contamination are also addressed in Nordea's current strategic ambition. Per 2023 Nordea set an initial risk appetite approach for nature-related risks, which focuses on ensuring the identification, monitoring and mitigation of nature-related risks for large corporate counterparties in vulnerable industries.

Risk control and monitoring

The following section presents the risk control and monitoring per material risk type of Nordea's Common Risk Taxonomy, starting with business model risk, credit risk, market risk, liquidity risk and operational risk respectively.

Business model risk

Nordea's medium-term portfolio-wide target to reduce emissions in the lending portfolio by 40-50% by 2030 has been cascaded to individual portfolios deemed material in regard to financed emissions, last updated per Q3 2024. The first round of individual portfolio targets (i.e. sector targets) were set in 2022 as per Nordea's commitment to the Net-Zero Banking Alliance (NZBA), covering the residential real estate, shipping, oil & gas, offshore & thermal coal & peat mining portfolios. During 2024, additional sector targets were developed. Medium-term portfolio targets are set based on relevant benchmark scenarios and methodologies to align towards science-based and policy-based decarbonization pathways. In addition, the scenarios cover a majority of the financed emissions in the lending portfolio, ensuring an alignment between Nordea's strategic ambition and the external policy environment through Nordea's own transition plan.

Published sector targets are available at Nordea.com with references to benchmark scenarios used and published in the Annual Report. In addition, Nordea's business areas have set medium-term business area specific financed emission targets to steer and control overall portfolio emissions. The progress is monitored by internal reporting and financed emission forecasting to assess deviations from the pathways set. Targets are measured and monitored internally and progress on setting targets is disclosed annually in Nordea's Annual Report. The strategic ambition is backstopped by the risk appetite framework while being monitored via the RFF.

Credit Risk

Nordea continues to enhance and re-develop aspects of the credit customer ESG assessment process to systematically integrate ESG-related considerations in the credit process. The ESG factors as part of the ESG Factor Taxonomy, are cascaded down and applied in the credit risk management framework as 'ESG-related credit risk drivers'. For corporate borrowers, depending on the size and internal segmentation, ESG-related credit risk drivers are investigated and any identified ESG-related risks are assessed further, either on industry basis (inherent risks) or on customer level. Risks that are material to the borrower's credit risk are treated as any other risk driver and further integrated into the credit risk assessment. When impact from ESG-related risk is so severe that it causes misalignment with the rating, an ESG rating override can be applied. Per 2024 Nordea's customer risk assessment approach has been updated, including the development of the credit risk rating override framework, to control and monitor the identified credit risk drivers from the 2024 MA. The regular monitoring of borrowers' credit risk captures ESG-related issues through the use of early warning indicators (EWI). When an EWI is triggered, it is required to consider if the event is related to ESG, and if so, an ESG assessment must be requested. Approvals are made according to the established credit decision-making process. For customers associated with high ESG-related risk levels, decisions are escalated to higher-level credit committees as relevant.

ESG factors affecting business selection decisions, be it through established sector targets, sector guidelines or decisions on individual credits risk, are increasingly reflected in the customer selection, capital allocation, collateral valuation and pricing decisions within Nordea. ESG factors can also be reflected in the margin of certain sustainable lending products, such as green loans and sustainability-linked loans where the margin is tied to the financed assets or the customer's ESG performance. Nordea's strategic loan pricing frameworks currently reflect choices in Nordea's business selection and risk appetite, including established targets for risk-adjusted returns on allocated credit risk capital. For transitional effects linked to collaterals, Nordea, for example, revaluates external shipping appraisers and sources available EPC data for real estate valuation on a quarterly basis. At the same time, the monitoring of the EPC data development is also carried out on a periodic basis.

Climate-related transition risks are assessed with an enhanced focus on customers with business models implying high GHG-emissions. The key components of the assessment include counterparties' GHG emissions intensity developments, corresponding quality of their transition plan and the resulting impact of climate-related transition and physical risks on customer repayment capacity. This analysis is aligned with the Group targets on financed GHG emissions reductions and transition plan coverage by the business areas.

Climate-related physical risks as currently assessed, in the context of real estate, are controlled through monitoring measures including insurance coverage requirements for counterparties, municipal, regional and national building regulation and adaptation measures, monitoring by policy makers through early warning indicator systems, Nordea's monitoring for real estate indexed market values and corresponding revaluation approach, and Nordea's current loan-to-value (LTV) requirements.

Potential impacts from nature-related risks are controlled and monitored through counterparty certification systems such as those for forestry management and sustainable real estate. Furthermore, the control and monitoring process for nature-related risk includes having effective and efficient policies and programmes in place to reduce potential harmful impacts on the environment. ESG-related considerations in the credit process are further guided by the internal industry credit policies, which can include ESG-related exclusion criteria from exposure to harmful or controversial economic activities and requirements on engagement and monitoring of climate-related transition plans. In addition to these processes, where relevant, Nordea conducts environmental and social impact assessments when financing large infrastructure and industrial projects, as part of Nordea's commitment to the Equator Principles.

Overall, 2024 saw the further development of ESG risk management at the level of individual corporate customers for controlling and monitoring credit risk. ESG Factor Taxonomy based ESG credit risk definitions were established, which form the basis for identifying ESG risks in the credit process. Further ambition is to screen corporate customers for whom individual ESG risks could materially impact their credit risk. This is accomplished by a semi-automated tool, supplemented by human oversight to flag customers that require enhanced ESG assessments by dedicated ESG analysts with focus on identifying and assessing both customers' vulnerability and resilience towards material ESG issues. To support these analyses, external databases are used to assess performance on specific ESG-related risks and to assess if the company has been or is involved in ESG-related controversies.

Market risk

Nordea is applying the PCAF methodology for measuring financed emissions in the listed equity and corporate bond portfolios. This has strengthened the bank's ability to measure, report and steer the carbon footprint linked to fair-value inventory holdings in the trading book and investments in the banking book portfolios. Improvements in data quality, and the ability to classify not only listed equities, but private equities and funds, based on their sector, has been a focus for Nordea in 2024.

Liquidity risk

The ESG framework within the illiquid exposures portfolio allows for a proactive allocation of investment capital, monitoring and tracking several metrics and data points for ESG factors (those having both positive and negative effects). Current and future impacts and risks are assessed, monitored and controlled. In addition, clients are supported and prompted in seeking to become, if not already, positive-impact contributors. The principles guiding investment decisions include the establishment of a minimum level of qualifying criteria for fund managers seeking to secure investments from Nordea. This also includes securing legal sector guideline protections ahead of future investments. The principles also include the requirement for monitoring progress – on a yearly basis – of ESG factor impacts within the portfolio including the current tracking of financed emissions. Fund managers must be aware of their responsibility when managing institutional capital, including how they can influence where capital is being deployed and how to address ESG factors in the underlying portfolio companies or credit positions they hold.

On climate specifically, a core focus is on reduction initiatives, carbon avoidance and carbon neutrality, in addition to securing preservation of natural resources. Nordea aims to understand how ESG factors are captured throughout the investment cycle for each fund manager both during the due diligence process, holding period and exit. Additionally, in real asset fund investments, assessments are made on the holding of green building certificates for real estate, whether shipping assets in the portfolio are following RSRS and Poseidon Principles and/or have Net Zero targets. The principles aim to further improve (risk) management.

Operational risk

ESG factors are embedded in the operational risk taxonomy (including reputational risk and liability and litigation risk), to support the identification and assessment of ESG related risks relevant for operational risk. The following tools for operational risk are in place to manage the (ESG) risks:

- scenario analysis, to identify and assess 'tail risks'
- Risk and Control Self-Assessment (RCSA) process, to assess associated risks and controls across Nordea
- Change Risk Management and Approval (CRMA) process, to ensure an understanding of change-related risks before they are operationalised
- Third Party Risk Management (TPRM) process, to ensure that third- party associated risks are appropriately managed
- Incident Management Framework, to ensure appropriate incident handling and reporting.

Specifically concerning reputational risk, the negative reputational impact stemming from Nordea's activities is considered and managed as relevant. This includes the risk of not having identified, assessed and/or managed reputational risk stemming from current or prospective ESG factors in a timely, correct or sufficient manner, causing negative attention from media or stakeholders.

Liability and litigation risk stemming from ESG risk drivers is defined in Nordea's Common Risk Taxonomy as 'climate- and nature-related litigation'. The risk covers direct liability risk (legal) claims or litigation directed towards Nordea and was established with the purpose to complement the 'dispute management risk' by focusing specifically on events stemming from ESG factors.

ESG-related financial reporting risk is defined under operational risk in Nordea's Common Risk Taxonomy, as risks related to Nordea failing to provide complete, accurate, compliant and appropriate ESG related financial information in financial and regulatory reporting and related disclosures.

Finally, operational risks identified as materially impacted by ESG factors are managed in accordance with Nordea's continuous risk management lifecycle per the risk management framework and three LoDs model.

Capital & liquidity adequacy conclusion

ICAAP
Capital adequacy assessment coverage for ESG-related impacts was initiated in 2020 and extended in 2021 to cover all prudential risk categories of Nordea's Common Risk Taxonomy. Hence, for determining capital adequacy relevant for ESG factors Nordea applies a cross-risk view.

In 2024, as part of the MA, Nordea, for the first time, assessed each risk of its Common Risk Taxonomy for capitalisation purposes, both separately and along a cross-risk view (as described in section 'Approach to the assessment of materiality of ESG factors'). To determine the materiality level of financial impacts, Nordea used the classification system (4 band system) already consistently applied across the prudential risks and outlined in its ICLAAP framework. As a result of applying this framework, it was concluded that for climate-related impact on credit risk, additional capital reservation was deemed relevant. For all other risk types, it was assessed that no additional capitalisation was needed. Nordea has a strong capital position in place to cover for this additional capital.

Nordea notes that all prudential risks, except compliance and market risk, are materially driven by ESG risk drivers, as evidenced by Nordea's 2024 MA. In addition, some aspects of impacts from ESG risk drivers are already implicitly integrated to risk exposure quantification.

ILAAP
Environmental related liquidity risk impacts were quantified in 2022 in a Group level assessment and the process was revisited in 2023. The conclusion of the 2024 ILAAP was that climate or nature-related hazards are most likely to affect HQLA and residential real estate collateralised assets relative to the entire liquidity portfolio, with compounding chronic and acute water-related hazards seen as the most relevant. However, Nordea's liquidity ratios remain well within risk limits, except in a very severe scenario of compounding hazards. Nature-related hazards are highly unlikely to affect liquidity. Overall, results showed that Nordea has a sufficient liquidity buffer in place to cover for ESG-related risks.

Stress testing
As part of the yearly ICLAAP process Nordea performs a set of climate related stress tests and sensitivity analysis. Results are used to determine materiality and impact of EGS risk drivers on Nordea's business model. These stress tests and sensitivity analyses inform how transmission of climate- and nature-related effects may affect trading and banking book exposures, Nordea's liquidity position and the resilience of the business strategy.

Credit risk-related stress tests have, since 2020, been used to assess the short-term impact of increases in a tax on GHG emissions which is simulated over a 3-year period using Nordea's credit risk stress testing models, consistently indicating a material impact. The GHG emissions tax scenarios were applied as an increased cost for corporate borrowers to measure the impact on Nordea's credit losses and REA. Methodological improvements were undertaken during that period, including the use of available corporate customer data for Scope 1 and 2 GHG emissions and the attribution of industry level proxies, where customer data is not available. Stress testing on climate-related physical risks since 2021 has focused on drought and flooding impacts at different levels of granularity within the Nordic region. Long-term stress tests have also assessed the potential to continue remaining aligned to a net zero pathway under uncertainties related to global implementation of the Paris Agreement. The results demonstrated significant methodological uncertainties in long- term stress testing and a material dependency on the transition actions of external stakeholders such as customers and policy makers. The results indicated that climate-related credit risks are material in the short- and long-terms, for both transitional and physical effects.

Market risk related stress testing focuses on two short-term scenarios, one for transition risk and another for acute physical risk. For transition risk, the scenario is based on the scenario used for the MA , NGFS 'Delayed Transition', but with a reduced set of risk factors. For acute physical risk, an internally derived scenario, 'Nordic flood risk on mortgage credit spreads', is used. Covering the most relevant physical risk hazard for Nordea, given Nordea's location, operations and material Nordic mortgage bond portfolios, it also aligns with credit and liquidity physical risk scenarios.

Liquidity risk related stress testing (for ILAAP purposes), focuses on short-term climate climate-related transitional risk and physical risk (flooding) scenarios. The outcome informed the Group level assessments of climate aspects within the ESG-related liquidity risks. Climate change was assessed as a material driver of asset liquidity risk, deposit risk and off-balance sheet risk on the basis of outflows identified. In all cases, the potential impact was assessed as low.

Finally, for operational risk, a diverse set of scenarios was assessed with the conclusion that transition risk drivers associated with legal and greenwashing effects are most material.

Nordea continues to develop its stress testing capabilities to quantify the potential impacts of climate- and nature-related changes. From 2023, Nordea has integrated climate-related stress testing into the yearly ICAAP process. During ICAAP 2024, credit-related stress testing has included a short-term climate-related transitional scenario built into one of the main ICAAP scenarios, a more comprehensive flood risk scenario, long-term portfolio projections under different transition risk scenarios and, for the first time, an analysis of Nordea's sensitivity to a loss of biodiversity. Embedding climate change stress testing within the ICAAP has an explicit learning purpose and will include information and features from other parts of Nordea's climate-related activities. This will help further anchor stress testing as part of the overall climate- and nature-related activities and informing those with regards to stress test requirements and results.

SOCIAL FACTORS

Business strategy, targets and objectives

Nordea sees human rights as the foundation for the work within the Group's social responsibility strategy and fundamental to ensuring a social license to operate and continued business growth. To further support the Group's strategy, Nordea has defined thematic focus areas (e.g. human rights) to leverage Nordea's market position and size to make a positive contribution to society (see Sustainability Statement chapter Social information).

Similar to environmental factors, the strategic ambition on social factors is implemented through various internal and external policies (part of the ESG Policy Framework) concerning own operations and financial counterparties, which have been aligned with international standards and guidelines. SDGs identified as material for achieving sustainable impact on social objectives include SDGs 4-5, Quality education and Gender equality, and SDGs 8-10, Decent work and inclusive growth, Industry, innovation and infrastructure, and Reduced inequalities (see Sustainability Statement chapter Social information).

Nordea is guided by the UN Guiding Principles on Business and Human Rights and sets out financing principles concerning social factor impacts through the UN Global Compact, and, for project finance, the Equator Principles. Nordea sets requirements as part of the strategy to limit adverse human rights impacts. Nordea recognises that some sectors are more exposed to human rights risks and takes this into account in the sector guidelines. Nordea's internal policies on sanctions indirectly address potential social impacts, such as on human rights, through implementation in the relevant activities and portfolios. Nordea provides a full list of the Group's stakeholders and the Group's actions to build and sustain strong and long-lasting relationships with them in its Annual Report.

Concerning selected internal operations, Nordea's Code of Conduct contains principles on considerations of stakeholder impacts, customer relationships, promoting equality and diversity, human rights, labour rights, and a commitment to control and manage financial crime.

An annual training is mandatory for all staff on the Code of Conduct. Additional voluntary training on human rights is available for all interested staff. Nordea also sets policies concerning gender balance, non-discrimination, and third-party procurement.

SOCIAL FACTORS-RELATED RISK MANAGEMENT

Risk identification

As part of the ESG Factor Taxonomy, Nordea has defined socially-related risk drivers and where possible, linked them to the relevant ESRS topics as part of the CSRD. The internal ESG Factor Taxonomy includes three social risk drivers, of which one is 'workers in the own workforce and value chain' (i.e. human rights). To determine the potential impact, Nordea has assessed the materiality of these social risk drivers as potentially driving (additional) impact on one of its prudential risks. Applying the ESRS S1-S4 mapping to Nordea's ESG Factor Taxonomy resulted into extended materiality assessments for credit risk, operational risk and compliance risk (see figure 4). For both the ESRS social and governance topics, Nordea used a decision tree approach using the internal environmental ICLAAP materiality assessment process. In more detail this means that, where possible, a materiality mapping was made from Nordea's Common Risk Taxonomy (Level 1 or Level 2) to CSRD ESRSs. If a specific mapping was not possible to make, Nordea analysed whether the ESRS topic or an underlying topic was relevant to lending, investments, procurement and/or own operations and then mapped accordingly to Nordea Common Risk Taxonomy.

Figure 4: Mapping and materiality assessment of the double materiality assessment scope for ESRS S1 – S4 towards Nordea internal ESG factor taxonomy for CSRD purposes.

ESRS topic	Nordea ESG Factor Taxonomy Level 2	Nordea ESG Factor Taxonomy Level 3	Impact assessment financial risk perspective ESRS topic
S1: Own workforce	Workers in own workforce and value chain	Working conditions	Material
		Equal treatment and opportunities for all	
		Other work-related rights	
S2: Workers in the value chain		n/a	Non material
S3: affected communities	Communities	Economic, social and cultural rights	Non material
		Civil and political rights	
		Rights of indigenous peoples	
S4: Consumers and end users	Customers relationships	Information	Material
		Personal safety	
		Social inclusion	

Risk assessment and measurement per relevant risk type

Credit risk

Nordea constructed heatmaps to provide a structured methodology to identify possible social risks in the value chain. Social risk is defined as the risk associated with human rights violations throughout the value chain. These risks may be financial risks, for example credit risk when clients may default as a result of labour-related strikes or fines, and non-financial risks such as reputational risk (part of operational risk). Heatmaps as a tool of risk identification and assessment are used for the identification of the potential risk in sectors in which Nordea's counterparties operate. The heatmaps consider and have embedded the country dimension to account for the discrepancies on how countries protect human rights to varying degrees through their national public policy. Two ESRS topics were linked to Nordea's credit risk of Nordea's Common Risk Taxonomy: S2 'Workers in the value chain' and S3 'Affected communities'. However, both were assessed to not materially impact Nordea's credit risk.

Next to this qualitative assessment for the social risk drivers, Nordea has defined certain conditions in each industry credit policy to exclude specific human rights violations. In addition, Nordea has in place specific criteria for customers involved in gambling and defence, which assures a prudent way of working when evaluating customers in these industries.

Operational risk

For operational risk (including reputational risk and liability and litigation risk), a qualitative assessment of the potential impact of each social factor (Level 2 in the internal ESG Factor Taxonomy) was made for the inherent risk of all Level 2 risks under operational risk, as part Nordea's Common Risk Taxonomy, indicating that all factors were considered relevant. Two ESRS topics were linked to Nordea's operational risk of Nordea's Common Risk Taxonomy: S2 'Workers in the value chain' and S3 'Affected communities'. However, while relevant, both were assessed not materially impacting inherent operational risks.

Compliance risk

For compliance risk, the same qualitative assessment as described above was conducted. Two ESRS topics were linked to Nordea's compliance risk of Nordea's Common Risk Taxonomy: S1 'own workforce' and S4 'Consumers and end users'. Both were assessed as being material. 'S1 own workforce' has been mapped to the Level 2 people risk (part of Level 1 compliance risk) which describes the risks relating to employment lifecycle, remuneration, wellbeing, employee capacity and competence management, sustainable employment, and diversity and inclusion. Subtopic 'Data privacy' from S4 'Consumers and end users' has been mapped to Level 2, Data privacy (part of Level 1 compliance risk) which is defined as risk relating to non-compliance with privacy, professional secrecy or data ethics related requirements, laws and regulations.

Risk response and mitigation

Credit risk

Social risk factors are defined as part of the ESG Factor Taxonomy and applied in the credit risk management, in the same manner as for Environmental risks (refer to section 'Environmental-related risk management'). ESG-related credit risk drivers, including social factors, are screened for and any identified risks are assessed as part of the regular credit risk assessment, either on industry basis (inherent risks) or on customer level. Risks that are material to the borrower's credit risk are treated as any other risk driver and further integrated to the credit risk assessment. When impact from ESG-related risk is so severe that it causes misalignment with the rating, an ESG rating override should be applied. The regular monitoring of borrowers' credit risk captures ESG-related issues through the use of early warning indicators (EWI). When an EWI is triggered, it is required to consider if the event is related to ESG, and if so, an ESG assessment must be requested. For certain customers with supply chains outside the EU or exposed activities within the Nordics, there is an enhanced focus on social risks. Hence, for credit risk, social factor impacts are primarily mitigated through the socially-related business strategy and social risk control systems, permitting and certification for selected financial counterparties and via the customer selection process (i.e. Know Your Customer, KYC). In addition to these processes, where relevant, Nordea carries out a social impact assessment when financing large infrastructure and industrial projects, as part of Nordea's commitment to the Equator Principles. Furthermore, Nordea also considers that the social factors for employee relationships and rights misconduct are covered by counterparty credit risk and management risk via the current customer credit risk assessment and rating processes.

Operational risk

Social risk factors are defined as part of the ESG Factor Taxonomy and the factors relevant for operational risk are managed via the regular operational risk management framework, which is a set of operational processes for, among others, assessing and measuring operational risks. Refer to section 'Environmental factors related risk management' for an overview of the operational risk management tools in place.

Compliance risk

All ESG-related compliance risks are subject to the Compliance Risk Management Framework, which is a set of compliance processes for identifying, assessing and measuring, responding to and mitigating, controlling and monitoring, and reporting compliance risks. In addition, the product approval process must be applied when new products and services are introduced, or when making changes to existing ones with the aim to ensure adequate descriptions and assessments of the related risks, mitigating actions and possible risk acceptances. The product approval process includes a specific ESG-related materiality assessment (ESG pre-screening). Whenever ESG-related risks are assessed to be relevant, the product must undergo full approval process including quality and risk analysis.

Risk control and monitoring

For risks related to social factors, Nordea has in place specific internal industry credit policies that can include ESG-related exclusion criteria, including social risks related criteria. In addition, social risk factors are well-established within Nordea's Common Risk Taxonomy, divided among Level 2 risk types under several prudential risk types. This means the control and monitoring takes place via the regular risk management cycle of Nordea. Therefore, Nordea does not find it necessary to additionally capitalise for social risk.

GOVERNANCE FACTORS

Business strategy, targets and objectives

Strong sustainability governance provides the necessary insight and pace to execute Nordea's strategic sustainability agenda for the greater good (see Sustainability Statement chapter Governance information). For Nordea, a strong governance within the area of ESG implies a strong corporate culture with well-defined values and ethics, clear decision mandates and a strong (management) framework on human rights and financial crime. Similar to environmental and social factors, the strategic ambition is implemented through various internal and external policies (part of the Sustainability and ESG Policy Framework) concerning selected own operations and financial counterparties, which have been aligned with international standards, guidelines and benchmarks. SDGs identified as material for achieving sustainable impact on sustainable governance objectives include SDGs 16-17, Peace, justice and strong institutions and Partnerships for the goals.

Nordea is guided by UN guiding principles on business and human rights and sets out financing principles concerning governance factor impacts through the UN Global Compact, and, for project finance, the Equator Principles. Nordea sets requirements, as part of the strategy to limit ethical and risk management impacts, on financing of the gambling industry in a corresponding sector guideline. Position statements on tax also contain commitments on ethical conduct and transparency in reporting. Specific requirements on reporting transparency and sound risk management are also set for the oil & gas industry. Nordea's internal policies on sanctions, money laundering, terrorist financing and tax evasion are also aimed at reducing governance factor impacts associated to the relevant activities and portfolios. Nordea provides a more in-depth disclosure of tax policy in the Sustainability Statement chapter Responsible taxpayer.

Concerning selected internal operations, Nordea's Code of Conduct contains principles on considerations of acting ethically, and compliance with the regulatory framework. Specific policies are issued addressing e.g. conflicts of interest, bribery and corruption as well as concerning taxation and third- party procurement.

GOVERNANCE FACTORS-RELATED RISK MANAGEMENT

Risk identification

As part of the ESG Factor Taxonomy, Nordea has defined governance-related risk drivers and where possible, linked them with the relevant ESRS topics, as part of the CSRD. Currently, the governance part of the ESG Factor Taxonomy includes three governance risk drivers, linked to the ESRSs. To determine the (potential) impact, Nordea has assessed the materiality of governance risk drivers as potentially driving (additional) impact on one of its prudential risks.

As explained in section 'Social-related risk management' for both the ESRS social and governance topics, Nordea used a decision tree approach using the internal environmental ICLAAP process and hence, the internal 2024 MA results. There is no one-to-one mapping with Nordea's Common Risk Taxonomy for G1 'Business Conduct'. However, specific risks in Nordea's Common Risk Taxonomy relating to business conduct (including counterparties) are already captured under compliance risks (via the Level 2 financial crime risk) and under operational risk (via the Level 2 internal and external fraud risk). For the results of the mapping see figure 5.

Figure 5: Mapping and materiality assessment of the double materiality assessment scope for ESRS G1 towards Nordea internal ESG factor taxonomy for CSRD purposes.

ESRS topic	Nordea ESG Factor Taxonomy level 2	Nordea ESG Factor Taxonomy level 3	Impact assessment financial risk perspective ESRS topic
G1: business conduct	Business conduct	Corporate culture, values and ethics	Material
		Protection of whistle-blowers	
		Animal welfare	
		Political engagement	
		Management of relationships with suppliers including payment practices	
	Financial crime prevention	Fraud	
		Money laundering	
		Terrorist financing	
		Bribery and corruption	
		Tax Evasion	
	Information security	Cyber security	

Risk assessment and measurement per relevant risk type

Operational and compliance risks

Nordea considered G1 'Business Conduct' under its internal ESG Factor Taxonomy 'Financial Crime Prevention' and 'Fraud'. Next, these internal ESG factors could be directly mapped towards its Level 2 risks under compliance risk (financial crime risk) and operational risk (internal and external fraud risk) respectively. Financial crime risk is defined as risks relating to money laundering, terrorist financing, sanctions, bribery, corruption and tax evasion. Secondly, internal and external fraud risk is defined as risks relating to internal, external fraud, mismarking of positions and unauthorised transactions (but it excludes internal, external theft, damage of/to data). Both these risks are assessed as material for Nordea. As part of the 2024 DMA, a relevance assessment was conducted and concluded that these governance risk drivers could impact these risks further.

Risk response and mitigation

Credit risk

Governance risk factors are defined as part of the ESG Factor Taxonomy and applied in the credit risk management, in the same manner as for environmental risks (refer to section 'Environmental factors related risk management' ESG-related credit risk drivers including governance factors (e.g. management risk) are screened for and any identified risks are assessed, either on industry basis (inherent risks) or on customer level. Risks that are material to the borrower's credit risk are treated as any other risk driver and further integrated to the regular credit risk assessment, in particular as part of the management risk assessment which includes scoring the borrower's governance model, business planning, decision making, and trustworthiness. When impact from ESG-related risk is so severe that it causes misalignment with the rating, an ESG rating override can be applied. As explained in the section 'Environmental factors related risk management' , the regular monitoring of borrowers' credit risk captures ESG-related issues through the use of EWI's. When an EWI is triggered, it is required to consider if the event is related to ESG, and if so, an ESG assessment must be requested. Further, the customer selection process (Know Your Customer (KYC)) and Equator Principles for project finance are examples of due diligence processes in place to mitigate potential risks. Governance-related credit risks (except sound risk management and supply risk management) may be partly covered by counterparty credit risk and management risk via the rating process.

Some of the governance factors, e.g. bribery, tax evasion and fraud as a predicate offence of financial crime, are mainly assessed within the KYC process. Others, e.g. animal welfare, are assessed within the ESG assessment process. Finally, governance factors including corporate culture, protection of whistle-blowers, inadequate sustainability policies and guidelines, insufficient management capacity in sustainability issues, non-compliant sustainability data reporting and non-compliance with environmental permits and regulations are assessed within the enhanced ESG assessments.

Operational and compliance risks

Governance risk factors are defined as part of the ESG Factor Taxonomy and the factors relevant for operational and compliance risk are managed via the regular risk management framework (e.g. responding to and mitigating the identified relevant risks).

Risk control and monitoring

For governance related risks Nordea uses its existing ESG RAF. Among others, the ESG RAF includes specific governance risk related metrics which are monitored on a periodic basis as part of the overall risk appetite reporting to the Board. More specifically, risk metrics and limits are defined for financial reporting risk, including risks related to misstatements or deficiencies in ESG-related financial information as provided in financial, regulatory reporting and related disclosures, covering also the risk of greenwashing. In addition, as explained in section 'Environmental factors related risk management' Nordea has in place specific internal ICPs, which can include ESG-related exclusion criteria, including governance-related criteria.

Overall, governance risk is well-established within the regular risk management cycle of Nordea. Therefore Nordea does not find it necessary to additionally capitalise for governance risk.

Credit risk

Credit risk is defined as the risk of loss due to failure of counterparties to meet their obligations to clear a debt in accordance with agreed terms and conditions. The risk of loss is lowered by means of credit risk mitigation techniques, such as guarantees or collaterals. The risk stems mainly from various forms of lending, but also from issued guarantees and documentary credits. Credit risk includes counterparty credit risk, transfer risk and settlement risk. This chapter discusses the governance, management and measurement of credit risk in broad terms.

Management of credit risk

Credits granted within Nordea conform to established common principles. The fundamental principles are outlined in the credit guidelines for Nordea. The key principles for managing Nordea's risk exposures are:

- a risk-based approach, i.e. the risk management functions should be aligned to the nature, size and complexity of Nordea's business, ensuring that efforts undertaken are proportional to the risks in question;
- independence, i.e. the risk control function should be independent of the business it controls; and
- the three lines of defence (LoDs), as further described in the Group Board Directive on Internal Governance.

The basis of credit risk management in Nordea is credit risk limits that are set for individual customers and groups of connected clients. In addition, Nordea uses concentration risk limits for e.g. industries and geographies. These limits provide an aggregated view and are assigned to units that are responsible for their continuous monitoring and development.

Credit decision making is delegated from the Board of Directors down to various sub-levels of credit decision making bodies. All internal credit risk limits within Nordea are based on credit decisions or authorisations made by a relevant decision-making authority, with the right to decide upon that limit as evidenced in Nordea's powers to act.

Nordea's credit customers are continuously assessed and periodically reviewed based on internal rules dependent on segment, limit amounts and level of risk.

If credit weakness defined as high risk is identified in relation to a customer exposure it receives special attention in terms of more frequent review as well as testing the need for individual provisions when a credit event is identified. In addition to continuous monitoring, an action plan is established outlining how to minimise the potential credit loss. If necessary, a special work-out team is set up to support the customer responsible units (CRU).

Individual workout cases are followed by the dedicated high risk credit management units continuously, as well as regularly in the provisioning, rating and credit decision making and review processes.

Table 4: Credit decision making structure for main operations

Level 1	Board of Directors / Board Risk Committee						
Level 2	Chief Executive Officer (CEO) Credit Committee / Executive Credit Committee						
Level 3	Leverage Buyout and Mergers and Acquisitions Credit Committee	Real Estate Management Industry and Construction Credit Committee	Corporate Large Corporations and Institutions Credit Committee	Corporate Business Banking Credit Committee	Int. Banks, Countries, and Financial Institutions Group Credit Committee	Shipping and Offshore Credit Committee	Nordic Household Credit Committee
Level 4	Six eyes decisions (rated customers)				Four eyes decisions (scored customers) – two senior decision makers from Group Credit Management		
Level 5	Four eyes decisions						
Level 6	Personal powers to act						

Nordea has specific industry credit policies in place to monitor the distribution of the credit portfolio and to limit credit risk. Concentration risk in specific industries is monitored by industry groups. Industry credit policies are established for industries where at least two of the following criteria are fulfilled:

- Significant weight in the Nordea loan portfolio
- High cyclicality and/or volatility of the industry
- Assessed as vulnerable to climate-related risks
- Special skills and knowledge required

Nordea has currently implemented the following industry credit policies (ICPs), all of which are approved annually by the Risk Committee:

- Animal husbandry, Crops, Plantation and Hunting
- Banks
- CCPs (Central Clearing Providers)
- Fishing and Aquaculture
- Funds
- Housing Loans
- Insurance
- Leveraged Buy Out
- Leveraged Transactions
- Oil, Gas and Offshore
- Private Equity Fund Financing
- Real Estate Management Industry (REMI)
- Shipping
- TOA/Housing Cooperatives
- Underwriting
- Unsecured Consumer Finance
- Utilities and Power Production
- Climate vulnerable sector ICPs
  - Land Transportation
  - Construction
  - Forestry
  - Mining
  - Materials.

Credit risk appetite

For credit risk, Nordea strives to have a well-diversified credit portfolio that is adapted to the structure of Nordea home markets and economies, and this is reflected in the Risk Appetite Framework (RAF) limit setting. Credit risk appetite statements cover the following key areas:

- Credit risk concentration which includes limits for single name, sectors, geographies and specific sub-portfolios.
- Credit portfolio quality (expected credit losses, loan losses under severe-but-plausible stress scenarios and non-performing loans.

Furthermore, the principles of Nordea's sustainability policy guide the choice of which customers to serve and what transactions to finance.

Governance of credit risk

Nordea has an internal framework for credit risk which is approved independently of business decision-making and financial performance. The framework is approved by senior management and the Board of Directors, and aligns the risk appetite with the credit risk strategy of the bank.

1st LoD – Group Credit Management (GCM)

GCM is an independent credit risk management function. The main areas of responsibility for GCM are to:

- Own and ensure a harmonised, aligned and efficient end-to-end credit process decreasing lead times and enabling great customer experience;
- Act as a competence center, enabling high quality and maintaining the strong and compliant credit risk management in Nordea;
- Meet the changes in the competitive environment and enable business opportunities through the digitalised market;
- Take prudent credit decisions together with the business areas;
- Optimise the credit risk profile of the bank
- Review and approve rating assignment independently from business areas.

2nd LoD – Group Credit Risk Control (GCRC) and Risk Models

GCRC and Risk Models together comprise Nordea's independent credit risk control units. The main areas of responsibility for GCRC and Risk Models are to:

- Perform independent oversight, monitor and control of credit risk;
- Develop and maintain the credit risk framework;
- Propose credit risk metrics and limits in RAF;
- Advise on interpretation and implementation of existing and upcoming credit risk regulations;
- Develop, maintain and monitor internal ratings-based parameters and internal models for rating and scoring. Credit related model development efforts are validated in a separate process governed by Model Risk & Validation;
- Assessing materiality of changes to the IRB approach.

Measurement of credit risk

GCRC is responsible for supporting prudent risk management and credit processes within the established credit risk appetite, models, policies and frameworks by providing an independent source of information for credit risk reporting.

Additionally, the Credit Portfolio Analysis unit in GCRC is responsible for independently analysing and reporting the status and development of the credit risk in Nordea's portfolio and in the credit processes both internally and externally.

Credit risk reports, provided by 2nd LoD, are included in the monthly holistic Group Risk Report to the Group Leadership Team (GLT) and the Group Board, as well as in the Chief Risk Officer (CRO) quarterly reports to the Boards of Directors in the relevant subsidiaries. Furthermore, credit risk-focused Credit Portfolio Quality Report (CPQR) is provided to the Risk Committee and Group Board quarterly. The RAF limits set by the Board are regularly followed up in reporting.

Credit risk is measured and presented as on-balance sheet loans as well as off-balance sheet items. The main part of the credit portfolio is on-balance sheet lending, consisting of amortised cost lending and fair value lending. Amortised cost lending is the basis for impaired loans, allowances and loan losses. For a large portion of the portfolio, credit risk is measured utilising internal credit risk IRB models while the standardised approach (SA) is used for the remaining portfolios not covered by the IRB models. Nordea's loan portfolio is broken down by segment, industry and geography and reported monthly, quarterly and annually.

ESG-related credit risk

ESG risk drivers are assessed as material drivers for credit risk. For details and an in-depth summary of the enhanced 2024 Materiality Assessment please refer to the section 'ESG in Business strategy, Governance and Risk Management'.

Credit risk in the capital adequacy framework

Standardised approach (SA)

Nordea uses the SA to calculate own funds requirements for exposures towards central governments and central banks, equity exposures in the banking book and non-profit organisations.

Internal ratings-based (IRB) approach

Approval status for IRB approach

After the move of the headquarters to Finland in October 2018, Nordea is operating under a temporary tolerance decision from the ECB, allowing the bank to continue to use its internal ratings-based models approved by the bank's previous regulator, the Swedish Financial Supervisory Authority. The ECB's temporary tolerance is conditioned on Nordea applying to the ECB for a new permanent IRB approval. In 2024 Nordea received approval for new retail models which were implemented in Q3 2024. Redevelopment of Nordea's non-retail models is ongoing.

Exposures in the IRB approach

Institutions

Nordea uses the foundation internal ratings-based (FIRB) approach to calculate own funds requirements for exposures towards institutional customers.

Corporate

For exposures towards corporate customers, the main approach used to calculate own funds requirement is the Advanced IRB (AIRB) approach. However, for minor parts of the portfolio, FIRB approach or SA approach is used. The AIRB approach covers banking and mortgage exposures in general in the Nordic countries and international corporate branches. FIRB approach is used for derivatives and securities lending exposures as well as exposures in the Finance companies. SA approach is used for a small segment of non-profit organisation customers in Denmark. Exposures to corporates also include exposures towards rated small and medium-sized enterprises (SMEs) as well as specialised lending.

Retail

Nordea uses the AIRB approach to calculate own funds requirements for banking and mortgage exposures towards retail customers in the Nordic countries, as well as in Nordea Finance Finland, with the exception of a few specific acquired portfolios in Norway. Other entities use the SA approach to calculate own funds requirements for retail exposures.

Managing and recognising credit risk mitigation (CRM)

CRM is an inherent part of the credit decision process. In every credit decision and review, the market value of collaterals is considered as well as the adequacy of covenants and other risk mitigation techniques. The market value of a collateral is defined as the estimated amount for which the asset would exchange between a buyer and seller under current market conditions. On this market value, a haircut is applied. The haircut is defined as a percentage by which the asset's market value is reduced ensuring a margin against loss. The haircut shall reflect the volatility in market value of the asset, liquidity and cost of liquidation. A maximum collateral ratio is set for each collateral type. The same principles of calculation are used for all exposures.

Credit risk concentrations within CRM may arise in relation to pools of receivables, in which case a conservative margin on the collateral value is applied. Credit risk concentration may also arise with respect to significantly large exposures, to which syndication of loans is the primary tool for managing concentration risk.

Covenants in credit agreements are an important CRM add-on. Most exposures of substantial size and complexity include appropriate covenants. Covenants are designed to react to early warning signs and are carefully monitored.

Nordea has permission to use credit risk mitigation techniques for the computation of minimal capital requirements in both FIRB and AIRB approaches (including retail) within the limitations of the regulation.

Link between the balance sheet and credit risk exposure

This section deals with the link between the loan portfolio as defined by accounting standards and exposure as defined in the Capital Requirements Regulation (CRR). The main differences are outlined in this section to illustrate the link between the different reporting methods.

Original exposure is the exposure before substitution effects stemming from CRM, CCFs for off-balance sheet exposure and allowances within the SA. Exposure is defined as exposure at default (EAD) for IRB exposures and as exposure value for SA exposures. In accordance with the CRR, credit risk exposures are divided into exposure classes where each exposure class is divided into exposure types as follows:

- On-balance sheet items
- Off-balance sheet items (e.g. guarantees, credit commitments and unutilised lines of credit)
- Securities financing (e.g. repurchase agreements and securities lending)
- Derivatives

Items presented in the Annual Report (AR) are divided as follows (in accordance with accounting standards):

- On-balance sheet items (e.g. loans to central banks and credit institutions, loans to the public, reversed repurchase agreements, positive fair value for derivatives and interest-bearing securities)
- Off-balance sheet items (e.g. guarantees and unutilised lines of credit).

On-balance sheet items excluded from the capital requirement reporting

The following items are excluded from the balance sheet when on-balance sheet exposure is calculated in accordance with the CRR:

- Balance sheet items not governed by the CRR, such as Nordea Life and Pension (NLP)
- Market risk related items in the trading book, such as certain interest-bearing securities and pledged instruments
- Derivatives
- Other, mainly allowances and intangible assets.

Off-balance sheet items

The following off-balance sheet items are excluded when off- balance sheet exposure is calculated in accordance with the CRR:

- Items not governed by the CRR, such as NLP
- Assets pledged as security for own liabilities and other assets pledged (apart from leasing), these transactions are reported as securities financing (i.e. a separate exposure type)
- Derivatives.

Derivatives and securities financing

The fair value of derivatives is recognised on the balance sheet, while the nominal amount on derivatives is reported off-balance sheet in accordance with accounting standards. in the CRR, derivatives and securities financing are reported as separate exposure types. Also, repurchase agreements and securities lending/borrowing transactions are included in the balance sheet calculated based on nominal value. In the CRR, estimation of these exposure types is performed net of collateral.

Rating and scoring definition

Rating and scoring of customers are used for rank ordering of the customers according to their respective default risk. Rating and scoring serve as the base for the probability of default (PD) estimation and are used as integrated parts of the credit risk management and decision-making process, including but not limited to:

- The credit approval process
- Calculation of own funds requirements
- Calculation of allocated equity (AE) and expected loss (EL)
- Monitoring and reporting of credit risk
- Performance measurement using the Economic Profit (EP) framework
- Input for collective impairment

Rating

Rating is used for corporate and institutional customers. The rating is a rank ordering estimate that reflects the creditworthiness of a customer. The rating scale consists of 18 distinct grades for non-defaulted customers; from 6+ to 1- and three grades for defaulted customers from 0+ to 0-. The default risk of each rating grade is quantified as a one-year PD. Rating grades 2+ and lower are considered as high risk indicating financial difficulties for the customer and require special attention in the credit process. The consistency and transparency of the ratings are ensured using rating models. A rating model employs a set of specified and distinct rating criteria to produce a rating. These are called input factors and are, together with the criteria for assigning a customer to a specific rating model, the fundamental building blocks of a rating model. Typical input factors are financial factors, customer factors and qualitative factors.

Nordea has different rating models for different customer segments, e.g. real estate management, shipping and financial institutions. Depending on the segment, different methods, ranging from statistical to expert-based, have been used when developing rating models.

A rating is assigned in conjunction with credit proposals, reviews and the annual review of customers, approved independently by representatives from 1st LoD credit organisation. However, a customer is assigned a new rating as soon as new information indicates the need for it. If the calculated rating is assessed and deemed to not reflect the risk of default, specific override arguments or exception rules can be used within the model to adjust the calculated rating.

Controls and monitoring in connection to rating models are done within GCRC and Risk Models including the following:

- Monitoring of overrides/exceptions on rating models
- Monitoring of unrated and outdated exposures
- Conducting annual control reviews on rating practices and rating models performance
- Evaluating model level use of overrides/exceptions on rating models

Exposures by credit quality step

Nordea applies the SA primarily for exposures to central and regional governments, central banks and equity holdings. In this approach, the rating from an eligible rating agency is converted to a credit quality step (mapping as defined by the financial supervisory authorities). Each credit quality step corresponds to a fixed risk weight, according to standard association published by the European Banking Authority (EBA). Nordea uses Standard & Poor's (S&P) as eligible rating agency. Table 19 in "Part 2: Year-end analysis and results" of this report presents the exposures for which the S&P's rating is used to arrive at regulatory credit quality steps. Exposures in the remaining standardised exposure classes are either immaterial or the risk weight is defined by the regulation.

Scoring

Scoring is used for retail customers. The score is a rank ordering estimate that reflects the creditworthiness of a customer. The risk grade scale for scored customers consists of 18 grades; A+ to F- for non-defaulted customers, and three grades from 0+ to 0- for defaulted customers.

The credit scoring models are statistically derived and based on internal Nordea data. To predict the future performance of customers, certain characteristics are defined based on the customer's previous performance, the products held and behavioural information. The models also take policy requirements and credit processes into account. The customers' credit risk behaviour scores and corresponding risk grades are recalculated monthly.

In Q3 2024, Nordea has implemented new retail models that have been approved by the ECB in July 2024..

The models are used to support business processes, the credit approval process and the risk management process, including monitoring of various portfolio risks. In the credit process, for example, credit bureau information is used as a supplement.

Scoring in Nordea uses a customer level approach, as opposed to a product-oriented approach. To calculate the score, the customer status as well as the customer's behaviour on all accounts/products, including potential joint commitments, is taken into consideration. The corresponding risk grade is assigned across all the customer's facilities in Nordea.

The scorecards are tailored to country specific variations, taking country specific product features, customer behaviour, macroeconomic development, debt collection process and national legislation into account. Different scorecards are used to score the household and SME portfolios, as these portfolios exhibit different payment and behavioural patterns. The household portfolio is in turn segmented into smaller sub-populations based upon product combinations held by the customer.

The scorecards are segmented according to the following dimensions:

- Country
- Household / SME
- Product combination (mortgage, revolving credits, other retail exposure)
- Delinquency (depending on volumes), which in this context refers to the customers that are not up to date with the account specific payment terms and conditions

Rating and scoring migration

The rating and scoring distribution changes mainly due to three factors:

- Changes in rating/scoring for existing customers (migration)
- Different rating/scoring distribution of new customers compared to customers leaving Nordea
- Changes in exposure per rating/scoring for existing customers

The rating distribution is affected by macroeconomic developments, industry sector developments, changes in business opportunities and changes to customers' financial situation and other company-specific factors. Scoring distribution is among other things affected by macroeconomic development and the customers' behaviour. The rating models are hybrid models having characteristics of both through-the-cycle (TTC) and point-in-time (PIT), whereas the scoring models are closer to PIT. Following this, the migration due to cyclicality is greater for the scored customers than for the rated customers which is also reflected through changes in the own funds requirements.

Collateral

Collateral management principles are governed through the Collateral Guideline owned by GCRC in the 2nd LoD. There is a strong relationship between the data used for collateral management and the data used in calculating capital requirements.

Pledge of collateral is a fundamental CRM technique used by the bank. In Nordea, the main collateral types are real estate, floating charges and leasing objects. Collateral coverage should generally be higher for exposures to financially weaker customers than for those who are financially strong.

Collateral in the capital requirements calculation

CRM constitutes techniques used by a credit institution to reduce the credit risk associated with an exposure which the credit institution continues to hold. CRM techniques can be divided into unfunded credit protection, such as guarantees and derivatives, and funded credit protection, such as real estate, other physical assets, financial collateral and receivables.

The collateral management in Nordea follows the specific collateral eligibility requirements in CRR and related guidelines, as well as national regulations, and includes valuation principles of collaterals, legal certainty, and other qualitative requirements that are connected to each collateral type.

Collateral Principles

Collaterals in Nordea must fulfil a number of regulatory requirements to be eligible in the capital calculation. Eligibility requirements vary per collateral type. The following are key eligibility requirements:

- Collateral shall be valued based on current market values.
- There is a sufficiently liquid market for the collateral.
- The value of the asset is sufficiently stable over time.
- The value of the collateral should be regularly monitored. Frequency of monitoring is dependent on collateral type. More frequent monitoring shall be carried out when the market is subject to significant changes in conditions.
- All collateral arrangements must be legally effective and enforceable in relevant jurisdictions.
- All physical collaterals must be insured.
- Deposits in cryptocurrencies cannot be assigned any collateral value, nor can they be included in any net worth and income calculations in the credit assessment process.

IRB framework and model development

Models in the IRB framework

Nordea's rating models for corporate and institutional exposure classes are hybrid models, having characteristics of both TTC and PIT ratings, whereas the scoring models used for the retail exposure class exhibit more PIT characteristics as explained above.

The loss given default (LGD) and credit conversion factor (CCF) parameters are re-estimated and validated annually using both quantitative and qualitative assessments, while PD models are recalibrated quarterly. The quantitative assessment includes statistical tests to ensure that the estimates remain valid when new data is added. The validation is performed by Credit Risk Model Validation (CRMV), which is organisationally independent from the model owners.

PD estimates are based on observed default frequency in available internal data that are adjusted to long term default frequencies through an add-on. The adjustment for the length of historical internal data available considers that the rating models used for the corporate and institutional exposure classes, have a higher degree of TTC, whereas the scoring models used for the retail exposure class are closer to PIT. The adjustment for the length of internal data available is embedded in the margin of conservatism, which also includes an add-on to compensate for statistical uncertainty in the estimation.

LGD estimates are based on historical losses. LGD measures the net present value of the expected loss including costs caused by a customer's default. The LGD estimates are adjusted to reflect a downturn period and include a safety margin for statistical uncertainty in the estimation.

CCF is a statistical multiplier used to calculate EAD by predicting the drawdown of an off-balance exposure. The CCF estimates for retail exposure class are based on internal data on drawings prior to default, whereas drawings after default are included in the LGD. The CCF estimates for corporate exposure class are also based on internal data but include both drawings prior to and after default. The CCF estimates are adjusted to reflect a downturn period and include a safety margin for statistical uncertainty in the estimation. For regulatory purposes, downturn LGDs and CCFs are used.

Organisation of the IRB control mechanism

Nordea's Group Risk, including the Risk Models function, support the Chief Risk Officer in executing the responsibility covering the IRB approach. Group Risk is responsible for the rating systems, their design, implementation and testing as well as validation by an independent unit. The Credit Risk Control Unit in Nordea, comprising of Risk Models and Group Credit Risk Control functions, is responsible for executing the credit risk control activities covering the IRB approach in accordance with Article 190 (2) of the CRR. The Credit Risk Control Unit is independent from the personnel and management functions responsible for originating or reviewing exposures in accordance with Article 190 (1) of the CRR. Risk Models executes the responsibility covering the IRB framework and is organised in teams, dedicated to specific roles that are embedded in organisational units, which are not involved in credit granting.

IRB monitoring and reporting

Risk Models actively participates in the implementation of the IRB approach, by developing, maintaining and ensuring performance of Nordea's internal risk models for credit risk.

Reporting

Internal reporting on the IRB approach and the Group's credit risk portfolio to Nordea's Group Leadership Team and Group Board is carried out on a regular basis. This ensures that management is regularly and adequately informed of the functioning of the rating systems, hence providing basis for supporting sound decisions on credit risk management.

The Credit Portfolio Quality Report (CPQR) is the Group's key management report on credit risk. The report covers developments in the Group's credit risk portfolio and the main business areas, including developments in key risk indicators across business areas. Developments in the portfolio quality are analysed on a segment level, including industry and product type segments. The credit risk indicators used in the report include the main IRB and IFRS9 metrics. In addition to analysis on lending activity and portfolio quality developments, portfolio monitoring related to credit process controls on rating overrides, unrated customers and outdated ratings are covered in the report.

The CPQR report is prepared quarterly by GCRC and submitted to the Credit Risk Sub-Committee (CRSC), Risk Committee (RC,) GLT and Board Risk Committee (BRIC). The CRSC a sub-committee of the Risk Committee, which also decides on proposed mitigating actions to key issues identified during the model performance monitoring process.

The status and overview of IRB related findings, recommendations and issues from internal and external stakeholders are presented in the IRB Operational Oversight Report (OO) prepared by Risk Models on a quarterly basis. Moreover, progress on model development activities and roll-out plans are covered in the report, as well as IRB related changes and Financial Supervisory Authority (FSA) applications. In addition to the OO, the model monitoring function within Risk Models issues regular reports on IRB model performance covering aspects such as accuracy, stability and representativeness, across the range of IRB models. The regular model specific reports are consolidated into an overarching IRB Model Performance Report (MPR). The OO and the MPR are submitted to the CRSC and on a bi-annual basis the reports are presented to Risk Committee.

Validation and review of credit risk models

In accordance with Nordea's model risk management framework, validation of rating methodologies and credit risk parameters is performed on a regular basis to verify that the models perform as intended. Validation is the main component of identifying model risk in the IRB framework and plays an important role in the adjustment and development of models. The current validation scope for IRB models encompasses the rank ordering and PD models for rating and scoring customers, as well as models for LGD and CCF parameters. The validation process consists of quantitative analysis of internal historical data enriched by qualitative assessments, especially in cases where validation data is not statistically adequate to give reliable validation results. The quantitative validation of rank ordering models focuses on the discriminatory power of the models, whereas the validation of risk parameters; PD, LGD and CCF, focuses on the predictive power of the parameters in comparison to the historical default and loss experiences, as well as the customers' drawing behaviour.

The risk parameters; PD, LGD and CCF, as well as the rank ordering models are reviewed annually in accordance to Nordea's standards and in line with the requirements defined in the CRR. Initial validation is performed on all new models as well as for material changes or extension to the scope of use of models already in scope. Annual validations are performed on models in use according to a pre-defined annual plan. A recalibration of specific parameter estimates setting is triggered based on testing results if deemed necessary. In Nordea Group, the validation of IRB models used for measurement of credit risk is conducted by Credit Risk Model Validation team within the Model Risk and Validation unit, which owns the validation process and methodologies. Independence in respect to the units owning the IRB model development is ensured through separate reporting lines and an escalation process to the committee structure and Chief Risk Officer. All validations of credit risk models are presented to the Model Risk Committee (MRC).

Audit of IRB models

Group Internal Audit assesses whether all significant risks are identified, adequately controlled and appropriately reported by management and the risk functions to the Group Board, its committees and GLT. This includes verifying the integrity of the processes ensuring, the reliability of the methods and techniques and the assumptions and sources of information used in its models.

Changes to the IRB framework

Nordea Group has adopted an internal governance structure covering all changes to the IRB approach, to ensure correct and adequate level of attention is given to the respective IRB changes by the management. The materiality of the individual changes to the IRB approach determines the level of evaluation. A specific unit in Nordea Group has been appointed as the materiality assessment process owner for the IRB models. The unit acts as one point of entry for performing materiality assessments of all potential changes to the IRB approach in accordance with Commission Delegated Regulation (EU) No 529/2014.

Use of internal estimates

Nordea uses the IRB components and risk estimates such as ratings and PD for internal purposes besides calculation of regulatory capital. Internal ratings and risk estimates play an important role in Nordea's risk management and decision-making process by supporting credit decisions pertaining to credit approval, risk management, internal capital allocation and credit risk reporting. They also serve as an input in the calculation of loan pricing and expected credit losses governed by the IFRS 9 requirements.

Definition and methodology of impairment

Impairment requirements in Nordea are based on the IFRS 9 expected credit loss model where assets are divided into three groups depending on the "stage" of credit deterioration: Stage 1 includes assets where there has been no significant increase in credit risk; stage 2 includes assets where there has been a significant increase in credit risk; and stage 3 includes defaulted assets. All assets are assessed individually for staging. Significant assets in stage 3 are assessed for impairment individually. Assets in stage 1, stage 2 and insignificant assets in stage 3 are calculated for provisions collectively. Three forward looking and weighted scenarios are applied.

Throughout the process of identifying and mitigating credit impairment, Nordea continuously reviews the quality of credit exposures. Weak/high risk exposures and credit impaired exposures are closely monitored and reviewed at least on a quarterly basis in terms of current performance, business outlook, future debt service capacity, and the possible need for provisions.

Individual provisioning

A need for individual provisioning is recognised if, based on credit events and forward-looking scenarios, a negative impact is expected on the customer's expected future cash flow to the extent that full repayment is unlikely (pledged collaterals taken into account). The forward-looking scenarios include "Most likely case", "Positive case" and "Worst case" with standard probabilities of 60%, 20% and 20%.

Exposures with individually assigned provisions are credit impaired, defaulted and in stage 3. The size of the provision is equal to the estimated loss, which is the difference between the book value of the outstanding exposure and the discounted value of the expected future cash flow, including the value of pledged collateral.

Nordea recognises specific credit risk adjustments (SCRAs). SCRAs comprise individually and collectively assessed provisions. SCRAs occurring during the year are referred to as loan losses, while SCRAs in the balance sheet are referred to as allowances and provisions.

Collective provisioning

The collective provisioning model is executed quarterly and assessed for each legal unit/branch. Retail collective provisioning model has been updated in 2024 to align with the new IRB retail models. One important driver for provisions is the transferring of assets from stage 1 to stage 2 where changes to the lifetime PD are used as the trigger. In addition, exposures belonging to customers with forbearance measures, with payments more than 30 days past due and/or customers being high risk are also transferred to stage 2. Non-retail exposures with a relative change in annualised lifetime PD exceeding 200% and with at least one rating grade of deterioration are transferred to stage 2.

In stage 1, the provisions equal the 12 months expected loss. In stages 2 and 3, the provisions equal the lifetime expected loss. The model output is complemented with an expert-based analysis process to ensure adequate provisioning. Defaulted customers without individual provisions have collective provisions.

Default

Customers with exposures that are past due more than 90 days, in bankruptcy or considered unlikely to pay are defaulted. Exposures belonging to defaulted customers (non-performing) are in stage 3 and the defaulted customers can be servicing or non-servicing debt.

If a customer recovers from being in default, the customer is seen as cured. Typically, this situation occurs if the customer succeeds in creating a balance in financials. In order to be cured, the recovery should include the customer's total liabilities, an established satisfactory repayment plan and an assessment that the recovery is underway.

Forbearance

Forbearance is eased terms including restructuring due to the customer experiencing or about to experience financial difficulties. The intention of granting forbearance for a limited period is to help the customer return to a sustainable financial situation ensuring full repayment of the outstanding debt. Examples of eased terms are changes in amortisation profile, repayment schedule, customer margin as well as ease of covenants. Forbearance is undertaken on a selective and individual basis and followed by impairment testing (corporate customers) being a credit event. Individual loan loss provisions are recognised, if necessary.

In connection with granting forbearance it must be calculated whether the net present value (NPV) of the customer's financial obligation is reduced by more than 1%. If the diminished financial obligation exceeds 1%, the customer is defaulted.

Counterparty credit risk

Counterparty credit risk is the risk that Nordea's counterpart defaults on a derivative contract prior to its maturity and that Nordea at that time has a claim on the defaulting counterpart. In addition, counterparty credit risk also appears in repurchasing agreements and other securities financing contracts.

Derivative contracts are financial instruments, such as futures, forwards, swaps or options that derive their value from underlying market- and credit risk factors, e.g. interest rates, currencies, equities, credit spreads and commodity prices. The derivative contracts are either traded directly on a regulated marketplace with standard trading terms, e.g. on an exchange or over-the-counter (OTC), which means the terms connected to the specific contract are individually defined and agreed on with the counterpart.

Nordea trades derivative contracts based on customer demand and the banks' balance sheet risks. Furthermore, Nordea may, within clearly defined risk limits, use derivatives to hedge or take open positions in the bank's operations. Derivatives affect counterparty credit risk, market risk as well as operational and liquidity risk.

Counterparty credit risk, including that towards central counterparties (CCPs), is managed subject to credit limits like other credit exposures and is treated accordingly. To assess the counterparty credit risk towards CCPs, clearing limits are based on the potential size of the clearing related exposure on each CCP, taking regulatory requirements and the market development into account. Nordea mostly clears OTC trades as a clearing member of qualifying central clearing parties (QCCP) that meets specific regulatory and operational standards set by financial authorities. However, Nordea also clears through clearing brokers if need be.

Pillar 1 method for counterparty credit risk

In July 2021, Nordea received ECB's permission to use the internal model method (IMM) for the calculation of the own funds requirement for credit risk of positions subject to counterparty credit risk, in accordance with Article 283 of the Capital Requirements Regulation (CRR). The method is used for standard foreign exchange (FX), interest rate and certain inflation products, which constitute the predominant share of Nordea's CCR exposure.

The expected IMM exposure is calculated by simulating a large set of future scenarios for underlying market risk factors and then revaluing the contracts in each scenario at different time horizons. In these calculations, netting is done of the exposure on contracts within the same legally enforceable netting agreement.

Nordea uses the IMM for calculation of the counterparty credit risk internal exposures. For regulatory exposures Nordea uses the calibration that provides the highest own funds requirement calculated based on effective EPE (expected positive exposure) to comply with Article 284 (3). Under the IMM approach, simulated exposure is subject to a regulatory multiplier of 1.4 to reflect the potential for correlation in risk across the portfolio. An additional 0.15 add-on was introduced in 2021 to account for asymmetric cashflows in the margin period of risk.

For the part of the portfolio not covered by the IMM, Nordea uses the standardised approach to capture counterparty credit risk (SA-CCR). SA-CCR - exposure at default (EAD) is used for regulatory capital on both the default risk charge and the credit valuation adjustment (CVA) risk charge. EAD under SA-CCR consists of the replacement cost (RC), potential future exposure (PFE) and alpha factor.

The potential future exposure (PFE) is an estimate reflecting possible changes in the future market value of the individual contract during the remaining life of the contract and is measured as the notional principal amount multiplied by an add-on factor. The size of the CRR add-on factor depends on contracts' underlying asset and time to maturity.

CVA represents the market cost of hedging counterparty credit risk and the capital requirement. CVA risk charge reflects the variability in CVA. Calculation of the CVA risk charge is based on either IMM exposure curves that are used in the advanced CVA risk charge calculation for simulated trades or in line with SA-CCR for the standardised CVA risk charge calculation for trades that are not simulated (i.e. non-IMM exposures).

Mitigation of counterparty credit risk exposure

Nordea employs risk mitigation techniques to minimise counterparty credit risk. The most significant one is the use of legally enforceable closeout netting agreements, which allows Nordea to net positive and negative market values on contracts within the same agreement in the event of default of the counterparty. It is Nordea's policy to have legally enforceable closeout netting agreements in place with all trading thereby being able to fully account for netting. The validity, legality and enforceability of the netting provisions are substantiated by generic close-out netting legal opinions for all relevant jurisdictions.

In addition, Nordea mitigates the CCR exposure mainly towards banks, institutional counterparties and hedge funds primarily with financial collateral agreements, where collateral is placed or received to protect the current net exposure. The collateral is mainly cash (EUR, USD, SEK, NOK, DKK and GBP), but also government bonds and to a lesser extent mortgage bonds. Most of the non-cash collateral received stems from highly rated European government bonds as well as Nordic mortgage bonds. Separate credit guidelines are in place for handling financial collateral agreements.

Nordea's financial collateral agreements do not normally contain any trigger dependent features, e.g. rating triggers. Certain agreements contain clauses that may require collateral postings in case of a Nordea downgrading; however, these would not impose any material impact on Nordea's liquidity and collateral preparedness. Overall, Nordea's counterparty credit risk mitigation via collateral is considered highly diversified in terms of underlying instruments and most of Nordea's collateralised exposure stems from investment grade counterparties.

In order to reduce bilateral counterparty credit risk, CCPs are increasingly used for clearing of OTC derivatives. CCPs were mainly used by Nordea to clear interest rate derivatives, repo transactions and to a lesser extent credit derivatives. Nordea continues to assess the possibility to clear more derivative volumes through CCPs to further reduce bilateral counterparty credit risk and to comply with the clearing obligation as set out in the European Markets Infrastructure Regulation (EMIR). Nordea's policy is to use CCPs if possible.

As well as exposure risk mitigation methods described above, Nordea buys protection in the credit default swap market to hedge CVA risk. Protection for regulatory CVA purposes is bought from large inter-bank counterparties where most of the protection is being cleared by qualified central counterparties which ultimately reduces bilateral risk.

Wrong way risk exposures

Wrong way risk (WWR) occurs when the risk of a counterparty defaulting increases as the exposure to that counterparty also increases.

Nordea undertakes systematic analysis and reporting of general wrong way risk (GWWR). GWWR is identified by performing historical trend analysis to highlight correlations within the portfolio between the counterparty's exposure and its credit quality, i.e. credit rating.

Moreover, automatic identification procedures are in place to identify potential specific wrong-way risk (SWWR), i.e. situations where the future exposure to a counterparty is positively correlated to the counterparty's probability of default for a reason that is specific to that counterparty. Transactions that are assessed to have 1) significant degree of SWWR and 2) legal connection, are named eligible SWWR transactions and are subject to increased monitoring and higher capital requirements as defined in the CRR.

Counterparty credit risk and settlement risk for internal credit limit purposes

Counterparty credit risk for internal credit limit purposes is for the main part of the portfolio calculated using IMM.

Nordea covers counterparty credit risk under its credit risk framework. Limits and exposures are included in the overall credit risk appetite and individual limits are independently monitored and controlled.

The exposures included in the IMM are subject to periodic stress tests with the aim to identify adverse scenarios affecting exposures on counterparty, industry and country level.

Settlement risk is a type of risk arising in the timeframe from the execution of a trade to the settling of that same trade, e.g. through payment of cash against receiving a security.

The risk amount is the principal of the transaction, and a loss could occur if a counterpart was to default after Nordea has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security.

The settlement risk on individual counterparts is restricted by settlement risk limits. Each counterpart is assessed in the credit process and clearing agents, correspondent banks and custodians are selected with a view to minimise settlement risk. Nordea is a member of CLS (Continuous Linked Settlement), which is the global FX clearing system that centralises and mitigates settlement risk for FX trades in 18 different currencies through a 'delivery versus payment' mechanism between eligible counterparties in CLS.

Market risk

Market risk is the risk of losses to Nordea arising from adverse price movements affecting the market value of its positions in the trading and non-trading books, or net interest income in its banking book. Market risks include, but are not limited to, changes in equity or commodity prices, interest rate moves or fluctuations in foreign exchange rates.

Market risk management principles

The management of risk in Nordea is governed by principles and procedures which are stated in the Group's internal rules and are adhered to throughout the organisational value chain, which includes the three lines of defence (LoD) model.

More specifically, market risk is managed based on guiding principles and overall rules set out in the "Group CEO Instructions on Market Risk". These instructions are supplemented by Protocols issued by the 2nd LoD and relevant 1st LoD guidelines and frameworks. Key elements of market risk management in Nordea are summarised below:

- Risk identification and measurement
  - The Group uses a range of measures to capture the material aspects of market risk.
  - Stress tests are carried out on a regular basis to estimate the possible losses that may occur under severe, but plausible, market conditions.
- Market risk mitigation and management
  - Market risk is managed through clearly defined risk mandates in terms of limits and restrictions on which instruments may be traded and by which desk.
  - Hedging strategies (or use of alternative methods of mitigation) are monitored.
  - The framework for the approval and valuation of traded financial instruments requires the analysis and documentation of each instrument's features and risk factors.
- Risk limits and monitoring
  - Traded market risks are controlled through daily monitoring of profit and loss, and all market risks are subject to daily measurement and control of risk exposures and monitoring of market risk appetite limits.
  - Non-traded market risks are subject to daily, weekly or monthly, depending on risk type, measurement and control of risk exposures and monitoring of market risk appetite limits.

Governance of market risk

The market risk governing bodies are the Board of Directors, Board Risk Committee (BRIC), Risk Committee (RC) and Asset and Liability Committee (ALCO). Additional decision-making bodies with responsibilities specific to market risk are shown in the figure 6 below.

1st LoD responsibilities - business areas and Group functions

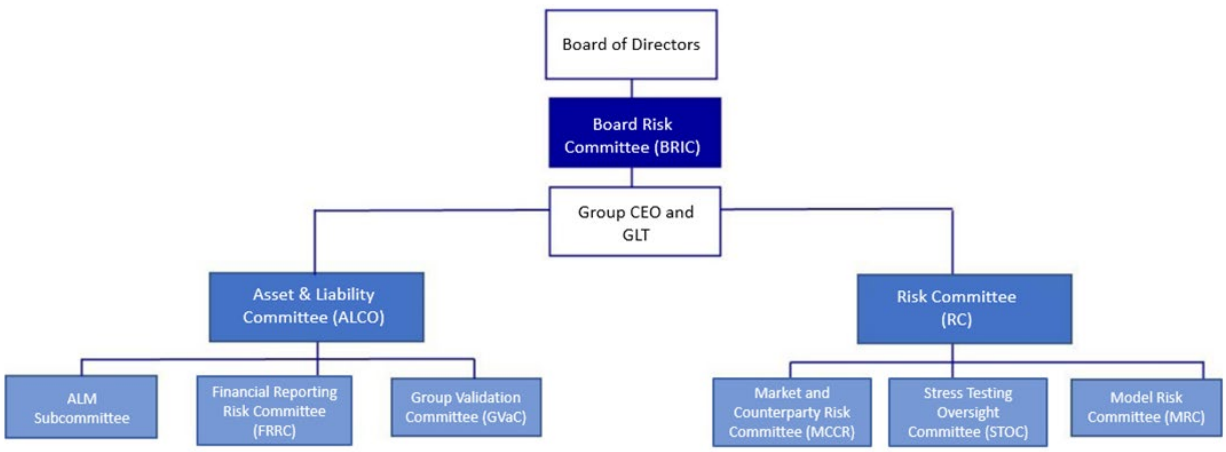
Relevant 1st LoD business areas and Group functions are responsible for providing sufficient information in their business plan on the expected future risk profile of their business so that this can be used as an input to the independent determination of the risk appetite by the 2nd LoD. In addition, the 1st LoD is responsible for implementing the risk framework as designed by the 2nd LoD.

2nd LoD responsibilities - GR

Group Risk (GR) provides all relevant risk-related information to the Board to enable it to set the market risk strategy and risk appetite. GR is also responsible for overseeing appropriate risk identification and monitoring in the business through the design of the Risk Management Framework. Furthermore, GR is responsible for overseeing that the risk framework is appropriately implemented by the 1st LoD.

3rd LoD responsibilities - GIA

Group Internal Audit (GIA) provides additional assurance to the Board and Group Leadership Team (GLT) on the adequacy of internal controls and risk management processes.



Traded market risk

Traded market risk arises mainly from client-driven trading activities and related hedges in Nordea Markets which is part of Large Corporates & Institutions.

Traded market risk management

Nordea Markets takes market risks as part of its business model to support corporate and institutional clients through a range of fixed income, equity, foreign exchange and structured products. The market risks Nordea Markets is exposed to include interest rate risk, credit spread risk, equity risk, foreign exchange risk, commodity risk and inflation risk.

Furthermore, Nordea is one of the major Nordic mortgage lenders and market makers in Nordic corporate and government bonds. Holding inventory is a consequence of providing secondary market liquidity.

Traded market risk measurement

Nordea uses several quantitative risk measurement methods for market risk: value at risk, stress testing, sensitivity analysis, parametric methods and Monte Carlo simulation.

Value at risk is based on historical scenarios and is the primary market risk measurement metric, complemented by stress testing.

Parametric methods are used to capture equity event risk including the impact of defaults on equity related positions (these risks are part of specific equity risk).

Monte Carlo simulation is used in the incremental risk measure model and the comprehensive risk measure model to capture the default and migration risks.

The value at risk, stressed value at risk, equity event risk, incremental risk measure and the comprehensive risk measure models are approved by the bank's regulator, the ECB, for use in calculating market risk own funds requirements under the internal model approach (IMA). The same models, with the same calibration and settings as used for regulatory capital requirements, are used for internal risk management purposes.

Standardised approach (SA) is applied to risk exposures which are not covered by the IMA.

Value at risk (VaR)

Nordea's value at risk (VaR) model is based on the expected shortfall measure (ES) instead of a quantile-based VaR measure.

Nordea calculates VaR using historical simulation. The current portfolio is revalued based on historical daily changes in market prices, rates and other market risk factors observed during the last 500 business days and translated to changes in the current market risk factors. Nordea uses absolute, relative and mixed translation methods for different risk categories.

The revaluation of the current portfolio is performed for each position using either a linear approximation method or a full re-valuation method, depending on the nature of the position.

The historical data window is updated every business day to cover the last 500 business days. From the empirical distribution of returns, ES is used to calculate a VaR number as the average of the 6 worst outcomes from the distribution of portfolio value changes. The resulting ES confidence level is 98.8%. The quality of the approximation depends on the magnitude of the worst observed losses (i.e. the heaviness of the tail of the portfolio loss distribution), which is reassessed periodically as part of Nordea's risk model maintenance processes. The mixed translation method scales historical returns to take into account the dependencies that exist between risk factor levels and changes in these levels. No weighting method is used for historically simulated returns. The one-day VaR number is subsequently scaled to a 10-day number using the square root of time method.

The total VaR number used for regulatory capital requirements includes interest rate, credit spread, foreign exchange rate, equity and inflation risks in a single model. This allows for diversification amongst all these risk categories including general and specific risk factors in scope for the VaR model.

Stressed value at risk (SVaR)

The SVaR number is calculated using a similar methodology to the VaR. However, whereas the VaR model is based on data from the last 500 business days, the SVaR is based on a specific historical 250-business day period with considerable stress in financial markets. In addition, SVaR is calculated as the average of the 3 worst returns of the empirical distribution of portfolio value changes. The ES confidence level is 98.8%. Since the relevant period with stressed markets will depend on the current portfolio composition, the level of SVaR in relation to the VaR is monitored daily and the stress period can be changed if deemed necessary to adequately measure the risk in a stressed market environment. The specific historical 250-business day period to be used is reviewed at least annually. Currently, the stress period covers a period during the latest global financial crisis.

Incremental risk measure (IRM)

The incremental risk measure (IRM) model measures the risk of losses due to credit migration or defaults of issuers of tradable debt in bond and credit derivative positions held in the trading book (excluding the correlation trading portfolio which is covered by the comprehensive risk measure model). The model uses a Monte Carlo simulation approach based on a Gaussian copula model. The correlation structure between issuers is specified via a factor model. The liquidity horizon is one year, over which a constant portfolio is assumed, in line with the Capital Requirements Regulation (CRR) article 374.

The model is based on transition matrices, where the elements are probabilities of migration from the current rating class to another rating class. The probabilities are obtained from a single source, a major rating agency.

For each simulation and each issuer, a rating migration is generated either to a new rating class, unchanged rating class or default. In case of a simulated default, the portfolio loss is calculated based on the recovery rate of the issuer assuming deterministic recovery rates. For a simulated unchanged rating class, the portfolio loss is zero. In case of a simulated migration to another (non-default) rating class, the portfolio loss is calculated using a grid-based revaluation method (interpolation between pre-calculated portfolio net present values, where full revaluation is used in the pre-calculations). A spread multiplier matrix is then used to translate each simulated migration to a new credit spread.

For each simulation, portfolio losses are aggregated across issuers, such that each simulation corresponds to one total portfolio loss. The IRM number is based on ES. The model uses 50,000 simulated scenarios and the average of the 100 worst simulated total portfolio losses is the output of the model, corresponding to an ES confidence level of 99.8%. The transition matrices and spread multiplier matrices are recalibrated annually.

The IRM is calculated and monitored daily.

Comprehensive risk measure (CRM)

The comprehensive risk measure (CRM) model measures the correlation risk, credit spread risk, default risk, recovery rate risk and index credit default swap basis risk in the correlation trading portfolio. The model is based on Monte Carlo simulation. The liquidity horizon is one year, over which a constant portfolio is assumed (consistent with the IRM model).

The approach for default simulation is the same as that used in the IRM model (Gaussian copula model). In case of default, the realised recovery rate is simulated to determine the loss given default. In case of non-default, a credit spread move is simulated based on another Gaussian copula model component (which shares the same driving random variables with the default model component, i.e. the random sources of the default model also drive the credit spread model). The marginal distribution for each single issuer spread move is given by a lognormal distribution and the recovery rates used in the valuation are simulated assuming a beta distribution. The index credit default swap (CDS) basis is simulated as a lognormally distributed multiplier to the CDS index hazard rate curve that is implied by the spreads of the individual issuers. The resulting CDS index hazard rate curve, including the multiplier, is then used to derive the CDS index spread curve. Base correlations for collateralised debt obligations (CDOs) and correlations for nth-to-default baskets are simulated via a function of Gaussian random variables. The function is applied to keep the resulting correlations in the interval between zero and one.

For each simulation, a full revaluation method is used, and the results for each issuer are aggregated to determine the portfolio loss. The model simulates 50,000 scenarios and selects 25,000 based on a sampling scheme. The sampling scheme ensures that high loss scenarios are selected, effectively producing the same tail scenarios as a method based on 50,000 simulated scenarios without the sampling scheme. The CRM number is calculated as the average of the 100 worst portfolio loss scenarios, corresponding to a 99.8% ES confidence level. The transition matrices and other model parameters are calibrated annually.

The CRM is calculated and monitored weekly.

Equity event risk (EER)

The equity event risk (EER) model is part of Nordea's IMA framework. The EER model captures two different parts of specific equity risk: equity jump risk and equity related losses due to defaults.

The equity jump risk component measures the risk of losses that are specific to each single stock and beyond the VaR model's confidence level. The jump risk is calculated based on a parametric model for the single stock returns. The confidence level corresponds to the worst 10-business day return occurring at a frequency of once every 500 business days.

The equity default risk component measures equity related portfolio loss due to the default of a company. An intensity model with constant 10-business day intensity is assumed.

The EER is calculated and monitored daily.

Standardised approach (SA)

SA is used for calculating market risk own funds requirement for commodity risk, gold, specific risk for callable and floating mortgage bonds, commercial paper, credit/rate hybrids and credit spread options, as well as for equity risk related to structured products, Tier 1 and Tier 2 bonds.

Back-testing

Back-testing of the VaR model is performed daily using both hypothetical profit and loss (P&L) and actual P&L. Hypothetical P&L is the P&L that would have been realised if the positions in the portfolio had been held constant during the following trading day. The actual P&L also includes intra-day trading. The P&L numbers are compared to one-day VaR numbers (98.8% ES confidence level). Overshootings are defined as the historical days where either the actual and/or the hypothetical losses are worse than the 1-day VaR number. The largest of the number of actual P&L overshootings and hypothetical P&L overshootings in the last 12 months determines the capital multiplier addend according to the red/amber/green colour zones specified in the CRR.

Non-traded market risk

Non-traded market risk principally arises from the core banking business of Nordea, related hedges and regulatory or other external requirements (e.g. liquid asset buffer).

Non-traded market risk management

Group Treasury is responsible for the comprehensive risk management of all non-traded market risk exposures in the Group's balance sheet. For transparency and a clear division of responsibilities within Group Treasury, banking book risk management is divided across several frameworks – each with a clear risk mandate, specific limits and controls including hedges implemented to reduce risks across frameworks.

The non-traded market risks that Nordea is exposed to are interest rate risk, credit spread risk, foreign exchange risk (both structural and non-structural) and equity risk.

Interest rate risk in the banking book (IRRBB) and credit spread risk in the banking book (CSRBB) are the current or prospective risks to Nordea's capital and earnings arising from adverse movements in interest rates and credit spreads. Business areas transfer their banking book interest rate exposures to Group Treasury through a funds transfer pricing framework. IRRBB and CSRBB are then managed centrally and include gap risk, basis risks, behavioural risks and non-linear risks. These risks are also delineated by currency.

Due to the lending structure in Nordea's home markets, most of the contractual interest rate exposures are floating rate. Consequently, wholesale funding is also swapped to floating rate. The resulting repricing gap risk is managed on an aggregated basis by currency and, where applicable, by legal entity (primarily the mortgage companies). The net outright interest rate risk stemming from the repricing gaps, together with the limited fixed interest rate risk, is hedged with interest rate swaps (IRS) and overnight index swaps (OIS). As described further below, non-maturing deposits (NMDs) give rise to directional interest rate risk. The behavioural NMD risk is partially hedged with standard IRS under an ALCO mandate specifying a target hedge ratio.

Nordea is subject to CSRBB from liquidity buffer bond investments and from its wholesale funding activities. Liquid assets are managed in accordance with the liquidity buffer and pledge/collateral frameworks. Most of the directional interest rate risk arising from bond holdings is hedged primarily with maturity matched IRS and OIS payer swaps. Forward rate agreements and listed futures contracts are also used to hedge credit spread and interest rate fixing risks. CSRBB stemming from liquidity buffer holdings is managed under risk appetite limits for asset classes and issuer names to ensure diversification. CSRBB on the liability side is managed as part of the funding strategy.

Interest rate risk and credit spread risk in the banking book

IRRBB and CSRBB are measured, monitored and managed using three key risk metrics which are: economic value (EV) risk, fair value (FV) risk, and net interest income (NII) risk; FV and NII risk are also measured together as earnings risk (ER).

As IRRBB and CSRBB are seen as material risks, the risk metrics are monitored, limited and reported on Board Risk Committee (BRIC) and Risk Committee (RC) level. The risk metrics are used to assess differing aspects of the manifestation of interest rate risk. These are described in more detail below.

The IRRBB EV risk metric considers the change in the EV of banking book assets, liabilities and interest-bearing derivative exposures resulting from interest rate movements, independently of accounting classification and ignoring credit spreads and commercial margins. The metric assumes a run-off balance sheet and includes behavioural modelling for non-maturing deposits (NMDs) and prepayments as well as assumptions on floors embedded in customer loans and deposits.

Changes in the EV of the banking book are measured using a range of internal stress scenarios and the six standardised scenarios defined by the Basel Committee on Banking Supervision (BCBS). To ensure transparency and easy understandability the risk appetite limit under EV risk is measured against a standardized -50bp parallel shift scenario. EV scenario outcomes are estimated daily for management information purposes, but fully calculated and monitored monthly against risk appetite limits.

The FV risk metric considers the potential revaluation risk relating to IRRBB and CSRBB positions held under FV accounting classifications. FV sensitivities in the banking book are monitored against internal stress scenarios of interest rate and credit spread shocks. The scenarios are calibrated to reflect severe but plausible events designed to test specific risks that are or may result from the exposures under FV accounting. The risk is measured daily and a risk appetite limit is set against the worst outcome of the scenarios. The FV scenarios are applied to both the banking book and trading book portfolios, and the Board risk appetite limit considers the combined impact across both. The FV risk metric is monitored daily.

The IRRBB and CSRBB net interest income (NII) risk metrics consider the potential change in NII resulting from interest rate and credit spread movements over a one-year horizon. The model uses a constant balance sheet assumption, implied forward rates and behavioural modelling for NMDs and prepayments as well as assumptions on floors embedded in customer loans and deposits. Similar to EV risk, NII risk is measured using a range of internal stress scenarios and the standardised up/down scenarios defined by the BCBS. The exposure risk appetite limit under NII risk appetite is again measured against a standardised -50bp parallel shift scenario. The NII risk metrics for IRRBB and CSRBB are monitored monthly.

The measurement of IRRBB is dependent on key assumptions applied in the models. The most material assumptions relate to loan prepayments, NMDs and customer floors. The internal models for prepayments and NMDs are based on historical customer behaviour and Nordea's historically observed pricing behaviour. Nordea's NMD model estimates a stable non-interest sensitive portion of the deposits that is available for hedging. Importantly, the NMD modelling segregates the linear interest rate risk and floors. Modelling of behavioural interest rate risk introduces model risk and Nordea therefore applies haircuts to the modelled NMD sensitivities. Regular back-testing and model monitoring is performed for both prepayment models and NMD models to ensure that the models remain accurate. Nordea's average and maximum modelled durations for NMDs are currently 3.5 and 15 years, respectively. The average duration for the core retail deposits amounts to 4 years and for core non-financial wholesale deposits to 2.2 years. Including non-core deposits, average durations across retail and non-financial wholesale deposits fall to 2.2 years.

Nordea allocates capital for IRRBB and CSRBB under Pillar 2. The Pillar 2 IRRBB and CSRBB capital allocation is based on the most adverse outcome of an EV risk component and an Earnings risk component. The EV risk component covers the impact on the bank's equity due to adverse movements in the marked-to-market of the full balance sheet. The Earnings risk component covers the impact of rate changes on future earnings capacity, and the impact on banking book positions accounted for at FV through profit and loss or FV through other comprehensive income, excluding Illiquid Exposures portfolio, which are separately capitalised.

IRRBB and CSRBB is managed centrally in Group Treasury against EV, FV, earnings and NII risk limits. Risk is managed in various frameworks but overall risk is coordinated and measured against overall EV, FV earnings and NII risk limits capturing all banking book exposures. When managing IRRBB, Group Treasury tries to make use of natural risk offsets from cash products with different directional exposures by for example offsetting floating rate loan book exposure with short-term funding or deposits. In many areas natural offsets do not exist or are inefficient to use and therefore risks stemming from NMDs, liquidity buffer bond holdings and issued long-term funding are hedged stand-alone with derivatives. Derivatives hedges are also used to hedge residual risks in frameworks where natural offsets exist but are incomplete. The most commonly used derivatives are linear plain vanilla instruments like interest rate swap(IRS), overnight index swap (OIS), cross-currency swaps, Forex(FX) forwards/swaps and bond futures. For non-linear risks stemming from explicit caps and collars embedded in or associated with customer loans, the non-linear option risk is hedged in an automated setup with the trading book. Otherwise derivative hedges are done both with external counterparties and Nordea's trading book to ensure full market access. Derivative hedges are to a large degree under hedge accounting relationship but short-dated FX derivatives and futures are under FV accounting.

Structural foreign exchange

Nordea is exposed to structural FX risk defined as the mismatch between the currency composition of its Common Equity Tier 1 (CET1) capital and risk exposure amount (REA).

CET1 capital is largely denominated in EUR, with the only significant non-EUR equity amounts stemming from mortgage subsidiaries. On the other hand, due to Nordea's cross-border activities, REA is denominated in SEK, NOK, DKK, EUR and USD. As a result, changes in FX rates can negatively impact Nordea's CET1 ratio.

This risk is monitored on a daily basis through a stress test that translates the Board's risk appetite into a limit that measures the CET1 ratio sensitivity to fluctuations in FX rates.

Since 2021, Nordea runs a structural FX hedging programme with permission from the European Central Bank (ECB) to exclude, from the calculation of the net open currency position, structural positions in SEK, NOK and USD that are deliberately taken to hedge against variation of the CET1 ratio caused by exchange rate fluctuations. Nordea partially hedges the sensitivity of the CET1 ratio by taking open positions in SEK, NOK and USD, partially aligning the currency compositions of equity and REA. This stabilises the CET1 ratio but increases volatility in the value of Nordea's equity in reporting currency EUR from movements in FX.

Validation of risk models

Independent model validation

All models including pricing and valuation models (both vendor and proprietary), are governed by a group-wide common model governance framework. This framework outlines standards for the model risk management throughout the model life cycle including the development process and the processes for independent model validation and periodic review.

As part of the model governance framework, all market risk models are subject to independent model validation. This includes models used for regulatory capital purposes for both traded and non-traded market risk. Validation activities are carried out by Model Risk & Validation, which is independent and organisationally separate from the risk-taking units and the market risk model developers.

Market risk models are validated both prior to use and on an ongoing basis to ensure that they remain sound and are used and perform in line with the design objectives. Model Risk & Validation compiles the results of validation activities in reports that are presented at the Model Risk Committee (MRC), including a summary of validation activities, a list of identified validation findings and assessment of their severity as well as potential mitigations to be implemented by the model owners.

Validation elements include verification of the model environment and control, data, model design and model use, including internal back-testing. Ongoing validation involves assessment of the adequacy and effectiveness of the model control setup and model performance monitoring. The implementation of model risk mitigations, as recommended in model validation reports and agreed in the MRC, is monitored on a regular basis and progress is tracked through implementation.

The model validation is carried out both on an aggregate level, through periodic reviews of the models, as well as on a more granular model component level. The scope for this includes:

- Risk factor models
- Pricing models, including both full revaluation models and approximations (e.g. based on sensitivities)
- Compliance of risk measure
- Choice and adequacy of proxies
- Model assumptions, including correlation modelling in IRM and CRM
- Model calibration, including assessing the choice of stress period for stressed VaR
- Evaluation of model performance through measures such as internal back-testing analysis
- Robustness of models across scenarios

Validation by the developers

Stress tests of the IRM input parameters (main scenarios involve shifts to probabilities of default and correlation parameters) are conducted annually, as part of the validation processes performed by Risk Models in the 2nd LoD (the unit responsible for the development of risk models).

Other validation processes performed by Risk Models and model owner include proxy control, market data input controls and stress testing to assess the adequacy of the VaR and stressed VaR numbers. Stress testing covering the VaR and stressed VaR scope is performed regularly based on scenarios such as, amongst others, Market Liquidity Freeze and Nordic Financial Crisis. Three levels of severity are used in the definition of the scenarios: a 10-business day shock occurring once a year (moderate), once in 5 years (large) and once in 10 years (severe). The shocks are calibrated to historical data using a parametric model to ensure consistency in the size of the shocks across all risk factors.

Market risk monitoring and control

Market risk appetite

The market risk appetite for the Group is expressed through risk appetite statements issued by the Board. The statements are defined for the trading and banking books.

The 2nd LoD ensures that the risk appetite is appropriately translated into specific Risk Appetite Statements. They review and monitor that risk limits proposed by 1st LoD are set appropriately to ensure that risk-taking remains within Nordea's risk appetite. 2nd LoD performs independent assessment of any risk appetite breaches.

Stress testing

As part of the overall risk appetite framework (RAF), holistic and bespoke stress tests are used to measure the market risk appetite and calibrate limits to monitor and control the full set of material market risk factors to which the bank is exposed. The RAF scenarios cover seven severe but plausible macroeconomic events that can foreseeably affect both trading and banking book positions. The scenarios cover different risk factors, products, tenors and geographical regions. The mix of the macro-economic scenarios is reviewed annually and can change year-on-year. Some example scenarios used previously include a Nordic Housing Crisis, Global Financial Stress and Covid-19.

The Nordic Housing Crisis is considered the most banking book focused (and typically the most impactful stress), while other scenarios have a more distributed impact across the trading and banking books. The RAF stress tests are run and validated frequently in line with the regulatory requirement and are calibrated at least annually to ensure appropriate risk factor coverage and to focus on areas to which Nordea's treasury and trading activity is particularly sensitive.

Additional controls

Markets & Treasury Financial Control within the 1st LoD is responsible for the design and performance of comprehensive controls in line with the risk management framework.

GR monitors and controls traded market risk on a daily basis. The process includes analysis and reporting of risk sensitivities related to e.g. interest rates, credit spreads, FX and equity exposures and capital measures.

Furthermore, GR is responsible for monitoring market risk appetite statements and adherence, and for the escalation of breaches in line with internal guidelines for limit monitoring and oversight.

Inclusion in the trading book

For regulatory purposes, all positions must be assigned to either the trading book or the banking book. This classification impacts the regulatory treatment of positions, in particular regulatory capital requirements. The criteria for the allocation of positions to either the trading book or banking book are set out in the internal trading book/banking book boundary guideline, applicable to all entities included in Nordea's consolidated position.

The Group includes in the trading book all positions in financial instruments held either with trading intent, or to hedge positions held with trading intent.

Positions assigned to the trading book are either free of restrictions on their tradability or able to be hedged. Any position not defined as a trading book position is assigned to the banking book. The trading strategy for the trading book and the investment and funding guideline for the banking book mandate activities and positions in the respective books that ensure compliance with the boundary guideline and regulatory requirements. The 1st LoD performs controls to verify that activities carried out are compliant with the trading strategy and investment and funding guideline and that they receive the appropriate book classification. GR oversees and regularly challenges the control activities of the 1st LoD in this regard. Any position in breach of the mandated activities is reclassified. The decision is taken within the senior governance body of the business areas where the 2nd LoD is represented.

Requirements for prudent valuation

Nordea's valuation framework, including standards for prudent valuation, covers all positions held at FV across the Nordea Group including both trading and banking books.

Policies, procedures and reporting lines

Nordea's valuation framework consists of policies and procedures that outline the different valuation related processes. This includes the overall principles for calculation of FV and valuation adjustments as well as definitions of the responsibilities, a price source hierarchy, the frequency of independent price verification and the timing of closing prices.

Operational valuation controls including independent price verification are performed by a valuation control function within the 1st LoD, which is independent from the risk-taking units in the front office. An independent valuation control unit within the 2nd LoD has the responsibility for independent review, further monitoring and analysis of the valuations and controls performed by the 1st LoD and provides independent assessment and reporting on any identified risks.

Daily revaluations

Positions in the regulatory trading book are revalued on a daily basis.

Whenever possible, Nordea marks its positions to market using observable prices. However, for many assets and liabilities, observable market transactions and market information might not be available. When a price for an identical asset or liability is not observable and hence marking to market is not possible, Nordea applies a mark to model approach.

Nordea marks to mid-market prices (average of bid and ask) but applies a portfolio adjustment, referred to as close-out-cost valuation adjustment, to adjust the net open market risk exposures from mid-market prices to ask or bid prices (depending on the net position).

Independent price verification

The independent price verification (IPV) comprises verification of the correctness of valuations by comparing the prices to independently sourced data. The result of the IPV is analysed and any findings are escalated as appropriate. The verification of the correctness of prices and inputs is at a minimum carried out on a monthly basis and for many products it is carried out daily. Third-party information, such as broker quotes and pricing services, is used as benchmark data in the verification. The quality of the benchmark data is assessed on a regular basis.

Valuation adjustments in FV

FV of financial assets and liabilities are generally calculated as the theoretical net present value of the individual instruments. This calculation is supplemented by portfolio adjustments as detailed below.

Nordea incorporates credit valuation adjustments (CVA) and debit valuation adjustments (DVA) into derivative valuations. CVA and DVA reflect the impact on FV from the counterparty's credit risk and Nordea's own credit quality, respectively. Calculations are based on estimates of exposure at default, probability of default and recovery rates, on a counterparty basis. Generally, exposure at default for CVA and DVA is based on expected exposure and is estimated through the simulation of underlying risk factors. Where possible, Nordea obtains credit spreads from the CDS market, and probabilities of default (PDs) are inferred from this data. For counterparties that do not have a liquid CDS market, PDs are estimated using a cross sectional regression model, which calculates an appropriate proxy CDS spread given each counterparty's rating, region and industry.

The impact of funding costs and funding benefits on the valuation of uncollateralised and imperfectly collateralised derivatives is partly reflected in the calculated net present value through the applied discounting curve and partly through the addition of a separate funding fair valuation adjustment (FFVA). In addition, Nordea applies close-out cost adjustments and model risk adjustments for identified model deficiencies in its FV measurement.

Valuation model governance

All models, including pricing and valuation models (both vendor and proprietary), are governed by a group wide common model governance framework.

Proprietary models are developed in the 1st LoD. Independent model validation of all valuation models is conducted by a Model Validation team in the 2nd LoD before final approval in the bank's Model Risk Committee. Depending on the specific use of the model, the model may also have to be approved in other committees such as the Group Valuation Committee or the Market & Counterparty Credit Risk Committee.

Additional valuation adjustments

In addition to the valuation adjustments that are directly applied in FV, Nordea calculates a number of additional valuation adjustments to account for valuation uncertainty. This includes additional valuation adjustments for:

- Market price uncertainty
- Close-out costs (covering uncertainty in the close-out cost valuation adjustment)
- Model risk (including adjustments due to unobservable parameters)
- Unearned credit spreads (covering uncertainty in the CVA)
- Investing and funding costs (covering uncertainty in the FFVA)
- Concentrated positions
- Future administrative costs
- Early termination cost
- Operational risks

The additional valuation adjustments are calculated and aggregated in accordance with the Commission Delegated Regulation (EU) 2016/101 and are deducted from the CET1 capital in the calculation of Nordea's capital ratios.

Pillar 1 market risk own funds requirement

The table below summarises the scope of the IMA approval in the context of the Pillar 1 market risk own funds requirement. Commodity risk and gold are under SA.

Table 5: Pillar 1 market risk own funds

Measure	General risk	Specific risk
VaR model	Interest rate risk Equity risk ** Foreign exchange risk Inflation risk	Specific interest rate risk * Specific equity risk **
Stressed VaR model	Interest rate risk Equity risk ** Foreign exchange risk Inflation risk	Specific interest rate risk * Specific equity risk **
EER model	No general risk	Event risk of equities **
IRM model	No general risk	Event risk of debt instruments *
CRM model	No general risk	Specific risk of correlation trading *

* IMA excludes specific risk on Tier 1 and Tier 2 bonds, callable mortgage bonds, commercial paper, credit options and related hedges and credit/interest rate hybrids. Specific interest rate risk for these products are included under SA.
** IMA excludes both general and specific equity risk for structured equity risk and fund-linked derivatives. The excluded general and specific equity risk is included under SA.

Other risks

Nordea defined benefits pension risk

Defined benefit pension schemes (DBPS) carry risks (including market and longevity risks) arising from Nordea-sponsored defined benefit pension obligations for past and current employees. The ability of the pension schemes to meet the projected pension payments is maintained through investments and ongoing scheme contributions. Risks can manifest through increases in the value of liabilities and through falls in the value of assets. These risks are regularly reported and monitored and include consideration of subcomponents of market risk such as interest rate, inflation, credit spread, real estate and equity risk. To minimise the risks to Nordea, limits are imposed on potential losses under severe but plausible stress events and on capital drawdown. In addition, regular reviews of the schemes' strategic asset allocation are undertaken to ensure the investment approach reflects Nordea's risk appetite.

On a day-to-day basis, Group Treasury has first line responsibility for the schemes with GR providing second line oversight and support. The overall responsibility within Nordea for the management of defined benefit pension schemes lies with ALCO.

Nordea allocates capital for DBPS risk under Pillar 2 add-on.

Operational risk and compliance risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. Compliance risk is defined as the risk of failure to comply with applicable regulations and related internal rules.

Operational and compliance risks are inherent in all of Nordea's businesses and operations. Employees throughout Nordea are accountable for the operational and compliance risks related to their mandate and for managing these risks within risk limits and risk appetite in accordance with the operational and compliance risk management frameworks.

Group Risk (GR) and Group Compliance (GC) together constitute the second line of defence (2nd LoD) for operational and compliance risks respectively.

Operational risk control functions within GR are responsible for developing and maintaining the overall operational risk management framework as well as for monitoring and overseeing the operational risk management of the first line of defence (1st LoD). The independent risk control functions monitor and oversee that operational risks are appropriately identified, assessed and mitigated; follow up risk exposures towards risk appetite; and assess the adequacy and effectiveness of the operational risk management framework and the implementation of the framework.

The focus areas of the monitoring and control work performed are decided during an annual planning process that includes business areas, key risk areas and operational risk processes. GR is responsible for preparing and submitting regular risk reports on all material risk exposures including risk appetite utilisation and incidents to the Chief Risk Officer (CRO), who thereafter reports to the Chief Executive Officer (CEO) in the Group Leadership Team (GLT), the Group Board and relevant committees.

The Risk Appetite Statement (RAS) for operational risk is expressed in terms of:

- Effective risk management, with requirements concerning the number and type of operational risk areas in breach of their respective limits.
- Limits for total loss amounts related to operational and compliance risk incidents as well as number of occurrences of large loss events.

GC constitutes the independent 2nd LoD compliance function and is responsible for developing and maintaining the risk management framework for compliance risks and for guiding the business in their implementation of and adherence to the framework.

Compliance activities are presented in the form of an annual compliance plan to the President of Nordea Bank Abp and Chief Executive Officer of the Nordea Group (Group CEO) and the Board of Directors. The annual compliance activities represent the compliance activities of Nordea, combining GC's overall approach to key risk areas. The plan is comprised of detailed plans for business areas, Group functions, consolidated Group subsidiaries, branches and for each compliance risk area.

GC is responsible for regular reporting on their plans to the Board, the CEO in GLT, branch management and relevant committees, at least quarterly. GC reports on the status and development of Nordea's compliance risks including information on major deficiencies along with consequence analyses. Regular reporting also contains information on emerging risks as well as risk trends and status and key observations from monitoring and testing activities and investigations.

Nordea's compliance risk appetite is expressed with qualitative statements giving clear direction for the management of compliance risk by stating which risks are outside risk appetite and articulating key requirements for the risk management of compliance risk. The risk appetite is underpinned by quantitative metrics and key risk indicators that compliance risks are measured and monitored against, informing on the risk profile.

Management of operational and compliance risks

Nordea's Group Board Directives on Risk, Risk Appetite and Internal Governance set out the principles for the management of risks in Nordea. Based on these principles, Nordea has established supporting internal rules for operational and compliance risk that form the overall operational and compliance risk management frameworks. Management of operational and compliance risk includes all activities aimed at identifying, assessing, measuring, responding to and mitigating, controlling, monitoring and reporting on risks.

Risks are identified through various processes, for example risk assessment processes, approval of changes as well as the reporting of incidents. Risks are identified on a holistic basis and includes the identification of emerging or latent risks.

Risk assessment and measurement is done by applying Nordea's common risk assessment grid for operational and compliance risks, which assigns probability of the risks occurring and the impact in case of materialisation.

Responses to risks are decided in line with risk appetite. The types of risk response include mitigation, acceptance, avoidance and for operational risk: transfer.

Risk control and monitoring is performed to ensure that risks are appropriately identified, assessed and responded to; that risk exposures are kept within limits; and that risk management procedures are efficient and adhere to internal and external rules.

The regulatory change management process ensures that new and amended rules and regulations are identified. The impact of the rules and regulations is assessed, and appropriate implementation measures are taken to ensure timely implementation.

The Operational Risk Committee (ORC) has been appointed by the executive Risk Committee for decision-making related to and supporting group-wide prudent management of operational risks.

The Compliance, Conduct and Product Committee (CCPC) also appointed by the executive Risk Committee is responsible for decision-making related to and supporting group-wide prudent management of compliance risks.

Key operational and compliance risk management processes

Risk and Control Self-Assessment

The Risk and Control Self-Assessment (RCSA) process ensures overview and assessment of operational and compliance risks across Nordea. The process improves risk awareness and enables effective assessment, control and mitigation of identified risks. Furthermore, the RCSA process and its results provide the basis and input for risk reporting in Nordea.

Compliance Independent Risk Assessment

The objective of the Compliance Independent Risk Assessment (CIRA) process is to provide an independent assessment of compliance risk exposure and to challenge and advise the 1st LoD on implementation of an effective risk management framework. The CIRA process is the independent 2nd LoD risk assessment conducted across Nordea, using the common risk assessment grid for non-financial risks.

Financial Crime Enterprise Risk Assessment

The Financial Crime Enterprise Risk Assessment (FCERA) is an internal annual process (with quarterly updates) enabling Nordea to (i) identify and assess the inherent financial crime risks which Nordea is exposed to, (ii) evaluate the effectiveness of the control environment to manage these risks, and ultimately, (iii) derive the residual risk. Based on the identified inherent and residual risks FCERA enables Nordea to implement a risk-based approach to its financial crime risk management activities.

Change Risk Management and Approval

The purpose of the Change Risk Management and Approval (CRMA) process is to ensure that risks arising from a change are identified, assessed and managed before a change is approved and implemented.

The CRMA process must be applied to all types of change and development initiatives including, but not limited to, changes e.g. involving new or changed processes, organisational changes, Information Communication and Technology "ICT" changes, new outsourcing arrangements and exceptional transactions.

Product Approval Process

The Product Approval Process (PAP) applies when new products or services are introduced or changes are made to existing products or services. Decommissioning and changes in target market or distribution channels are also in scope of the PAP. The PAP framework ensures that relevant financial and non-financial risks are consistently identified, assessed and managed in line with Nordea's risk appetite framework before products and services are introduced to customers. Final approvals are governed by business area committees.

Issue Management

Issues are defined as deficiencies in the control environment, i.e. defects and/or quality matters within the internal control environment for managing risk. When such deficiencies are discovered they must be reported as issues. In practice, the Issue Management Framework consists of multiple processes across all three LoDs identified in different risk management processes and they together fall under the purpose of issues and action management.

Incident Management

The Incident Management Framework ensures appropriate handling and reporting of detected incidents to minimise the impact on Nordea and its customers, prevent reoccurrence, and reduce the impact of future incidents. When incidents occur, they are immediately assessed to determine their severity. Depending on the nature of the incident and the severity assessed, different requirements on stakeholder involvement and external reporting applies, including incident notification to relevant authorities.

Scenario Analysis

Scenario Analysis is performed in order to identify and assess operational and compliance risks with high financial and/or non-financial impacts and low probability of materialising, so called "tail risks". Analysis of tail risks contributes to an increased understanding, awareness and management of forward-looking risk and remediation of possible identified control gaps/deficiencies.

Business Continuity and Crisis Management (BC & CM)

The BC & CM framework in Nordea ensures the capability to handle extraordinary events and crises and assures the continued delivery and recovery of prioritised products, services and processes to predefined acceptable levels. Extraordinary events and crisis situations are timely and appropriately escalated and responded to through pre-established structures.

The capabilities are validated by testing and exercising the organisation and established plans to ensure protecting its resources (e.g. people, premises, technology and information), supply chain, interested parties and reputation, before a disruptive incident occurs.

This includes ensuring that roles and responsibilities are clear, known and communicated to all involved.

Information and Communication Technology Risk Management

The objective of Information and Communication Technology Risk Management is to ensure that information and communication technology and data management risks are appropriately identified, assessed and managed.

Nordea maintains an Information Security Management System for implementation of the principles and requirements for information security, with the overall objective to preserve the confidentiality, integrity and availability of Nordea's information, and information entrusted to Nordea, by applying a risk-based methodology.

Significant Operating Processes

The objective of the Significant Operating Processes (SiOPs) framework is to identify and document key processes, as well as provide information about connected risks and controls to ensure that these processes operate as intended.

Raise Your Concern

The objective of the Raise Your Concern (RYC or "whistleblowing") process is to ensure that all Nordea stakeholders, including customers, partners, affected communities as well as Nordea's own employees, have the right to speak up and always feel safe in doing so if they have concerns about suspected misconduct such as breaches of human rights, or irregularities such as fraudulent, inappropriate, dishonest, illegal or negligent activity or behaviour in Nordea's operations, products or services.

Third Party Risk Management (TPRM)

The objective of Third Party Risk Management (TPRM) is to ensure that risks related to third parties and third party activities, including but not limited to outsourcing are appropriately identified, assessed and managed before entering into, during, as well as when exiting a third party arrangement. TPRM ensures risks associated with third parties and third party activities are kept within risk appetite and risk limits.

Complaints Handling

The objective of the Complaints Handling process is to ensure that customer complaints relating to Nordea's services or products are handled appropriately and promptly, in an independent and consistent manner. Customer complaints are considered individually to ensure fair customer outcomes and the process includes identifying and acting to address the root causes of the complaints to rectify and/or mitigate systematic risks and problems.

Minimum own funds requirement for operational risk

Nordea's own funds requirements for operational risk are calculated according to the standardised approach. In this approach, the own funds requirement is calculated by dividing the institution's activities into eight standardised business lines and taking the gross income-based indicator for each business line and multiplying it by a pre-defined beta coefficient. The consolidated own funds requirement for operational risk is calculated as the average of the last three years' own funds requirement.

Liquidity risk and ILAAP

Liquidity risk is the risk that Nordea can only meet its liquidity commitments at an unsustainably high price or, ultimately, is unable to meet its obligations as they come due. Nordea is exposed to liquidity risk in lending, investment, funding and other activities which could result in negative cash flow mismatches and an inability to liquidate assets or obtain adequate funding. The Internal Liquidity Adequacy Assessment Process (ILAAP) is a process for the identification, measurement and monitoring of liquidity risk and it aims to ensure that Nordea is able to cover all liquidity risks over the foreseeable future including during periods of stress. The level of liquidity needs to be adequate from an internal perspective, from the perspective of regulators, as well as market participants and depositors.

Objective of liquidity risk management

The objective of liquidity risk management is to ensure that Nordea can meet cash flow obligations, including on an intraday basis, across market cycles and during periods of stress.

Management of liquidity risk

Nordea's liquidity management and strategy is based on a Group Board Directive on Liquidity Risk and Group CEO Instructions on Liquidity Risk resulting in various liquidity risk measures, limits and organisational procedures. Group Treasury (GT) is responsible for the daily 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 (FTP).

Nordea, including the Group and individual subsidiaries and branches, is subject to various liquidity regulations. On a consolidated level, the Group is supervised by the European Central Bank (based on the regulatory framework described in "Regulatory development" chapter) and regulated by the Financial Supervisory Authority (FSA) in Finland and must comply with Finnish regulatory requirements. Significant branches in Denmark, Sweden, and Norway are subject to local oversight by the local regulators, while still being subject to FSA requirements on a consolidated basis. Other subsidiaries and branches are also subject to local jurisdictional requirements on a stand-alone basis. These regulations are intended to measure and monitor levels of liquidity risk and cover both short-term liquidity risk and long-term structural risk.

Liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. To ensure funding in situations where Nordea is in urgent need of cash and normal funding sources do not suffice, Nordea holds a liquidity buffer. The buffer's size is linked to liquidity stress testing results which form the basis of the liquidity risk appetite. The liquidity buffer consists of central bank cash and central bank eligible high-quality liquid securities that can be readily sold or used as collateral in funding operations.

A key objective of the funding strategy is to secure continuous access to stable, cost efficient and competitive wholesale funding whilst considering external requirements (e.g. regulatory requirements), and internal requirements, as well as secure prudent liquidity management. Moreover, the strategy considers market conditions such as market capacity, proactive investor dialogues, stable issuance behaviour as well as Nordea's AA- credit rating. To that end the strategy strives to preserve Nordea's strong credit rating enabling access to wholesale funding both in periods of stress and at an attractive cost. Competitive access to wholesale funding is further enhanced by the diversified business model of Nordea resulting in low volatility in earnings and capital supporting low volatility in secondary market spreads.

Intraday liquidity risk arises from intraday timing mismatches of payments. Nordea mitigates the intraday risk by effective operational management of intraday liquidity risk including position monitoring, reporting and controls, forecasting of intraday liquidity, payment and collateral management, and client and product management. In addition, intraday liquidity risk can be mitigated by having access to a surplus of intraday liquidity, such as balances at central banks, unencumbered liquid assets that can converted to intraday liquidity by pledging with the central banks, or balances with other banks that can be used for intraday settlement.

A robust infrastructure of systems and controls is in place which enables the timely production of reports, as well as the appropriate levels of analysis needed to assess Nordea's liquidity position on an ongoing basis.

Liquidity stress testing

Liquidity stress testing is carried out to identify liquidity risk drivers and stress scenarios which could impair Nordea's ability to meet cash flow obligations when they come due, either because of scarce liquidity resources or significant increased costs in funding needed to generate liquidity. Liquidity stress testing is an important tool for evaluating the impact of exceptional but plausible events on the liquidity and funding position of the Group, as well as individual subsidiaries and branches. Liquidity stress testing in Nordea is done regularly on standard scenarios complemented by ad-hoc stress testing, including cyber attack and climate risk scenarios.

The standard scenarios in daily use assess the cash flow impact of the following specific liquidity stresses over various time horizons:

- Market-wide stress, characterised by events comparable to those experienced in 2007-09. Although Nordea and other financial institutions are affected by these events, Nordea is not subject to a unique institution specific stress.
- Idiosyncratic stress, characterised by an institution specific event whereby Nordea's credit rating is downgraded. Other institutions and the markets overall are not in a stressed condition.
- Combined stress, characterised by market-wide and idiosyncratic stresses occurring simultaneously.

Pricing of liquidity risk

Appropriate transfer pricing mechanisms are maintained within the internal FTP framework to ensure that transactions are subject to market-based charges and benefits that incentivise behaviours that ultimately aim at driving the Group's balance sheet and liquidity profile in accordance with Group goals. GT administers this process by applying interest rate charges and liquidity premiums to transactions and profit centres. It is based on the levels of funding taken, the cost of maintaining a liquidity buffer and other underlying interest rate and liquidity risk generated therein. The FTP is based on regulatory requirements and observed liquidity behaviours where assumptions are formally set each year in advance of the coming year. This aligns with funding and liquidity planning and overall management target setting processes for the coming year within the Rolling Financial Forecasting process.

Liquidity contingency planning

The Liquidity Contingency Plan addresses a framework for recognising a possible liquidity crisis well in advance with a set of liquidity early warning signals and the strategy for managing such liquidity crisis. The objective of the plan is to mitigate the impact of a stress event by assuring continuous access to a minimum level of liquidity needed to accommodate critical business activities. The Liquidity Contingency Plan is triggered by a breach of an early warning signal, or as part of a proactive move in anticipation of a financial or liquidity stress by the liquidity First Response Team (FRT). Upon activation, FRT is responsible for notifying all relevant internal and external stakeholders, including the business areas, Asset & Liability Committee (ALCO), Group Risk and Investor Relations as well as the authorities.

Liquidity risk appetite

For liquidity risk, the risk appetite is anchored to liquidity stress testing results over specified time horizons as well as regulatory requirements and has implications for nature and scope of activities undertaken by Nordea. In addition, the liquidity risk appetite determines the size of Nordea's liquidity buffers. The risk appetite framework and supporting liquidity risk limits and thresholds will secure prudent hedging activities and mitigate the overall liquidity risk in Nordea. This framework is also used in monitoring the effectiveness of the liquidity risk management.

Nordea adheres to the following risk appetite statements approved by the Board of Directors in December 2024:

- Nordea should maintain overall liquidity levels in support of its business strategy and to maintain the confidence of markets both in normal and dislocated markets.
- Nordea should target an appropriate structural composition of its assets, liabilities and off-balance sheet commitments in support of its business strategy and regulatory requirements.

Governance of liquidity risk

Nordea operates under a three lines of defence (LoD) model for the governance of liquidity risk. GT, in its role as 1st LoD, is responsible for pursuing Nordea's liquidity and funding strategy in compliance with the liquidity risk appetite. GT manages and executes liquidity risk management processes, which include issuing funding and capital, managing liquidity buffers, and defining the principles for pricing liquidity risk.

The business areas also play a key role in providing 1st LoD liquidity risk management, including identifying and assessing the liquidity risk impact of their activities, including new product initiatives, and assessing liquidity risk mitigation strategies in conjunction with GT.

Group Risk (GR), in its role as 2nd LoD, provides independent risk oversight of liquidity risk management at Nordea and is responsible for establishing the internal rules framework for managing liquidity risk and performing independent liquidity stress testing. This includes developing and maintaining risk management processes and reporting processes, as well as reviewing and providing input to the liquidity risk appetite framework. Further, GR also verifies that all material liquidity risks have been identified by the 1st LoD and regularly performs reviews to assess the effectiveness and efficiency of the liquidity risk management framework.

Measurement of liquidity risk

Key internal measures are the liquidity survival horizon and liquidity stress coverage, that define the risk appetite by requiring that Nordea maintains sufficient liquidity to survive at least three months under a combined institution specific and market-wide liquidity stress scenario with limited mitigation actions.

Key regulatory metrics are the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR), also defining the risk appetite. The LCR is a ratio measuring the amount of qualifying highly rated assets (i.e. cash with central banks, highly rated sovereigns, otherwise known as high quality liquid assets (HQLA)) available to cover potential cash outflows during the first 30 days of a severe liquidity stress event, as prescribed by regulations. The Group as well as its bank subsidiaries based in Europe must, at a minimum, comply with the LCR standards prescribed by the EU's Capital Requirements Regulation (CRR) and further clarified though the European Commission's Delegated Acts. The NSFR requires that banks, including Nordea, hold sufficient levels of stable funding, given the duration and stability of their assets. The governance, compliance and supervisory actions are aligned between NSFR and LCR.

Additional metrics are in place for monitoring the liquidity and funding profiles at a more detailed level across Nordea as well as its subsidiaries and branches.

A framework of liquidity risk limits is in place to gauge and assess whether the liquidity risk profile of the Group and its subsidiaries and branches remain within the parameters of the liquidity risk appetites. GT will drive any actions needed to remediate any liquidity risk limit breach. The nature of the escalation and actions required in the event of a breach depend upon the limit hierarchy.

ILAAP

The Internal Liquidity Adequacy Assessment Process (ILAAP) is a continuous process for the Nordea Group as well as its eligible subsidiaries. The ILAAP provides an assessment of liquidity adequacy through a comprehensive analysis of liquidity risk management practices in the respective entities.

In the ILAAP, the Group Board concludes in the Liquidity Adequacy Statement that Nordea has adequate liquidity to support current and projected business activities under both normal and stressed conditions, underpinned by a robust liquidity risk management framework as well as adequate systems and controls. The major basis of this adequacy assessment is that Nordea has rigorously adhered to regulatory and internal risk appetite limits.

Securitisation and credit derivatives

Securitisations, or risk sharing transactions as they are also referred to, are part of Nordea's strategic balance sheet toolbox allowing for diversification of the capital sourcing, optimisation of the capital position without impacting Nordea's business practices nor client relationships, and reducing the bank's exposure to credit tail risk events.

Introduction to securitisation and credit derivatives trading

The Securitisation Regulation[1] (SR) defines securitisation as a transaction whereby the credit risk associated with an exposure or pool of exposures is tranched, payments in the transaction are dependent upon the performance of the exposure or pool of exposures and the subordination of tranches determines the distribution of losses during the ongoing life of the transaction. In a traditional securitisation, the ownership of the assets is transferred to a Securitisation Special Purpose Entity (SSPE), which in turn issues securities backed by these assets. In a synthetic securitisation, ownership of these assets does not change, however the credit risk is transferred to the investor using credit derivatives or financial guarantees. As for synthetic securitisations, an SSPE may be used to facilitate the structure.

Banks can play several roles in securitisation. First, banks can act as originators by having assets they themselves originated as underlying exposures. Second, banks can act as sponsors or investors in which role they establish, manage or invest in securitisations of assets from third party entities. Third, through their credit trading activity, banks can themselves invest in or make market for these securities as well as create these exposures in credit derivatives markets.

Nordea is active within the securitisation area in several capacities. For the Group's clients Nordea may act as an arranger, structurer, investor and/or placement agent. In the credit derivatives market Nordea may act as an intermediary with focus on Nordic names, and Nordea may also trade collateralised debt obligation (CDO) tranches as a way of hedging credit risk related to high exposures on single exposures.

Risk transfer transactions

Risk sharing transactions constitute a core part of the balance sheet toolbox enabling Nordea to tap into complementary sources of capital for redeployment into its core business. Under these transactions, investors agree to provide credit protection linked to the junior or mezzanine credit risk of a referenced portfolio.

Given the weight attached to the client relationship, Nordea typically achieves risk transfer through so-called synthetic securitisation, performed through financial guarantee structures where the referenced assets remain on Nordea's balance sheet. Under such arrangements, the investors agree to cover a pre-agreed amount of incurred credit losses related to the reference portfolio, structured in accordance with the relevant regulations so that Significant Risk Transfer (SRT) is achieved.

Relevant policies, regulations and assorted risks

This section describes the risks associated with these types of transactions and the management of said risks. More broadly, Nordea's Significant Risk Transfer (SRT) Directive outlines the principles for the effective and robust assessment, monitoring and management of such transactions in Nordea under relevant regulations. Furthermore, risk limits are articulated outlining Nordea's appetite in terms of associated risk exposure amount (REA) in relation to Nordea's credit risk and flowback risks. The latter arises when the credit risk flows back to the bank and consequently becomes subject to a higher capital need.

Monitoring of securitisation risks

Securitisation risks are monitored according to the internal rules established in Nordea, as per assets are recorded in the regulatory banking book (via credit risk and counterparty risk), and to specific governance processes for securitisations. Nordea's Guideline for 2nd LoD Monitoring and Control of SRTs and Certain Other Transactions provides a framework to ensure that transactions are monitored on an ongoing basis and compliant with all regulatory requirements before they are recognised.

Flowback risks, structural risks and foreign exchange risks associated with securitisation activities are monitored in the same way as for other Nordea assets.

Any associated liquidity risk linked to securitisation activities is reflected centrally through the measure of the impact of these activities on the Nordea's liquidity ratios, stress tests and liquidity gaps. Securitisation operational risks follow-ups are considered in Nordea's operational risks framework.

The term securitisation refers to a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having the following characteristics:

- the transaction achieves SRT, in case of origination,
- payments in the transaction or scheme are contingent on the performance of the exposure or pool of expo- sures,
- the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or risk transfer scheme and
- does not create exposures which possess all characteristics of being classified as specialised lending.

[1] Regulation (EU) 2017/2402 of the European Parliament and of the council of 12 December 2017 a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012

Securitisation positions are subject to the regulatory accounting treatment defined in the International Financial Reporting Standard (IFRS) and the capital treatment by the Capital Requirements Regulation (CRR). Such positions held in the regulatory banking book or trading book are currently given weightings ranging from 10% to 1250% depending on their credit quality and subordination rank. In the role as originator, Nordea follows the development of the securitisation regulation framework continuously to ensure strict adherence to regulation and, as appropriate, guidance.

Accounting policies related to securitisation transactions

Financial assets are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterparty has performed and repaid its obligation (e.g. repaying a loan to Nordea). Gains and losses are recognised if and when the assets are derecognised by comparing the carrying amount to the proceeds received.

Synthetic securitisations are generally defined as transactions where an institution buys protection using financial guarantees or credit derivatives where the exposures are not derecognised from the balance sheet. For Nordea's transactions, they typically follow accounting recognition rules specific to guarantees.

For loans not derecognised, provisions are recognised for the expected losses on the loans without considering the protection bought. The protection is recognised separately, either as a derivative or as a reimbursement right for guarantees.

Traditional securitisations where Nordea acts as investor

Nordea invests in a limited number of SSPEs. These SSPEs have been established to facilitate or secure customer transactions with the purpose of supporting securitisations for Nordea corporate and financial customers. The investments are typically in the senior tranches of the securitisation.

Credit derivative trading

Nordea acts as an intermediary in the credit derivatives market, mainly in Nordic names. Nordea also may use credit derivatives to hedge positions in corporate bonds and synthetic CDOs.

When Nordea sells protection in a CDO transaction, it carries the risk of losses in the reference portfolio if a credit event occurs. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio triggered by a credit event are carried by the seller of protection.

It is Nordea's policy that CDO positions are held in the trading book and booked at fair value in accordance with IFRS 13, meaning that they are either mark-to-market or mark-to-model depending on the availability of external prices. Model prices are derived based on standard industry methods. Inputs are available market prices and assumptions primarily relate to correlation.

Credit derivative transactions create counterparty credit risk in a similar manner to other derivative transactions.

Counterparties in these transactions are typically subject to a financial collateral agreement, where the exposure is covered daily by collateral placements.

ICAAP, stress testing and capital allocation

The main objective of Nordea's Internal Capital Adequacy Assessment Process (ICAAP) is to ensure that Nordea and its legal entities are adequately capitalised to cover all risk incurred by the business over a foreseeable future, including during periods of stress. The level of capital needs to be adequate from an internal perspective, a regulatory perspective, as well as from a market participant perspective.

ICAAP

The purpose of the ICAAP is to identify, assess, quantify, manage and mitigate the risks Nordea is exposed to. Based on the risks, an internal capital requirement is determined and the adequacy of the capitalisation is assessed. The ICAAP is a continuous process increasing awareness of capital requirements and exposure to material risks throughout the organisation, both in the business area and legal entity dimensions.

As a key part of the ICAAP, stress testing is an important tool for understanding capital and risk under stressed conditions in a firm-wide perspective on a regular and ad-hoc basis, and for specific areas as well as segments. The ICAAP includes a regular dialogue with supervisory authorities, ratings agencies and other external stakeholders with respect to capital management, measurement and mitigation techniques used.

The capital ratios, capital forecasts and capital requirement for Nordea and its subsidiaries are regularly monitored. The current capital position and forecasts are reported to the Asset and Liability Committee (ALCO), Risk Committee (RC), Group Leadership Team (GLT) and the Group Board of Directors as well as the subsidiary Boards of Directors. Capital requirements and capital adequacy are thoroughly reviewed and documented annually in Nordea's ICAAP submission to supervisory authorities, which includes the Capital Adequacy Statement, and is ultimately decided on and signed by the Group Board.

Capital planning

The objective of the capital planning process is to ensure that Nordea and its subsidiaries have a sound mechanism of budgeting financial resources and forecasting the future needs of long-term plans and targets, as well as ensuring Nordea remains within its risk appetite. The process includes forecasts of capital requirements, available capital as well as the impact of new regulations. Capital planning is based on key components of the Nordea Financial Planning Framework, which includes lending volume growth by customer segment and country as well as forecasts of net profit, including assumptions of future loan losses. The capital planning process also considers macroeconomic forecasts to reflect the future impact of credit risk migration on the capital situation of Nordea. An active capital planning process ensures that Nordea can make necessary capital arrangements to accommodate strategic and business objectives, regardless of the state of the economy or the introduction of new capital adequacy regulations.

Pillar 2 Requirement (P2R)

On 10 December 2024 the European Central Bank (ECB) decided to maintain Nordea's Pillar 2 Requirement (P2R) at 1.60% of own funds, of which 0.90% must be met with CET1 capital.

Capital and dividend Policy

Nordea is maintaining a strong capital position in line with its capital policy. Nordea targets a management buffer of 150bp above the regulatory CET1 requirement. This reflects the bank's strong capital generation and enables Nordea to manage capital efficiently while maintaining a prudent buffer above requirements. Nordea's policy is to distribute 60–70% of the net profit for the year as dividends to shareholders. Excess capital will be used for organic growth and strategic business acquisitions, as well as being subject to buy-back considerations.

Dividend for 2024

The Group Board has decided to propose that the Annual General Meeting (AGM) of 20 March 2025 authorise it to decide on a dividend payment of a maximum of EUR 0.94 per share. This corresponds to approximately 65% of the net profit for the year. The intention is for the Group Board to decide on a dividend payment in a single instalment based on the authorisation immediately after the AGM. The dividend will not be paid for shares held by Nordea on the dividend record date.

Capital transferability and restrictions

Nordea may transfer capital within the Group without operational or legal impediments. However, transfers are subject to the general conditions for entities considered solvent and with sufficient liquidity under national legislation and sometimes subject to approval from the local supervisor. Internal transfers of capital between legal entities are of importance in governing the capital positions of the Nordea Group and its legal entities.

Internal capital requirement (ICR) methodology

As part of ICAAP, Nordea defines the ICR as the internal capital requirement for all material risks from an internal economic perspective, taking into account the regulatory, normative through-the-cycle perspective, adequate to withstand periods of stress.

Based on the normative Pillar 1 risks as regulatory prescribed, Nordea calculates an internal Pillar 1 equivalent. For all other risks identified as material and that are determined to be covered by capital, internally assessed and approved add-ons are then quantified to arrive at a total capital requirement for ICR purposes. Examples of such risks include interest rate risk in the banking book, concentration risk and pension risk. Capital is also held for ESG factors relating to credit risk.

In addition to calculating capital for its various risk types, Nordea conducts comprehensive capital adequacy stress tests to analyse the effects of a series of stress scenarios. The results of the stress tests are considered in Nordea's ICR as buffers for economic stress.

Stress testing

Nordea's resilience to stress plays an important role in assessing the required capital to support Nordea's business and execute the Group's strategy. Nordea's stress testing approach and framework are subject to rigorous governance and management oversight. Key responsibilities include GLT, Board Risk Committee (BRIC) and the subsidiary Boards of Directors' engagement in the ICAAP stress testing. In addition, the ALCO and RC review in detail the stress tests performed and potential implications for Nordea's future capital position. Detailed reviews and discussions on methodologies, scenarios and results take place in the Stress Test Oversight Committee, a sub-committee of the RC. Ultimately, scenarios and key stress design features are decided on by the RC.

Nordea carries out stress testing at least annually as part of the ICAAP. Ad-hoc stress testing is carried out throughout the year as necessary. To assess Nordea's capital adequacy the stress testing is done using a range of scenarios with plausible stresses, targeting Nordea's material risks and probing potential specific and general vulnerabilities in Nordea's operations and financial position.

As part of the ICAAP and the capital planning process, firm-wide stress tests are used as an important risk management tool to determine how severe but plausible unexpected changes in the business and macro environment will affect Nordea's need for capital. The stress tests reveal how the capital need varies during a stress scenario, where the income statements, balance sheet, regulatory capital requirements and capital ratios are impacted. Nordea carries out reverse stress tests of various recovery environments in relation to the development of the Group Recovery Plan. Reverse stress testing is also used to challenge the scenarios used in the annual ICAAP exercise. Several stand-alone stress tests for each risk type such as market risk and liquidity risk are also carried out.

Stress test scenarios

The annual ICAAP stress test is based on three-year global macroeconomic scenarios including selected ESG components and relevant stress test design elements. The scenarios are designed to replicate shocks that are particularly relevant in the current macroeconomic environment and for stressing the risk profile of Nordea.

While the annual stress test is based on comprehensive macroeconomic scenarios that involve estimates of several macroeconomic factors, ad-hoc stress tests can also be based on direct estimates of risk parameter changes or on changes of a few selected macroeconomic variables. This enables senior management to define scenarios and evaluate their impact in support of planning.

After a scenario is developed and quantified, impacts are translated to relevant parameters and simulated. Advanced models supported by expert judgement are used to determine the effect of the scenario.

Stress test calculation

Stressed parameters from scenarios are used to calculate the effects on regulatory capital and financial statements. The regulatory capital requirement is calculated based on risk exposure amounts for credit risk, market risk and operational risk. The calculations for each risk type are aggregated and expressed in terms of total capital requirement.

Stressed figures for loan losses are calculated bottom-up, based on stressed rating migrations and collateral values. Stressed point-in-time probability of defaults (PD) that are functions of the downturn scenarios are used in the calculation of loan losses. The loan loss calculation also covers idiosyncratic losses related to the exposure to single customers and industries. The loan loss model covers both specific and collective provisions. The stressed impact on other main items on the income statement, such as net interest income and net fee and commission income, is also calculated. The resulting impact on net profit after dividend is used to calculate the impact on the own funds. Own funds are set in relation to the stressed REA and leverage exposures to calculate the impact on relevant ratios during a stress scenario.

Capital allocation

Allocated Equity (AE), is a framework to allocate capital held by Nordea to its business areas and is a central component in the Value Creation Framework (VCF). The VCF supports the operational decision-making process in Nordea to enhance performance management and ensure shareholder value creation.

AE reflects Nordea's anticipated equity by aligning to a target CET1 ratio level, which is set by the capital policy to ensure a sustainable long-term capitalisation for Nordea Group. To further align AE to equity, CET1 deductions, Nordea Life & Pension and other equity items are included in AE.

Nordea Life and Pensions (NLP)

The nature of life insurance leads NLP to take risks that are somewhat different from those faced in the banking operation. Those differences relate mainly to market and liquidity risks and life & health insurance risks. In addition to those risks, NLP is also exposed to other risks such as compliance and operational events.

Governance

The Boards of Directors of Nordea Life Holding AB (NLH AB)[2] and its subsidiaries are responsible for the management of the holding functions and the legal entities. The Boards ensure that NLP's organisational structure is appropriate and transparent with a clear division of duties and areas of responsibility ensuring effective and sound governance.

As a part of Nordea Group, NLP and its employees are governed by Nordea Group Directives. In addition, NLP has implemented NLP Group policies, instructions, guidelines and charters as appropriate to meet the specific NLP business needs or regulatory requirements. The local entities have additional policies, guidelines, processes and procedures in place as needed to comply with local legislation and local business requirements. The risk management system is embedded in this governance framework by the NLP Risk Management Strategy, NLP Risk Management Policy and the Risk Appetite Framework.

NLP's system of governance is based on a "three lines of defence" model with a clear division of roles and responsibilities throughout the organisation. The first line of defence is represented by the business. It is responsible for business operation and day-to-day management of risks. The second line of defence consists of the NLP group and local risk management functions, actuaries, and the NLP compliance function. Together, they represent independent control and risk functions which support the first line of defence and verify effective risk management. As part of the second line of defence, NLP performs a detailed annual Own Risk and Solvency Assessment (ORSA) at Group level. Corresponding local ORSA processes are performed for local entities. In order to enhance the cooperation with Nordea Group Risk and strengthen reporting lines, the NLP Group Risk Management & Control unit was integrated into the new Head of Country CROs unit within Nordea Group Risk in 2024. The third line of defence is represented by Group Internal Audit, which assesses the internal control framework and processes for risk identification, control and reporting.

Risk and capital management

The key principles underlying the NLP Risk Management Strategy are:

- Risks to be taken on must be within the Risk Appetite Framework and its expression as limits, thresholds and targets. The risks must comply with NLP's return considerations and business strategy.
- Risks should only be taken if they are understood and can be managed, monitored and reported. Other risks must be avoided.
- The risk strategy, risk appetite, risk management and the control framework must be coherent and consistent at both global and local level.
- The risk management function acts as a risk partner for the business.
- The risk management strategy must meet present regulatory requirements. It must also acknowledge expected future regulatory requirements and pursue a swift course of alignment.

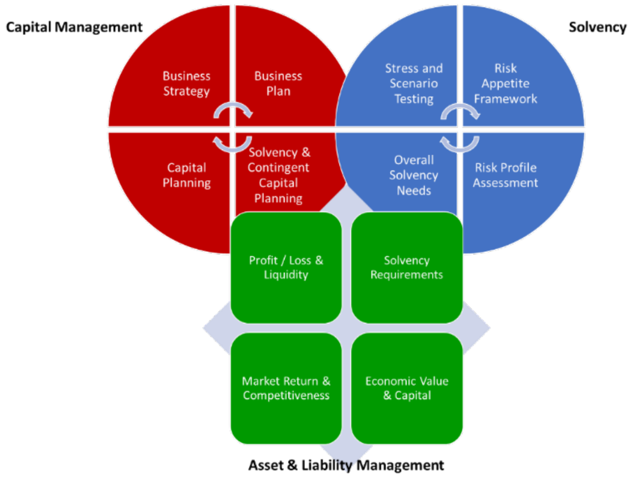
The risk management system is implemented using the well-known cycle of risk identification, risk measurement, risk monitoring, risk and capital management and risk reporting.

NLP follows a capital management process which covers all risks taken over the business planning period and assesses them under normal circumstances and stress scenarios covering macroeconomic risk, business risk and emerging risk developments.

NLP's key principle is that the level of capital must be adequate from an internal and regulatory perspective under all considered scenarios. This principle is the essence of the connection between risk management, capital management and asset & liability management.

[2] NLH AB is the holding company of Nordea Life & Pensions

Figure 7: Relating the capital management process to ORSA and Asset and Liability Management



The capital management process is based on key components of NLP's business plan and financial forecast. It ensures that NLP is prepared to make the necessary capital arrangements depending on the state of the economy, developments regarding capital adequacy regulation and changing strategic and business objectives.

Capital management is governed by the NLP Capital Policy which specifies the internal solvency ratio limit for NLP. The policy is supplemented by the NLP Capital Contingency Plan which specifies measures to restore the solvency position to acceptable levels in case of any breaches of the internal or regulatory limits.

Business profile

The life and pensions business of NLP consists of a range of different life and health products, from endowments with duration of a few years to very long-term pension savings contracts with durations exceeding 40 years. The products are categorised into different lines of business in accordance with the terminology applied in the Quantitative Reporting Templates. The following lines of business exist within NLP:

- Participating savings products
- Unit-linked products
- Other life insurance
- Health insurance

Market return products (unit-linked products) are clearly dominating NLP's new business. Traditional products (participating savings and life insurance products) and health insurance take minor roles in NLP's new business profile but remain at about 16% of the overall NLP assets under management.

Risk profile and risk management

The main risks that NLP is exposed to are market risks and life & health insurance risks. The risks are measured continuously by solvency capital requirements, exposure measurement on investment assets, and stress and sensitivity analysis. The risks are monitored against the risk appetite and existing limits.

Market risk

Market risk at NLP arises from the sensitivity of the values of assets and liabilities to changes in the level or volatility of market prices or interest rates. Main exposures to market risk originate from participating savings products and unit-linked savings products. Of these two product types, participating savings products are the main source of market risk. Buffers are maintained for this product portfolio in order to stabilise the Solvency II position and ensure stable returns to policy holders. Within market risk, interest rate risk, equity risk and credit spread risk are the most relevant risks.

NLP recognises that environmental, social and governance risks (ESG risks) are likely to manifest in the form of market risk. Sustainability considerations in particular have developed into a focus area and influence NLP's business strategy, investment decisions and risk processes. NLP assesses the materiality of climate-related market risk by means of quantitative methods. For 2024, the assessment concluded that climate-related market risk is not material for NLP. It may, however, represent a risk for NLP customers with a long-term investment horizon in unit-linked savings products. This is due to the fact that climate-related market risk is expected to manifest and reduce investment returns over a time period of several decades. For further details on NLP's ESG-related risk strategy and management, please refer to the Sustainability Statement in the Annual Report of Nordea Bank Abp.

Life & health insurance risk

Life & health insurance risk is the risk of unexpected losses due to changes in the level, trend or volatility of mortality, longevity, disability and surrender/ lapse rates. The largest life insurance risks for NLP group are lapse risk and life expense risk.

Lapse risk is the most important insurance risk. It is primarily caused by unit-linked savings products and risk products, where the present value of future profits contributes positively to own funds under Solvency II.

Expense risk is the second most important insurance risk and arises from employment costs, cost of commissions, IT development and infrastructure.

Capital management

Managing the solvency position

NLP is regulated under Solvency II. The solvency position is calculated according to the Solvency II standard formula. The calculation of the solvency position makes use of long-term guaranteed adjustments and transitional measures. Their impacts are calculated, monitored and reported on an ongoing basis to ensure full transparency of the reliefs they provide and to consider their effect on management decisions.

NLP's Risk Appetite Framework and capital policy set a solvency ratio limit of 125% and NLP aims to operate above this. The solvency ratio limit is set well above the regulatory limit of 100% in order to provide an adequate buffer against volatility in the Solvency II balance sheet. This ensures that capital management can be performed in a planned and structured way rather than by inefficient ad hoc measures. NLP operated well above the solvency ratio limit of 125% during all of 2024.

Allocated Equity (AE)

NLP is included in the Nordea's AE Framework.

Financial buffers

Financial buffers for participating savings products provide NLP with the ability to generate stable returns for policyholders. For NLP's shareholder, Nordea, financial buffers represent P&L protection against insufficient returns on their investment.

Continuous monitoring and risk mitigation

Market risk

Market risk and its risk sub-types are measured and monitored through calculations of the Solvency II capital requirements and investment limits for risky exposures. In addition, NLP regularly performs stress tests with standalone equity and interest rate shocks and combined shocks. NLP also performs more specific macroeconomic scenarios to assess the need for future capitalisation.

The results of stress tests and scenario analyses are monitored against limits prescribed by the NLP Capital Policy.

Market risk is mitigated by applying hedging and asset allocation strategies.

Life & health insurance risk

Lapse and longevity risks are measured and monitored through calculations of the Solvency II capital requirements.

To assess the resilience of the business to sudden changes in the lapse rate, a regular sensitivity test is performed at NLP group and local entity level. As lapse risk is linked to the behaviour of policy holders, it is mitigated through ensuring that NLP offers products which are attractive, competitive and meet customer needs.

Longevity risk is primarily controlled through adequate product pricing and adjusting life parameters for trends and life expectancy. The vast majority of longevity risk is attached to products no longer on sale. Mortality rates and life expectancies are updated and benchmarked annually.

Life expense risk is managed through cost control and cost efficiency. Increased process automation and shared services are contributing to an improvement of the cost/income ratio.

Risk terminology and measures

Advanced IRB (AIRB) approach
See internal ratings-based approach (IRB).

Business model risk
The risk associated with failing to adopt an appropriate business model, set appropriate goals and targets in the bank strategy, or adapt to external developments.

Capital risk
The risk of insufficient capital to meet internal and external capital requirements.

Compliance risk
The risk of failure to comply with applicable regulations and related internal rules.

Comprehensive risk charge (CRC)
CRC captures risks related to positions in credit correlation products, covering structured credit trading operations. This includes the risk of losses due to credit migration or default of issuers of tradable debt and other risk factors specifically relevant for correlation products.

Concentration risk
The risk of losses arising due to concentrations in the exposures of the credit portfolio, e.g. when the portfolio is largely exposed to a few individual borrowers.

Correlation risk
The risk arising from a disparity between the estimated and actual correlation between two assets, currencies, derivatives, instruments or markets.

Counterparty credit risk
The risk that counterparties fail to fulfil financial contractual commitments to Nordea related to a derivative transaction, repurchasing agreement or other securities financing contracts.

Credit risk
The risk of potential for loss due to failure of a borrower to meet its obligations to clear a debt in accordance with agreed terms and conditions.

Default risk
The risk that a counterparty is unable to make the required payments on their debt obligations.

ESG related credit risk
The risk of credit losses from the current or prospective impacts of ESG factors.

ESG related capital risk
The risk to Nordea's cost of capital or its ability to raise capital due to changes in market perceptions of Nordea's long-term resilience specifically related to climate risk, whether transitional or physical in nature.

ESG related market risk
The risk of loss related to changes in market values or net interest income from the current or prospective impacts of ESG factors.

ESG related liquidity risk
Defined as the risk to Nordea meeting its liquidity commitments from the impact ESG factors may have on the existing liquidity risks.

Expected exposure
The expected exposure is the expected average exposure on a future target date conditional on positive market values. Expected exposure is calculated for internal model method (IMM) approved contracts by simulating a large set of future scenarios for the underlying price factors and then revaluing the contracts in each scenario at different time horizons. In these calculations, netting is done of the exposure on contracts within the same legally enforceable netting agreement.

Foreign exchange (FX) risk
FX risk arises when a company engages in financial transactions denominated in a currency other than the currency where that company is based. Any appreciation/depreciation of the base currency or the depreciation/appreciation of the denominated currency will affect the cash flows emanating from that transaction.

Foundation IRB (FIRB)
See internal ratings-based approach (IRB).

General wrong way risk (GWWR)
GWWR occurs when the trade position is affected by factors like interest rates, inflation, or political tension in a particular region and most often appears on portfolio level.

Incremental risk charge (IRC)
IRC measures the risk of losses due to credit migration or defaults of issuers of tradable debt in bond and credit derivative positions held in the trading book.

Internal model method (IMM)

IMM exposure is calculated by simulating future scenarios for underlying price factors and revaluing the contracts in each scenario at different time horizons. Netting of the exposures is done on contracts within the same legally enforceable netting agreement. Nordea uses a stressed calibration of the IMM for calculation of the counterparty credit risk (CCR) exposures. Under IMM, simulated exposure is subject to a regulatory multiplier of 1.4 to reflect the potential for correlation in risk across the portfolio. Nordea has approval to use the IMM to calculate the regulatory CCR exposures in accordance with the credit risk framework in the Capital Requirements Regulation (CRR). The method is used for standard FX and interest rate products which constitute the predominant share of the exposure.

Internal ratings-based approach (IRB)

Subject to approval by their supervisor, banks are allowed to calculate their own funds requirements for credit risk capital using an internally developed approach, the IRB, rather than the standardised approach. The bank may be authorised to use the foundation IRB (FIRB), the advanced IRB (AIRB) or a combination of the two with FIRB used for calculating own funds requirements for some exposures and AIRB for others. With an FIRB approval, banks are permitted to use internal estimates for probability of default (PD). An AIRB approval permits banks to use internal estimates for loss given default (LGD) and credit conversion factors (CCF) in addition to internal estimates for PD as permitted by an FIRB approval.

Insurance risk

The risk of unexpected losses due to changes in the level, trend or volatility of lapse rates, mortality rates, longevity rates, disability rates, or expenses.

Interest rate risk

The risk that the value of a position will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship.

Interest rate risk in the banking book (IRRBB)

The risk to earnings or to the economic value of the banking book arising from changes in interest rates and credit or funding spreads.

Lapse risk

Risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders.

Liquidity risk

Liquidity risk is the risk that Nordea can only meet its liquidity commitments at an unsustainably high price or, ultimately, is unable to meet its obligations as they come due.

Longevity risk

Risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities.

Market risk

The risk of loss in Nordea's positions in either the trading book or non-trading book as a result of changes in market rates and parameters that affect the market values or net interest income flows. Market risk exists irrespective of the accounting treatment of the positions.

Mark to market method

For the part of the portfolio not covered by IMM, Nordea uses the mark to market method for calculating the regulatory exposure, which is essentially the sum of current net exposure and potential future exposure. The potential future exposure is an estimate reflecting possible changes in the future market value of the individual contract during the remaining life of the contract and is measured as the notional principal amount multiplied by an add-on factor. The size of the CRR add-on factor, depends on the contracts' underlying asset and time to maturity.

Model risk

The risk of adverse effects on capital adequacy, financial loss, poor business and strategic decision-making and damage to Nordea's reputation, from the use of models.

Operational risk

The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk.

Pension risk

The risk that Nordea-sponsored defined benefit pension plans become underfunded.

Point-in-time (PIT) methodology

Used for model calibration. A PIT rating system uses all currently available obligor-specific and aggregate information to assign obligors to risk grades. In a PIT rating system, an obligor's rating is expected to change as its economic prospects change.

Probability of default (PD)

The likelihood that a loan will not be repaid and will fall into default.

Rating model

A rating model employs a set of specified and distinct rating criteria to produce a rating. These are called input factors and are, together with the criteria for assigning a customer to a specific rating model, the fundamental building blocks of a rating model. Typical input factors are financial factors, customer factors and qualitative factors.

Recovery rate risk

The risk that following a default, contracts of the defaulting entity cannot be honoured in full, thereby leading to financial loss to Nordea.

Reputational risk

The risk of damage to trust in Nordea from the Group's customers, employees, authorities, investors, partners and general public with the potential for adverse economic impact.

Risk appetite

The aggregate level and types of risk Nordea is willing to assume within its risk capacity, and in line with its business model, to achieve its strategic objectives.

Risk capacity

The maximum level of risk Nordea is deemed able to assume given its capital, its risk management and control capabilities, and its regulatory constraints. Risk capacity is set in line with Nordea's capital position, including an appropriate shock absorbing capacity.

Risk grade

Risk grade is calculated based on the customer's behaviour on all accounts/products including potential joint commitments. The corresponding risk grade is assigned across all of the customer's facilities in Nordea.

Settlement risk

Settlement risk is a type of risk arising during the process of settling a contract or executing a payment. The risk amount is the principal of the transaction, and a loss could occur if a counterpart was to default after Nordea has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security.

Standardised approach (SA)

The risk weights in the SA are set by the regulation and are based on external rating and exposure class. Some exposure classes are derived from the type of counterparty, while others are based on asset type, product type, collateral type or exposure size. Currently in Nordea, the SA remains in use for some smaller portfolios as well as sovereign and equity portfolios.

Part 2: Year-end analysis and results

List of tables in Part 2

Table 1 - Summary of items included in own funds including profit

Own funds as of end Q4 2024 totalled to EUR 32.8bn (EUR 30.8bn in Q4 2023), of which CET1 capital was EUR 24.6bn (EUR 23.6bn in Q4 2023), Additional Tier 1 capital EUR 4.1bn (EUR 3.2bn in Q4 2023) and Tier 2 capital EUR 4.1bn (EUR 4.0bn in Q4 2023). Increase in CET1 capital (EUR +0.9bn) was mainly due to retained profits (EUR +1.0bn) partly offset by IRB shortfall deduction (EUR -0.2bn). Increase in AT1 capital (EUR +0.9bn) was mainly driven by three issued AT1 instruments partly offset by two called AT1 instruments. Increase in Tier 2 capital (EUR +0.1bn) was mainly due to two issued T2 instruments partly offset by one called T2 instrument and removed IRB excess following implementation of new retail models.

EURm	Q4 2024	Q4 2023
Calculation of own funds		
Equity in the consolidated situation	26,629	25,534
Profit of the period	5,062	4,927
Proposed/actual dividend	-3,279	-3,240
Common Equity Tier 1 capital before regulatory adjustments	28,411	27,222
Deferred tax assets	-24	-34
Intangible assets	-2,704	-2,678
IRB provisions shortfall (-)	-228	
Pension assets in excess of related liabilities	-271	-160
Other items including buy-back deduction, net	-614	-705
Total regulatory adjustments to Common Equity Tier 1 capital	-3,842	-3,577
Common Equity Tier 1 capital (net after deduction)	24,570	23,645
Additional Tier 1 capital before regulatory adjustments	4,138	3,225
Total regulatory adjustments to Additional Tier 1 capital	-25	-25
Additional Tier 1 capital	4,113	3,200
Tier 1 capital (net after deduction)	28,683	26,845
Tier 2 capital before regulatory adjustments	4,167	3,466
IRB provisions excess (+)		554
Deductions for investments in insurance companies		
Other items, net	-50	-50
Total regulatory adjustments to Tier 2 capital	-50	504
Tier 2 capital	4,117	3,970
Own funds (net after deduction)	32,800	30,815

Own funds, excluding profit

EURm	Q4 2024	Q4 2023
Common Equity Tier 1 capital	22,774	24,558
Tier 1 capital (net after deduction)	26,887	27,236
Total own funds	31,004	29,708

Own Funds reported to ECB	Q4 2024	Q4 2023
Profit inclusion	Including profit	Including profit

Table 2 - Drivers behind development of the CET1 capital ratio

During 2024 the CET1 ratio decreased by 128bps, mainly driven by new retail capital models (-194bps), partly offset by profit net of dividend accrual (+121bps). While credit quality remains strong, it had an impact of -37bps on the CET1 ratio, driven by credit risk migration.

	CET1 ratio
Q4 2023	17.05%
Profit	3.45%
Dividend accrual	-2.23%
Share buy-backs	-0.16%
FX effects	-0.03%
Credit quality	-0.37%
Volumes, incl derivatives	0.17%
New retail capital models	-1.94%
Other	-0.18%
Q4 2024	15.76%

Table 3 - Bridge between IFRS equity and CET1 capital

A bridge between IFRS equity and CET1 capital is provided in the table below. During 2024, CET1 capital increased by EUR 0.9bn. This was mainly driven by retained earnings from the previous year partly offset by IRB shortfall deduction following the implementation of new retail capital models.

EURm	2024	2023
Balance sheet equity	32,436	31,225
Valuation adjustment for non-CRR companies	-28	-20
Other adjustments	-824	-809
Sub-total	31,585	30,396
Dividend	-3,279	-3,240
Goodwill	-1,638	-1,683
Intangible assets	-1,066	-995
Shortfall deduction	-228	
Pension deduction	-271	-160
Prudential filters	-357	-380
Transitional adjustments		
Other deductions	-175	-293
Common Equity Tier 1 capital	24,570	23,645

Table 4 - EU CC1 - Composition of regulatory own funds

In the fourth quarter of 2024 CET1 after regulatory adjustments was EUR 24.6bn (EUR 24.3bn in Q2 2024). The main driver for the higher CET1 compared to second quarter was profit generation net of dividend accrual. This was partly offset by IRB shortfall deduction due to the new retail capital models and new share buy-back programme. AT1 capital after regulatory adjustments has increased to EUR 4.1bn (EUR 3.3bn in Q2 2024) mainly due to the net change in new and called instruments. T2 capital after regulatory adjustments has decreased to EUR 4.1bn (EUR 4.4bn in Q2 2024) explained mainly by removed IRB excess due to the new retail capital models, partly offset by new issued T2 instrument. Total capital for Q4 2024 was EUR 32.8bn and Total REA EUR 155.9bn.

EURm		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	4,050	11, 12
	of which: Instrument type 1	*4,050*	
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	21,793	13, 14, 18
3	Accumulated other comprehensive income (and other reserves)	824	15
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	1,783	17
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	28,450	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-209	
8	Intangible assets (net of related tax liability) (negative amount)	-2,704	1
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) CRR are met) (negative amount)	-24	2, 4
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-107	16
12	Negative amounts resulting from the calculation of expected loss amounts	-228	
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	4	
15	Defined-benefit pension fund assets (negative amount)	-271	3
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-38	20
17	Direct, indirect and synthetic holdings of the CET 1 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)		
18	Direct, indirect and synthetic 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 10% threshold and net of eligible short positions) (negative amount)		
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)		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-8	
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*		
EU-20c	*of which: securitisation positions (negative amount)*	-8	
EU-20d	*of which: free deliveries (negative amount)*		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	*of which: 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*		
24	Not applicable		
25	*of which: deferred tax assets arising from temporary differences*		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	-296	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-3,880	
29	Common Equity Tier 1 (CET1) capital	24,570	

EURm		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	4,138	5
31	*of which: classified as equity under applicable accounting standards*	749	19
32	*of which: classified as liabilities under applicable accounting standards*	3,389	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		6
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
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		
35	*of which: instruments issued by subsidiaries subject to phase out*		
36	Additional Tier 1 (AT1) capital before regulatory adjustments	4,138	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-1	7
38	Direct, indirect and synthetic 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)		
39	Direct, indirect and synthetic holdings of the AT1 instruments 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)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital	-24	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-25	
44	Additional Tier 1 (AT1) capital	4,113	
45	Tier 1 capital (T1 = CET1 + AT1)	28,683	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	4,167	8
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		9
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		
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		
49	*of which: instruments issued by subsidiaries subject to phase out*		
50	Credit risk adjustments		
51	Tier 2 (T2) capital before regulatory adjustments	4,167	

EURm		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		10
53	Direct, indirect and synthetic 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)		
54	Direct, indirect and synthetic 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)		
55	Direct, indirect and synthetic 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)		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital	-50	
57	Total regulatory adjustments to Tier 2 (T2) capital	-50	
58	Tier 2 (T2) capital	4,117	
59	Total capital (TC = T1 + T2)	32,800	
60	Total Risk exposure amount	155,850	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	15.8%	
62	Tier 1 capital	18.4%	
63	Total capital	21.0%	
64	Institution CET1 overall capital requirements	13.6%	
65	*of which: capital conservation buffer requirement*	2.5%	
66	*of which: countercyclical capital buffer requirement*	1.7%	
67	*of which: systemic risk buffer requirement*	1.5%	
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement*	2.5%	
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	0.9%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	10.4%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities 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)	10	
73	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 (amount below 17.65% thresholds and net of eligible short positions)	106	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	59	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	656	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

Table 5 - EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

In the fourth quarter of 2024 the difference between the balance sheet in the audited financial statements and figures corresponding to the consolidated situation under CRR was EUR 86.7bn. On the asset side the difference was mainly arising from disclosure of assets in pooled schemes and unit-linked investment contracts and shares. On the liabilities side the difference was mainly arising from disclosure of deposits in pooled schemes and unit-linked investment contracts and insurance contract liabilities.

		a	b	c
		Balance sheet as in published financial statements[1]	Under regulatory scope of consolidation[2]	Reference
EURm		As of Q4 2024	As of Q4 2024	
Assets - *Breakdown by asset classes according to the balance sheet in the published financial statements*				
1	Cash and balances with central banks	46,562	46,548	
2	Loans to central banks	4,075	4,075	
3	Loans to credit institutions	2,950	2,671	
4	Loans to the public	357,588	359,038	
5	Interest bearing securities	73,464	65,610	
6	Shares	35,388	14,438	
7	Assets in pooled schemes and unit-linked investment contracts	60,879	4,168	
8	Derivatives	25,211	25,249	
9	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-243	-243	
10	Investments in associated undertakings and joint ventures	482	1,401	
11	Intangible assets	3,882	3,300	
	of which: Goodwill and other intangible assets	*3,286*	*2,704*	8
12	Properties and equipment	1,661	1,600	
13	Investment properties	2,132	6	
14	Deferred tax assets	206	83	
	of which: Deferred tax assets that rely on future profitability excluding those arising from temporary differences	*28*	*24*	10[3]
15	Current tax assets	364	361	
16	Retirement benefit assets	360	360	
	of which: Retirement benefit assets net of tax	*271*	*271*	15
17	Other assets	7,167	6,759	
18	Prepaid expenses and accrued income	1,131	1,098	
19	Assets held for sale	95	95	
	Total assets	623,355	536,619	
Liabilities - *Breakdown by liability classes according to the balance sheet in the published financial statements*				
1	Deposits by credit institutions	28,775	28,775	
2	Deposits and borrowings from the public	232,435	233,720	
3	Deposits in pooled schemes and unit-linked investment contracts	61,713	4,317	
4	Liabilities to policyholders	30,351		
5	Debt securities in issue	188,136	188,526	
6	Derivatives	25,034	25,002	
7	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-458	-458	
8	Current tax liabilities	208	132	
9	Other liabilities	14,196	13,687	
10	Accrued expenses and prepaid income	1,638	1,642	
11	Deferred tax liabilites	813	807	
12	Provisions	396	394	
13	Retirement benefit obligations	272	256	
14	Subordinated liabilities	7,410	7,410	
	of which: AT1 Capital instruments and the related share-premium accounts	*4,138*	*4,138*	30
	of which: T2 Capital instruments and the related share-premium accounts	*4,167*	*4,167*	33
15	Liabilities held for sale			
	Total liabilities	590,919	504,210	
Shareholders' Equity				
1	Additional Tier 1 capital holders	750	750	
2	Share capital	4,050	4,050	
3	Invested unrestricted equity	1,053	1,053	
	of which: Capital instruments and the related share-premium accounts	*1,080*	*1,080*	
4	Other reserves	-2,591	-2,565	
	of which: Accumulated other comprehensive income	*-297*	*-256*	
	of which: Fair value reserves related to gains or losses on cash flow hedges	*107*	*107*	
5	Retained earnings	29,175	29,122	
	Total shareholders' equity	32,436	32,409	
	Total liabilities and shareholder equity	623,355	536,619	

[1] Nordea Group is the accounting group as disclosed in the Annual Report.

[2] Nordea consolidated situation in accordance with CRR.

[3] Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities.

Table 6 - EU OV1 - Overview of total risk exposure amounts

The following table provides an overview of total REA in Q4 2024 where credit risk accounted for the largest risk type with approximately 83% of Pillar I REA. Operational risk and market risk accounted for the second and third largest risk types. REA increased by EUR 2.2bn in the fourth quarter of 2024, mainly stemming from increased credit risk driven by the acquisition of Danske Bank's personal customer and private banking business in Norway.

EURm		a	b	c
		Total risk exposure amounts (TREA)		Total own funds requirements
		Q4 2024	Q3 2024	Q4 2024
1	Credit risk (excluding CCR)	119,303	117,325	9,544
2	*Of which the standardised approach*	*13,449*	*10,661*	*1,076*
3	*Of which the Foundation IRB (F-IRB) approach*	*9,774*	*10,394*	*782*
4	*Of which slotting approach*			
EU 4a	*Of which equities under the simple riskweighted approach*			
5	*Of which the Advanced IRB (A-IRB) approach*	*96,080*	*96,269*	*7,686*
6	Counterparty credit risk - CCR	3,995	4,091	320
7	*Of which the standardised approach*	*802*	*521*	*64*
8	*Of which internal model method (IMM)*	*2,129*	*2,098*	*170*
EU 8a	*Of which exposures to a CCP*	*77*	*80*	*6*
EU 8b	*Of which credit valuation adjustment - CVA*	*396*	*379*	*32*
9	*Of which other CCR*	*591*	*1,012*	*47*
15	Settlement risk	0	0	0
16	Securitisation exposures in the non-trading book (after the cap)	3,461	3,538	277
17	*Of which SEC-IRBA approach*	*3,249*	*3,329*	*260*
18	*Of which SEC-ERBA (including IAA)*	*54*	*25*	*4*
19	*Of which SEC-SA approach*	*158*	*184*	*13*
EU 19a	*Of which 1250% / deduction*			
20	Position, foreign exchange and commodities risks (Market risk)	5,336	5,016	427
21	*Of which the standardised approach*	*750*	*692*	*60*
22	*Of which IMA*	*4,587*	*4,323*	*367*
EU 22a	Large exposures			
23	Operational risk	17,874	17,874	1,430
EU 23a	*Of which basic indicator approach*			
EU 23b	*Of which standardised approach*	*17,874*	*17,874*	*1,430*
EU 23c	*Of which advanced measurement approach*			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	412	409	33
29	Total	149,969	147,843	11,998
	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	5,881	5,848	470
	Article 3 CRR Buffer			
	Pillar 1 total	155,850	153,691	12,468

Table 7 - EU CR1 - Performing and non-performing exposures and related provisions

Total gross carrying amount of performing and non-performing loans and advances amounted to EUR 336bn at the end of Q4 2024, of which non-performing amounted to EUR 3.4bn. The implementation of new retail capital models impacted stage 2 loans and advances which decreased by 14% and stage 3 loans and advances which increased by 15%. Both changes were mainly related to the households and small enterprise portfolio. Allowances in stage 3 for non-performing loans and advances were EUR 1.1bn at the end of Q4 2024. During the second half of the year 2024, the coverage ratio according to IFRS9 for non-performing exposures at amortised cost decreased to 36% from 40% end of Q2 2024. Lower stage 3 coverage ratio reflects lower coverage needs in the retail portfolio from the new collective provisions models implemented in Q4 in line with the Q3 implementation of new retail capital models. Including loans and advances fair value through profit and loss (FV through PL), the coverage ratio was 32%.

EURm	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
Q4 2024		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3			
005 Cash balances at central banks and other demand deposits	47,029	47,026	3	0		0									
010 Loans and advances	332,709	316,355	16,354	3,435		3,435	-536	-180	-356	-1,106		-1,106		246,820	1,481
020 *Central banks*	*3,096*	*3,096*					*-0*	*-0*							
030 *General governments*	*4,111*	*4,097*	*14*	*20*		*20*	*-1*	*-0*	*0*	*-1*		*-1*		*2,827*	*19*
040 *Credit institutions*	*984*	*978*	*6*	*5*		*5*	*-3*	*-3*	*0*	*-5*		*-5*		*975*	
050 *Other financial corporations*	*12,131*	*11,901*	*230*	*54*		*54*	*-16*	*-5*	*-11*	*-25*		*-25*		*2,640*	*3*
060 *Non-financial corporations*	*126,680*	*118,778*	*7,902*	*1,688*		*1,688*	*-304*	*-107*	*-197*	*-766*		*-766*		*77,352*	*505*
070 *Of which SMEs*	*48,850*	*45,561*	*3,290*	*730*		*730*	*-110*	*-23*	*-87*	*-349*		*-349*		*41,627*	*249*
080 *Households*	*185,707*	*177,505*	*8,202*	*1,668*		*1,668*	*-213*	*-65*	*-148*	*-310*		*-310*		*163,026*	*954*
090 Debt securities	52,393	52,393					-2	-2							
100 *Central banks*	*1,616*	*1,616*													
110 *General governments*	*15,994*	*15,994*					*-0*	*-0*							
120 *Credit institutions*	*30,356*	*30,356*					*-1*	*-1*							
130 *Other financial corporations*	*3,001*	*3,001*					*-0*	*-0*							
140 *Non-financial corporations*	*1,427*	*1,427*					*-1*	*-1*							
150 Off-balance-sheet exposures	109,636	105,640	3,996	523		523	-172	-58	-114	-21		-21		15,269	2
160 *Central banks*															
170 *General governments*	*8,021*	*8,018*	*3*				*-1*	*-0*	*-0*					*2*	
180 *Credit institutions*	*1,032*	*1,028*	*4*				*-1*	*-1*	*-0*	*-2*		*-2*		*31*	
190 *Other financial corporations*	*6,250*	*6,172*	*78*	*3*		*3*	*-8*	*-5*	*-4*	*-0*		*-0*		*454*	*0*
200 *Non-financial corporations*	*66,488*	*63,331*	*3,157*	*479*		*479*	*-107*	*-40*	*-67*	*-10*		*-10*		*9,701*	*1*
210 *Households*	*27,845*	*27,092*	*754*	*41*		*41*	*-55*	*-12*	*-43*	*-9*		*-9*		*5,082*	*1*
220 Total	541,767	521,415	20,352	3,958		3,958	-710	-240	-470	-1,127		-1,127		262,089	1,483

EURm	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
Q2 2024		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3			
005 Cash balances at central banks and other demand deposits	43,860	43,859	1	4		4								3	
010 Loans and advances	320,528	301,447	19,080	2,983		2,983	-606	-192	-414	-1,074		-1,074		237,993	1,227
020 *Central banks*	*9*	*9*					*-0*	*-0*							
030 *General governments*	*2,775*	*2,773*	*3*	*24*		*24*	*-0*	*-0*	*-0*	*-1*		*-1*		*2,751*	*22*
040 *Credit institutions*	*693*	*681*	*11*	*6*		*6*	*-3*	*-3*	*-0*	*-6*		*-6*		*690*	
050 *Other financial corporations*	*11,747*	*11,542*	*204*	*53*		*53*	*-12*	*-4*	*-8*	*-24*		*-24*		*3,078*	*3*
060 *Non-financial corporations*	*127,466*	*118,919*	*8,546*	*1,572*		*1,572*	*-341*	*-116*	*-225*	*-679*		*-679*		*77,855*	*407*
070 *Of which SMEs*	*49,107*	*45,005*	*4,102*	*767*		*767*	*-142*	*-28*	*-114*	*-350*		*-350*		*40,820*	*231*
080 *Households*	*177,839*	*167,524*	*10,315*	*1,329*		*1,329*	*-250*	*-69*	*-181*	*-365*		*-365*		*153,620*	*794*
090 Debt securities	55,086	55,086					-2	-2							
100 *Central banks*	*6,566*	*6,566*													
110 *General governments*	*14,656*	*14,656*					*-0*	*-0*							
120 *Credit institutions*	*30,987*	*30,987*					*-1*	*-1*							
130 *Other financial corporations*	*1,972*	*1,972*					*-0*	*-0*							
140 *Non-financial corporations*	*905*	*905*					*-1*	*-1*							
150 Off-balance-sheet exposures	106,604	102,381	4,223	382		382	-149	-46	-103	-20		-20		14,926	4
160 *Central banks*															
170 *General governments*	*7,984*	*7,977*	*7*				*-0*	*-0*	*-0*					*2*	
180 *Credit institutions*	*1,222*	*1,219*	*3*	*6*		*6*	*-4*	*-4*	*-0*	*-4*		*-4*		*54*	
190 *Other financial corporations*	*7,550*	*7,501*	*49*	*3*		*3*	*-4*	*-2*	*-2*	*-0*		*-0*		*551*	*0*
200 *Non-financial corporations*	*62,618*	*59,319*	*3,299*	*353*		*353*	*-79*	*-15*	*-65*	*-14*		*-14*		*9,878*	*3*
210 *Households*	*27,229*	*26,364*	*865*	*21*		*21*	*-61*	*-25*	*-37*	*-2*		*-2*		*4,441*	*1*
220 Total	526,077	502,773	23,304	3,370		3,370	-757	-239	-517	-1,094		-1,094		252,921	1,231

Table 8 - EU CR1-A - Maturity of exposures

EU CR1-A discloses net exposure values for on-balance and off-balance sheet exposures per maturity bucket. For exposures classified as loans and advances, about 56 % were in the >5 years bucket, whereas for exposures classified as debt securities, about 68% were in >1<=5 years bucket. Total exposure amount for both groups in Q4 2024 was EUR 493bn.

EURm	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1 Loans and advances	6,705	84,134	98,180	247,478	3,979	440,477
2 Debt securities		9,875	35,926	6,723		52,524
3 Total	6,705	94,010	134,106	254,201	3,979	493,001

Table 9 - EU CR2 - Changes in the stock of non-performing loans and advances

Final stock of non-performing loans and advances amounted to EUR 3.4bn at the end of 2024. The net increase of EUR 0.6bn during 2024 was driven by inflows (EUR 2.1bn). This was partly offset by outflow of EUR 1.5bn, of which EUR 0.2bn was due to write-offs.

EURm		a
Q4 2024		Gross carrying amount
010	Initial stock of non-performing loans and advances	2,853
020	Inflows to non-performing portfolios	2,082
030	Outflows from non-performing portfolios	-1,500
040	*Outflows due to write-offs*	*-226*
050	*Outflow due to other situations*	*-1,275*
060	Final stock of non-performing loans and advances	3,435

EURm		a
Q2 2024		Gross carrying amount
010	Initial stock of non-performing loans and advances	2,853
020	Inflows to non-performing portfolios	1,163
030	Outflows from non-performing portfolios	-1,033
040	*Outflows due to write-offs*	*-99*
050	*Outflow due to other situations*	*-934*
060	Final stock of non-performing loans and advances	2,983

Table 10 - EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

In comparison to Q2 2024 reporting, there are no significant changes for loans and advances and debt securities. In Q4 2024, 57% of total exposures have at least one credit risk mitigation (CRM) mechanism (collateral, financial guarantees). The majority of those are secured by real estate collaterals.

EURm		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	133,230	248,301	236,043	12,258	
2	Debt securities	52,391				
3	Total	185,621	248,301	236,043	12,258	
4	*Of which non-performing exposures*	*2,329*	*1,481*	*1,347*	*134*	
EU-5	*Of which defaulted*					

Table 11 - EU CR4 – standardised approach – Credit risk exposure and CRM effects

The total exposure amount before CCF and CRM for the standardised approach amounted to EUR 110bn in Q4 2024. The on-balance sheet exposure amounted to EUR 99bn (compared to EUR 85bn in Q2 2024). The increase in on-balance exposure was mainly driven by higher exposures secured by mortgages on immovable properties, mainly driven by the acquisition of Danske Bank's personal customer and private banking business in Norway. The REA density has increased from 12% to 13% .

EURm	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
Q4 2024	a	b	c	d	e	f
1 Central governments or central banks	72,180	1,051	75,870	688	154	0%
2 Regional government or local authorities	3,473	7,462	4,394	1,165	21	0%
3 Public sector entities	0		0		0	12%
4 Multilateral development banks	1,561	20	1,557			
5 International organisations	1,599		1,599			
6 Institutions	393	0	393	0	81	21%
7 Corporates	1,793	401	1,785	97	1,756	93%
8 Retail	3,353	905	3,315	267	2,648	74%
9 Secured by mortgages on immovable property	10,085	1,303	10,085	312	3,640	35%
10 Exposures in default	146	4	143	1	211	146%
11 Exposures associated with particularly high risk						
12 Covered bonds						
13 Institutions and corporates with a short-term credit assessment						
14 Collective investment undertakings	1,394	512	1,394	256	2,223	135%
15 Equity	2,200		2,200		2,359	107%
16 Other items	436		432		356	82%
17 Total	98,612	11,658	103,166	2,787	13,449	13%

EURm	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
Q2 2024	a	b	c	d	e	f
1 Central governments or central banks	68,335	986	71,992	633	159	0%
2 Regional government or local authorities	3,209	7,395	3,966	1,094	21	0%
3 Public sector entities						
4 Multilateral development banks	1,275	20	1,270			
5 International organisations	804		804			
6 Institutions	222	0	212	0	45	21%
7 Corporates	1,620	446	1,617	101	1,628	95%
8 Retail	3,591	593	3,573	233	2,820	74%
9 Secured by mortgages on immovable property	2,219	193	2,219	96	811	35%
10 Exposures in default	47	2	43	0	64	148%
11 Exposures associated with particularly high risk						
12 Covered bonds						
13 Institutions and corporates with a short-term credit assessment						
14 Collective investment undertakings	1,376	571	1,376	286	2,582	155%
15 Equity	2,000		2,000		2,165	108%
16 Other items	454		449		367	82%
17 Total	85,152	10,206	89,520	2,441	10,662	12%

Table 12 - EU CR5 - Standardised approach - credit risk exposures by regulatory portfolio and risk

At the end of Q4 2024, the total exposure amount was EUR 106 bn. The largest increase took place in the 35% risk-weight bucket in exposures secured by mortgages on immovable property, mainly driven by the acquisition of Danske Bank's personal customer and private banking business in Norway.

EURm	Risk weight															Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
Q4 2024	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1 Central governments or central banks	76,466				33					0	0	59				76,558	0
2 Regional government or local authorities	5,456				103											5,559	
3 Public sector entities	0				0											0	
4 Multilateral development banks	1,557															1,557	
5 International organisations	1,599															1,599	
6 Institutions					385		7									393	
7 Corporates							1			1,880	0					1,882	13
8 Retail exposures									3,582							3,582	3,582
9 Exposures secured by mortgages on immovable property						10,370	27									10,397	10,397
10 Exposures in default										9	135					144	144
11 Exposures associated with particularly high risk																	
12 Covered bonds																	
13 Exposures to institutions and corporates with a short-term credit assessment																	
14 Units or shares in collective investment undertakings										77	4			0	1,569	1,650	1,650
15 Equity exposures										2,094		106				2,200	2,200
16 Other items										119					314	432	432
17 Total	85,078				521	10,370	35		3,582	4,178	140	165		0	1,883	105,953	18,419

EURm	Risk weight															Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
Q2 2024	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1 Central governments or central banks	72,529				34					1	0	60				72,625	2
2 Regional government or local authorities	4,957				103											5,060	
3 Public sector entities																	
4 Multilateral development banks	1,270															1,270	
5 International organisations	804															804	
6 Institutions	0				202		10									212	
7 Corporates					0		1			1,715	1					1,717	6
8 Retail exposures									3,806							3,806	3,806
9 Exposures secured by mortgages on immovable property						2,286	29									2,315	2,315
10 Exposures in default										2	41					43	43
11 Exposures associated with particularly high risk																	
12 Covered bonds																	
13 Exposures to institutions and corporates with a short-term credit assessment																	
14 Units or shares in collective investment undertakings										78	1,335				248	1,662	1,662
15 Equity exposures										1,889		110				2,000	2,000
16 Other items										82					366	449	449
17 Total	79,560				339	2,286	40		3,806	3,768	1,378	171			615	91,962	10,282

Table 13 - EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

The following tables show a comprehensive overview of statistics and inputs used to define the exposure classes under the IRB approach, such as EAD, average PD and average LGD. CR6 tables are presented excluding CCR exposures and the amounts are broken down by exposure class and obligor grade.

EURm

	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
	0.00 to <0.15	43,294	28,418	47.5 %	56,793	0.09%	49,021	29.0 %	2.2	13,780	24.3 %	101	-453
	0.00 to <0.10	29,007	15,682	47.5 %	36,459	0.05%	46,814	27.1 %	2.5	8,301	22.8 %	92	-396
	0.10 to <0.15	14,286	12,736	47.5 %	20,334	0.16%	2,207	32.4 %	1.7	5,479	26.9 %	10	-58
	0.15 to <0.25	12,969	9,579	46.0 %	17,365	0.27%	3,404	27.6 %	2.3	6,636	38.2 %	10	-1
	0.25 to <0.50	30,907	12,188	53.0 %	37,366	0.49%	8,443	25.9 %	2.2	16,242	43.5 %	42	-44
	0.50 to <0.75	2			2	0.65%		36.6 %		2	93.2 %	0	
	0.75 to <2.50	17,807	6,637	48.6 %	21,042	1.21%	5,871	25.4 %	2.3	10,802	51.3 %	56	-8
	0.75 to <1.75	16,340	5,666	48.2 %	19,075	1.08%	4,896	25.3 %	2.3	9,583	50.2 %	45	
AIRB Corporates - Total	*1.75 to <2.5*	1,467	970	51.3 %	1,967	2.43%	975	27.1 %	2.4	1,219	62.0 %	11	-8
	2.50 to <10.00	700	500	48.6 %	944	4.10%	711	26.8 %	2.4	664	70.3 %	9	0
	2.5 to <5	697	500	48.6 %	941	4.09%	711	26.8 %	2.4	661	70.2 %	9	
	5 to <10	3	0	100.0 %	3	7.16%		27.6 %	4.1	3		0	0
	10.00 to <100.00	2,053	981	46.1 %	2,528	20.52%	8,297	25.8 %	2.5	2,336	92.4 %	106	-4
	10 to <20	1,282	690	45.4 %	1,596	12.49%	1,080	26.2 %	2.2	1,524	95.5 %	45	-1
	20 to <30	233	78	44.9 %	268	29.42%	305	27.8 %	2.0	354	132.0 %	19	-2
	30.00 to <100.00	539	213	48.8 %	663	36.57%	6,912	24.1 %	3.2	457	68.9 %	42	-1
	100.00 (Default)	1,343	451	6.7 %	1,373	100.00%	963	29.3 %	2.4	1,431	104.2 %	579	-632
	Sub-total	109,074	58,754	48.2 %	137,412	1.80%	76,710	27.3 %	2.3	51,892	37.8 %	904	-1,142
	0.00 to <0.15	18,817	1,868	54.6 %	19,840	1.54%	43,102	22.6 %	2.6	3,619	18.2 %	46	-146
	0.00 to <0.10	16,518	1,053	56.7 %	17,115	1.77%	41,689	22.0 %	2.7	3,007	17.6 %	44	-141
	0.10 to <0.15	2,299	815	52.0 %	2,724	0.15%	1,413	26.4 %	2.3	612	22.5 %	1	-5
	0.15 to <0.25	3,922	732	56.6 %	4,337	0.22%	2,190	23.7 %	2.6	1,209	27.9 %	2	
	0.25 to <0.50	13,555	1,872	56.6 %	14,616	0.44%	6,180	22.8 %	2.6	5,024	34.4 %	15	-14
	0.50 to <0.75									0			
	0.75 to <2.50	8,696	1,353	53.3 %	9,420	1.04%	4,024	23.1 %	2.4	3,834	40.7 %	23	-3
	0.75 to <1.75	7,992	1,170	53.8 %	8,623	0.94%	3,332	23.0 %	2.4	3,483	40.4 %	19	
AIRB Corporates - SME	*1.75 to <2.5*	704	182	50.8 %	797	2.02%	692	23.6 %	2.4	351	44.0 %	4	-3
	2.50 to <10.00	411	109	48.1 %	464	3.53%	511	25.0 %	2.6	254	54.8 %	4	0
	2.5 to <5	409	109	48.1 %	462	3.51%	511	25.0 %	2.6	252	54.5 %	4	
	5 to <10	2	0	100.0 %	2	7.41%		25.4 %	3.9	2	112.4 %	0	0
	10.00 to <100.00	1,055	317	52.1 %	1,223	15.82%	4,445	23.9 %	2.6	775	63.4 %	46	-2
	10 to <20	619	182	53.8 %	717	11.31%	771	23.9 %	2.5	475	66.3 %	19	0
	20 to <30	95	29	43.7 %	108	24.55%	240	24.6 %	2.5	91	84.7 %	7	-1
	30.00 to <100.00	341	107	51.6 %	398	36.77%	3,434	23.8 %	2.8	208	52.3 %	20	-1
	100.00 (Default)	711	71	10.4 %	719	100.00%	593	27.7 %	2.5	772	107.4 %	288	-331
	Sub-total	47,167	6,322	54.4 %	50,618	2.90%	61,045	23.0 %	2.6	15,487	30.6 %	423	-496

EURm

	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
AIRB Corporates - Specialised lending	0.00 to <0.15	18			18	0.15%	2	36.3 %	4.3	7	42.5 %	0	0
	0.00 to <0.10												0
	0.10 to <0.15	18			18	0.15%	2	36.3 %	4.3	7	42.5 %	0	0
	0.15 to <0.25	5			5	0.22%	1	35.6 %	2.5	2	38.9 %	0	
	0.25 to <0.50												
	0.50 to <0.75												
	0.75 to <2.50	4	48	56.5 %	31	1.29%	2	35.0 %	4.7	25	79.9 %	0	
	0.75 to <1.75	4	48	56.5 %	31	1.29%	2	35.0 %	4.7	25	79.9 %	0	
	1.75 to <2.5												
	2.50 to <10.00	4	3	56.5 %	6	3.61%	1	32.7 %	2.5	6	104.3 %	0	
	2.5 to <5	4	3	56.5 %	6	3.61%	1	32.7 %	2.5	6	104.3 %	0	
	5 to <10												
	10.00 to <100.00												
	10 to <20												
	20 to <30												
	30.00 to <100.00												
	100.00 (Default)												
	Sub-total	31	51	56.5 %	60	1.09%	6	35.2 %	4.2	40	67.9 %	0	0
AIRB Corporates - Other	0.00 to <0.15	24,459	26,550	47.0 %	36,936	0.22%	5,917	32.4 %	2.0	10,153	27.5 %	56	-307
	0.00 to <0.10	12,490	14,629	46.8 %	19,344	0.28%	5,125	31.6 %	2.4	5,293	27.4 %	47	-254
	0.10 to <0.15	11,970	11,921	47.1 %	17,592	0.15%	792	33.3 %	1.6	4,860	27.6 %	9	-52
	0.15 to <0.25	9,042	8,847	45.1 %	13,023	0.22%	1,213	28.9 %	2.1	5,425	41.7 %	8	-1
	0.25 to <0.50	17,352	10,316	52.3 %	22,750	0.43%	2,263	27.8 %	2.1	11,218	49.3 %	27	-31
	0.50 to <0.75	2			2	0.65%		36.6 %	5.0	2	93.2 %	0	
	0.75 to <2.50	9,107	5,236	47.3 %	11,591	1.03%	1,845	27.4 %	2.2	6,943	59.9 %	33	-5
	0.75 to <1.75	8,344	4,448	46.6 %	10,421	0.93%	1,562	27.1 %	2.2	6,075	58.3 %	26	
	1.75 to <2.5	763	788	51.5 %	1,169	1.95%	283	29.5 %	2.0	868	74.2 %	7	-5
	2.50 to <10.00	284	388	48.6 %	474	3.55%	199	28.6 %	2.2	404	85.2 %	5	
	2.5 to <5	284	388	48.6 %	473	3.55%	199	28.6 %	2.2	403	85.1 %	5	
	5 to <10	1	0	100.0 %	1	6.22%		35.9 %	4.7	1	151.1 %	0	
	10.00 to <100.00	998	664	43.2 %	1,305	16.84%	3,852	27.6 %	2.3	1,561	119.6 %	60	-2
	10 to <20	663	508	42.4 %	879	10.50%	309	28.1 %	2.2	1,049	119.3 %	26	-1
	20 to <30	138	49	45.6 %	160	26.95%	65	29.9 %	1.2	263	163.8 %	13	0
	30.00 to <100.00	198	107	46.0 %	266	32.51%	3,478	24.6 %	3.3	249	93.8 %	22	-1
	100.00 (Default)	631	380	6.0 %	654	100.00%	370	31.0 %	2.4	659	100.7 %	291	-301
	Sub-total	61,876	52,381	47.4 %	86,735	1.41%	15,659	29.9 %	2.1	36,365	41.9 %	480	-646
TOTAL AIRB		109,074	58,754	48.2 %	137,412	1.80%	76,710	27.3 %	2.3	51,892	37.8 %	904	-1,142

EURm

	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
RIRB Retail - Total	0.00 to <0.15	10,280	3,525	40.1 %	11,693	0.07%	548,622	26.6 %		654	5.6 %	2	-228
	0.00 to <0.10	10,029	2,618	42.9 %	11,151	0.07%	359,043	25.7 %		575	5.2 %	2	-227
	0.10 to <0.15	251	907	32.1 %	542	0.06%	189,579	43.5 %		79	14.6 %	0	-1
	0.15 to <0.25	59,711	6,684	34.2 %	61,993	0.19%	583,662	23.7 %		6,494	10.5 %	30	-64
	0.25 to <0.50	31,721	6,467	36.1 %	34,056	0.37%	398,015	22.3 %		6,303	18.5 %	30	-41
	0.50 to <0.75	18,996	3,578	41.2 %	20,472	0.66%	103,436	20.4 %		5,262	25.7 %	28	-12
	0.75 to <2.50	25,794	4,501	47.5 %	27,932	1.09%	467,883	24.0 %		10,488	37.5 %	86	-51
	0.75 to <1.75	23,322	3,998	45.6 %	25,147	1.01%	422,474	22.8 %		8,621	34.3 %	66	-46
	1.75 to <2.5	2,472	503	62.3 %	2,785	1.76%	45,409	35.1 %		1,866	67.0 %	20	-4
	2.50 to <10.00	14,832	2,550	42.5 %	15,914	4.10%	339,143	23.1 %		9,164	57.6 %	177	-27
	2.5 to <5	9,601	1,512	42.9 %	10,250	2.80%	208,140	22.3 %		5,055	49.3 %	74	-16
	5 to <10	5,231	1,037	42.0 %	5,664	6.45%	131,003	24.7 %		4,108	72.5 %	103	-11
	10.00 to <100.00	3,320	630	53.9 %	3,660	20.99%	169,345	28.3 %		3,775	103.1 %	238	-9
	10 to <20	1,794	382	70.1 %	2,062	13.45%	48,098	29.5 %		1,981	96.1 %	92	-4
	20 to <30	811	104	37.2 %	850	23.34%	23,928	26.7 %		1,028	120.9 %	57	-2
	30.00 to <100.00	715	144	23.1 %	749	39.06%	97,319	26.6 %		766	102.3 %	89	-4
	100.00 (Default)	1,614	50	7.3 %	1,618	100.00%	58,555	41.4 %		2,048	126.5 %	503	-56
	Sub-total	166,268	27,987	39.6 %	177,337	2.10%	2,668,661	23.5 %		44,187	24.9 %	1,094	-489
RIRB Retail - SME secured by immovable property	0.00 to <0.15	3	11	39.7 %	8	0.09%	774	17.0 %		0	3.5 %	0	-3
	0.00 to <0.10	1	9	39.4 %	5	0.08%	658	16.9 %		0	3.4 %	0	-3
	0.10 to <0.15	2	2	41.2 %	3	0.11%	116	17.0 %		0	3.6 %	0	
	0.15 to <0.25	266	21	40.9 %	275	0.20%	4,666	17.1 %		15	5.6 %	0	0
	0.25 to <0.50	127	14	39.2 %	133	0.34%	2,090	16.6 %		11	8.3 %	0	0
	0.50 to <0.75	443	55	57.3 %	474	0.57%	3,069	17.5 %		66	14.0 %	0	0
	0.75 to <2.50	232	46	45.5 %	253	1.49%	3,018	16.9 %		57	22.4 %	1	0
	0.75 to <1.75	187	39	47.0 %	205	1.31%	2,553	17.3 %		44	21.6 %	0	0
	1.75 to <2.5	45	8	38.1 %	47	2.28%	465	15.2 %		12	25.9 %	0	0
	2.50 to <10.00	177	23	56.2 %	190	4.51%	1,909	18.2 %		85	45.0 %	2	0
	2.5 to <5	122	17	55.5 %	131	3.42%	1,322	18.0 %		52	39.4 %	1	0
	5 to <10	55	6	58.0 %	59	6.96%	587	18.6 %		34	57.4 %	1	0
	10.00 to <100.00	49	4	70.5 %	52	23.38%	546	18.8 %		43	82.7 %	2	0
	10 to <20	23	3	69.1 %	25	13.50%	290	18.4 %		19	76.4 %	1	0
	20 to <30	13	1	73.4 %	13	23.04%	137	19.3 %		12	91.0 %	1	0
	30.00 to <100.00	13	1	73.2 %	14	41.84%	119	18.9 %		12	86.0 %	1	0
	100.00 (Default)	21	0	78.2 %	21	100.00%	258	21.5 %		25	118.8 %	2	-1
	Sub-total	1,317	174	49.8 %	1,404	3.49%	16,330	17.4 %		303	21.6 %	8	-5

EURm	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
RIRB Retail - SME other	0.00 to <0.15	0	1	48.2 %	0	0.09%	258	32.6 %		0	6.5 %	0	-13
	0.00 to <0.10	0	1	44.4 %	0	0.08%	225	32.5 %		0	6.3 %	0	-13
	0.10 to <0.15	0	0	60.7 %	0	0.11%	33	32.9 %		0	7.3 %	0	
	0.15 to <0.25	5	2	46.9 %	6	0.20%	782	35.4 %		1	11.8 %	0	0
	0.25 to <0.50	12	15	40.6 %	20	0.41%	782	25.4 %		3	13.8 %	0	0
	0.50 to <0.75	106	104	56.1 %	165	0.64%	6,018	31.2 %		37	22.2 %	0	-1
	0.75 to <2.50	205	132	51.2 %	273	1.57%	8,248	27.7 %		77	28.1 %	1	-1
	0.75 to <1.75	164	107	53.3 %	222	1.41%	7,016	28.7 %		62	28.2 %	1	-1
	1.75 to <2.5	41	25	42.1 %	51	2.24%	1,232	23.7 %		14	27.8 %	0	0
	2.50 to <10.00	371	150	52.1 %	447	4.73%	11,158	29.2 %		167	37.3 %	6	-2
	2.5 to <5	230	85	51.1 %	274	3.41%	7,033	29.2 %		97	35.6 %	3	-1
	5 to <10	141	65	53.5 %	173	6.83%	4,125	29.2 %		69	40.0 %	4	-1
	10.00 to <100.00	143	42	40.8 %	161	20.56%	7,860	31.7 %		93	57.6 %	10	-1
	10 to <20	92	24	48.1 %	103	12.87%	2,538	33.6 %		58	55.8 %	5	0
	20 to <30	24	6	54.6 %	28	23.66%	908	28.0 %		16	57.6 %	2	0
	30.00 to <100.00	27	12	19.8 %	30	44.32%	4,414	28.4 %		19	64.0 %	4	0
	100.00 (Default)	58	10	10.8 %	59	100.00%	1,878	55.3 %		103	174.7 %	25	-4
	Sub-total	901	456	50.4 %	1,131	10.47%	36,984	30.8 %		479	42.3 %	43	-21
RIRB Retail - non-SME secured by immovable property	0.00 to <0.15	9,593	688	26.8 %	9,777	0.07%	74,767	22.6 %		462	4.7 %	2	-86
	0.00 to <0.10	9,486	666	25.9 %	9,658	0.07%	73,413	22.7 %		455	4.7 %	2	-86
	0.10 to <0.15	107	23	51.9 %	119	0.12%	1,354	17.3 %		7	6.0 %	0	0
	0.15 to <0.25	54,588	2,397	24.3 %	55,170	0.19%	420,733	22.6 %		5,497	10.0 %	26	-46
	0.25 to <0.50	28,156	4,029	29.2 %	29,334	0.36%	213,796	20.6 %		5,201	17.7 %	23	-27
	0.50 to <0.75	17,159	2,480	29.0 %	17,879	0.63%	109,635	19.0 %		4,567	25.5 %	22	-6
	0.75 to <2.50	20,553	1,856	27.6 %	21,064	1.13%	125,592	20.0 %		7,479	35.5 %	54	-30
	0.75 to <1.75	18,637	1,748	27.0 %	19,109	1.05%	115,099	18.6 %		6,080	31.8 %	40	-28
	1.75 to <2.5	1,916	108	36.8 %	1,955	1.96%	10,493	33.3 %		1,399	71.5 %	13	-2
	2.50 to <10.00	11,067	1,002	30.8 %	11,375	4.28%	66,050	17.7 %		6,412	56.4 %	94	-12
	2.5 to <5	7,353	684	31.3 %	7,567	2.90%	41,358	16.9 %		3,489	46.1 %	40	-8
	5 to <10	3,713	318	29.8 %	3,808	7.03%	24,692	19.3 %		2,923	76.8 %	54	-4
	10.00 to <100.00	2,240	177	25.9 %	2,286	23.68%	17,815	20.2 %		2,441	106.8 %	115	-3
	10 to <20	1,270	93	27.6 %	1,296	16.45%	8,259	18.4 %		1,195	92.2 %	40	-1
	20 to <30	569	67	23.0 %	584	24.97%	4,190	23.3 %		782	133.9 %	34	-1
	30.00 to <100.00	402	17	28.8 %	407	44.83%	5,366	21.8 %		464	114.2 %	41	-1
	100.00 (Default)	889	1	57.0 %	889	100.00%	8,111	27.0 %		991	111.5 %	157	-22
	Sub-total	144,244	12,629	28.0 %	147,775	1.68%	1,036,499	21.0 %		33,051	22.4 %	493	-232

EURm

	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
	0.00 to <0.15	684	2,825	43.3 %	1,908	0.07%	547,590	46.8 %		192	10.1 %	1	-126
	0.00 to <0.10	542	1,944	48.7 %	1,488	0.06%	358,160	45.6 %		120	8.1 %	0	-124
	0.10 to <0.15	142	882	31.5 %	420	0.13%	189,430	51.1 %		72	17.1 %	0	-1
	0.15 to <0.25	4,851	4,264	39.7 %	6,543	0.19%	578,214	33.2 %		981	15.0 %	4	-18
	0.25 to <0.50	3,426	2,409	47.4 %	4,569	0.39%	395,143	33.6 %		1,088	23.8 %	6	-14
	0.50 to <0.75	1,289	939	70.8 %	1,954	0.63%	94,349	33.3 %		591	30.2 %	4	-5
	0.75 to <2.50	4,804	2,467	62.4 %	6,342	1.20%	456,617	37.6 %		2,875	45.3 %	30	-20
	0.75 to <1.75	4,333	2,104	60.7 %	5,611	1.09%	412,905	37.0 %		2,434	43.4 %	24	-17
RIRB Retail - non-SME other	*1.75 to <2.5*	471	363	71.8 %	731	2.03%	43,712	42.0 %		441	60.3 %	7	-2
	2.50 to <10.00	3,218	1,375	49.7 %	3,902	4.86%	326,076	38.4 %		2,500	64.1 %	75	-14
	2.5 to <5	1,896	726	52.5 %	2,277	3.24%	199,785	39.4 %		1,417	62.2 %	31	-7
	5 to <10	1,321	649	46.7 %	1,624	7.13%	126,291	36.9 %		1,083	66.7 %	44	-6
	10.00 to <100.00	888	407	67.3 %	1,162	21.48%	160,939	44.0 %		1,198	103.2 %	110	-5
	10 to <20	409	263	87.0 %	638	13.72%	45,270	51.8 %		710	111.2 %	47	-2
	20 to <30	205	30	65.2 %	225	23.50%	22,883	35.9 %		217	96.7 %	20	-1
	30.00 to <100.00	273	114	22.4 %	299	36.54%	92,786	33.4 %		271	90.7 %	43	-2
	100.00 (Default)	647	40	5.2 %	649	100.00%	56,419	60.5 %		929	143.1 %	319	-29
	Sub-total	19,806	14,727	49.0 %	27,028	4.47%	2,615,347	37.1 %		10,355	38.3 %	550	-230
TOTAL RIRB		166,268	27,987	39.6 %	177,337	2.10%	2,668,661	23.5 %		44,187	24.9 %	1,094	-489
	0.00 to <0.15	26,961	1,484	27.7 %	27,373	0.07%	387	12.7 %	2.5	2,308	8.4 %	2	-78
	0.00 to <0.10	22,704	1,229	24.8 %	23,009	0.06%	279	12.6 %	2.5	1,804	7.8 %	2	-66
	0.10 to <0.15	4,257	255	41.8 %	4,364	0.12%	108	13.2 %	2.5	505	11.6 %	1	-12
	0.15 to <0.25	201	252	64.2 %	362	0.17%	88	28.0 %	2.5	103	28.5 %	0	
	0.25 to <0.50	72	177	17.6 %	103	0.30%	86	44.4 %	2.2	56	54.5 %	0	0
	0.50 to <0.75	75	85	19.7 %	92	0.66%	44	26.8 %	2.5	36	39.3 %	0	
	0.75 to <2.50	13	76	20.3 %	29	0.79%	31	39.5 %	2.1	16	56.7 %	0	0
	0.75 to <1.75	13	76	20.3 %	29	0.79%	31	39.5 %	2.1	16	56.7 %	0	0
FIRB Institutions - Total	*1.75 to <2.5*												
	2.50 to <10.00	8	30	16.1 %	12	2.84%	35	44.9 %	2.5	12	99.7 %	0	
	2.5 to <5	8	30	16.1 %	12	2.84%	34	44.9 %	2.5	12	99.6 %	0	
	5 to <10	0			0	8.46%	1	45.0 %	2.5	0	192.2 %	0	
	10.00 to <100.00	60	104	20.0 %	81	21.69%	46	25.9 %	2.0	81	100.7 %	3	-1
	10 to <20	0	101	20.0 %	20	12.32%	1	45.0 %	0.4	3	15.4 %	0	
	20 to <30	60	3	20.0 %	60	28.56%	45	19.9 %	2.5	78	129.3 %	3	-1
	30.00 to <100.00		0	100.0 %	0	36.23%		45.0 %	2.5	0	27.6 %	0	
	100.00 (Default)	0	0	20.0 %	0	100.00%	38	28.0 %	2.5	0	0.5 %	0	0
	Sub-total	27,390	2,208	30.0 %	28,052	0.14%	755	13.1 %	2.5	2,614	9.3 %	6	-79

EURm

	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
	0.00 to <0.15	2,166	608	10.1 %	2,228	0.12%	1,477	42.4 %	2.5	805	36.1 %	1	-55
	0.00 to <0.10	1,802	405	12.4 %	1,852	0.06%	836	43.7 %	2.5	656	35.4 %	1	-52
	0.10 to <0.15	365	203	5.6 %	376	0.15%	641	41.9 %	2.5	149	39.6 %	0	-3
	0.15 to <0.25	808	326	6.7 %	830	0.22%	1,042	41.4 %	2.5	346	41.7 %	1	
	0.25 to <0.50	1,341	787	5.5 %	1,385	0.44%	2,316	42.6 %	2.5	811	58.6 %	2	-6
	0.50 to <0.75	0			0	0.66%		45.0 %		0	67.1 %	0	
	0.75 to <2.50	1,358	812	11.9 %	1,455	1.04%	2,378	42.5 %	2.5	1,174	80.7 %	7	-3
	0.75 to <1.75	1,031	691	12.5 %	1,117	1.04%	1,823	42.5 %	2.5	875	78.4 %	5	
FIRB Corporates - Total	*1.75 to <2.5*	328	121	8.4 %	338	2.06%	555	42.3 %	2.5	298	88.3 %	3	-3
	2.50 to <10.00	175	86	4.8 %	179	3.63%	395	42.6 %	2.5	181	100.9 %	2	
	2.5 to <5	175	86	4.8 %	179	3.63%	395	42.6 %	2.5	181	100.9 %	2	
	5 to <10	0			0	8.52%		45.0 %		0	74.5 %	0	
	10.00 to <100.00	1,494	664	2.0 %	1,507	24.47%	4,492	41.5 %	2.5	971	64.4 %	29	-7
	10 to <20	251	110	6.4 %	258	12.04%	616	41.6 %	2.5	405	156.7 %	11	-1
	20 to <30	34	15	3.1 %	35	23.78%	176	41.7 %	2.5	59	170.6 %	3	0
	30.00 to <100.00	1,208	539	1.1 %	1,214	36.25%	3,700	38.9 %	2.5	507	41.8 %	15	-6
	100.00 (Default)	102	39	12.5 %	107	100.00%	342	43.2 %	2.5	20	19.0 %	44	-21
	Sub-total	7,445	3,321	7.4 %	7,691	8.08%	12,442	42.0 %	2.5	4,309	56.0 %	86	-92
	0.00 to <0.15	239	86	1.7 %	241	0.10%	721	42.7 %	2.5	50	20.7 %	0	-19
	0.00 to <0.10	130	40	2.4 %	131	0.07%	340	43.3 %	2.5	22	17.1 %	0	-18
	0.10 to <0.15	109	46	1.1 %	110	0.15%	381	41.9 %	2.5	28	25.0 %	0	-1
	0.15 to <0.25	195	55	3.3 %	197	0.22%	580	42.3 %	2.5	64	32.5 %	0	
	0.25 to <0.50	461	158	3.2 %	466	0.43%	1,368	42.1 %	2.5	210	45.0 %	1	-2
	0.50 to <0.75	0			0	0.62%		45.0 %	2.5	0	75.4 %	0	
	0.75 to <2.50	627	268	17.6 %	675	1.30%	1,466	41.7 %	2.5	457	67.8 %	4	-2
	0.75 to <1.75	437	208	22.2 %	484	1.01%	1,099	41.8 %	2.5	304	62.9 %	2	
FIRB Corporates - SME	*1.75 to <2.5*	190	60	1.7 %	191	2.03%	367	41.5 %	2.5	153	80.4 %	2	-2
	2.50 to <10.00	71	30	7.7 %	73	3.53%	245	42.0 %	2.5	66	90.1 %	1	
	2.5 to <5	71	30	7.7 %	73	3.53%	245	42.0 %	2.5	66	90.1 %	1	
	5 to <10												
	10.00 to <100.00	181	88	2.1 %	183	16.92%	1,803	41.1 %	2.5	253	138.2 %	13	-1
	10 to <20	114	52	3.0 %	115	11.66%	406	41.0 %	2.5	150	130.2 %	6	0
	20 to <30	28	11		28	23.31%	110	41.5 %	2.5	48	173.1 %	3	0
	30.00 to <100.00	39	25	1.2 %	40	36.81%	1,287	41.0 %	2.5	55	137.3 %	5	0
	100.00 (Default)	69	23	6.8 %	70	100.00%	233	43.2 %	2.5	1	1.4 %	30	-17
	Sub-total	1,843	709	8.6 %	1,905	6.24%	6,416	42.0 %	2.5	1,101	57.8 %	49	-40

EURm

	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
FIRB Corporates - Other	0.00 to <0.15	1,927	522	11.5 %	1,987	0.07%	756	43.5 %	2.5	755	38.0 %	1	-35
	0.00 to <0.10	1,672	365	13.5 %	1,721	0.06%	496	43.7 %	2.5	634	36.8 %	0	-33
	0.10 to <0.15	255	157	6.9 %	266	0.14%	260	41.8 %	2.5	122	45.7 %	0	-2
	0.15 to <0.25	613	271	7.4 %	633	0.20%	462	41.1 %	2.5	282	44.6 %	1	
	0.25 to <0.50	881	630	6.0 %	919	0.40%	948	42.8 %	2.5	602	65.5 %	2	-4
	0.50 to <0.75	0			0	0.66%		45.0 %	2.5	0	54.4 %	0	
	0.75 to <2.50	731	543	9.1 %	781	1.04%	912	43.0 %	2.5	716	91.8 %	4	-1
	0.75 to <1.75	593	483	8.4 %	634	0.92%	724	43.0 %	2.5	571	90.2 %	3	
	1.75 to <2.5	138	61	15.1 %	147	1.56%	188	43.4 %	2.5	145	98.6 %	1	-1
	2.50 to <10.00	104	56	3.3 %	106	3.61%	150	43.0 %	2.5	115	108.4 %	1	
	2.5 to <5	104	56	3.3 %	106	3.61%	150	43.0 %	2.5	114	108.5 %	1	
	5 to <10	0			0	8.52%		45.0 %	2.5	0	74.5 %	0	
	10.00 to <100.00	1,313	576	2.0 %	1,324	33.91%	2,689	39.2 %	2.5	718	54.2 %	17	-7
	10 to <20	137	58	9.5 %	143	12.23%	210	42.0 %	2.5	254	178.2 %	6	0
	20 to <30	7	4	12.7 %	7	24.30%	66	42.5 %	2.5	11	160.8 %	0	0
	30.00 to <100.00	1,169	514	1.1 %	1,174	36.23%	2,413	38.8 %	2.5	452	38.5 %	10	-6
	100.00 (Default)	34	16	20.9 %	37	100.00%	109	43.3 %	2.5	19	52.5 %	14	-4
	Sub-total	5,602	2,613	7.1 %	5,787	8.64%	6,026	42.1 %	2.5	3,208	55.4 %	37	-52
TOTAL FIRB		34,835	5,530	16.4 %	35,743	1.85%	13,197	19.4 %	2.5	6,922	19.4 %	93	-171

Table 14 - EU CR6-A - Scope of the use of IRB and SA approaches

The scope of the use of IRB and SA approaches is provided in the table below. IRB approach accounted for 77% out of total exposure including institutions, corporates and retail exposure classes. SA approach accounted for 20% of total exposure including central governmets or central banks and equity. 3% of total exposure is subject to a roll-out plan mainly included in retail and other non-credit assets.

EURm		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
		a	b	c	d	e
1	Central governments or central banks	0	80,857	100%		0%
1.1	*Of which Regional governments or local authorities*		*5,131*	*100%*		
1.2	*Of which Public sector entities*		*0*	*100%*		
2	Institutions	28,005	28,626	1%	99%	1%
3	Corporates	147,663	143,819	0%	99%	1%
3.1	*Of which Corporates - Specialised lending, excluding slotting approach*		*167*		*100%*	
3.2	*Of which Corporates - Specialised lending under slotting approach*		*167*		*100%*	
4	Retail	179,454	189,739	1%	92%	7%
4.1	*Of which Retail – Secured by real estate SMEs*		*1,336*	*0%*	*100%*	
4.2	*Of which Retail – Secured by real estate non-SMEs*		*159,135*	*0%*	*93%*	*7%*
4.3	*Of which Retail – Qualifying revolving*					
4.4	*Of which Retail – Other SMEs*		*1,391*	*0%*	*78%*	*22%*
4.5	*Of which Retail – Other non-SMEs*		*27,877*	*3%*	*87%*	*10%*
5	Equity	0	3,848	100%		
6	Other non-credit obligation assets	3,160	3,568	3%	89%	9%
7	Total	358,282	450,456	20%	77%	3%

Table 15 - EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

The table provides a comprehensive overview of the use of credit risk mitigation techniques according to Advanced IRB approach and Foundation IRB approach broken down by exposure class, along with their impact on credit risk mitigation methods in the calculation of RWEAs. Year-on-year total REA increased by 17bn, primarily driven by implementation new retail capital models during the third quarter of 2024.

EURm			Credit risk mitigation techniques										Credit risk mitigation methods in the calculation of RWEAs	
			Funded credit protection (FCP)								Unfunded credit protection (UFCP)			
A-IRB		Total exposures	Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks														
2	Institutions														
3	Corporates	137,412	1%	47%	41%	0%	6%					0%		52,144	51,892
3.1	*Of which Corporates – SMEs*	*50,618*	*1%*	*76%*	*72%*	*0%*	*4%*							*15,465*	*15,487*
3.2	*Of which Corporates – Specialised lending*	*60*												*40*	*40*
3.3	*Of which Corporates – Other*	*86,735*	*1%*	*30%*	*23%*	*0%*	*7%*					*0%*		*36,639*	*36,365*
4	Retail	177,337	0%	84%	83%	0%	1%					0%		44,187	44,306
4.1	*Of which Retail – Immovable property SMEs*	*1,404*		*100%*	*100%*	*0%*	*0%*							*303*	*303*
4.2	*Of which Retail – Immovable property non-SMEs*	*147,775*		*99%*	*99%*	*0%*	*0%*					*0%*		*33,051*	*33,170*
4.3	*Of which Retail – Qualifying revolving*														
4.4	*Of which Retail – Other SMEs*	*1,131*	*1%*	*35%*	*0%*	*2%*	*33%*					*6%*		*479*	*479*
4.5	*Of which Retail – Other non-SMEs*	*27,028*	*2%*	*6%*	*0%*	*0%*	*6%*					*2%*		*10,355*	*10,355*
5	Total	314,749	0%	68%	65%	0%	3%					0%		96,331	96,199

EURm			Credit risk mitigation techniques										Credit risk mitigation methods in the calculation of RWEAs	
			Funded credit protection (FCP)								Unfunded credit protection (UFCP)			
	F-IRB	Total exposures	Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks														
2	Institutions	28,052	0%	0%	0%		0%					0%		2,604	2,614
3	Corporates	7,691	0%	37%	0%	18%	19%					29%		4,291	4,309
3.1	*Of which Corporates – SMEs*	*1,905*		*51%*	*0%*	*9%*	*42%*					*3%*		*1,104*	*1,101*
3.2	*Of which Corporates – Specialised lending*														
3.3	*Of which Corporates – Other*	*5,787*	*0%*	*32%*	*0%*	*21%*	*11%*					*27%*		*3,186*	*3,208*
4	Total	35,743	0%	8%	0%	4%	4%					5%		6,894	6,922

Table 16 - EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach

During the fourth quarter the IRB REA decreased by EUR 0.8bn, mainly driven by decreased asset size. This was partly offset by model updates, credit quality migration and FX effects mainly from appreciated USD.

EURm		Risk weighted exposure amount
		a
1	Risk weighted exposure amount as of Q3 2024	106,663
2	Asset size (+/-)	-1,519
3	Asset quality (+/-)	221
4	Model updates (+/-)	227
5	Methodology and policy (+/-)	0
6	Acquisitions and disposals (+/-)	0
7	Foreign exchange movements (+/-)	196
8	Other (+/-)	65
9	Risk weighted exposure amount as of Q4 2024	105,854

Table 17 - EU CR9 - IRB approach - Back-testing of PD per exposure class (fixed PD scale)

The following table discloses a back-testing of the probability of default (PD), by comparing the regulatory PD with the actual default frequency (ADF). PD and ADF are calculated per exposure class and sub-exposure class, as well as on the approach levels; FIRB vs AIRB for the Corporates. The exposure classes and PD ranges are specified in columns a and b. Column c, d and e depicts the number of obligors at the end of the previous year, the number of obligors of which defaulted during the year and the observed average default rate. Columns f and g depicts the exposure-weighted average PD and the arithmetic average of PD at the beginning of the reporting period that fall within the bucket of the fixed PD range and counted in column c. Column h depicts the simple average of the annual default rate of the five most recent years (obligors at the beginning of each year that are defaulted during that year/total obligor hold at the beginning of the year). A comparison of columns g and h gives an indication of how Nordea's current regulatory PD performs in a 5 year horizon.

A-IRB

Exposure class	PD range	Number of obligors at the end of the previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Corporates – SME	0.00 to <0.15	9,995	13	0.13%	0.06%	0.07%	0.09%
	0.00 to <0.10	*7,802*	*9*	*0.12%*	*0.04%*	*0.05%*	*0.08%*
	0.10 to <0.15	*2,193*	*4*	*0.18%*	*0.16%*	*0.15%*	*0.12%*
	0.15 to <0.25	3,101	9	0.29%	0.25%	0.22%	0.25%
	0.25 to <0.50	6,602	16	0.24%	0.49%	0.43%	0.48%
	0.50 to <0.75	122	0	0.00%	0.64%	0.60%	0.19%
	0.75 to <2.50	12,541	149	1.19%	1.26%	1.67%	0.81%
	0.75 to <1.75	*5,847*	*65*	*1.11%*	*1.12%*	*1.19%*	*0.71%*
	1.75 to <2.5	*6,694*	*84*	*1.25%*	*2.34%*	*2.08%*	*0.91%*
	2.50 to <10.00	20,048	563	2.81%	4.12%	4.50%	1.60%
	2.5 to <5	*14,048*	*296*	*2.11%*	*4.04%*	*3.46%*	*1.21%*
	5 to <10	*6,000*	*267*	*4.45%*	*6.71%*	*6.92%*	*2.55%*
	10.00 to <100.00	14,363	1,879	13.08%	23.51%	30.96%	8.85%
	10 to <20	*4,942*	*483*	*9.77%*	*13.56%*	*13.34%*	*5.98%*
	20 to <30	*1,519*	*194*	*12.77%*	*25.39%*	*24.76%*	*8.78%*
	30.00 to <100.00	*7,902*	*1,202*	*15.21%*	*36.83%*	*43.17%*	*11.02%*
	100.00 (Default)	1,357	1,357	100.00%	100.00%	100.00%	100.00%

Exposure class	PD range	Number of obligors at the end of the previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Corporates – Specialised lending	0.00 to <0.15	2	0	0.00%	0.11%	0.12%	0.00%
	0.00 to <0.10	*1*	*0*	*0.00%*	*0.10%*	*0.10%*	*0.00%*
	0.10 to <0.15	*1*	*0*	*0.00%*	*0.15%*	*0.15%*	*0.00%*
	0.15 to <0.25	1	0	0.00%	0.22%	0.22%	0.00%
	0.25 to <0.50						
	0.50 to <0.75						
	0.75 to <2.50						
	0.75 to <1.75						
	1.75 to <2.5						
	2.50 to <10.00						
	2.5 to <5						
	5 to <10						
	10.00 to <100.00						
	10 to <20						
	20 to <30						
	30.00 to <100.00						
	100.00 (Default)						

Exposure class	PD range	Number of obligors at the end of the previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Corporates – Other	0.00 to <0.15	2,083	9	0.43%	0.11%	0.11%	0.44%
	0.00 to <0.10	*1,054*	*3*	*0.28%*	*0.07%*	*0.07%*	*0.38%*
	0.10 to <0.15	*1,029*	*6*	*0.58%*	*0.16%*	*0.15%*	*0.50%*
	0.15 to <0.25	1,366	5	0.37%	0.27%	0.22%	0.35%
	0.25 to <0.50	2,365	24	1.01%	0.50%	0.43%	0.90%
	0.50 to <0.75	74	7	9.46%	0.60%	0.59%	6.20%
	0.75 to <2.50	3,059	105	3.43%	1.31%	1.44%	2.08%
	0.75 to <1.75	*1,771*	*35*	*1.98%*	*1.14%*	*1.02%*	*1.30%*
	1.75 to <2.5	*1,288*	*70*	*5.43%*	*2.48%*	*2.01%*	*3.27%*
	2.50 to <10.00	1,917	154	8.03%	4.47%	4.11%	4.27%
	2.5 to <5	*1,509*	*113*	*7.49%*	*4.47%*	*3.44%*	*3.76%*
	5 to <10	*408*	*41*	*10.05%*	*6.37%*	*6.59%*	*6.15%*
	10.00 to <100.00	8,943	378	4.23%	20.19%	33.63%	2.96%
	10 to <20	*946*	*146*	*15.43%*	*12.86%*	*12.46%*	*7.68%*
	20 to <30	*230*	*41*	*17.83%*	*24.06%*	*24.83%*	*11.49%*
	30.00 to <100.00	*7,767*	*191*	*2.46%*	*34.76%*	*36.46%*	*2.06%*
	100.00 (Default)	346	346	100.00%	100.00%	100.00%	100.00%

Exposure class	PD range	Number of obligors at the end of the previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Retail – SME secured by immovable property collateral	0.00 to <0.15	3,649	1	0.03%	0.11%	0.11%	0.01%
	0.00 to <0.10	*764*	*0*	*0.00%*	*0.08%*	*0.08%*	*0.00%*
	0.10 to <0.15	*2,885*	*1*	*0.03%*	*0.11%*	*0.11%*	*0.01%*
	0.15 to <0.25	3,889	1	0.03%	0.18%	0.17%	0.07%
	0.25 to <0.50	1,403	5	0.36%	0.38%	0.38%	0.27%
	0.50 to <0.75	900	0	0.00%	0.60%	0.60%	0.37%
	0.75 to <2.50	6,426	61	0.95%	1.46%	1.49%	0.91%
	0.75 to <1.75	*4,775*	*35*	*0.73%*	*1.19%*	*1.21%*	*0.66%*
	1.75 to <2.5	*1,651*	*26*	*1.57%*	*2.30%*	*2.30%*	*2.09%*
	2.50 to <10.00	1,009	30	2.97%	3.78%	3.81%	3.86%
	2.5 to <5	*963*	*30*	*3.12%*	*3.62%*	*3.64%*	*3.98%*
	5 to <10	*46*	*0*	*0.00%*	*6.79%*	*7.49%*	*1.76%*
	10.00 to <100.00	256	64	25.00%	28.88%	26.60%	22.59%
	10 to <20	*60*	*11*	*18.33%*	*37.17%*	*17.03%*	*14.49%*
	20 to <30	*125*	*17*	*13.60%*	*23.90%*	*24.04%*	*10.24%*
	30.00 to <100.00	*71*	*36*	*50.70%*	*39.21%*	*39.21%*	*43.29%*
	100.00 (Default)	343	343	100.00%	100.00%	100.00%	100.00%

Exposure class	PD range	Number of obligors at the end of the previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
Retail – SME other	0.00 to <0.15	2,158	16	0.74%	0.11%	0.08%	0.88%
	0.00 to <0.10	*1,922*	*16*	*0.83%*	*0.08%*	*0.08%*	*0.92%*
	0.10 to <0.15	*236*	*0*	*0.00%*	*0.11%*	*0.11%*	*0.49%*
	0.15 to <0.25	3,464	60	1.73%	0.20%	0.21%	0.81%
	0.25 to <0.50	3,808	23	0.60%	0.37%	0.37%	0.37%
	0.50 to <0.75	3,325	15	0.45%	0.60%	0.60%	0.46%
	0.75 to <2.50	29,202	525	1.80%	1.58%	1.45%	1.69%
	0.75 to <1.75	*21,720*	*317*	*1.46%*	*1.22%*	*1.15%*	*1.41%*
	1.75 to <2.5	*7,482*	*208*	*2.78%*	*2.30%*	*2.30%*	*2.60%*
	2.50 to <10.00	21,188	988	4.66%	4.60%	4.20%	4.45%
	2.5 to <5	*17,217*	*627*	*3.64%*	*3.51%*	*3.48%*	*3.29%*
	5 to <10	*3,971*	*361*	*9.09%*	*7.33%*	*7.33%*	*9.66%*
	10.00 to <100.00	7,472	1,013	13.56%	22.15%	23.53%	12.95%
	10 to <20	*1,846*	*376*	*20.37%*	*14.02%*	*14.56%*	*16.68%*
	20 to <30	*4,721*	*276*	*5.85%*	*24.04%*	*24.04%*	*5.16%*
	30.00 to <100.00	*905*	*361*	*39.89%*	*39.21%*	*39.21%*	*40.14%*
	100.00 (Default)	3,701	3,701	100.00%	100.00%	100.00%	100.00%

Exposure class	PD range	Number of obligors at the end of the previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
Retail – Non-SME secured by immovable property collateral	0.00 to <0.15	705,490	832	0.12%	0.08%	0.09%	0.06%
	0.00 to <0.10	*579,835*	*601*	*0.10%*	*0.08%*	*0.08%*	*0.05%*
	0.10 to <0.15	*125,655*	*231*	*0.18%*	*0.11%*	*0.11%*	*0.10%*
	0.15 to <0.25	159,012	518	0.33%	0.18%	0.19%	0.18%
	0.25 to <0.50	74,315	590	0.79%	0.36%	0.36%	0.42%
	0.50 to <0.75	19,293	322	1.67%	0.60%	0.60%	0.80%
	0.75 to <2.50	48,205	1,153	2.39%	1.21%	1.23%	1.33%
	0.75 to <1.75	*42,315*	*903*	*2.13%*	*1.07%*	*1.08%*	*1.16%*
	1.75 to <2.5	*5,890*	*250*	*4.24%*	*2.30%*	*2.30%*	*2.52%*
	2.50 to <10.00	7,022	507	7.22%	4.22%	4.21%	3.30%
	2.5 to <5	*6,317*	*430*	*6.81%*	*3.89%*	*3.87%*	*2.86%*
	5 to <10	*705*	*77*	*10.92%*	*7.21%*	*7.30%*	*5.62%*
	10.00 to <100.00	6,148	1,584	25.76%	27.08%	27.11%	15.69%
	10 to <20	*613*	*128*	*20.88%*	*16.50%*	*16.11%*	*11.82%*
	20 to <30	*3,969*	*605*	*15.24%*	*24.04%*	*24.04%*	*8.50%*
	30.00 to <100.00	*1,566*	*851*	*54.34%*	*39.21%*	*39.21%*	*44.40%*
	100.00 (Default)	8,295	8,295	100.00%	100.00%	100.00%	100.00%

Exposure class	PD range	Number of obligors at the end of the previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
Retail – Non-SME other	0.00 to <0.15	1,186,619	1,529	0.13%	0.09%	0.09%	0.08%
	0.00 to <0.10	*903,555*	*950*	*0.11%*	*0.08%*	*0.08%*	*0.07%*
	0.10 to <0.15	*283,064*	*579*	*0.20%*	*0.11%*	*0.11%*	*0.13%*
	0.15 to <0.25	471,429	1,598	0.34%	0.18%	0.19%	0.21%
	0.25 to <0.50	342,067	2,445	0.71%	0.36%	0.36%	0.46%
	0.50 to <0.75	119,517	1,842	1.54%	0.60%	0.60%	0.93%
	0.75 to <2.50	277,971	7,656	2.75%	1.35%	1.25%	1.67%
	0.75 to <1.75	*242,753*	*5,978*	*2.46%*	*1.13%*	*1.10%*	*1.48%*
	1.75 to <2.5	*35,218*	*1,678*	*4.76%*	*2.30%*	*2.30%*	*3.03%*
	2.50 to <10.00	135,637	8,542	6.30%	4.14%	4.50%	4.40%
	2.5 to <5	*106,173*	*5,255*	*4.95%*	*3.46%*	*3.67%*	*3.59%*
	5 to <10	*29,464*	*3,287*	*11.16%*	*7.35%*	*7.49%*	*6.80%*
	10.00 to <100.00	53,612	13,196	24.61%	22.02%	22.77%	17.38%
	10 to <20	*20,041*	*3,594*	*17.93%*	*15.15%*	*14.95%*	*11.69%*
	20 to <30	*26,058*	*5,661*	*21.72%*	*24.04%*	*24.04%*	*15.54%*
	30.00 to <100.00	*7,513*	*3,941*	*52.46%*	*39.21%*	*39.21%*	*43.49%*
	100.00 (Default)	46,439	46,439	100.00%	100.00%	100.00%	100.00%

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Exposure class	PD range	Number of obligors at the end of the previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
Institutions	0.00 to <0.15	478	0	0.00%	0.07%	0.08%	1.60%
	0.00 to <0.10	*336*	*0*	*0.00%*	*0.06%*	*0.06%*	*0.88%*
	0.10 to <0.15	*142*	*0*	*0.00%*	*0.12%*	*0.12%*	*3.57%*
	0.15 to <0.25	93	0	0.00%	0.18%	0.17%	3.61%
	0.25 to <0.50	127	0	0.00%	0.37%	0.34%	3.18%
	0.50 to <0.75	42	0	0.00%	0.66%	0.66%	2.59%
	0.75 to <2.50	41	0	0.00%	1.20%	1.18%	0.89%
	0.75 to <1.75	*41*	*0*	*0.00%*	*1.16%*	*1.18%*	*0.91%*
	1.75 to <2.5	*0*	*0*	*0.00%*	*2.04%*	*0.00%*	*0.00%*
	2.50 to <10.00	17	0	0.00%	2.94%	4.34%	0.00%
	2.5 to <5	*13*	*0*	*0.00%*	*2.85%*	*2.85%*	*0.00%*
	5 to <10	*4*	*0*	*0.00%*	*8.46%*	*9.21%*	*0.00%*
	10.00 to <100.00	88	0	0.00%	24.93%	25.47%	0.54%
	10 to <20	*16*	*0*	*0.00%*	*11.29%*	*11.54%*	*0.00%*
	20 to <30	*72*	*0*	*0.00%*	*28.56%*	*28.56%*	*0.59%*
	30.00 to <100.00						
	100.00 (Default)	50	50	100.00%	100.00%	100.00%	100.00%

Exposure class	PD range	Number of obligors at the end of the previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Corporates – SME	0.00 to <0.15	1,561	16	1.02%	0.13%	0.11%	0.36%
	0.00 to <0.10	*806*	*9*	*1.12%*	*0.08%*	*0.07%*	*0.36%*
	0.10 to <0.15	*755*	*7*	*0.93%*	*0.17%*	*0.15%*	*0.37%*
	0.15 to <0.25	916	8	0.87%	0.23%	0.22%	0.37%
	0.25 to <0.50	2,019	8	0.40%	0.45%	0.44%	0.74%
	0.50 to <0.75	12	0	0.00%	0.66%	0.65%	0.00%
	0.75 to <2.50	2,195	47	2.14%	1.28%	1.28%	1.45%
	0.75 to <1.75	*1,678*	*28*	*1.67%*	*1.08%*	*1.04%*	*1.04%*
	1.75 to <2.5	*517*	*19*	*3.68%*	*2.16%*	*2.04%*	*2.74%*
	2.50 to <10.00	411	26	6.33%	3.74%	3.68%	3.48%
	2.5 to <5	*405*	*26*	*6.42%*	*3.74%*	*3.61%*	*3.45%*
	5 to <10	*6*	*0*	*0.00%*	*0.00%*	*8.82%*	*4.55%*
	10.00 to <100.00	3,548	211	5.95%	28.34%	31.89%	4.34%
	10 to <20	*557*	*67*	*12.03%*	*12.56%*	*12.22%*	*7.93%*
	20 to <30	*180*	*21*	*11.67%*	*25.88%*	*24.71%*	*9.49%*
	30.00 to <100.00	*2,811*	*123*	*4.38%*	*36.24%*	*36.24%*	*3.14%*
	100.00 (Default)	224	224	100.00%	100.00%	100.00%	100.00%

Exposure class	PD range	Number of obligors at the end of the previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
Corporates – Other	0.00 to <0.15	2,367	39	1.65%	0.08%	0.09%	0.80%
	0.00 to <0.10	*1,440*	*23*	*1.60%*	*0.06%*	*0.07%*	*0.91%*
	0.10 to <0.15	*927*	*16*	*1.73%*	*0.15%*	*0.13%*	*0.65%*
	0.15 to <0.25	690	8	1.16%	0.22%	0.22%	0.60%
	0.25 to <0.50	1,194	33	2.76%	0.42%	0.43%	2.21%
	0.50 to <0.75	20	0	0.00%	0.66%	0.62%	0.00%
	0.75 to <2.50	1,086	31	2.85%	1.29%	1.24%	2.00%
	0.75 to <1.75	*856*	*22*	*2.57%*	*1.00%*	*1.02%*	*2.06%*
	1.75 to <2.5	*230*	*9*	*3.91%*	*2.04%*	*2.04%*	*1.69%*
	2.50 to <10.00	248	9	3.63%	3.61%	3.94%	3.17%
	2.5 to <5	*225*	*7*	*3.11%*	*3.61%*	*3.60%*	*2.96%*
	5 to <10	*23*	*2*	*8.70%*	*9.17%*	*7.26%*	*5.76%*
	10.00 to <100.00	2,791	49	1.76%	34.68%	34.19%	2.28%
	10 to <20	*225*	*13*	*5.78%*	*12.16%*	*12.39%*	*5.68%*
	20 to <30	*42*	*2*	*4.76%*	*23.68%*	*25.37%*	*7.78%*
	30.00 to <100.00	*2,524*	*34*	*1.35%*	*36.23%*	*36.28%*	*1.72%*
	100.00 (Default)	111	111	100.00%	100.00%	100.00%	100.00%

Table 18 - Standardised exposure classes, distributed by credit quality step

The table presents the credit quality steps and equivalent S&P ratings for applicable exposure classes in the Standardised Approach. The decreased exposure towards central governments or central banks from 2023 to 2024 is mainly driven by changes in lending volume. This exposure class also includes Deferred Tax Assets (DTAs), which are subject to a risk weight of 100% or 250% depending on the nature of the tax asset.

EURm	Standard & Poor's rating	Risk weight	Original Exposure		Exposure	
			Dec 2024	Dec 2023	Dec 2024	Dec 2023
(a) Central Governments or Central banks						
1	AAA to AA-	0%	74,700	71,398	78,073	75,088
2	A+ to A-	20%	51	14	79	45
3	BBB+ to BBB-	50%				
4 to 6 or blank	BB+ and below, or without rating	100-250%	133	209	59	94
Total			74,884	71,620	78,212	75,227
(b) Regional Governments or local authorities						
1	AAA to AA-[1])	0% - 20%[1]	11,241	10,806	5,865	5,682
2	A+ to A-	50%				
3 to 6 or blank	BBB+ and below, or without rating	100-250%				
Total			11,241	10,806	5,865	5,682
(c) Public sector entites						
1	AAA to AA-[1])	0% - 20%[1]	0		0	
2	A+ to A-	50%				
3 to 6 or blank	BBB+ and below, or without rating	100-250%				
Total			0		0	
(d) Multilateral Developments Banks						
1	AAA to AA-[2])	0% - 20%[2]	2,867	2,993	2,843	2,973
2	A+ to A-	50%				
3 to 6 or blank	BBB+ and below, or without rating	100-250%				
Total			2,867	2,993	2,843	2,973
(e) Institutions						
1	AAA to AA-	20%	385	218	385	217
2	A+ to A-	50%	7	4	7	4
3 to 6 or blank	BBB+ and below, or without rating	100-150%		22		22
Total			393	243	393	242
(f) Corporates						
1	AAA to AA-	20%				
2	A+ to A-	50%	1	0	1	0
3 to 4	BBB+ to BB-3)	100%	2,198	1,862	1,883	1,541
5 to 6 or blank	B+ and below, or without rating	150%	0	1	0	1
Total			2,199	1,864	1,884	1,543

[1)] Includes exposures treated as exposures to the central government, regional government or local authority as provisioned by CRR and that receives a 0%-risk weight.

[2)] Includes exposures to specific entities and receives a 0%-risk weight as provisioned by CRR.

[3)] Includes exposures to with credit assessment using a nomincated ECAI, with total original exposure and exposure value of EUR 10m.

Table 19 - EU CQ1 - Credit quality of forborne exposures

Forbearance is eased terms or restructuring due to the borrower experiencing or about to experience financial difficulties. The intention of granting forbearance for a limited time period is to help the customer return to a sustainable financial situation ensuring full repayment of the outstanding debt. Examples of forbearance are changes in amortisation profile, repayment schedule, customer margin as well as easing of covenants. Forbearance is undertaken on a selective and individual basis for all customers and is followed by impairment testing. At the end of 2024, total forborne loans and advances amounted to EUR 3.0bn. During the second half of the year 2024, forborne loans and advances in the performing portfolio increased with the same amount as the non-performing portfolio, total by EUR 0.6bn.

EURm		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
Q4 2024									
005	Cash balances at central banks and other demand deposits								
010	Loans and advances	1,814	1,209	1,209	1,198	-52	-412	1,653	402
020	*Central banks*								
030	*General governments*								
040	*Credit institutions*								
050	*Other financial corporations*	*2*	*46*	*46*	*46*	*-0*	*-20*	*2*	*0*
060	*Non-financial corporations*	*1,288*	*859*	*859*	*852*	*-36*	*-335*	*984*	*235*
070	*Households*	*524*	*305*	*305*	*300*	*-17*	*-57*	*666*	*166*
080	Debt Securities								
090	Loan commitments given	135	114	114	110	-8	-0	53	0
100	Total	1,949	1,324	1,323	1,308	-60	-412	1,706	402
Q2 2024									
005	Cash balances at central banks and other demand deposits								
010	Loans and advances	1,517	898	898	892	-40	-395	1,145	357
020	*Central banks*								
030	*General governments*								
040	*Credit institutions*								
050	*Other financial corporations*	*2*	*43*	*43*	*43*	*-0*	*-18*	*1*	*0*
060	*Non-financial corporations*	*1,121*	*671*	*671*	*669*	*-27*	*-335*	*789*	*255*
070	*Households*	*394*	*183*	*183*	*180*	*-12*	*-41*	*355*	*101*
080	Debt Securities								
090	Loan commitments given	170	20	20	17	-4	-0	60	0
100	Total	1,687	918	918	909	-45	-395	1,204	357

Table 20 - EU CQ3 - Credit quality of performing and non-performing exposures by past due days

Credit quality remained solid during the year 2024. Total gross carrying amount of performing and non-performing loans and advances was EUR 336bn at the end of 2024. Performing loans and advances increased by EUR 6.0bn, while non-performing loans and advances increased by EUR 0.6bn mainly in the household portfolio following the implementation of the new retail capital models in Q3. The majority of non-performing loans (70%) are loans which are classified as unlikely to pay that are not past-due or past-due less than or equal to 90 days.

EURm		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
Q4 2024			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	47,029	40,812	6,217	0	0							0
010	Loans and advances	332,709	332,338	371	3,435	2,403	172	360	296	158	32	15	3,435
020	*Central banks*	*3,096*	*3,096*										
030	*General governments*	*4,111*	*4,110*	*1*	*20*	*20*							*20*
040	*Credit institutions*	*984*	*983*	*0*	*5*	*5*							*5*
050	*Other financial corporations*	*12,131*	*12,131*	*0*	*54*	*50*	*0*	*2*	*2*	*0*			*54*
060	*Non-financial corporations*	*126,680*	*126,605*	*75*	*1,688*	*1,303*	*68*	*164*	*83*	*55*	*8*	*7*	*1,688*
070	*Of which SMEs*	*48,850*	*48,813*	*37*	*730*	*495*	*21*	*130*	*39*	*38*	*5*	*3*	*730*
080	*Households*	*185,707*	*185,413*	*294*	*1,668*	*1,025*	*103*	*194*	*211*	*103*	*24*	*8*	*1,668*
090	Debt securities	52,393	52,393										
100	*Central banks*	*1,616*	*1,616*										
110	*General governments*	*15,994*	*15,994*										
120	*Credit institutions*	*30,356*	*30,356*										
130	*Other financial corporations*	*3,001*	*3,001*										
140	*Non-financial corporations*	*1,427*	*1,427*										
150	Off-balance-sheet exposures	109,636			523								523
160	*Central banks*												
170	*General governments*	*8,021*											
180	*Credit institutions*	*1,032*											
190	*Other financial corporations*	*6,250*			*3*								*3*
200	*Non-financial corporations*	*66,488*			*479*								*479*
210	*Households*	*27,845*			*41*								*41*
220	Total	541,767	425,543	6,588	3,958	2,403	172	360	296	158	32	15	3,958

EURm		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
Q4 2023			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	50,861	44,154	6,707	4	4							4
010	Loans and advances	326,490	326,028	462	2,853	2,099	187	206	174	146	28	13	2,853
020	*Central banks*	*1,621*	*1,621*										
030	*General governments*	*3,956*	*3,954*	*2*	*27*	*27*			*0*				*27*
040	*Credit institutions*	*586*	*586*	*0*	*15*	*15*							*15*
050	*Other financial corporations*	*10,996*	*10,995*	*1*	*55*	*52*	*2*	*0*	*0*	*0*			*55*
060	*Non-financial corporations*	*129,129*	*129,022*	*107*	*1,477*	*1,196*	*103*	*57*	*50*	*58*	*8*	*6*	*1,477*
070	*Of which SMEs*	*50,352*	*50,297*	*55*	*690*	*524*	*50*	*30*	*34*	*43*	*6*	*3*	*690*
080	*Households*	*180,203*	*179,850*	*353*	*1,278*	*808*	*81*	*149*	*125*	*88*	*20*	*7*	*1,278*
090	Debt securities	47,064	47,064										
100	*Central banks*	*122*	*122*										
110	*General governments*	*13,262*	*13,262*										
120	*Credit institutions*	*31,887*	*31,887*										
130	*Other financial corporations*	*1,463*	*1,463*										
140	*Non-financial corporations*	*330*	*330*										
150	Off-balance-sheet exposures	105,082			361								361
160	*Central banks*	*0*											
170	*General governments*	*7,486*											
180	*Credit institutions*	*1,732*											
190	*Other financial corporations*	*7,909*			*6*								*6*
200	*Non-financial corporations*	*62,270*			*334*								*334*
210	*Households*	*25,684*			*22*								*22*
220	Total	529,496	417,246	7,169	3,218	2,103	187	206	174	146	28	13	3,218

Table 21 - EU CQ4 - Quality of non-performing exposures by geography

The distribution of non-performing exposures by geography shows approximately 98% of the total non-performing volume related to exposures in Nordic countries, of which the largest portion (36%) is related to Finland. During the second half of the year 2024, total non-performing exposures increased by EUR 0.6bn.

EURm		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
Q4 2024				Of which defaulted				
010	On-balance-sheet exposures	435,566	3,435	3,435	370,898	-1,607		-38
020	*Finland*	*92,318*	*1,252*	*1,252*	*92,188*	*-554*		
030	*Sweden*	*111,644*	*493*	*493*	*106,199*	*-320*		
040	*Norway*	*82,581*	*570*	*570*	*81,695*	*-293*		
050	*Denmark*	*101,565*	*1,056*	*1,056*	*47,148*	*-401*		*-38*
060	*United States*	*23,982*	*1*	*1*	*20,951*	*-1*		
070	*Other countries*	*23,477*	*64*	*64*	*22,717*	*-37*		
080	Off-balance-sheet exposures	110,159	523	523			-193	
090	*Finland*	*18,394*	*147*	*147*			*-31*	
100	*Sweden*	*32,402*	*213*	*213*			*-34*	
110	*Norway*	*21,048*	*25*	*25*			*-26*	
120	*Denmark*	*22,878*	*110*	*110*			*-92*	
130	*United States*	*3,630*	*5*	*5*			*0*	
140	*Other countries*	*11,807*	*22*	*22*			*-10*	
150	Total	545,726	3,958	3,958	370,898	-1,607	-193	-38

EURm		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
Q2 2024				Of which defaulted				
010	On-balance-sheet exposures	422,460	2,987	2,987	352,939	-1,646		-37
020	*Finland*	88,430	1,025	1,025	88,822	-586		
030	*Sweden*	116,639	426	426	105,950	-326		
040	*Norway*	71,104	448	448	71,170	-297		
050	*Denmark*	101,173	989	989	44,914	-364		-37
060	*United States*	26,320	1	1	22,593	-1		
070	*Other countries*	18,795	98	98	19,488	-71		
080	Off-balance-sheet exposures	106,986	382	382			-168	
090	*Finland*	17,977	80	80			-37	
100	*Sweden*	31,963	198	198			-36	
110	*Norway*	20,872	3	3			-16	
120	*Denmark*	20,070	78	78			-68	
130	*United States*	3,535	4	4			0	
140	*Other countries*	12,570	19	19			-11	
150	Total	529,447	3,370	3,370	352,939	-1,646	-168	-37

Table 22 - EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry

The following table discloses loans and advances by industry group to non-financial corporations. The non-financial corporate portfolio was well diversified between industry groups. Real estate activities and manufacturing contributed to the largest share of total loans and advances. During the second half of the year 2024, non-performing loans and advances increased by EUR 0.1bn to EUR 1.7bn, primarily driven by agriculture, forestry & fishing and manufacturing.

EURm		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
Q4 2024				Of which defaulted			
010	Agriculture, forestry and fishing	7,398	250	250	3,983	-57	-7
020	Mining and quarrying	516	2	2	511	-3	
030	Manufacturing	16,537	253	253	16,344	-174	
040	Electricity, gas, steam and air conditioning supply	4,290	89	89	3,892	-60	
050	Water supply	1,370	14	14	1,207	-5	
060	Construction	5,894	106	106	5,515	-101	
070	Wholesale and retail trade	7,791	297	297	7,340	-191	
080	Transport and storage	6,016	77	77	5,742	-45	
090	Accommodation and food service activities	1,245	26	26	703	-17	
100	Information and communication	2,773	43	43	2,516	-34	
110	Financial and insurance actvities	12,299	172	172	11,822	-95	
120	Real estate activities	46,604	137	137	38,015	-111	
130	Professional, scientific and technical activities	10,523	170	170	9,887	-108	
140	Administrative and support service activities	2,762	29	29	2,570	-31	
150	Public administration and defense, compulsory social security	90	0	0	89	0	
160	Education	241	1	1	144	-1	
170	Human health services and social work activities	980	7	7	734	-7	
180	Arts, entertainment and recreation	626	11	11	544	-19	
190	Other services	414	5	5	281	-3	
200	Total	128,368	1,688	1,688	111,839	-1,062	-7

EURm	a	b	c	d	e	f
	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment		
Q2 2024			Of which defaulted			
010 Agriculture, forestry and fishing	7,422	183	183	3,720	-40	-6
020 Mining and quarrying	685	2	2	680	-2	
030 Manufacturing	13,274	204	204	13,274	-174	
040 Electricity, gas, steam and air conditioning supply	4,779	83	83	4,397	-31	
050 Water supply	1,283	3	3	1,123	-2	
060 Construction	6,478	79	79	6,163	-75	
070 Wholesale and retail trade	8,255	314	314	8,163	-181	
080 Transport and storage	6,655	89	89	6,400	-79	
090 Accommodation and food service activities	1,431	23	23	843	-17	
100 Information and communication	2,688	21	21	2,450	-29	
110 Financial and insurance actvities	11,956	183	183	11,510	-100	
120 Real estate activities	47,449	166	166	38,711	-134	
130 Professional, scientific and technical activities	10,992	145	145	10,474	-105	
140 Administrative and support service activities	2,753	39	39	2,583	-22	
150 Public administration and defense, compulsory social security	88	2	2	87	0	
160 Education	288	1	1	185	-1	
170 Human health services and social work activities	1,302	27	27	1,044	-13	
180 Arts, entertainment and recreation	752	6	6	662	-6	
190 Other services	508	1	1	379	-1	
200 Total	129,037	1,572	1,572	112,851	-1,013	-6

Table 23 - EU CQ7 - Collateral obtained by taking possession and execution processes[1)]

The following table discloses collateral obtained by taking possession and execution processes by asset type. Non-Property Plant and Equipment make up 100% of the total collaterals claimed at the end of 2024. During the second half of the year 2024 assets claimed increased by EUR 2.3m, driven by an increase in other collateral and movable property, offset by a decrease in residential immovable property.

EURm		a	b
		Collateral obtained by taking possession	
Q4 2024		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)		
020	Other than PP&E	11.9	-2.9
030	*Residential immovable property*	*0.4*	*-0.1*
040	*Commercial Immovable property*		
050	*Movable property (auto, shipping, etc.)*	*2.3*	
060	*Equity and debt instruments*	*4.6*	*-2.8*
070	*Other collateral*	*4.6*	
080	Total	11.9	-2.9

EURm		a	b
		Collateral obtained by taking possession	
Q2 2024		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)		
020	Other than PP&E	9.6	-3.2
030	*Residential immovable property*	*1.2*	*-0.3*
040	*Commercial Immovable property*		
050	*Movable property (auto, shipping, etc.)*	*1.9*	
060	*Equity and debt instruments*	*4.6*	*-2.9*
070	*Other collateral*	*1.9*	
080	Total	9.6	-3.2

1) Excluding entities which are not in scope according to FINREP reporting definition.

Table 24 - EU CCR1 - Analysis of CCR exposure by approach

Nordea is using three methodologies when calculating the counterparty credit risk amounts. For derivatives we us the Standardised Approach (SA-CCR) and the Internal Model Method (IMM). For Securities Financing Transactions (SFT), Nordea is using the financial collateral comprehensive method. The increase in RWEA over the past half year is mainly driven by market conditions, in particular appreciation of the USD and depreciation of the NOK and SEK against the EUR.

EURm		a	b	c	d	e	f	g	h
Q4 2024		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)								
EU-2	EU - Simplified SA-CCR (for derivatives)								
1	SA-CCR (for derivatives)	164	880		1.40	3,102	2,292	2,283	802
2	IMM (for derivatives and SFTs)			4,686	1.55	14,429	7,263	7,405	2,129
2a	*Of which securities financing transactions netting sets*								
2b	*Of which derivatives and long settlement transactions netting sets*			*4,686*		*14,429*	*7,263*	*7,405*	*2,129*
2c	*Of which from contractual cross-product netting sets*								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					41,531	4,056	4,063	667
5	VaR for SFTs								
6	Total					59,062	13,611	13,751	3,599

EURm		a	b	c	d	e	f	g	h
Q2 2024		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)								
EU-2	EU - Simplified SA-CCR (for derivatives)								
1	SA-CCR (for derivatives)	229	1,032		1.40	2,415	1,769	1,821	641
2	IMM (for derivatives and SFTs)			4,250	1.55	12,643	6,589	6,651	1,831
2a	*Of which securities financing transactions netting sets*								
2b	*Of which derivatives and long settlement transactions netting sets*			*4,250*		*12,643*	*6,589*	*6,651*	*1,831*
2c	*Of which from contractual cross-product netting sets*								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					47,312	4,893	4,905	793
5	VaR for SFTs								
6	Total					62,370	13,251	13,377	3,265

Table 25 - EU CCR2 - Transactions subject to own funds requirements for CVA risk

The CVA risk capital charge represents the amount required to cover for potential losses arising from marking to market the counterparty credit risk of the OTC derivative portfolio. It is calculated using either an Advanced Approach (ACVA) or a Standardised Approach (SCVA), where the ACVA is based on a VaR model and calculated as a 60 day average. Decrease in ACVA RWEA and SCVA RWEA is driven by increased hedging activity.

EURm		a	b
Q4 2024		Exposure value	RWEA
1	Total transactions subject to the Advanced method	2,138	192
2	*(i) VaR component (including the 3× multiplier)*		*36*
3	*(ii) stressed VaR component (including the 3× multiplier)*		*156*
4	Transactions subject to the Standardised method	985	204
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	Total transactions subject to own funds requirements for CVA risk	3,123	396

EURm		a	b
Q2 2024		Exposure value	RWEA
1	Total transactions subject to the Advanced method	2,319	380
2	*(i) VaR component (including the 3× multiplier)*		*70*
3	*(ii) stressed VaR component (including the 3× multiplier)*		*310*
4	Transactions subject to the Standardised method	979	221
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	Total transactions subject to own funds requirements for CVA risk	3,298	602

Table 26 - EU CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights

The total amount of EAD for the SA approach between Q2 2024 and Q4 2024 decreased by 302 EURm. The multilateral development banks and institutions decrease was partially offset by an increase in regional government or local authorities.

EURm	Risk weight											
	a	b	c	d	e	f	g	h	i	j	k	l
Q4 2024	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1 Central governments or central banks	1,608				46							1,654
2 Regional government or local authorities	285				20							305
3 Public sector entities												
4 Multilateral development banks	1,286											1,286
5 International organisations	10											10
6 Institutions		935										935
7 Corporates									3			3
8 Retail												
9 Institutions and corporates with a short-term credit assessment												
10 Other items						0						0
11 Total exposure value	3,189	935			67	0			3			4,193

EURm	Risk weight											
	a	b	c	d	e	f	g	h	i	j	k	l
Q2 2024	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1 Central governments or central banks	1,572				59				8			1,638
2 Regional government or local authorities	195				29							225
3 Public sector entities												
4 Multilateral development banks	1,580											1,580
5 International organisations	3											3
6 Institutions		1,047										1,047
7 Corporates									2			2
8 Retail								0				0
9 Institutions and corporates with a short-term credit assessment												
10 Other items						0						0
11 Total exposure value	3,350	1,047			88	0		0	9			4,494

Table 27 - EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale

EU CCR4 tables show EAD for counterparty credit risk (CCR) according to the IRB approach broken down by exposure class and obligor grade, providing a comprehensive overview of original and regulatory exposures as well as statistics on the inputs used for their computation, such as EAD, average PD and average LGD. Between Q2 2024 and Q4 2024, total EAD increased by EUR 0.7bn and REA increased by EUR 0.4bn, the REA density increased to 37%.

EURm		a	b	c	d	e	f	g
	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
	Central governments and central banks (F-IRB)							
1	0.00 to < 0.15							
2	0.15 to < 0.25							
3	0.25 to < 0.50							
4	0.50 to < 0.75							
5	0.75 to < 2.50							
6	2.50 to < 10.00							
7	10.00 to < 100							
8	100 (Default)							
9	Sub-total (Central governments and central banks (F-IRB))							

EURm		a	b	c	d	e	f	g
	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
	Central governments and central banks (A-IRB)							
1	0.00 to < 0.15							
2	0.15 to < 0.25							
3	0.25 to < 0.50							
4	0.50 to < 0.75							
5	0.75 to < 2.50							
6	2.50 to < 10.00							
7	10.00 to < 100							
8	100 (Default)							
9	Sub-total (Central governments and central banks (A-IRB))							

EURm		a	b	c	d	e	f	g
	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
	Institutions (F-IRB)							
1	0.00 to < 0.15	4,309	0.07%	107	45.0%	2.0	1,157	27%
2	0.15 to < 0.25	594	0.17%	29	45.0%	2.0	270	45%
3	0.25 to < 0.50	328	0.30%	28	45.0%	1.0	163	50%
4	0.50 to < 0.75	54	0	12	0	2	43	79%
5	0.75 to < 2.50	10	1.34%	10	45.0%	3.0	10	107%
6	2.50 to < 10.00							
7	10.00 to < 100	0	28.56%	1	45.0%	3.0	0	294%
8	100 (Default)			3				
9	Sub-total (Institutions (F-IRB))	5,295	0.10%	190	45.0%	2.0	1,643	31%

EURm	PD scale	a	b	c	d	e	f	g
		Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Institutions (A-IRB)								
1	0.00 to < 0.15							
2	0.15 to < 0.25							
3	0.25 to < 0.50							
4	0.50 to < 0.75							
5	0.75 to < 2.50							
6	2.50 to < 10.00							
7	10.00 to < 100							
8	100 (Default)							
9 Sub-total (Institutions (A-IRB))								

EURm	PD scale	a	b	c	d	e	f	g
		Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Corporates (F-IRB)								
1	0.00 to < 0.15	2,675	0.08%	1,079	45.0%	2.0	799	30%
2	0.15 to < 0.25	516	0.22%	386	44.8%	2.0	265	51%
3	0.25 to < 0.50	503	0.45%	875	44.4%	2.0	372	74%
4	0.50 to < 0.75							
5	0.75 to < 2.50	315	1.11%	657	44.2%	2.0	293	93%
6	2.50 to < 10.00	9	3.61%	43	44.9%	2.4	11	127%
7	10.00 to < 100	47	31.99%	281	44.9%	3.0	110	233%
8	100 (Default)	12	100.00%	26	44.1%	3.0		
9 Sub-total (Corporates (F-IRB))		4,076	0.88%	3,347	44.8%	2.0	1,851	45%

EURm	PD scale	a	b	c	d	e	f	g
		Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Corporates (A-IRB)								
1	0.00 to < 0.15	18	0.06%		30.5%	3.0	3	17%
2	0.15 to < 0.25	2	0.22%		32.3%	3.0	1	37%
3	0.25 to < 0.50	11	0.42%		30.5%	3.0	5	46%
4	0.50 to < 0.75							
5	0.75 to < 2.50	5	1.09%		30.9%	3.0	3	65%
6	2.50 to < 10.00	0	3.61%		30.4%	3.0	0	96%
7	10.00 to < 100	0	11.87%		33.7%	3.0	0	154%
8	100 (Default)							
9 Sub-total (Corporates (A-IRB))		37	0.36%		30.6%	2.2	12	34%

EURm	PD scale	a	b	c	d	e	f	g
		Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Retail (A-IRB)								
1	0.00 to < 0.15							
2	0.15 to < 0.25							
3	0.25 to < 0.50							
4	0.50 to < 0.75							
5	0.75 to < 2.50							
6	2.50 to < 10.00							
7	10.00 to < 100							
8	100 (Default)							
9 Sub-total (Retail (A-IRB))								
10 Total (all CCR relevant exposure classes)		9,407	0.44%	3,537	44.9%	2.0	3,507	37%

Table 28 - EU CCR5 – Composition of collateral for CCR exposures

Collateral used in derivative transactions reflect the total amounts of posted and received collateral on the day of reporting. For the Security Finance Transactions (SFT) the trade collateral (the counterparties obligation in the transaction) is included as collateral. The main reasons behind the changes in collateral numbers for Over the Counter (OTC) side are new trades booked from Q2 2024 to Q4 2024. In addition, the exposure increased over the period due to market movement, which resulted in change in collateral posted/received. SFT side trading was quite active during end of year 2024 which affected the collateral exchange, also there were new agreements opened in Q4 2024, which affected the collateral exchange.

EURm	a	b	c	d	e	f	g	h
	Collateral used in derivative transactions				Collateral used in SFTs			
Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
Q4 2024	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency		3,570		3,541	5	14,294	3	25,238
2 Cash – other currencies		402		1,129	31	29,334		30,556
3 Domestic sovereign debt								
4 Other sovereign debt								
5 Government agency debt		1,284		380	208	328	27	313
6 Corporate bonds		246		2	803	52,179	1,739	31,986
7 Equity securities					4,810	7,420		14,431
8 Other collateral	1,311	298	1,352	159		1,925	849	7,988
9 Total	1,311	5,799	1,352	5,211	5,858	105,479	2,619	110,512

EURm	a	b	c	d	e	f	g	h
	Collateral used in derivative transactions				Collateral used in SFTs			
Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
Q2 2024	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency		2,531		3,131		4,593		19,099
2 Cash – other currencies		260		622		2,469		726
3 Domestic sovereign debt								
4 Other sovereign debt								
5 Government agency debt		811		490		3		47
6 Corporate bonds		47		7		52,348		33,274
7 Equity securities						6,308		9,969
8 Other collateral	2,255	382	2,289	108				
9 Total	2,255	4,032	2,289	4,358		65,721		63,115

Table 29 - EU CCR6 - Credit derivatives exposures

The credit derivative notional amounts increased in the second half of 2024. Fair value of protection sold increased on the asset side and protection bought decreased on the liability side.

EURm	a	b
Q4 2024	Protection bought	Protection sold
Notionals		
1 Single-name credit default swaps	3,347	2,696
2 Index credit default swaps	91,417	92,117
3 Total return swaps		
4 Credit options		
5 Other credit derivatives	2,209	2,624
6 Total notionals	96,973	97,437
Fair value		
7 Positive fair value (asset)	132	2,852
8 Negative fair value (liability)	-2,799	-159

EURm	a	b
Q2 2024	Protection bought	Protection sold
Notionals		
1 Single-name credit default swaps	3,164	2,531
2 Index credit default swaps	71,749	70,997
3 Total return swaps		
4 Credit options		
5 Other credit derivatives	3,609	4,802
6 Total notionals	78,522	78,330
Fair value		
7 Positive fair value (asset)	132	2,349
8 Negative fair value (liability)	-2,292	-183

Table 30 - EU CCR7 - RWEA flow statements of CCR exposures under the IMM

This table only includes exposures calculated under the Internal Model Method (IMM). Increase in RWEA throughout the last quarter of 2024 is mainly attributed to FX volatility (mainly USD appreciation and NOK and SEK depreciation against EUR), combined with increase in portfolio asset size.

EURm		a
Q4 2024		RWEA
1	RWEA as at the end of the previous reporting period	2,098
2	Asset size	13
3	Credit quality of counterparties	9
4	Model updates (IMM only)	0
5	Methodology and policy (IMM only)	
6	Acquisitions and disposals	
7	Foreign exchange movements	12
8	Other	-2
9	RWEA as at the end of the current reporting period	2,129

EURm		a
Q3 2024		RWEA
1	RWEA as at the end of the previous reporting period	1,831
2	Asset size	-92
3	Credit quality of counterparties	69
4	Model updates (IMM only)	4
5	Methodology and policy (IMM only)	
6	Acquisitions and disposals	
7	Foreign exchange movements	174
8	Other	112
9	RWEA as at the end of the current reporting period	2,098

Table 31 - EU CCR8 – Exposures to CCPs

Nordea's exposure towards Central Clearing Counterparties (CCP) decreased between Q2 2024 and Q4 2024, driven mainly by lower Security Finance Transactions (SFT) trade volumes. Default fund contribution was unchanged.

EURm		a	b
Q4 2024		Exposure value	RWEA
1	Exposures to QCCPs (total)	1,789	77
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	711	14
3	*(i) OTC derivatives*	*344*	*7*
4	*(ii) Exchange-traded derivatives*	*169*	*3*
5	*(iii) SFTs*	*198*	*4*
6	*(iv) Netting sets where cross-product netting has been approved*		
7	Segregated initial margin	703	
8	Non-segregated initial margin	224	4
9	Prefunded default fund contributions	151	58
10	Unfunded default fund contributions		
11	Exposures to non-QCCPs (total)		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	*(i) OTC derivatives*		
14	*(ii) Exchange-traded derivatives*		
15	*(iii) SFTs*		
16	*(iv) Netting sets where cross-product netting has been approved*		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

EURm		a	b
Q2 2024		Exposure value	RWEA
1	Exposures to QCCPs (total)	2,076	82
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	689	14
3	*(i) OTC derivatives*	*243*	*5*
4	*(ii) Exchange-traded derivatives*	*64*	*1*
5	*(iii) SFTs*	*382*	*8*
6	*(iv) Netting sets where cross-product netting has been approved*		
7	Segregated initial margin	878	
8	Non-segregated initial margin	358	7
9	Prefunded default fund contributions	151	61
10	Unfunded default fund contributions		
11	Exposures to non-QCCPs (total)		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	*(i) OTC derivatives*		
14	*(ii) Exchange-traded derivatives*		
15	*(iii) SFTs*		
16	*(iv) Netting sets where cross-product netting has been approved*		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

Table 32 - 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 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 Q4 2024 both net outflows and liquid assets slightly increased and hence LCR was stable compared to Q3. 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 programmes, 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 2024 were customer deposits (37%) and issued debt securities (30%) 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 December 2024)	31 Dec 24	30 Sep 24 [1)]	30 Jun 24	31 Mar 24	31 Dec 24	30 Sep 24 [1)]	30 Jun 24	31 Mar 24
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					109,127	107,742	108,379	110,493
Cash - Outflows									
2	Retail deposits and deposits from small business customers, of which:	111,410	110,655	110,129	109,783	7,671	7,670	7,684	7,722
3	*Stable deposits*	*74,101*	*73,026*	*72,610*	*72,368*	*3,705*	*3,651*	*3,630*	*3,618*
4	*Less stable deposits*	*37,309*	*37,630*	*37,519*	*37,414*	*3,966*	*4,019*	*4,054*	*4,104*
5	Unsecured wholesale funding	106,839	104,744	104,864	106,037	55,192	54,135	54,185	54,825
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*18,314*	*18,549*	*18,934*	*19,350*	*4,564*	*4,623*	*4,718*	*4,822*
7	*Non-operational deposits (all counterparties)*	*80,154*	*77,423*	*76,392*	*76,615*	*42,257*	*40,741*	*39,928*	*39,930*
8	*Unsecured debt*	*8,371*	*8,772*	*9,539*	*10,072*	*8,371*	*8,772*	*9,539*	*10,072*
9	Secured wholesale funding					8,247	6,533	3,973	3,811
10	Additional requirements	73,405	73,436	73,870	74,610	13,876	14,210	14,228	14,411
11	*Outflows related to derivative exposures and other collateral requirements*	*5,976*	*6,281*	*6,313*	*6,598*	*5,725*	*5,948*	*5,889*	*6,106*
12	*Outflows related to loss of funding on debt products*								
13	*Credit and liquidity facilities*	*67,429*	*67,154*	*67,557*	*68,012*	*8,151*	*8,262*	*8,339*	*8,305*
14	Other contractual funding obligations	2,365	2,392	2,268	2,249	2,365	2,392	2,268	2,249
15	Other contingent funding obligations	43,409	43,321	43,046	42,650	3,731	3,744	3,674	3,517
16	Total cash outflows					91,083	88,685	86,011	86,536
Cash - Inflows									
17	Secured lending (e.g. reverse repos)	35,570	33,105	30,541	29,260	7,025	5,969	4,459	3,992
18	Inflows from fully performing exposures	16,413	16,155	15,707	15,423	11,141	10,614	9,828	9,106
19	Other cash inflows	3,198	3,477	3,428	3,641	3,198	3,477	3,428	3,641
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	55,182	52,737	49,676	48,324	21,364	20,060	17,715	16,738
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*	*54,454*	*52,076*	*49,183*	*47,945*	*21,364*	*20,060*	*17,715*	*16,738*
Total Adjusted Value									
21	Liquidity buffer					109,127	107,742	108,379	110,493
22	Total net cash outflows					69,718	68,625	68,297	69,797
23	Liquidity coverage ratio					157%	157%	159%	159%

1) Q3 2024 figures were restated.

Table 33 - EU LIQ2 - Net Stable Funding Ratio

Following Regulation (EU) 2019/876, the introduction of a minimum Net Stable Funding Ratio (NSFR) of 100% applicable since June 30, 2021 requires banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The NSFR is defined as the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). All liabilities and capital instruments are assigned an ASF weight, while assets and certain off-balance sheet positions receive an RSF weight. The objective is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of funding stress. The NSFR was 124.0% at the end of Q4 2024. It represents a 156bps increase compared to the previous quarter (122.4%), primarily driven by an increase in deposits and issued covered bonds. The following table sets out the unweighted and weighted value of the NSFR components of the Nordea Group at December 31, 2024 (i.e. quarter-end observation).

ASF

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
EURm		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	30,010	772	93	4,209	34,219
2	*Own funds*	*30,010*	*772*	*93*	*4,209*	*34,219*
3	*Other capital instruments*					
4	Retail deposits		108,187	804	48	102,138
5	*Stable deposits*		*79,299*	*639*	*32*	*75,973*
6	*Less stable deposits*		*28,888*	*165*	*16*	*26,165*
7	Wholesale funding:		202,170	24,538	74,910	143,371
8	*Operational deposits*		*20,236*	*0*		*10,118*
9	*Other wholesale funding*		*181,934*	*24,538*	*74,910*	*133,253*
10	Interdependent liabilities		3,642	5,857	43,445	
11	Other liabilities:	538	11,936	135	3,496	3,563
12	*NSFR derivative liabilities*	*538*				
13	*All other liabilities and capital instruments not included in the above categories*		*11,936*	*135*	*3,496*	*3,563*
14	Total available stable funding (ASF)					283,292

RSF

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
EURm		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					2,886
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		687	752	56,010	48,831
16	Deposits held at other financial institutions for operational purposes		517		1	259
17	Performing loans and securities:		116,083	19,433	140,715	150,634
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		*3,846*			
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*52,368*	*2,409*	*2,184*	*6,511*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*49,996*	*11,902*	*60,345*	*82,242*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*					
22	*Performing residential mortgages, of which:*		*7,093*	*4,797*	*70,940*	*55,109*
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*4,348*	*4,397*	*55,671*	*40,559*
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*2,780*	*325*	*7,246*	*6,772*
25	Interdependent assets		1,045	572	51,327	
26	Other assets:		12,223	139	16,403	18,245
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		*1,433*			*1,218*
29	*NSFR derivative assets*					
30	*NSFR derivative liabilities before deduction of variation margin posted*		*8,400*			*420*
31	*All other assets not included in the above categories*		*2,390*	*139*	*16,403*	*16,607*
32	Off-balance sheet items		17,690	13,986	81,418	7,656
33	Total RSF					228,512

NSFR

34	Net Stable Funding Ratio (%)	124.0%

Table 34 - EU AE1 - Encumbered and unencumbered assets

The below disclosure represents the computed median values of the four quarters of 2024, in accordance with European Banking Authority Guideline EBA/GL/2014/03 and the Commission Delegated Regulation (EU) 2017/2295 on the disclosure of encumbered and unencumbered assets. The main source of encumbrance for Nordea is issuance of covered bond and the associated encumbrance of the covered pool. Nordea issues covered bonds through its mortgage subsidiaries Nordea Eiendomskreditt AS, Nordea Kredit Realkreditaktieselskab, Nordea Hypotek AB (publ) and Nordea Mortgage Bank PLC, and consequently parts of the mortgage loans in the cover pools are encumbered. Nordea continues to maintain a level of unencumbered and eligible loans that can be used to issue funding via covered bonds if additional liquidity is required. Overcollateralisation of covered bonds in each mortgage company is well above the regulatory- and rating agency requirements. Other less significant contributors to encumbrance are collateral for derivatives and repo trading within Nordea Bank Abp. Most of the unencumbered assets consist of loans and residual equity instruments, debt securities and other assets. In the table, an asset is treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn.

EURm		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA[1]		of which notionally eligible EHQLA and HQLA[1]		of which EHQLA and HQLA[1]		of which EHQLA and HQLA[1]
		010	030	040	050	060	080	090	100
010	Assets of the reporting institution	188,387	58,007			342,459	87,211		
030	Equity instruments	8,368				12,239			
040	Debt securities	22,661	20,876	22,661	20,876	44,077	41,267	43,778	40,967
050	*of which: covered bonds*	*14,509*	*13,727*	*14,509*	*13,727*	*25,845*	*24,328*	*25,845*	*24,328*
060	*of which: securitisations*								
070	*of which: issued by general governments*	*6,841*	*6,820*	*6,841*	*6,820*	*10,029*	*10,002*	*10,029*	*10,002*
080	*of which: issued by financial corporations*	*15,413*	*14,073*	*15,413*	*14,073*	*27,461*	*25,196*	*27,461*	*25,196*
090	*of which: issued by non-financial corporations*	*641*	*226*	*641*	*226*	*1,698*	*1,094*	*1,698*	*1,094*
120	Other assets	158,353	36,621			288,304	45,443		

[1] EHQLA stands for Extremely High Quality Liquid Assets; HQLA stands for High Quality Liquid Assets

Table 35 - EU AE2 - Collateral received and own debt securities issued

The below disclosure represents the computed median values of the four quarters of 2024, in accordance with European Banking Authority Guideline EBA/GL/2014/03 and the Commission Delegated Regulation (EU) 2017/2295 on the disclosure of encumbered and unencumbered assets. The table below describes the collateral received or own debt securities available which can be used if additional liquidity is required, as well as those already encumbered.

EURm		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	Collateral received by the disclosing institution	11,227	8,218	71,933	64,282
140	Loans on demand				
150	Equity instruments	2,164		4,389	
160	Debt securities	9,311	8,218	23,990	20,473
170	*of which: covered bonds*	*6,389*	*5,462*	*15,066*	
180	*of which: securitisations*				
190	*of which: issued by general governments*	*2,383*	*2,383*	*7,807*	*7,800*
200	*of which: issued by financial corporations*	*6,337*	*5,408*	*15,107*	*11,883*
210	*of which: issued by non-financial corporations*	*361*	*86*	*442*	*79*
220	Loans and advances other than loans on demand			40,223	40,223
230	Other collateral received			3,623	3,623
240	Own debt securities issued other than own covered bonds or securitisations			41	
241	Own covered bonds and securitisations issued and not yet pledged				
250	Total collateral received and own debt securities issued	199,926	65,942		

Table 36 - EU AE3 - Sources of encumbrance

The below disclosure represents the computed median values of the four quarters of 2024, in accordance with European Banking Authority Guideline EBA/GL/2014/03 and the Commission Delegated Regulation (EU) 2017/2295 on the disclosure of encumbered and unencumbered assets. The table below describes the sources of encumbrance.

EURm		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	162,155	197,780

Table 37 - EU MR1 - Market risk under the standardised approach

The risk-weighted exposure amount (RWEA) for market risk under the standardised approach remained stable in Q4 2024 at EUR 0.75bn compared to Q2 2024.

EURm	a
Q4 2024	RWEAs
Outright products[1]	
1 Interest rate risk (general and specific)	490
2 Equity risk (general and specific)	53
3 Foreign exchange risk	
4 Commodity risk	2
Options	
5 Simplified approach	
6 Delta-plus approach	6
7 Scenario approach	199
8 Securitisation (specific risk)	
9 Total	750

1) Outright products refer to positions in products that are not optional.

EURm	a
Q2 2024	RWEAs
Outright products[1]	
1 Interest rate risk (general and specific)	481
2 Equity risk (general and specific)	91
3 Foreign exchange risk	
4 Commodity risk	1
Options	
5 Simplified approach	
6 Delta-plus approach	19
7 Scenario approach	157
8 Securitisation (specific risk)	
9 Total	749

1) Outright products refer to positions in products that are not optional.

Table 38 - EU MR2-A - Market risk under the Internal Model Approach (IMA)

The risk-weighted exposure amount (RWEA) for market risk under the IMA decreased in Q4 2024 to EUR 4.6bn compared to EUR 4.8bn in Q2 2024 with lower contribution primarily from VaR. The decrease in VaR was primarily driven by lower interest rate risk during Q4 2024.

EURm		a	b
Q4 2024		RWEAs	Own funds requirements
1	VaR (higher of values a and b)	1,676	134
(a)	*Previous day's VaR (VaRt-1)*		*43*
(b)	*Multiplication factor (mc) x average of previous 60 working days (VaRavg)*		*134*
2	SVaR (higher of values a and b)	2,346	188
(a)	*Latest available SVaR (SVaRt-1))*		*53*
(b)	*Multiplication factor (ms) x average of previous 60 working days (sVaRavg)*		*188*
3	IRC (higher of values a and b)	376	30
(a)	*Most recent IRC measure*		*28*
(b)	*12 weeks average IRC measure*		*30*
4	Comprehensive risk measure (higher of values a, b and c)	188	15
(a)	*Most recent risk measure of comprehensive risk measure*		*8*
(b)	*12 weeks average of comprehensive risk measure*		*6*
(c)	*Comprehensive risk measure - Floor*		*15*
5	Other		
6	Total	4,587	367

EURm		a	b
Q2 2024		RWEAs	Own funds requirements
1	VaR (higher of values a and b)	2,026	162
(a)	*Previous day's VaR (VaRt-1)*		*42*
(b)	*Multiplication factor (mc) x average of previous 60 working days (VaRavg)*		*162*
2	SVaR (higher of values a and b)	2,190	175
(a)	*Latest available SVaR (SVaRt-1))*		*59*
(b)	*Multiplication factor (ms) x average of previous 60 working days (sVaRavg)*		*175*
3	IRC (higher of values a and b)	389	31
(a)	*Most recent IRC measure*		*31*
(b)	*12 weeks average IRC measure*		*31*
4	Comprehensive risk measure (higher of values a, b and c)	232	19
(a)	*Most recent risk measure of comprehensive risk measure*		*19*
(b)	*12 weeks average of comprehensive risk measure*		*11*
(c)	*Comprehensive risk measure - Floor*		*18*
5	Other		
6	Total	4,837	387

Table 39 - EU MR2-B - RWA flow statements of market risk exposures under the IMA

The risk-weighted exposure amount (RWEA) for market risk under the IMA increased in Q4 2024 to EUR 4.6bn compared to EUR 4.3bn in Q3 2024 primarily driven by higher contribution from VaR and SVaR.

EURm		a	b	c	d	e	f	g
		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
1	RWEAs Q3 2024	1,597	2,138	389	199		4,323	346
1a	Regulatory adjustment	-1,184	-1,447	-13	-152		-2,796	-224
1b	RWEAs Q3 2024 (end of the day)	413	691	376	47		1,527	122
2	Movement in risk levels	126	-31	-21	49		123	10
3	Model updates/changes							
4	Methodology and policy							
5	Acquisitions and disposals							
6	Foreign exchange movements							
7	Other							
8a	RWEAs Q4 2024 (end of the day)	539	661	355	96		1,650	132
8b	Regulatory adjustment	1,137	1,686	20	93		2,936	235
8	RWEAs Q4 2024	1,676	2,346	376	188		4,587	367

EURm		a	b	c	d	e	f	g
		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
1	RWEAs Q2 2024	2,026	2,190	389	232		4,837	387
1a	Regulatory adjustment	-1,507	-1,450				-2,957	-237
1b	RWEAs Q2 2024 (end of the day)	519	740	389	232		1,881	150
2	Movement in risk levels	-106	-49	-13	-186		-353	-28
3	Model updates/changes							
4	Methodology and policy							
5	Acquisitions and disposals							
6	Foreign exchange movements							
7	Other							
8a	RWEAs Q3 2024 (end of the day)	413	691	376	47		1,527	122
8b	Regulatory adjustment	1,184	1,447	13	152		2,796	224
8	RWEAs Q3 2024	1,597	2,138	389	199		4,323	346

Table 40 - EU MR3 - IMA values for trading portfolios

Average market risk measured by VaR was EUR 40m in the second half of 2024 and was primarily driven by interest rate risk, while average SVaR was EUR 52m. Average Incremental Risk Charge (IRC) was EUR 13m in the second half of 2024. Average Comprehensive Risk Measure (CRM) during the same period was EUR 7m.

EURm Q3-Q4 2024	a
VaR (10 day 99%)	
1 Maximum value	58
2 Average value	40
3 Minimum value	30
4 Period end	43
SVaR (10 day 99%)	
5 Maximum value	70
6 Average value	52
7 Minimum value	40
8 Period end	53
IRC (99.9%)	
9 Maximum value	17
10 Average value	13
11 Minimum value	10
12 Period end	12
Comprehensive risk measure (99.9%)	
13 Maximum value	15
14 Average value	7
15 Minimum value	3
16 Period end	7

EURm Q1-Q2 2024	a
VaR (10 day 99%)	
1 Maximum value	61
2 Average value	46
3 Minimum value	31
4 Period end	42
SVaR (10 day 99%)	
5 Maximum value	61
6 Average value	47
7 Minimum value	38
8 Period end	59
IRC (99.9%)	
9 Maximum value	24
10 Average value	15
11 Minimum value	10
12 Period end	13
Comprehensive risk measure (99.9%)	
13 Maximum value	16
14 Average value	9
15 Minimum value	8
16 Period end	16

Table 41 - EU MR4: Comparison of VaR estimates with gains/losses

The figure below shows the 250 days VaR backtest of the trading book at the end of Q4 2024. The VaR models are considered being of a satisfactory quality if less than five exceptions are recorded within the last 250 banking days. By the end of Q4 2024, the backtests based on simulated profit/loss (SPL) and actual profit/loss (APL) were in the green zone with zero SPL exceptions and zero APL exceptions during the last 250 business days. The backtest deciding the capital multiplier is the one with the highest number of exceptions based on simulated profit/loss and actual profit/loss.

EURm

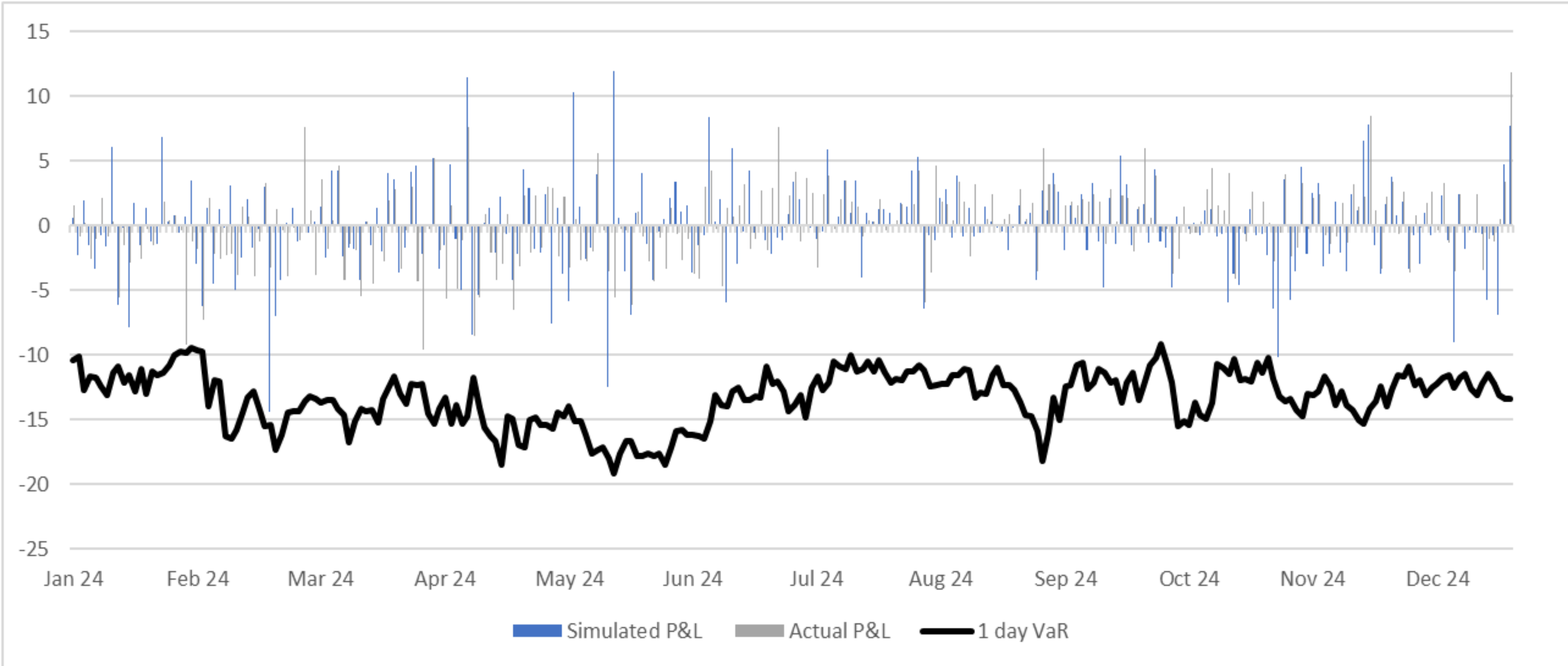

Table 42 - EU IRRBB1 - Interest rate risk of non-trading book activities

At the end of Q4 2024, the worst outcome of the six Basel scenarios for economic value (EV) of equity was driven by the parallel shock down scenario, with a loss of EUR 1.7bn. Parallel down remains the binding scenario, which was also the case for Q2 2024 reporting. EV sensitivity has increased compared to Q2 2024, primarily due to lower rates and resulting higher risk from floors in the rates down scenarios. Secondly, balance sheet changes have also contributed slightly to the increased risk. The asymmetrical risk for rates up/down scenarios stems from the asymmetrical impact of deposit and loan floors and netting of gains (description below) as prescribed in the regulatory technical standards on Supervisory Outlier Test (SOT) netting.

The worst loss out of the parallel shock scenarios for net interest income (NII) risk was driven by the parallel shock down scenario, where the loss was EUR 1.4bn. Parallel down remains the binding scenario, which was also the case for Q2 2024 reporting. The implementation of SOT prescribed netting of gains for NII (description below) explains the majority of the assymetrical risk for rates up/down.

Under the SOT prescribed netting of gains, at currency level losses are captured 100% while gains are captured only 50%. The gains netting explains the majority of the asymmetrical NII risk and the remaining part (beyond floors) of the asymmetrical EV risk for a parallel shock up and down.

EURm	a	b	c	d
	Changes of the economic value of equity		Changes of the net interest income	
	Q4 2024	Q2 2024	Q4 2024	Q2 2024
1 Parallel up	427	366	694	774
2 Parallel down	-1,711	-1,251	-1,386	-1,390
3 Steepener	285	274		
4 Flattener	-915	-752		
5 Short rates up	-287	-239		
6 Short rates down	-273	-150		

Table 43 - EU PV1 - Prudent valuation adjustments (PVA)

The total Additional Value Adjustments (AVAs) for Q4 2024 amounted to EUR 210m, which is a decrease of around EUR 42m compared to the previous year. The decrease was driven by decreases in the Concentrated Position AVAs (EUR -34m) and the Market Price Uncertainty AVA (EUR -8m). The decrease in the Concentrated Position AVAs was primarily related to a higher gross traded risk in DKK Interest Rates derivatives as well as the introduction of additional liquidity data for Bonds, whereas the Market Price Uncertainty AVA change (EUR-8m) was mainly driven by a decrease in the bond exposure.

EURm		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	81	47	3	8	0	1	4	72	34	37
2	Not applicable										
3	Close-out cost	6	35	12	6	0	0	0	29	21	8
4	Concentrated positions	8	27	1	3	0	0	0	39	26	13
5	Early termination	0	0	0	0	0	0	0	0	0	0
6	Model risk	6	13	0	59	0	20	20	59	33	27
7	Operational risk	4	4	1	1	0	0	0	10	6	5
10	Future administrative costs	1	0	0	0	0	0	0	1	1	0
12	Total Additional Valuation Adjustments (AVAs)								210	120	90

Table 44 - EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

Total operational risk RWA increased by EUR 1.8bn compared to Q4 2023.

		a	b	c	d	e
EURm	Banking activities	Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	9,451	9,622	11,572	1,430	17,874
3	*Subject to TSA:*	*9,451*	*9,622*	*11,572*		
4	*Subject to ASA:*					
5	Banking activities subject to advanced measurement approaches AMA					

Table 45 - EU SEC1 - Securitisation exposures in the non-trading book

At the end of Q4 2024 Nordea has eight securitisations where the institution acts as an originator and six transactions where the institution acts as an investor.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
	Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS		Non-STS					STS	Non-STS			STS	Non-STS		
EURm		of which SRT		of which SRT		of which SRT									
1 Total exposures					22,052	22,052	22,052					1,247	524		1,771
2 Retail (total)					9,691	9,691	9,691					437	524		961
3 residential mortgage					9,691	9,691	9,691						524		524
4 credit card															
5 other retail exposures												437			437
6 re-securitisation															
7 Wholesale (total)					12,360	12,360	12,360					809			809
8 loans to corporates					12,360	12,360	12,360								
9 commercial mortgage															
10 lease and receivables												809			809
11 other wholesale															
12 re-securitisation															

Table 46 - EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

Nordea's total exposure value of securitisation exposures amounted to EUR 22.1bn as of Q4 2024. Nordea's RWEA of the securitisation position was fully calculated using the SEC-IRBA approach and amounted to EUR 3.2bn.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
EURm	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW
1 Total exposures	20,349	1,702			8	22,052				3,249				260			
2 Traditional transactions																	
3 Securitisation																	
4 Retail																	
5 Of which STS																	
6 Wholesale																	
7 Of which STS																	
8 Re-securitisation																	
9 Synthetic transactions	20,349	1,702			8	22,052				3,249				260			
10 Securitisation	20,349	1,702			8	22,052				3,249				260			
11 Retail underlying	9,691					9,691				1,454				116			
12 Wholesale	10,658	1,702			8	12,360				1,795				144			
13 Re-securitisation																	

Table 47 - EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

Nordea's total exposure value of securitisations when acting as investor amounted to EUR 1.8bn at the end of Q4 2024. Nordea's RWEA of the securitisation position was calculated using both the SEC-ERBA approach and the SEC-SA approach.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
EURm	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW
1 Total exposures	1,771						459	1,311			54	158			4	13	
2 Traditional securitisation	1,771						459	1,311			54	158			4	13	
3 Securitisation	1,771						459	1,311			54	158			4	13	
4 Retail underlying	961							961				122				10	
5 Of which STS	437							437				44				3	
6 Wholesale	809						459	350			54	36			4	3	
7 Of which STS	809						459	350			54	36			4	3	
8 Re-securitisation																	
9 Synthetic securitisation																	
10 Securitisation																	
11 Retail underlying																	
12 Wholesale																	
13 Re-securitisation																	

Table 48 - EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

Nordea's outstanding nominal amount of exposures securitised by the institution amounted to EUR 23bn at the end of Q4 2024 and consisted of retail (residential mortgage) and wholesale (loans to corporates). The exposures in default amounted to EUR 0.06bn.

		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
EURm			Of which exposures in default	
1	Total exposures	23,347	63	-1
2	Retail (total)	10,059		-1
3	residential mortgage	10,059		-1
4	credit card			
5	other retail exposures			
6	re-securitisation			
7	Wholesale (total)	13,287	63	-1
8	loans to corporates	13,287	63	-1
9	commercial mortgage			
10	lease and receivables			
11	other wholesale			
12	re-securitisation			

Table 49 - EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

In Q4 2024 the total carrying value of assets, as reported in the financial statements, amounted to 623 EURbn. The total carrying value for assets under the scope of prudential consolidation was 537 EURbn, the majority of which was subject to the credit risk framework (77%).

EURm		a	b	c	d	e	f	g
				Carrying values of items				
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements								
1	Cash and balances with central banks	46,562	46,548	46,548				
2	Loans to central banks	4,075	4,075	3,100	975			
3	Loans to credit institutions	2,950	2,671	1,593	1,078			
4	Loans to the public	357,588	359,035	308,791	28,629	21,597		18
5	Interest bearing securities	73,464	65,610	42,793			22,817	
6	Shares	35,388	14,438	2,792			12,903	-1,256
7	Assets in pooled schemes and unit-linked investment contracts	60,879	4,168				0	4,168
8	Derivatives	25,211	25,249		25,249			
9	Fair value changes of the hedged items in portfolio hedge of interest rate riks	-243	-243				-243	
10	Investments in associated undertakings and joint ventures	482	1,401	1,401				0
11	Intangible assets	3,882	3,303	511				2,792
12	Properties and equipment	1,661	1,600	1,600				
13	Investment properties	2,132	6	6				
14	Deferred tax assets	206	83	59				24
15	Current tax assets	364	361	361				
16	Retirement benefit assets	360	360					360
17	Other assets	7,167	6,759	531			6,228	
18	Prepaid expenses and accrued income	1,131	1,098	1,098				
19	Assets held for sale	95	95					95
20	Total assets	623,355	536,619	411,185	55,930	21,597	41,705	6,200

EURm		a	b	c	d	e	f	g
				Carrying values of items				
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements								
1	Deposits by credit institutions	28,775	28,775		8,908			19,868
2	Deposits and borrowings from the public	232,435	233,720	3,671	17,030			213,020
3	Deposits in pooled schemes and unit-linked investment contracts	61,713	4,317					4,317
4	Liabilities to policyholders	30,351						
5	Debt securities in issue	188,136	188,526					188,526
6	Derivatives	25,034	25,002		25,002			
7	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-458	-458				-458	
8	Current tax liabilities	208	132					132
9	Other liabilities	14,196	13,687					13,687
10	Accrued expenses and prepaid income	1,638	1,642					1,642
11	Deffered tax liabilites	813	807					807
12	Provisions	396	394					394
13	Retirement benefit obligations	272	256					256
14	Subordinated liabilities	7,410	7,410					7,410
15	Liabilities held for sale							
16	Total equity	32,436	32,409					32,409
17	Total liabilities	623,355	536,619	3,671	50,940		-458	482,466

Table 50 - EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The following table provides information on the main sources of differences between the accounting carrying values and the regulatory exposures. Additionally, off-balance sheet amounts are included in the exposure amounts considered for regulatory purposes. Items that are subject to deductions from capital (in LI1 column g) are not risk weighted and thus excluded from the table below.

EURm	a	b	c	d	e
		Items subject to			
	Total[1]	Credit risk framework	Securitisation framework[2)3)]	CCR framework	Market risk framework[4)]
1 Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	530,418	411,185	21,597	55,930	41,705
2 Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	54,152	3,671		50,940	-458
3 Total net amount under the scope of prudential consolidation	476,266	407,514	21,597	4,990	42,164
4 Off-balance-sheet amounts	110,166	104,045	6,120		
5 *Differences in valuations*	*-210*	*-90*			*-120*
6 *Differences due to different netting rules, other than those already included in row 2*	*20,679*			*20,679*	
7 *Differences due to consideration of provisions*	*1,792*	*1,792*			
8 *Differences due to the use of credit risk mitigation techniques (CRMs)*	*-21,708*	*7*		*-21,715*	
9 *Differences due to credit conversion factors*	*-63,558*	*-60,958*	*-2,600*		
10 *Differences due to Securitisation with risk transfer*					
11 *Other differences*	*-24,956*	*7,291*		*9,796*	*-42,043*
12 Exposure amounts considered for regulatory purposes	498,470	459,602	25,117	13,751	

1) Total values in column a may not equal the sum of the remaining columns in this table (b to e) as certain items are treated under both the counterparty credit risk as well as the market risk framework (as per template EU LI 1).

2) As Nordea's securitisation position is synthetic, all is classified as on-balance according to the securitisation framework. But as the securitisation is including e.g. loan promises, an off-balance part is deducted, stemming from adjustments related to Credit Conversion Factors (CCFs).

3) Sponsor activities are not included in the table above (although are included in the Securitisation chapter).

4) Exposure at default is not calculated under the market risk framework, resulting in a difference between carrying values and exposure amounts considered for regulatory purposes. Therefore the total amount of carrying values according to the market risk framework is deducted in the final line Other differences not stated above.

Table 51 - EU LI3 Specification of undertakings

Owner	Company Name	Voting power of holding %	Method of consolidation: Accounting consolidation	Regulatory consolidation	Neither consoli-dated nor deducted	Deducted	Description of entity	Domicile
Nordea Bank Abp	Nordea Finance Finland Ltd	100	Acquisition method	Full consolidation			Credit institution	Finland
	Nordea Mortgage Bank Plc	100	Acquisition method	Full consolidation			Credit institution	Finland
	Nordea Funds Ltd	100	Acquisition method	Full consolidation			Financial institution	Finland
	Suomen Luotto-osuuskunta	27	Equity method	Equity method			Financial institution	Finland
Nordea Finance Finland Ltd	Tukirahoitus Oy	100	Acquisition method	Full consolidation			Financial institution	Finland
Nordea Bank Abp	Nordea Eiendomskreditt AS	100	Acquisition method	Full consolidation			Credit institution	Norway
	Nordea Finans Norge AS	100	Acquisition method	Full consolidation			Financial institution	Norway
	Nordea Finance Equipment AS	100	Acquisition method	Full consolidation			Financial institution	Norway
	Eksportfinans ASA	23	Equity method	Equity method			Credit institution	Norway
Nordea Bank Abp	Nordea Finans Danmark A/S	100	Acquisition method	Full consolidation			Financial institution	Denmark
	Nordea Kredit Realkreditaktieselskab	100	Acquisition method	Full consolidation			Credit institution	Denmark
	Fionia Asset Company A/S	100	Acquisition method	Full consolidation			Financial institution	Denmark
Nordea Finans Danmark A/S	UL Transfer Aps	100	Acquisition method	Full consolidation			Financial institution	Denmark
	NAMIT 10 K/S	100	Acquisition method	Full consolidation			Financial institution	Denmark
Fionia Asset Company A/S	Ejendomsselskabet Vestre Stationsvej 7, Odense A/S	100	Acquisition method	Full consolidation			Ancillary services undertaking	Denmark
Nordea Bank Abp	LLC Promyshlennaya Kompaniya Vestkon	100	Acquisition method	Full consolidation			Ancillary services undertaking	Russia
Nordea Bank Abp	Nordea Hypotek AB (publ)	100	Acquisition method	Full consolidation			Credit institution	Sweden
	Nordea Finans Sverige AB (publ)	100	Acquisition method	Full consolidation			Credit institution	Sweden
	Nordea Asset Management Holding AB	100	Acquisition method	Full consolidation			Financial institution	Sweden
	Bankomat AB	20	Equity method	Equity method			Financial institution	Sweden
	Nordea Baltic AB	100	Acquisition method	Full consolidation			Financial institution	Sweden
	Nordea Markets Holding Company INC	100	Acquisition method	Full consolidation			Financial institution	USA
Nordea Asset Management Holding AB	Nordea Investment Management AB	100	Acquisition method	Full consolidation			Financial institution	Sweden
	Trill Impact AB	5	Equity method	Equity method			Financial institution	Sweden
	Nordea Investment Funds S.A.	100	Acquisition method	Full consolidation			Financial institution	Luxembourg
Nordea Investment Management AB	Nordea Investment Management North America Inc	100	Acquisition method	Full consolidation			Financial institution	USA
	Nordea Asset Management UK Ltd	100	Acquisition method	Full consolidation			Financial institution	UK
	Nordea Asset Management Singapore PTE.LTD	100	Acquisition method	Full consolidation			Financial institution	Singapore
Nordea Markets Holding Company INC	Nordea Securities LLC	100	Acquisition method	Full consolidation			Financial institution	USA

Owner	Company Name	Voting power of holding %	Accounting consolidation	Regulatory consolidation	Neither consoli-dated nor deducted	Deducted	Description of entity	Domicile
			Entities consolidated in accordance with Article 18.7					
Nordea Bank Abp	Kiinteistö Oy Kaarenritva		Acquisition method	Equity method			Consolidated in accordance with Article 18.7	Finland
	Myyrmäen Autopaikoitus Oy		Equity method	Equity method			Consolidated in accordance with Article 18.7	Finland
	Nordea Vallila Fastighetsförvaltning Ab		Acquisition method	Equity method			Consolidated in accordance with Article 18.7	Finland
	Siirto Brand Oy		Equity method	Equity method			Consolidated in accordance with Article 18.7	Finland
Nordea Finance Finland Ltd	NF Fleet Oy		Equity method	Equity method			Consolidated in accordance with Article 18.7	Finland
Nordea Bank Abp	Eiendomsverdi AS		Equity method	Equity method			Consolidated in accordance with Article 18.7	Norway
	First Card AS		Acquisition method	Equity method			Consolidated in accordance with Article 18.7	Norway
	Nordea Essendropsgate Eiendomsforvaltning AS		Acquisition method	Equity method			Consolidated in accordance with Article 18.7	Norway
	Privatmegleren AS		Acquisition method	Equity method			Consolidated in accordance with Article 18.7	Norway
Nordea Finans Norge AS	NF Fleet AS		Equity method	Equity method			Consolidated in accordance with Article 18.7	Norway
Privatmegleren AS	Privatmegleren Nyeboliger AS		Equity method	Equity method			Consolidated in accordance with Article 18.7	Norway
Nordea Bank Abp	Danbolig A/S		Acquisition method	Equity method			Consolidated in accordance with Article 18.7	Denmark
	Structured Finance Servicer A/S		Acquisition method	Equity method			Consolidated in accordance with Article 18.7	Denmark
	Subaio ApS		Equity method	Equity method			Consolidated in accordance with Article 18.7	Denmark
Nordea Kredit Realkreditaktieselskab	e-nettet A/S		Equity method	Equity method			Consolidated in accordance with Article 18.7	Denmark
Nordea Finans Danmark A/S	NF Fleet A/S		Equity method	Equity method			Consolidated in accordance with Article 18.7	Denmark
Nordea Bank Abp	Nordea Life Holding AB including related subsidiaries and participations		Acquisition method	Equity method			Consolidated in accordance with Article 18.7, insurance	Sweden
	Nordea Hästen Fastighetsförvaltning AB		Acquisition method	Equity method			Consolidated in accordance with Article 18.7	Sweden
	Nordic Baltic Holding AB		Acquisition method	Equity method			Consolidated in accordance with Article 18.7	Sweden
	P27 Nordic Payments Platform AB		Equity method	Equity method			Consolidated in accordance with Article 18.7	Sweden
	Tibern AB		Equity method	Equity method			Consolidated in accordance with Article 18.7	Sweden
	USE Intressenter AB		Equity method	Equity method			Consolidated in accordance with Article 18.7	Sweden
	Invidem AB		Equity method	Equity method			Consolidated in accordance with Article 18.7	Sweden
	OPEN POS Nordic Group AB		Equity method	Equity method			Consolidated in accordance with Article 18.7	Sweden
	Nordea Limited		Acquisition method	Equity method			Consolidated in accordance with Article 18.7	Great Britain
Nordea Finans Sverige AB (publ)	NF Fleet AB		Equity method	Equity method			Consolidated in accordance with Article 18.7	Sweden
Nordea Investment Funds S.A	Nordea Asset Management Schweiz GmbH		Equity method	Equity method			Consolidated in accordance with Article 18.7	Germany

			Entities not in the consolidated situation					
Owner	Company Name	Voting power of holding %	Accounting consolidation	Regulatory consolidation	Neither consoli-dated nor deducted	Deducted	Description of entity	Domicile
Nordea Bank Abp	CrediWire ApS				X		Immaterial financial institution, article 19	Denmark
Nordea Investment Management AB	Nordea Private Equity Holding A/S				X		Immaterial financial institution, article 19	Denmark
	Nordea Private Equity II - EU MM Buyout A/S				X		Immaterial financial institution, article 19	Denmark
	Nordea Private Equity III - GLOBAL A/S				X		Immaterial financial institution, article 19	Denmark
	PWM Global PE III ApS				X		Immaterial financial institution, article 19	Denmark
Nordea Bank Abp	Getswish AB				X		Immaterial financial institution, article 19	Sweden
	Svenska e-fakturabolaget AB				X		Immaterial financial institution, article 19	Sweden
Nordea Asset Management Holding AB	Nordea Asset Management Alternative Investments AB				X		Immaterial financial institution, article 19	Sweden
Nordea Investment Funds S.A.	NAM Chile SpA				X		Immaterial financial institution, article 19	Chile
Nordea Asset Management Alternative Investments AB	Nordea Private Equity GP 1 S.à.r.l.				X		Immaterial financial institution, article 19	Luxemburg
	Nordea Private Markets GP S.à.r.l.				X		Immaterial financial institution, article 19	Luxemburg
	Nordea Private Equity General Partner 1 SCS				X		Immaterial financial institution, article 19	Luxemburg

Table 52 - EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

The risk of excessive leverage is included in the Group's reporting and control processes and is monitored by the group Board and CEO. The leverage ratio as defined in the CRDIV/CRR is further an integrated part of the Risk appetite framework for which internal limits and targets are set. The leverage ratio increased from 4.96% in Q2 2024 to 5.05% in Q4 2024. The increase is mainly driven by increase of Tier 1 capital, partly offset by increase of derivative exposures and other assets.

EURm		a
		Applicable amount
1	Total assets as per published financial statements	623,355
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-86,737
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustment for eligible cash pooling transactions	-3,147
8	Adjustment for derivative financial instruments	2,257
9	Adjustment for securities financing transactions (SFTs)	1,491
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	41,289
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	-10,175
13	Total exposure measure	568,334

Table 53 - EU LR2 - LRCom: Leverage ratio common disclosure

On-balance sheet exposure value increased from EUR 458bn in Q2 2024 to EUR 468bn in Q4 2024, derivatives exposures increased from EUR 26bn to EUR 28bn, securities financing transaction exposures decreased from EUR 35bn to EUR 32bn, Tier I capital increased from EUR 28bn to EUR 29bn.

EURm		CRR leverage ratio exposures	
		a	b
		Q4 2024	Q2 2024
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	477,784	466,252
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-5,576	-5,273
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	-3,864	-3,415
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	468,344	457,563
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	4,369	3,091
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	19,902	17,533
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method	0	0
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives	97,427	78,305
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-94,193	-73,370
13	Total derivatives exposures	27,506	25,559
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	39,050	38,914
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-8,622	-4,716
16	Counterparty credit risk exposure for SFT assets	1,745	856
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	Total securities financing transaction exposures	32,173	35,054
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	110,166	106,976
20	(Adjustments for conversion to credit equivalent amounts)	-68,877	-67,562
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)		
22	Off-balance sheet exposures	41,289	39,414
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-977	-986
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Total exempted exposures)	-977	-986

EURm		CRR leverage ratio exposures	
		a	b
		Q4 2024	Q2 2024
Capital and total exposure measure			
23	Tier 1 capital	28,683	27,602
24	Total exposure measure	568,334	556,605
Leverage ratio			
25	Leverage ratio (%)	5.0%	5.0%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.0%	5.0%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	5.0%	5.0%
26	Regulatory minimum leverage ratio requirement (%)	3.0%	3.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	*of which: to be made up of CET1 capital*		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)	3.0%	3.0%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	34,080	32,724
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	30,428	34,199
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	571,986	555,130
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	571,986	555,130
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.0%	5.0%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.0%	5.0%

Table 54 - EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

Out of total on-balance sheet exposures EUR 472bn, EUR 431bn or 91% are related to banking book exposures and EUR 41bn or 9% are related to trading book exposures. The biggest part in banking book exposures is related to secured by mortgages of immovable properties (36% of banking book exposures), corporates (25% of banking book exposures) and exposures treated as sovereigns (17% of banking book exposures).

EURm		a
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	471,554
EU-2	Trading book exposures	40,989
EU-3	Banking book exposures, of which:	430,565
EU-4	*Covered bonds*	*26,501*
EU-5	*Exposures treated as sovereigns*	*72,189*
EU-6	*Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns*	*6,692*
EU-7	*Institutions*	*1,280*
EU-8	*Secured by mortgages of immovable properties*	*154,616*
EU-9	*Retail exposures*	*25,306*
EU-10	*Corporates*	*109,547*
EU-11	*Exposures in default*	*2,361*
EU-12	*Other exposures (eg equity, securitisations, and other non-credit obligation assets)*	*32,072*

Table 55 - EU INS1 - Insurance participations

The exposure value and risk exposure amount disclosed in the table below is related to exposure towards Nordea Life Holding treated in accordance with article 49.1 of the CRR.

EURm		Exposure value	Risk exposure amount
1	Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	1,867	1,867

Table 56 - EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio

In 2024 supplementary own funds requirements of the financial conglomerate increased to EUR 35.1bn (compared to EUR 32.7bn in 2023). Capital adequacy ratio of the financial conglomerate decreased to 117% (compared to 132% in 2023)

EURm		a
		2024
1	Supplementary own fund requirements of the financial conglomerate (amount)	35,057
2	Capital adequacy ratio of the financial conglomerate (%)	117%

Table 57 - EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

Counter-cyclical buffer requirements remained at 1.7%, unchanged in Q4 2024 compared to Q2 2024.

EURm		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk- weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
Countries with existing CCyB rate														
001	Armenia	0	0				0	0			0	0	0.0%	1.5%
002	Australia	0	93	0	21	0	114	2	0	0	2	23	0.0%	1.0%
003	Belgium	0	647	0	0	8	655	39	0	0	39	492	0.4%	1.0%
004	Bulgaria	0	7				7	0			0	3	0.0%	2.0%
005	Chile	0	7			0	7	0		0	0	2	0.0%	0.5%
006	Cyprus	0	84				84	5			5	63	0.0%	1.0%
007	Czech Republic	0	27			2	29	1		0	1	11	0.0%	1.3%
008	Germany	19	1,055	1	54	35	1,163	35	4	2	40	505	0.4%	0.8%
009	Denmark	1,916	87,924	405	3,592	2,159	95,996	2,432	44	22	2,498	31,227	23.9%	2.5%
010	Estonia	15	182		41		238	10	0		10	123	0.1%	1.5%
011	Faroe Islands	0	408				409	10			10	125	0.1%	1.0%
012	France	1	468	1	109	16	595	22	4	1	27	334	0.3%	1.0%
013	United Kingdom	244	2,688	0	11	1	2,943	113	12	0	124	1,551	1.2%	2.0%
014	Hong Kong	0	30	0			30	1	0		1	9	0.0%	0.5%
015	Croatia	0	2				2	0			0	1	0.0%	1.5%
016	Hungary	0	12				12	0			0	3	0.0%	0.5%
017	Ireland	21	773	0		507	1,302	16	0	4	20	255	0.2%	1.5%
018	Iceland	0	461		5	14	480	10	0	1	11	133	0.1%	2.5%
019	Republic of Korea	0	6				6	0			0	1	0.0%	1.0%
020	Lithuania	0	23			0	23	1		0	1	8	0.0%	1.0%
021	Luxembourg	679	5,368	0	6	573	6,626	176	4	6	186	2,328	1.8%	0.5%
022	Latvia	0	23		0		23	1	0		1	13	0.0%	0.5%
023	Netherlands	6	519	0	43	19	587	21	1	1	23	288	0.2%	2.0%
024	Norway	12,541	57,024	73	1,004	9,947	80,590	2,069	23	89	2,181	27,257	20.9%	2.5%
025	Romania	0	15				15	0			0	5	0.0%	1.0%
026	Sweden	3,790	93,292	40	938	8,278	106,339	2,640	39	83	2,762	34,522	26.5%	2.0%
027	Slovenia		7				7	0			0	2	0.0%	0.5%
028	Slovakia	0	11				11	0			0	5	0.0%	1.5%
Sub-total		19,233	251,156	521	5,824	21,559	298,293	7,604	131	208	7,943	99,290	76.1%	
Countries with own funds requirements weight 1% or above and no existing CCyB rate														
011	Finland	311	66,753	4	398	3,489	70,955	1,855	40	66	1,960	24,504	18.8%	0.0%
012	United States	533	4,183	1	36	44	4,796	149	47	3	198	2,477	1.9%	0.0%
Sub-total		843	70,936	5	434	3,533	75,751	2,004	87	68	2,158	26,981	0	
Countries with own funds requirement below 1% and no existing CCyB rate														
Sub-total		218	7,618	4	103	25	7,967	327	11	1	339	4,235	3.2%	
Total		20,294	329,709	530	6,361	25,117	382,011	9,935	229	277	10,441	130,507	100.0%	

Table 58 - EU CCyB2 - Amount of institution-specific countercyclical capital buffer

Counter-cyclical capital buffer rate requirements increased to EUR 2.7bn in Q4 2024 (compared to EUR 2.3bn in Q2 2024).

EURm		a
1	Total risk exposure amount	155,850
2	Institution specific countercyclical capital buffer rate	1.70%
3	Institution specific countercyclical capital buffer requirement	2,657

Table 59 - EU KM2 - Key metrics - MREL[1)]

At the end of the fourth quarter of 2024 the minimum requirements for own funds and eligible liabilities (MREL) ratio for Nordea Group was 35.5% of Total Risk Exposure Amount (TREA), compared to the requirement of 31.4% of TREA including the combined buffer requirement of 8.2%. The MREL ratio was 4.1% above the requirement. The subordinated MREL ratio for Nordea Group was 30.2% of TREA, compared to the capped requirement of 27.0% of TREA including the combined buffer requirement of 8.2%. The subordinated MREL ratio was 3.2% above the requirement. In terms of Total Exposure Measure the MREL ratio was 9.7% compared to the requirement of 7.14%. The subordinated MREL ratio was 8.3% of LRE compared to the requirement of 7.14%.

		a	
		Minimum requirement for own funds and eligible liabilities (MREL)	
EURm		Q4 2024	Q2 2024
Own funds and eligible liabilities, ratios and components			
1	Own funds and eligible liabilities	55,332	54,331
EU-1a	*Of which own funds and subordinated liabilities*	*47,123*	*45,583*
2	Total risk exposure amount of the resolution group (TREA)	155,850	139,333
3	Own funds and eligible liabilities as a percentage of the TREA	*35.5%*	39.0%
EU-3a	*Of which own funds and subordinated liabilities*	30.2%	*32.7%*
4	Total exposure measure (TEM) of the resolution group	568,334	556,605
5	Own funds and eligible liabilities as percentage of the TEM	9.7%	9.8%
EU-5a	*Of which own funds or subordinated liabilities*	*8.3%*	*8.2%*
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption)		
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)		
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks *pari passu* with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks *pari passu* with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)		
Minimum requirement for own funds and eligible liabilities (MREL)			
EU-7	MREL expressed as a percentage of the TREA	31.4%	30.8%
EU-8	*Of which to be met with own funds or subordinated liabilities*	*27.0%*	*27.0%*
EU-9	MREL expressed as a percentage of the TEM	7.14%	7.14%
EU-10	*Of which to be met with own funds or subordinated liabilities*	*7.14%*	*7.14%*

[1)]G-SII Requirement for own funds and eligible liabilities (TLAC) is not applicable for Nordea Group.

Table 60 - EU TLAC1 - Composition - MREL[1)]

This table discloses composition of own funds and eligible liabilities for Nordea Group as at Q4 2024.

EURm		a Minimum requirement for own funds and eligible liabilities (MREL)
Own funds and eligible liabilities and adjustments		
1	Common Equity Tier 1 capital (CET1)	24,570
2	Additional Tier 1 capital (AT1)	4,113
6	Tier 2 capital (T2)	4,117
11	Own funds for the purpose of Articles 92a of Regulation (EU) No 575/2013 and 45 of Directive 2014/59/EU	32,800
Own funds and eligible liabilities: Non-regulatory capital elements		
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	14,323
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities issued prior to 27 June 2019 (subordinated grandfathered)	
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre-cap)	5,436
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	2,862
14	Amount of non subordinated eligible liabilities instruments, where applicable after application of Article 72b (3) CRR	8,209
17	Eligible liabilities items before adjustments	22,532
EU-17a	*Of which subordinated liabilities items*	*14,323*
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements		
18	Own funds and eligible liabilities items before adjustments	55,332
19	(Deduction of exposures between multiple point of entry (MPE) resolution groups)	
20	(Deduction of investments in other eligible liabilities instruments)	
22	Own funds and eligible liabilities after adjustments	55,332
EU-22a	*Of which: own funds and subordinated liabilities*	*47,123*
Risk-weighted exposure amount and leverage exposure measure of the resolution group		
23	Total risk exposure amount (TREA)	155,850
24	Total exposure measure (TEM)	568,334
Ratio of own funds and eligible liabilities		
25	Own funds and eligible liabilities as a percentage of TREA	35.5%
EU-25a	*Of which own funds and subordinated liabilities*	*30.2%*
26	Own funds and eligible liabilities as a percentage of TEM	9.7%
EU-26a	*Of which own funds and subordinated liabilities*	*8.3%*
27	CET1 (as a percentage of the TREA) available after meeting the resolution group's requirements	8.8%
28	Institution-specific combined buffer requirement	
29	*of which capital conservation buffer requirement*	
30	*of which countercyclical buffer requirement*	
31	*of which systemic risk buffer requirement*	
EU-31a	*of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	
Ratio of own funds and eligible liabilities		
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013	

[1)] Rows in the template with "Empty set in EU" and columns related to TLAC are not applicable.

Table 61 - EU TLAC3b - Creditor ranking - resolution entity[1)]
This table discloses creditor ranking for Nordea Bank Abp as at Q4 2024.

EURm		Insolvency ranking					Sum of 1 to n
		1	2	3	8	9	
		(most junior)				(most senior)	
1	Description of insolvency rank	CET1	AT1	T2	Senior non-preferred liabilities	Claims without priority or guarantee	
5	Own funds and liabilities potentially eligible for meeting MREL	21,333	4,113	4,140	14,446	8,298	52,330
6	*of which residual maturity ≥ 1 year < 2 years*			*14*	*4,508*	*1,340*	*5,862*
7	*of which residual maturity ≥ 2 year < 5 years*				*6,359*	*6,355*	*12,714*
8	*of which residual maturity ≥ 5 years < 10 years*			*2,970*	*3,579*	*338*	*6,887*
9	*of which residual maturity ≥ 10 years, but excluding perpetual securities*			*1,155*		*265*	*1,420*
10	*of which perpetual securities*	*21,333*	*4,113*				*25,447*

1) Rows in the template with "Empty set in EU" are not required to be populated and hidden.

Table 62 -Template 1 - Banking book - Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

The template includes exposures towards non-financial corporates and covers assets in the banking book such as loans, debt securities and equities. Nordea includes counterparty Scope 1, Scope 2 and Scope 3 GHG emissions (column i-j) for all sectors and subsectors that highly contribute to climate change. GHG financed emissions are reported based on customers' reported emissions as well as on proxies. Nordea's financed emissions are estimated according to the Partnership for Carbon Accounting Financials (PCAF) standard, with certain deviations and own methods applied for shipping vessels and Tenant-Owned Associations (TOAs). The Greenhouse Gas (GHG) emissions data are primarily estimated based on country-specific and industry-level proxy information provided through PCAF (i.e., physical activity data and economic activity data).

Sector split is based on NACE codes and subject to further harmonisation with other financial reporting. The identification of exposures to counterparties excluded from EU Paris-aligned benchmarks (column b) is made using external data from Bloomberg.

The template also includes exposures (column c) that qualify as environmentally sustainable because they are financing activities that contribute or enable the environmental objective of climate change mitigation in accordance with Articles 10 and 16 of Regulation (EU) 2020/852, as disclosed in template 7 of Annex XXXIX to Regulation (EU) 2021/637.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)							
	Sector/subsector		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures**	Of which non-performing exposures		Of which Stage 2 exposures**	Of which non-performing exposures		Of which Scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	**Exposures towards sectors that highly contribute to climate change***	**106,333**	**544**	**396**	**6,799**	**1,348**	**-820**	**-180**	**-526**	**42,140,566**	**30,818,332**	**17%**	**79,366**	**4,509**	**7,234**	**15,224**	**5.7**
2	A - Agriculture, forestry and fishing	8,118		0	321	180	-59	-15	-37	5,320,016	1,750,534	10%	4,241	414	789	2,674	12.2
3	B - Mining and quarrying	743	113		32	3	-3	-1	-53	1,276,569	1,038,203	54%	594	115	1	33	2.6
4	*B.05 - Mining of coal and lignite*	0			9	2	-1	0	0	3	1	0%	0				0.8
5	*B.06 - Extraction of crude petroleum and natural gas*	114	112		1	0	-1	0	0	829,087	809,704	99%	114			0	0.1
6	*B.07 - Mining of metal ores*	176	1		1		0	0		96,144	58,491	50%	87	89		0	3.6
7	*B.08 - Other mining and quarrying*	199	0		15	1	-1	0	0	175,007	111,787	12%	180	18	1	0	4.3
8	*B.09 - Mining support service activities*	254	0		6	0	-1	0	-52	176,327	58,219	71%	213	8	0	33	1.8
9	C - Manufacturing	16,732	49	70	1,930	233	-180	-55	-80	18,136,731	17,142,252	41%	14,377	484	201	1,669	2.1
10	*C.10 - Manufacture of food products*	1,905			224	7	-21	-14	-4	1,468,719	1,341,112	5%	1,482	27	11	384	2.3

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Sector/subsector	Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures**	Of which non-performing exposures		Of which Stage 2 exposures**	Of which non-performing exposures		Of which Scope 3 financed emissions						
11	*C.11 - Manufacture of beverages*	64		0	4	2	-1	0	-1	13,850	11,395	7%	45	3	1	14	3.3
12	*C.12 - Manufacture of tobacco products*	67			3	1	-1	0	-1	11,250	9,198	0%	67			0	0.2
13	*C.13 - Manufacture of textiles*	126			11	47	-27	0	-25	96,399	81,189	17%	112	8	0	7	1.8
14	*C.14 - Manufacture of wearing apparel*	69			8	1	0	0	0	4,873	4,286	0%	65	2	1	1	4.1
15	*C.15 - Manufacture of leather and related products*	13			0	0	0	0	0	316	248	0%	13	0		0	3.6
16	*C.16 - Manufacture of wood and of products of wood and cork, except*	529		18	75	3	-4	-2	-2	173,562	144,535	3%	428	58	2	40	3.0
17	*C.17 - Manufacture of pulp, paper and paperboard*	770		7	170	0	-4	-3	0	392,031	306,138	58%	541	72	6	151	1.5
18	*C.18 - Printing and service activities related to printing*	219	19		37	2	-2	-1	-1	55,438	43,240	0%	209	5	2	3	1.9
19	*C.19 - Manufacture of coke oven products*	2	0		0		0	0		9,574	8,418	54%	2	0			1.3
20	*C.20 - Production of chemicals*	617		0	123	48	-11	-2	-7	426,319	307,584	50%	552	5	7	53	1.9
21	*C.21 - Manufacture of pharmaceutical preparations*	1,938		0	10	1	-3	0	0	288,216	248,694	92%	1,884	3	1	51	1.1
22	*C.22 - Manufacture of rubber products*	976		4	33	8	-6	-1	-4	952,746	919,124	21%	925	13	14	24	2.7
23	*C.23 - Manufacture of other non-metallic mineral products*	392		0	42	3	-5	-1	-3	312,352	202,074	32%	352	2	9	28	2.2
24	*C.24 - Manufacture of basic metals*	343	0		99	19	-13	-3	-7	341,675	219,772	23%	250	24	2	66	2.0
25	*C.25 - Manufacture of fabricated metal products, except machinery and*	1,232		5	275	15	-15	-7	-7	747,672	687,267	23%	1,071	81	31	49	2.9

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures**	Of which non-performing exposures		Of which Stage 2 exposures**	Of which non-performing exposures		Of which Scope 3 financed emissions						
26	*C.26 - Manufacture of computer, electronic and optical products*	1,728	1	8	101	6	-6	-1	-4	349,938	316,582	60%	1,623	16	10	79	2.0
27	*C.27 - Manufacture of electrical equipment*	419			92	2	-5	-3	-1	1,558,097	1,545,224	16%	352	26	14	27	3.8
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	1,933	1	28	176	9	-14	-8	-4	3,594,502	3,537,179	30%	1,649	57	57	171	3.2
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	898		0	56	2	-1	-1	0	6,705,681	6,681,266	62%	835	5	8	50	0.7
30	*C.30 - Manufacture of other transport equipment*	217			153	3	-3	-2	0	55,696	42,470	1%	81	2	1	133	0.9
31	*C.31 - Manufacture of furniture*	598		0	142	31	-24	-2	-2	286,360	253,872	21%	507	11	8	73	1.8
32	*C.32 - Other manufacturing*	1,483	27	0	48	4	-3	-1	-2	206,165	165,583	60%	1,183	57	10	234	1.7
33	*C.33 - Repair and installation of machinery and equipment*	192			48	19	-10	-1	-7	85,300	65,802	0%	150	8	4	30	3.1
34	D - Electricity, gas, steam and air conditionin	5,352	0	105	55	90	-61	-1	-56	2,204,443	678,426	25%	3,560	607	373	811	5.7
35	*D35.1 - Electric power generation, transmission and distribution*	4,641	0		37	3	-5	-1	-1	1,558,236	587,207	27%	3,341	515	52	733	4.2
36	*D35.11 - Production of electricity*	2,223	0	105	22	3	-4	-1	-1	1,158,309	359,072	16%	1,799	330	39	54	2.9
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	123			0	0	0	0	0	89,855	31,289	69%	36	86	1	0	6.3
38	*D35.3 - Steam and air conditioning supply*	588			17	87	-56	0	-56	556,352	59,929	0%	184	6	320	78	17.7

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)							
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures**	Of which non-performing exposures		Of which Stage 2 exposures**	Of which non-performing exposures		Of which Scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
39	E - Water supply; sewerage, waste management and remediation activities	1,636		1	39	15	-3	0	-3	740,577	344,625	26%	1,285	175	30	146	8.5
40	F - Construction	6,423	2	19	783	192	-115	-25	-73	2,769,372	2,199,043	10%	5,774	227	114	308	3.0
41	*F.41 - Construction of buildings*	3,362	2	7	439	115	-62	-8	-42	1,641,518	1,512,753	11%	3,093	21	62	186	2.1
42	*F.42 - Civil engineering*	453		1	45	33	-10	-1	-9	177,103	117,406	15%	371	67	5	10	3.8
43	*F.43 - Specialised construction activities*	2,608	0	11	299	44	-43	-16	-21	950,751	568,884	9%	2,310	138	47	112	4.1
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	10,689	45	2	1,325	374	-225	-51	-123	6,204,825	5,771,869	22%	8,123	613	288	1,665	3.6
45	H - Transportation and storage	7,762	312	88	244	90	-57	-6	-36	4,244,105	1,211,034	15%	6,177	759	367	458	3.8
46	*H.49 - Land transport and transport via pipelines*	1,857		10	135	25	-17	-3	-4	493,020	226,461	13%	1,551	153	40	114	4.2
47	*H.50 - Water transport*	4,240	312	78	16	51	-31	0	-28	3,182,747	524,660	12%	3,619	488	11	122	2.4
48	*H.51 - Air transport*	22			8	3	-1	0	-1	25,881	7,572	38%	19	0		3	2.2
49	*H.52 - Warehousing and support activities for transportation*	1,526		0	81	10	-7	-2	-3	520,641	435,245	26%	874	117	317	217	7.3
50	*H.53 - Postal and courier activities*	116			4	0	0	0	0	21,815	17,095	35%	113	1	0	2	4.0
51	I - Accommodation and food service activities	1,871	25		125	34	-23	-4	-14	511,836	434,733	20%	1,066	66	564	175	6.1
52	L - Real estate activities	47,008		111	1,944	137	-95	-21	-51	732,094	247,612	9%	34,169	1,049	4,506	7,284	7.0
53	**Exposures towards sectors other than those that highly contribute to climate change***	**24,081**	**177**	**139**	**1,597**	**232**	**-250**	**-33**	**-71**				**17,768**	**1,156**	**579**	**4,578**	**2.6**

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Sector/subsector	Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures**	Of which non-performing exposures		Of which Stage 2 exposures**	Of which non-performing exposures		Of which Scope 3 financed emissions						
54	K - Financial and insurance activities	7,764	2		308	15	-12	-4	-5				6,944	369	41	410	1.4
55	Exposures to other sectors (NACE codes J, M - U)	16,317	175	139	1,289	218	-238	-29	-66				10,824	787	537	4,168	3.1
56	TOTAL	130,415	721	535	8,396	1,580	-1,070	-213	-597	42,140,566	30,818,332	17%	97,134	5,665	7,812	19,803	5.2

* In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

** Including exposures reported under fair value

Table 63 -Template 2 - Banking book - Indicators of potential climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

The template includes information on the distribution of loans collateralised by immovable property by energy consumption and by the Energy Performance Certificate (EPC) label of the collateral.

In the template exposures to collaterals located in Norway are included in the Total EU area. Where data on energy performance in kWh/m2 is not available a national average energy performance is assigned for the properties based on building type and, if available, EPC label. The national average data is sourced from the Partnership for Carbon Accounting Financials (PCAF) European building emission factor database.

For Denmark all EPC labels with numbers (e.g. A2020, F1) are sum into singular letter EPC label (e.g. A, F).

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Total gross carrying amount amount (in EURm)															
		Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
Counterparty sector		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1 Total EU area	235,464	35,181	146,973	52,137	905	219	49	9,214	14,462	24,720	25,503	21,921	11,590	8,311	119,742.95	98%
2 Of which Loans collateralised by commercial immovable property	39,780	3,930	21,838	13,719	212	65	17	2,273	1,789	2,776	2,659	2,271	1,059	892	26,061	100%
3 Of which Loans collateralised by residential immovable property	195,683	31,250	125,135	38,418	693	153	32	6,940	12,673	21,944	22,844	19,650	10,532	7,419	93,682	97%
4 Of which Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0											0	92%
5 Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	170,669	10,464	112,144	47,921	140										116,905	100%
6 Total non-EU area																
7 Of which Loans collateralised by commercial immovable property																
8 Of which Loans collateralised by residential immovable property																
9 Of which Collateral obtained by taking possession: residential and commercial immovable properties																
10 Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated																

Table 64 - Template 3 - Banking book - Indicators of potential climate change transition risk: Alignment metrics

The template provides information on the alignment metrics as specified in the Regulation (EU) 2021/637, Annex XXXIX. The information reported represents the degree of alignment of Nordea's material sectors against the IEA NZE2050 scenario for the year 2030. The data in this template does not represent Nordea's own sector targets. Nordea's own sector targets and progress are communicated in Nordea's Annual Report.

Column (c) includes exposures for Q4 2024 for the sectors and NACE codes referenced in the column (b) as a result of the materiality assessment. The materiality assessment performed considers NACE codes relevant for this disclosure through different filters. The filters consider each sector's exposure as share of loan portfolio; GHG emissions as share of loan portfolio; the availability of an alignment metric disclosed by the customer; and finally the availability of an IEA pathway. Alignment metrics are disclosed for the relevant sub-sectors and NACE codes. For Maritime transport Nordea uses the Poseidon Principles (IMO 2050) scenario for columns (d) - (g) in the absence of an IEA pathway.
In Q4 2024, five sectors were assessed as material (unchanged since Q2 2024) and hence columns (d) to (g) are disclosed. Meanwhile two sectors, Aviation and Cement, were assessed as not material to Nordea and hence excluded from disclosure for columns (d) to (g). Note that for Chemical sector IEA pathways are not available for the sub-sectors where Nordea has material exposure and customer data.

Column (d) represents alignment metric in Q4 2024 for the sectors deemed material. The alignment metric values are calculated for customers who have disclosed their emission intensity in publicly available reports for the reference year, weighted by Q4 2024 lending exposure per customer. For Renewable Power Production, however, a proxy was used instead of customer-specific data. The Maritime sector intensity is measured by the Annual Efficiency Ratio (AER) following the methodology of the Poseidon Principles set by IMO. The metric uses the parameters of fuel consumption and distance travelled. Further the deadweight tonnage is used for segments where the cargo is weight critical and gross tonnage is used for vessels with volume-critical cargo. The latter category includes Cruise, Ferry Ro-Pax, Ferry-pax only and Vehicle carriers.

Column (f) calculates the distance to the IEA NZE2050 scenario based on the difference between alignment metric (d) and the IEA NZE2050 scenario for the year 2030. A negative number in column (f) implies our average portfolio alignment metric is already lower than the IEA scenario for 2030, while a positive number indicates it is higher. For the Automotive metric the implication is reversed.

Column (g) represents the linear reduction of the IEA NZE2050 scenario metric three years after the reference year and does not represent where Nordea's portfolio is targeted to be in three years. For example, the Power sector's current intensity level of 18g CO2/kwh is ahead of the IEA pathway's intensity level for both target (2026) and 2030.
Targets in column (g) do not represent Nordea's targets disclosed in annual report. Nordea's sector targets disclosed in the annual report do not comply with the three year time framework required in a column (g) nor are they always based on IEA NZE2050 scenario or use the same intensity metrics.

	a	b	c	d	e	f	g
	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (EURm)	Alignment metric*	Year of reference	Distance to IEA NZE2050 in % **	Target (year of reference + 3 years)
1	Power (***)	D.35.11	2,223	18 g CO2e/kWh	2023	-87%	258 g CO2e/kWh
2	Fossil fuel combustion	B.06.1, B.06.2, C.19.2	117	7 kg CO2e/BOE	2023	-85%	65 kg CO2e/BOE
3	Automotive	C.29.10	536	73% share of ZLEV	2023	9%	40% share of ZLEV
4	Aviation	H.51.1, H.51.2	22				
5	Maritime transport (****)	H.50	4,240	7.5 g CO2/dwt-nm	2023	18%	7.04 g CO2/dwt-nm
6	Cement, clinker and lime production	C.23.5	2				
7	Iron and steel, coke, and metal ore production (*****)	C.24.1, C24.4, C.24.51, C.24.52	106	1.06 t CO2e/t steel	2023	-1%	1.24 t CO2e/t steel
8	Chemicals	C.20	617				

*kilowatt-hour (kWh); barrel of oil equivalent (BOE); zero and low emisson vehicle (ZLEV); deadweight tonnage-nautic mile (dwt-nm).
** Point in time (PiT) distance to 2030 NZE2050 scenario in % (for each metric).
*** The power production alignment metric is based on an average 5g CO2/kwh proxy for all renewable production companies in the portfolio.
**** In Q4 2024, the deadweight tonnage metric is used for about 90% of the vessels in the portfolio, for the residual, the gross tonnage is used.
***** The alignment metric is calculated for NACE codes C.24.1, C.24.51 and C.24.52.

Table 65 - Template 4 - Banking book - Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms

Nordea has exposures towards two groups from the top 20 carbon intensive firms in the world, identified by using the Carbon Majors database by InfluenceMap*, based on the firms' combined scope 1 and 3 emissions as of 2022 (latest available). The exposure is relatively low and refers mainly to purchase of receivables of two companies belonging to these groups.

	a	b	c	d	e
	Gross carrying amount (aggregate)**	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)***	Of which environmentally sustainable (CCM)**	Weighted average maturity****	Number of top 20 polluting firms included*****
1	0.6	0.0001%	0.003	0.2	2

*The Carbon Majors database is available at carbonmajors.org

** Amount in EURm.

*** For counterparties among the top 20 carbon emitting companies in the world

**** In years

***** Number of company groups

Table 66 - Template 5 - Banking book - Indicators of potential climate change physical risk: Exposures subject to physical risk

The template provides information on exposures subject to physical risk. It includes exposures on loans collateralised by residential and commercial immovable property for all counterparty types.
The split by collateral is shown in row 10-11. Split by sectors for non-retail portfolio collateralised by immovable property is shown in row 1-9.

Nordea's current approach focuses on assessing how the change in physical hazards, due to climate change, potentially impacts valuations of immovable properties over time up to year 2100. The methodology used to identify assets sensitive to impact from chronic and acute climate change events is vulnerability mapping, which combines the physical hazard vulnerability and asset distributions resulting in areas where the physical hazard risks are considered potentially material. The physical hazard sensitivity is calculated on a postal code level. Nordea has assessed its exposures to climate-related physical risks in three Representative Concentration Pathway (RCP) scenarios (RCP 2.6, 4.5 and 8.5), in short, medium and long term up to year 2100 (2011-2040, 2041-2070, 2071-2100). RCPs are different scenarios for greenhouse gas emissions defined by the United Nations and global scientific community. The RCP 2.6 is aligned with the Paris agreement while the RCP 8.5 is the most severe climate scenario. The template shows exposures subject to physical risk in RCP 4.5 for the time period 2011-2040.

Nordea uses physical hazard data from Swedish Meteorological and Hydrological Institute (SMHI). The physical hazard data utilised from SMHI consists of information on 12 different climate hazard indices that can be divided into climate indices, hydrological indices, and fire risk. Each hazard index indicates the change in the respective physical hazard due to climate change. The SMHI data covers the Nordic countries, hence only exposures with collaterals located in the Nordics having postal code information are included in the template (columns c-o). Exposures with collaterals in postal codes with no physical location are assigned to the closest lower postal code with physical location.

Additionally, a review of scientific studies has been conducted to determine the actual possible impact on the value of properties that were identified at risk of physical hazards. Availability of reliable research meeting all criteria applicable to Nordea's portfolio was limited, especially in terms of geographic scope, time frame and types of climate risks, therefore actual impact may differ from internal findings, which could hinder comparability with peers. Nevertheless, attempts were made to adopt more conservative assumptions in order not to underestimate the exposures at risk. The final assessment varies depending on the type of risk (chronic, acute, or risk associated with sea level rise) and was embedded into the calculation logic.

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount (Mln EUR)													
		of which exposures sensitive to impact from climate change physical events												
		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1 A - Agriculture, forestry and fishing	8,118	27	11	54	213	24	69	79	157	12	9	-17	-8	-9
2 B - Mining and quarrying	743	0	0	0	0	18	0	0	0	0		0	0	0
3 C - Manufacturing	16,732	27	4	13	12	14	19	20	16	8	0	-3	-3	0
4 D - Electricity, gas, steam and air conditioning supply	5,352	10	9	22	29	17	3	35	32	0	0	0	0	0
5 E - Water supply; sewerage, waste management and remediation activities	1,636	7	0	1	1	9	1	6	2	0	0	0	0	0
6 F - Construction	6,423	32	2	9	31	16	33	23	18	13	2	-12	-3	-9
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	10,689	32	6	18	34	17	27	36	26	8	1	-6	-2	-3
8 H - Transportation and storage	7,762	4	3	12	13	19	17	8	8	2	1	-2	0	-2
9 L - Real estate activities	47,008	655	37	178	352	11	536	448	237	46	10	-29	-6	-18
10 Loans collateralised by residential immovable property	195,683	482	250	870	4,396	26	2,517	1,875	1,604	215	43	-112	-41	-58
11 Loans collateralised by commercial immovable property	39,780	484	65	257	304	13	392	372	345	56	16	-42	-13	-24
12 Repossessed collaterals														
13 Other relevant sectors (breakdown below where relevant)	25,953	46	28	76	207	23	157	95	105	18	4	-10	-4	-5

Table 67 - Template 6 - Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures

The template provides an overview of the KPIs calculated on the basis of templates 7 and 8 on the green asset ratio (GAR). The disclosure requirements stipulated under Pillar 3 disclosure in compliance with the implementing technical standards laid down in Implementing Regulation 2021/637 Annex XXXIX ESG requires Nordea to disclose information limited to two environmental objectives; climate change mitigation (CCM) and climate change adaptation (CCA). Therefore, total GAR stock and GAR flow differs from reporting under EU Taxonomy Article 8, which covers all environmental objectives.

Further information on Nordea's methodology regarding GAR is provided in "Green asset ratio methodology" which can be found from Nordea.com.

	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	4.0%	0.0%	4.0%	71.4%
GAR flow**	3.0%	0.0%	3.0%	91.7%

*% of assets covered by the KPI over banks' total assets

** The KPIs on flow table provides information on the GAR KPIs on flow of newly incurred exposures during the reporting period of six months compared to flow of new total covered assets.

Table 68 - Template 7 - Mitigating actions: Assets for the calculation of GAR

The template provides information about the amount of assets in scope of the GAR disclosures based on the turnover taxonomy alignment of the counterparty. It includes information on gross carrying amount of loans and advances, debt securities and equity instruments in the banking book. Assessment is performed with a breakdown by type of counterparty, including financial corporations, non-financial corporations, local governments as well as real estate lending towards households. Taxonomy eligibility and taxonomy alignment of the exposures are defined by considering the environmental objectives of climate change mitigation and climate change adaptation.

The reporting is based on data originating from Nordea's internal core banking systems as well as external data for the purposes of (i) Non Financial Reporting Directive (NFRD) undertakings' disclosed taxonomy eligibility and alignment, (ii) Energy Performance Certificates (EPC), (iii) Primary Energy Demand (PED) for buildings and (iv) the physical climate risk assessment in relation to residential real estate lending. For financial and non-financial NFRD undertakings, the exposure has been weighted to the undertakings' share of eligible and aligned turnover. This means that all loans have been treated as general purpose loans.

Local governments financing is not assessed for Taxonomy alignment since Nordea does not have a business model based to a great extent on financing public housing and data on specialized lending to local governments is missing. Data on collateral obtained by taking possession (residential and commercial immovable properties) is not available either and therefore not assessed for Taxonomy alignment.

For residential real estate lending in the Norwegian and Swedish markets, the full gross carrying amount of mortgages has been assessed for Taxonomy alignment. For residential real estate lending in the Danish and Finnish markets, the gross carrying amount excluding second mortgages (top up loans) has been assessed for Taxonomy alignment. For buildings built before 31 December 2020, substantial contribution has been assessed as a valid EPC class A or as the buildings being within the top 15% of the national or regional building stock with a valid EPC class B. For the Danish and Norwegian market, the top 15% threshold has been determined using an EPC class A or B label. In Sweden, the top 15% has been identified based on PED thresholds established in a study done by the Swedish Property Federation. In the Finnish market, the calculation of PED thresholds of the top 15% is based on a study conducted by Granlund in 2022, using energy performance certificate data from the Housing Finance and Development Centre of Finland (ARA).

For buildings built after 31 December 2020, the building is considered to significantly contribute to climate change mitigation if it has a PED which is at least 10% lower than the threshold for the nearly zero-energy building (NZEB) requirements in the respective country. Due to lack of PED data in Norway and Denmark, all buildings with an EPC class A label in Norway and all buildings with EPC A2020 in Denmark are considered to have 10% lower PED than NZEB. Nordea has chosen to align with EU Taxonomy disclosure requirements, and is not using simplified approach to assess exposures towards households. Therefore, a physical climate risks assessments for residential real estate lending have been carried out, excluding exposures subject to medium or high physical risk from taxonomy-aligned assets. The assessments apply a Representative Concentration Pathway (RCP) scenario of 4.5 for the time period 2011–2040. Minimum safeguards have not been considered for retail exposures.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Q4 2024															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
EURm					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	231,202	174,135	15,436	13,720	168	227	417	11	0	0	10	174,551	15,447	13,720	168	238
2	**Financial corporations**	**28,808**	**11,221**	**974**	**0**	**60**	**19**	**0**	**0**	**0**	**0**	**0**	**11,221**	**974**	**0**	**60**	**19**
3	Credit institutions	26,278	11,188	968	0	60	13	0	0	0	0	0	11,188	968	0	60	13
4	Loans and advances	3,274	1,124	109	0	14	1	0	0	0	0	0	1,124	109	0	14	1
5	Debt securities, including UoP	22,960	10,054	858	0	46	13	0	0	0	0	0	10,054	858	0	46	13
6	Equity instruments	44	10	1		0	0	0	0		0	0	10	1		0	0
7	Other financial corporations	2,530	33	6	0	0	5	0	0	0	0	0	34	6	0	0	5
8	of which investment firms	531	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Loans and advances	531	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Equity instruments																

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Q4 2024															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
EURm					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
12	of which management companies																
13	Loans and advances																
14	Debt securities, including UoP																
15	Equity instruments																
16	of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Debt securities, including UoP																
19	Equity instruments																
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**13,239**	**3,072**	**743**	**0**	**108**	**209**	**416**	**10**	**0**	**0**	**10**	**3,488**	**753**	**0**	**108**	**219**
21	Loans and advances	13,105	3,061	732	0	108	209	416	10	0	0	10	3,477	743	0	108	219
22	Debt securities, including UoP																
23	Equity instruments	134	10	10		0	0	0	0		0	0	10	10		0	0
24	**Households**	**187,375**	**159,842**	**13,720**	**13,720**	**0**	**0**						**159,842**	**13,720**	**13,720**	**0**	**0**
25	of which loans collateralised by residential immovable property	169,547	153,801	13,708	13,708	0	0						153,801	13,708	13,708	0	0
26	of which building renovation loans	117	117														
27	of which motor vehicle loans	3,912	3,912										3,912				
28	**Local governments financing**	**1,781**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
29	Housing financing	388	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Other local governments financing	1,393	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Collateral obtained by taking possession: residential and commercial immovable properties	1															
32	TOTAL GAR ASSETS	231,203	174,135	15,436	13,720	168	227	417	11	0	0	10	174,551	15,447	13,720	168	238

EURm	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Q4 2024															
	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33 **EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**101,038**															
34 Loans and advances	99,244															
35 Debt securities	1,308															
36 Equity instruments	486															
37 **Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**5,689**															
38 Loans and advances	5,689															
39 Debt securities	0															
40 Equity instruments																
41 Derivatives	4,067															
42 On demand interbank loans	715															
43 Cash and cash-related assets	212															
44 Other assets (e.g. Goodwill, commodities etc.)	41,171															
45 TOTAL ASSETS IN THE DENOMINATOR (GAR)	384,095															
Other assets excluded from both the numerator and denominator for GAR-calculation																
46 Sovereigns	10,573															
47 Central banks exposure	51,544															
48 Trading book	91,911															
49 **TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	**154,028**															
50 TOTAL ASSETS	538,123															

Table 69 - Template 8 - GAR (%)

The KPIs on stock provides information about the proportion of taxonomy eligible and the proportion of taxonomy aligned assets compared to total covered assets in the denominator (row 1, columns a-o) based on GAR assets disclosed in Template 7. In addition, the template provides information about the proportion of taxonomy eligible and aligned assets compared to the asset's gross carrying amount (row 2-17, columns a-o). The proportion of total assets covered (column p) is calculated using the gross carrying amount of total assets as a denominator. The KPIs on flow table provides information on the GAR KPIs on flow of newly incurred exposures during the reporting period of six months compared to flow of new total covered assets.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Q4 2024: KPIs on stock															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	**GAR**	45.3%	4.0%	3.6%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	45.4%	4.0%	3.6%	0.0%	0.1%	71.4%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	45.3%	4.0%	3.6%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	45.4%	4.0%	3.6%	0.0%	0.1%	43.0%
3	Financial corporations	2.9%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	0.3%	0.0%	0.0%	0.0%	5.4%
4	Credit institutions	2.9%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	0.3%	0.0%	0.0%	0.0%	4.9%
5	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
6	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
7	of which management companies																
8	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Non-financial corporations subject to NFRD disclosure obligations	0.8%	0.2%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.9%	0.2%	0.0%	0.0%	0.1%	2.5%
10	Households	41.6%	3.6%	3.6%	0.0%	0.0%						41.6%	3.6%	3.6%	0.0%	0.0%	34.8%
11	of which loans collateralised by residential immovable property	40.0%	3.6%	3.6%	0.0%	0.0%						40.0%	3.6%	3.6%	0.0%	0.0%	31.5%
12	of which building renovation loans	0.0%															0.0%
13	of which motor vehicle loans	1.0%															0.7%
14	Local government financing	0.0%	0.0%	0.0%	0.0%	0.0%						0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
15	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%						0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
16	Other local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
17	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		Q4 2024: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total new assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	**GAR**	35.0%	3.0%	2.4%	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	35.0%	3.0%	2.4%	0.1%	0.2%	91.7%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	21.6%	2.2%	1.5%	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	21.6%	2.2%	1.5%	0.1%	0.2%	35.7%
3	Financial corporations	4.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%	0.4%	0.0%	0.0%	0.0%	11.0%
4	Credit institutions	4.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%	0.4%	0.0%	0.0%	0.0%	8.2%
5	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%
6	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7	of which management companies																
8	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Non-financial corporations subject to NFRD disclosure obligations	1.2%	0.3%	0.0%	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	1.2%	0.3%	0.0%	0.1%	0.2%	6.3%
10	Households	29.4%	2.4%	2.4%	0.0%	0.0%						29.4%	2.4%	2.4%	0.0%	0.0%	31.3%
11	of which loans collateralised by residential immovable property	29.3%	2.4%	2.4%	0.0%	0.0%						29.3%	2.4%	2.4%	0.0%	0.0%	28.3%
12	of which building renovation loans																
13	of which motor vehicle loans																
14	Local government financing	0.0%	0.0%	0.0%	0.0%	0.0%						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16	Other local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Collateral obtained by taking possession: residential and commercial immovable properties																

Table 70 -Template 10 - Other climate change mitigating actions that are not covered in Regulation (EU) 2020/852

The template covers exposures that support counterparties in the transition and adaptation process for the objectives of climate change mitigation and climate change adaptation. The template does not include exposures that are EU Taxonomy-aligned as referred to in EU Taxonomy Regulation (EU) 2020/852 Article 3. EU Taxonomy-aligned exposures are disclosed in template 7, while this template is limited to non-aligned exposures that are assessed green or sustainability-linked under standards other than the EU standards.

The template includes Nordea's holdings of green bonds issued by public sector entities. The maturity dates of the bonds range between 2025 and 2033. The bonds are generally issued under green bond framework that support the issuers in the financing of the transition and adaptation process for the objectives of climate change mitigation and climate change adaptation. The template also presents Nordea's green loans mainly to corporate clients that have been sold as green. Most Nordea's green loans support climate change mitigation activities with maturity dates ranging between 2025 and 2065. The loans are categorised according to Nordea Green Funding Framework. Furthermore, the template includes Nordea´s sustainability-linked loans (SLL) which are granted to financial corporations and non-financial corporate clients. The maturity dates of the loans range between 2025 and 2030. These loans follow current market practice and principles, the Sustainability Linked Loan Principles (SLLP). The SLLs enable Nordea to incentivise customers' sustainability performance. Most of SLLs are directed towards climate change mitigation.

For Q4 2024 report, Nordea has included into this template also green NFRD-corporate loans and bonds, mortgages financing energy efficient buildings and electric vehicle loans, which are not reported as Taxonomy-aligned in Template 7.
For the purpose of this template, the applicable type of climate risk is determined by the asset categories outlined in the issuers' green bonds frameworks, mainly based on the International Capital Market Association's (ICMA) GBP, or Nordea's Green Funding Framework. The frameworks include asset categories supporting positive or reducing negative effects on the environment e.g. renewable energy, energy efficiency, green buildings, clean transportation and environmentally sustainable management of living natural resources and land use, sustainable water and waste water management, climate change adaptation and circular economy.

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (EURm)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations				
2		Non-financial corporations				
3		*Of which Loans collateralised by commercial immovable property*				
4		Other counterparties	1,014	Y	Y	Renewable Energy, Green Buildings, Energy efficiency, Sustainable water and waste water management, Environmentally sustainable management of living naturals resources and land use, Circular economy, Climate change adaptation, Clean transportation
5	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	3,188	Y	N	Energy efficiency, Green buildings, Stabilisation of greenhouse gas emissions, Clean transportation
6		Non-financial corporations	5,374	Y	N	Renewable energy, Energy efficiency, Green buildings, Environmentally sustainable management of living natural resources and land use, Stabilisation of greenhouse gas emissions, Clean transportation
7		*Of which Loans collateralised by commercial immovable property*	*1,591*	*Y*	*N*	Green buildings
8		Households	523	Y	N	Energy efficient buildings
9		*Of which Loans collateralised by residential immovable property*	*523*	*Y*	*N*	Energy efficient buildings
10		*Of which building renovation loans*				
11		Other counterparties	824	Y	N	Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation

Table 71 - Assets and liabilities of NLP

The table shows NLP's assets and liabilities at 31 December 2024 on an IFRS basis. The development of assets and liabilities is determined predominantly by in- and outflows of insurance premiums, claims, investment returns and holding of capital in NLP.

EURm	2024	2023
Assets		
Investment properties	2,125	2,191
Shares	19,984	14,478
Alternative investments	966	1,029
Debt securities - At fair value	6,517	8,539
Debt securities - Held to maturity	751	773
Deposits and treasury bills	1,813	1,779
Financial assets backing investment contracts	57,385	47,307
Other financial assets	279	538
Other assets	1,248	1,245
Total assets	91,070	77,879
Liabilities		
Insurance contract liabilities	30,351	27,568
Investment contract liabilities	57,396	47,221
Other financial liabilities	1,334	1,244
Other liabilities	126	87
Shareholders' equity	1,213	1,109
Subordinated loans	650	650
Total liabilities and equity	91,070	77,879

Table 72 - Effects of market risk on NLP

The table shows the impact of interest rate, equity price and spread movements on profit and contractual service margin (CSM).

	2024		2023	
EURm	Impact on profit	Impact on CSM	Impact on profit	Impact on CSM
Equity -20%[1)]	-29.4	-230.0	-15.8	-123.5
Interest rates -50 bps	-0.1	-110.9	-18.3	-160.8
Interest rates +50 bps	0.0	98.3	16.0	142.4
Spread +50 bps	-2.9	-12.9	0.7	4.0
Combined market stress[2)]	-44.5	-361.8	-35.3	-292.2

1) Including alternative investments and -5% on properties.

2) Interest rates -50 bps, equity -20%, spreads +50 bps.

Table 73 - Effects of life and insurance risks

The table shows the sensitivity of NLP to changes in life insurance risk. The impact is split between the effect on profit and contractual service margin (CSM).

	2024		2023	
EURm	Impact on profit	Impact on CSM	Impact on profit	Impact on CSM
Lapses +10%	-5.1	-20.6	-1.0	-11.6
Expenses +10%	-13.5	-88.2	-12.0	-72.5
Mortality +10%	2.2	6.7	1.6	4.4
Disability +10%	-13.0	-2.7	-15.2	-2.6
Longevity +10%	-4.6	-20.6	-3.9	-12.3

Table 74 - Product return, traditional life insurance

The table shows the product return of traditional business for the consolidated life companies. Assets under management (AuM) are affected by the product return and the in- and outflows of business.

	2024		2023[1)]	
EURm	AuM	Product return	AuM	Product return
Finland	2,274	7.7%	2,112	5.3%
Sweden	3,734	11.9%	3,193	4.9%
Norway	4,923	1.7%	4,997	-10.4%
Denmark	2,876	18.1%	2,592	3.7%
Total AuM	13,807	8.5%	12,894	-2.2%

[1)] Please note that the AuM and product return information for 2023 has been corrected.

Table 75 - Gurarantee levels, estimates of present value of future cash flows

The table shows the expected fulfilment cash flows (EFCF) divided into guarantee levels.

EURm	2024	2023
EFCF[1]		
0%	378	350
0 - 2%	4,137	3,869
2 - 3%	2,933	3,347
3 - 4%	2,143	2,181
> 4%	1,349	1,330
Total	10,940	11,077

[1] The expected fulfilment cash flow (EFCF) is the present value of the currently expected amounts that will be collected from premiums, net of expected pay out for claims, benefits and directly attributable expenses.

Table 76 - Remaining contractual service margin (CSM) from insurance contracts

The table shows the projected development of the CSM in NLP.

EURm	Insurance contracts							
Q4 2024	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
Traditional insurance	69	63	59	55	49	214	387	896
Unit-linked insurance	80	67	60	53	45	166	213	684
Life- and disability insurance	30	9	8	7	7	28	48	137
Total	179	139	127	115	101	408	648	1,717

EURm	Insurance contracts							
Q4 2023	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
Traditional insurance	62	58	54	50	43	176	373	816
Unit-linked insurance	76	66	59	52	45	164	188	650
Life- and disability insurance	30	7	6	6	5	22	30	106
Total	168	131	119	108	93	362	591	1,572

Table 77 - Solvency position

The table shows the solvency position.

EURm	2024	2023
Solvency capital requirement	2,706	2,476
Own funds	4,108	3,599
Solvency margin	1,402	1,123
Solvency position	152%	145%

Table 78 - Solvency sensitivity

The table shows the solvency position under baseline and stressed conditions.

	2024	2023
Solvency position	152%	145%
Equity drop 20%	163%	153%
Interest rates down 50 bps	150%	141%
Interest rates up 50 bps	153%	151%

Table 79 - CRR reference table

CRR ref.	High level summary	Reference
Title II: Technical criteria on transparency and disclosure		
Article 435	Risk management objectives and policies	
(1) (a)	The strategies and processes to manage those categories of risks.	Throughout Part 1
(1) (b)	Organisation and governance.	Throughout Part 1
(1) (c)	Reporting systems.	Throughout Part 1
(1) (d)	Hedging policies	Throughout Part 1
(1) (e)	Management declaration on risk management adequacy.	Board risk statement
(1) (f)	Risk profile	Board risk statement
(2) (a) - (e)	Disclosures regarding governance arrangements.	Information can be found in: Nordea.com > About us > Corporate Governance
Article 436	Scope of application	
(a)	Name of the institution.	Cover page
(b)	Reconciliation between the consolidated financial statements	Part 2, EU LI3
(c)	Breakdown of assets and liabilities of the consolidated financial statements	Part 2, EU LI1
(d)	Reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements and the exposure amount used for regulatory purposes	Part 2, EU LI2
(e)	Breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment	Part 2, EU PV1
(f)	Practical or legal impediments to transfer of own funds or to the repayment of liabilities between parent and subsidiaries.	Part 1, ICAAP, stress testing and capital allocation
(g)	Capital shortfalls in subsidiaries outside the scope of consolidation.	Not applicable
(h)	Making use of articles on derogations from a) prudential requirements (Article 7) and b) liquidity requirements for individual subsidiaries/entities (Article 9).	Nordea does not apply Article 7 and Article 9.
Article 437	Own funds	
(a)	Full reconciliation to own funds and balance sheet.	Part 2, EU CC1, EU CC2
(b)	Description of main features of the instruments.	Information can be found in: Nordea.com > Investors > Debt and rating > Capital instruments > Main features
(c)	Full terms and conditions of the instruments.	Information can be found in: Nordea.com > Investors > Debt and rating > Capital instruments > Main features
(d) (i)-(iii)	Separate disclosure of the nature.	Part 2, EU CC1
(e)	Description of all restrictions applied to own funds calculations	Part 2, EU CC1
(f)	Calcuation of capital ratios	Part 2, EU CC1
Article 437a	Disclosure of own funds and eligible liabilities	
(a)	Composition of their own funds and eligible liabilities, their maturity and their main features	Nordea is not a globally significant institution or a material subsidiary of non-EU G-SII. Hence, it is not subject to CRR 92a or 92b and CRR 437a disclosure requirement. However, Nordea is subject to disclosure according to BRRD. See references under BRRD ref.
(b)	Ranking of eligible liabilities in the creditor hierarchy	
(c)	Total amount of each issuance of eligible liabilities instruments referred to in Article 72b and the amount of those issuances that is included in eligible liabilities items within the limits specified in Article 72b(3) and (4)	
(d)	Total amount of excluded liabilities referred to in Article 72a(2)	
Article 438	Own funds requirements and risk-weighted exposure amounts	
(a)	Summary of the approach to assessing adequacy of capital to its activities.	Part 1, ICAAP, stress testing and capital allocation
(b)	Amount of the additional own funds requirements	Part 1, EU KM1
(c)	Upon demand from the authorities, result of the ICAAP.	Not applicable
(d) - (h)	Own funds requirements for credit risk (Standardised and IRB approach), market and operational risk.	1. Part 2, EU OV1, EU INS1, EU INS2, EU CR8, EU CCR7, EU MR2-B 2. As Nordea does not apply the slotting approach, the disclosure of EU CR10 is not applicable.

Article 439	Exposure to counterparty credit risk		
(a)	Methodology to assign internal capital and credit limits for counterparty credit exposures	Part 1, Counterparty credit risk
(b)	Policies related to guarantees and other credit risk mitigants	Part 1, Counterparty credit risk
(c)	Policies for wrong-way risk exposures.	Part 1, Counterparty credit risk
(d)	Impact of any collateral postings upon credit rating downgrade.	Part 1, Counterparty credit risk
(e)	Amount of segregated and unsegregated collateral received and posted per type of collateral	Part 2, EU CCR5
(f)	The exposure values before and after the effect of the credit risk mitigation for derivative transactions.	Part 2, EU CCR1
(g)	The exposure values before and after the effect of the credit risk mitigation for securities financing transactions.	Part 2, EU CCR1
(h)	The exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge.	Part 2, EU CCR2
(i)	The exposure value to central counterparties and the associated risk exposures.	Part 2, EU CCR8
(j)	The notional amounts and fair value of credit derivatie transactions and distribution of credit derivatives products.	Part 2, EU CCR6
(k)	The estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate.	Part 2, EU CCR1
(l)	Separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452	Part 2, EU CCR3, EU CCR4
(m)	for institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off- balance-sheet derivative business.	Part 2, EU CCR1
Article 440	Countercyclical capital buffers	
(a)	The geographical distribution of the exposure amounts and risk- weighted exposure amounts of its credit exposures.	Part 2, EU CCyB1
(b)	The amount of their institution-specific countercyclical capital buffer.	Part 2, EU CCyB2
Article 441	Indicators of global systemic importance	
(1) - (2)	Indicator values used for determing the score of the institution.	As Nordea is not a globally significant institution, the disclosure is not applicable.
Article 442	Exposures to credit risk and dilution risk	
(a)	The scope and definitions that they use for accounting purposes of 'past due' and 'impaired' and the differences	Part 1, Credit risk
(b)	The approaches and methods adopted for determining specific and general credit risk adjustments.	Part 1, Credit risk
(c)	Information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures.	1. Part 2, EU CQ1, EU CQ3, EU CQ4, EU CQ5, EU CQ7, EU CR1 2. As Nordea's non-performing loan ratio is below the 5% threshold, the disclosure of EU CR2a, EU CQ2, EU CQ6,EU CQ8 is not applicable.
(d)	Ageing analysis of accounting past due exposures.	Part 2, EU CQ3
(e)	The gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments.	Part 2, EU CQ4, EU CQ5
(f)	Changes in the gross amount of defaulted on- and off-balance-sheet exposures.	1. Part 2, EU CR1, EU CR2 2. As Nordea's non-performing loan ratio is below the 5% threshold, the disclosure of EU CR2a is not applicable.
(g)	The breakdown of loans and debt securities by residual maturity.	Part 2, EU CR1-A
Article 443	Encumbered and unencumbered assets	
	The carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered.	Part 2, EU AE1, EU AE2, EU AE3, EU AE4
Article 444	The use of the Standardised Approach	
(a)	The names of the nominated ECAIs and ECAs and the reasons for any changes in those nominations over the disclosure period.	Part 1, Credit risk
(b)	The exposure classes for which each ECAI or ECA is used.	Part 1, Credit risk
(c)	Description of the process used to transfer the issuer and issue credit ratings onto items not included in the trading book.	Part 1, Credit risk
(d)	The association of the external rating of each nominated ECAI or ECA with the risk weights that correspond to the credit quality steps.	Part 1, Credit risk Part 2, Table: Standardised exposure classes, distributed by credit quality step
(e)	The exposure values before and after credit risk mitigation associated with each credit quality step.	Part 2, EU CCR3, EU CR4, EU CR5
Article 445	Exposure to market risk	
	Own Funds requirements.	Part 2, EU MR1

Article 446	Operational risk management	
(a)	The approaches for the assessment of own funds requirements for operation risk.	Part 1, Operational risk and compliance risk Part 2, EU OR1
(b)	Where the institution makes use of it, a description of the methodology set out in Article 312(2)	Nordea does not apply the Advanced Measurement Approach for Operational Risk.
(c)	In the case of partial use, the scope and coverage of the different methodologies used.	As Nordea only applies the standardised approach to the calculation of capital requirements for operational risk, partial use is not applicable.
Article 447	Key metrics	
(a)	Composition of own funds and own funds requirements	Part 1, EU KM1
(b)	Total risk exposure amount	Part 1, EU KM1
(c)	Where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with point (a) of Article 104(1) of Directive 2013/36/EU	Part 1, EU KM1
(d)	The combined buffer requirement which the institutions are required to hold in accordance with Chapter 4 of Title VII of Directive 2013/36/EU;	Part 1, EU KM1
(e)	Leverage ratio and the total exposure measure	Part 1, EU KM1
(f)	Information in relation to liquidity coverage ratio	Part 1, EU KM1
(g)	Information in relation to net stable funding requirement	Part 1, EU KM1
(h)	Own funds and eligible liabilities ratios and their components, numerator and denominator.	As Nordea is not a globally significant institution or a material subsidiary of non-EU G-SII, it is not subject to CRR 92a or 92b.
Article 448	Exposures to interest rate risk on positions not held in the trading book	
(1) (a)	The changes in the economic value of equity calculated under the six supervisory shock scenarios.	Part 2, EU IRRBB1
(1) (b)	The changes in the net interest income calculated under the two supervisory shock scenarios.	Part 2, EU IRRBB1
(1) (c)	Description of key modelling and parametric assumptions.	Part 1, Market risk
(1) (d)	Explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph.	Part 1, Market risk
(1) (e)	Description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities	Part 1, Market risk
(1) (f)	Description of the overall risk management and mitigation strategies for those risks.	Part 1, Market risk
(1) (g)	Average and longest repricing maturity assigned to non-maturity deposits	Part 1, Market risk
Article 449	Exposure to securitisation positions	
(a)	A description of securitisation and re-securitisation activities.	Part 1, Securitisation and credit
(b)	The type of risks exposed to in securitisation and re-securitisation activities by level of seniority.	Part 1, Securitisation and credit
(c)	The approaches for calculating the risk-weighted exposure amounts.	Part 1, Securitisation and credit
(d) -(f)	Different roles played by the institution in the securitisation process and the extent of its involvement.	Part 1, Securitisation and credit derivatives
(g)	Summary of accounting policies for securitisation activity	Part 1, Securitisation and credit
(h)	The names of the ECAIs used for securitisations and the types of exposure for which each agency is used;	Part 1, Securitisation and credit derivatives
(i)	Description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three, including the structure of the internal assessment process and the relation between internal assessment and external ratings of the relevant ECAI.	Part 1, Securitisation and credit derivatives
(j)	Separately for the trading book and the non-trading book, the carrying amount of securitisation exposures,	1. Part 2, EU SEC1 2. As Nordea has no securitisation positions in trading book, the disclosure of EU SEC2 is not applicable.
(k) (i)	Non-trading book activities - aggregate amount of securitisation positions where institutions act as originator or sponsor	Part 2, EU SEC3
(k) (ii)	Non-trading book activities - aggregate amount of securitisation positions where institutions act as investor	Part 2, EU SEC4
(l)	For exposures securitised by the institution, the amount of exposures in default and the amount of the specific credit risk adjustments.	Part 2, EU SEC5

Article 449a	Disclosure of environmental, social and governance risks (ESG risks)	
	From 28 June 2022, large institutions which have issued securities that are admitted to trading on a regulated market of any Member State, as defined in point (21) of Article 4(1) of Directive 2014/65/EU, shall disclose information on ESG risks, including physical risks and transition risks, as defined in the report referred to in Article 98(8) of Directive 2013/36/EU.	1. Part 1: - ESG factors in business strategy, governance and risk management - Environmental, social and governance factors 2. Part 2, template 1, 2, 3, 4, 5, 6, 7, 8, 10
Article 450	Remuneration policy	
1	Remuneration policy and practices:	Information can be found in: 1. Annual report 2. Nordea.com > About us > Corporate Governance > Remuneration > Disclosures >Group Remuneration Disclosure Report
(1) (a)	- decision making of remuneration committee	See references above
(1) (b)	- link between pay and performance	See references above
(1) (c) - (f)	- criteria for performance measurement, variable components parameters	See references above
(1) (g) - (i)	- aggregate quantitative information including necessary splits	See references above
(1) (j)	- total remuneration for each member of the management body, upon request	See references above
(1) (k)	- information on whether the institution benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU	Nordea.com > About us > Corporate Governance > Remuneration > Disclosures >Group Remuneration Disclosure Report
2	- quantitative information per member of the management body for significant institutions	Annual report
Article 451	Leverage ratio	
(1) (a)	The leverage ratio and how the institutions apply Article 499(2)	Part 2, EU LR2
(1) (b)	A breakdown of the total exposure measure.	Part 2, EU LR1, EU LR2, EU LR3
(1) (c)	Where applicable, the amount of exposures calculated in accordance with Articles 429(8) and 429a(1) and the adjusted leverage ratio calculated in accordance with Article 429a(7)	Part 2, EU LR2
(1) (d)	A description of the processes used to manage the risk of excessive leverage;	Part 2, EU LR1
(1) (e)	A description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.	Part 2, EU LR1
2	Public development credit institutions as defined in Article 429a(2) shall disclose the leverage ratio without the adjustment to the total exposure measure.	Part 2, EU LR2
3	Large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) based on averages calculated in accordance with the implementing act referred to in Article 430(7)	Part 2, EU LR2
Article 451a	Liquidity requirements	
1	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	Part 1, Liquidity risk and ILAAP
2 (a) - (c)	Components of the LCR	Part 2, EU LIQ1
3 (a) - (c)	Components of the NSFR	Part 2, EU LIQ2
4	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk.	Part 1, Liquidity risk and ILAAP
Article 451b	Disclosure of crypto-asset exposures and related activities	
	Description of institution's crypto-asset exposures, crypto-asset services and other activities related to crypto-assets, their impact on the risk profile of the institution, and relevant risk management policies .	Board risk statement Part 1, Credit Risk EU CAE1 is not applicable as Nordea does not have crypto-asset exposures.

Title III: Qualifying requirements for the use of particular instruments or methodologies

Article 452	**Use of the IRB Approach to credit risk**	
(a)	Permission from the authority to use IRB approach.	Part 1, Credit risk
(b)	For each exposure class referred to in Article 147, the percentage of the total exposure value of each exposure class subject to the Standardised Approach	Part 2, EU CR6-A
(c) (i)-(iv)	Control mechanisms for rating systems.	Part 1, Credit risk
(d)	Role of the functions involved in the development, approval and subsequent changes of the credit risk models	Part 1, Credit risk
(e)	Scope and main content of the reporting related to credit risk models	Part 1, Credit risk
(f) (i)-(iii)	Description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio.	Part 1, Credit risk
(g) (i)-(v)	Information components in relation to each exposure class referred to in Article 147	Part 2, EU CCR4, EU CR6
(h)	Institutions' estimates of PDs against the actual default rate for each exposure class over a longer period.	1. Part 2, EU CR9 2. As Nordea does not apply point (f) of Article 180(1), the discosure of EU CR9.1 is not applicable.
Article 453	**Use of credit risk mitigation techniques**	
(a)	The core features of the policies and processes for on- and off- balance-sheet netting and an indication of the extent to which institutions make use of balance sheet netting.	Part 1, Credit risk
(b)	The core features of the policies and processes for eligible collateral evaluation and management.	Part 1, Credit risk
(c)	A description of the main types of collateral taken by the institution to mitigate credit risk.	Part 1, Credit risk
(d)	For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purpose of reducing capital requirements.	Part 1, Credit risk
(e)	Information about market or credit risk concentrations within the credit mitigation taken.	Part 1, Credit risk
(f)	For institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments.	Part 2, EU CR3
(g)	Corresponding conversion factor and the credit risk mitigation associated with the exposure.	Part 2, EU CR4, EU CR7-A
(h)	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation.	Part 2, EU CR4
(i)	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class.	Part 2, EU CR4
(j)	For institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives.	EU CR7 is not applicable as Nordea does not currently use credit derivatives as credit risk mitigation for banking book exposures.
Article 454	**Use of the Advanced Measurement Approaches to operational risk**	
	Description of the use of insurance and other risk-transfer mechanisms for the purpose of mitigating operational risk.	As Nordea does not have permission for use of the Advanced Measurement Approach, the disclosure of this information is not applicable.
Article 455	**Use of Internal Market Risk Models**	
(a) (i)	Characteristics of the models used.	Part 1, Market risk
(a) (ii)	For the internal models for incremental default and migration risk and for correlation trading, the methodologies used and the risks measured through the use of an internal model.	Part 1, Market risk
(a) (iii)	Description of stress testing applied to the sub-portfolio.	Part 1, Market risk
(a) (iv)	Approaches used for back-testing and validating the accuracy and consistency of the internal models and modelling processes.	Part 1, Market risk
(b)	Scope of permission by the competent authority.	Part 1, Market risk
(c)	Description of the extent and methodologies for compliance with the requirements set out in Articles 104 and 105.	Part 1, Market risk
(d) (i) - (iii)	The highest, lowest and average of VaR, sVaR, Incremental risk charge and Comprehensive Risk Charge.	Part 2, EU MR3
(e)	The elements of the own fund requirement as specified in Article 364.	Part 2, EU MR2-A
(f)	Weighted average liquidity horizon for each sub-portfolio covered by the internal models for incremental default and migration risk and for correlation trading.	Part 1, Market risk
(g)	Comparison of the daily end-of-day VaR measures to the one-day changes of the portfolio's value.	Part 2, EU MR4

Table 80 - BRRD reference table

BRRD ref.	High level summary	Reference
Title II: Technical criteria on transparency and disclosure		
Article 45i	Supervisory reporting and public disclosure of the requirement	
(3) (a)	The amounts of own funds and eligible liabilities	EU KM2
(3) (b)	The composition of the items, including their maturity profile and ranking in normal insolvency proceedings	EU TLAC1, EU TLAC3b
(3) (c)	The applicable requirement	EU KM2