

# Nordea



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

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

## Table of Contents

<b>Table Name</b>	<b>Table Number</b>
<b>Capital Position</b>	
EU KM1 – Overview of risk weighted exposure amounts	1
EU OV1 – Overview of total risk exposure amounts	2
<b>Credit Risk</b>	
EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach	3
<b>Counterparty Credit Risk</b>	
EU CCR7 – RWEA flow statements of CCR exposures under the IMM	4
<b>Liquidity</b>	
EU LIQ1 – Quantitative information of LCR	5
<b>Market Risk</b>	
EU MR2-B – RWEA flow statements of market risk exposures under the IMA	6

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

During the third quarter Nordea's own funds decreased by EUR 0.3bn, of which CET1 decreased by EUR 0.4bn, Additional Tier 1 (AT1) increased by EUR 0.6bn and Tier 2 (T2) decreased by EUR 0.5bn. The CET1 decreased due to increased IRB shortfall deduction following the implementation of new capital models for retail exposures and negative FX effects in retained earnings. AT1 capital increased due to issuance of AT1 instruments and T2 decreased due to reduced IRB excess following the implementation of the new retail models. The increase of REA by EUR 14.4bn was mainly stemming from the implementation of the new retail models in credit risk portfolio. Leverage ratio decreased slightly from 5.0% to 4.9% mainly due to CET1 capital decrease.

	a	b	c	d	e
Available own funds (amounts), EURm	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3
1 Common Equity Tier 1 (CET1) capital	23,935	24,315	23,798	23,645	23,004
2 Tier 1 capital	27,844	27,602	27,061	26,845	26,318
3 Total capital	31,703	32,008	31,021	30,815	29,164
<b>Risk-weighted exposure amounts, EURm</b>					
4 Total risk exposure amount	153,691	139,333	138,579	138,719	140,925
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5 Common Equity Tier 1 ratio (%)	15.6%	17.5%	17.2%	17.0%	16.3%
6 Tier 1 ratio (%)	18.1%	19.8%	19.5%	19.4%	18.7%
7 Total capital ratio (%)	20.6%	23.0%	22.4%	22.2%	20.7%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
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%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>					
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 (%)					
9 Institution specific countercyclical capital buffer (%)	1.6%	1.7%	1.7%	1.7%	1.6%
EU 9a Systemic risk buffer (%)	1.4%	1.0%			
10 Global Systemically Important Institution buffer (%)					
EU 10a Other Systemically Important Institution buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
11 Combined buffer requirement (%)	8.1%	7.7%	6.7%	6.7%	6.6%
EU 11a Overall capital requirements (%)	17.7%	17.3%	16.3%	16.3%	16.2%
12 CET1 available after meeting the total SREP own funds requirements	10.2%	12.1%	11.8%	11.6%	10.9%
<b>Leverage ratio</b>					
13 Total exposure measure	566,487	556,605	555,234	533,497	558,509
14 Leverage ratio (%)	4.9%	5.0%	4.9%	5.0%	4.7%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)					
EU 14b of which: to be made up of CET1 capital (percentage points)					
EU 14c Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
EU 14d Leverage ratio buffer requirement (%)					
EU 14e Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Liquidity Coverage Ratio</b>					
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	107,742	108,379	110,493	113,628	117,525
EU 16a Cash outflows - Total weighted value	88,680	86,011	86,536	86,686	88,420
EU 16b Cash inflows - Total weighted value	20,052	17,715	16,738	15,149	14,808
16 Total net cash outflows (adjusted value)	68,628	68,297	69,797	71,537	73,612
17 Liquidity coverage ratio (%) <sup>1)</sup>	157%	159%	159%	159%	160%
<b>Net Stable Funding Ratio</b>					
18 Total available stable funding	323,339	323,564	319,522	316,784	314,357
19 Total required stable funding	264,145	265,413	265,493	266,889	266,269
20 NSFR ratio (%)	122.4%	121.9%	120.4%	118.7%	118.1%

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

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

The following table provides an overview of total REA in Q3 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 14.4bn in the third quarter of 2024, mainly stemming from increased credit risk, primarily due to the implementation of new retail models, partly offset by decreased Swedish RW floor due to Article 458 of the CRR.

EURm	Total risk exposure amounts (TREA)		Total own funds requirements	
	a	b	c	
	Q3 2024	Q2 2024	Q3 2024	
1	Credit risk (excluding CCR)	117,325	99,714	9,386
2	<i>Of which the standardised approach</i>	10,661	10,662	853
3	<i>Of which the Foundation IRB (F-IRB) approach</i>	10,394	10,349	832
4	<i>Of which slotting approach</i>			
EU 4a	<i>Of which equities under the simple riskweighted approach</i>			
5	<i>Of which the Advanced IRB (A-IRB) approach</i>	96,269	78,702	7,702
6	Counterparty credit risk - CCR	4,091	3,867	327
7	<i>Of which the standardised approach</i>	521	620	42
8	<i>Of which internal model method (IMM)</i>	2,098	1,784	168
EU 8a	<i>Of which exposures to a CCP</i>	80	82	6
EU 8b	<i>Of which credit valuation adjustment - CVA</i>	379	602	30
9	<i>Of which other CCR</i>	1,012	778	81
15	Settlement risk	0	0	0
16	Securitisation exposures in the non-trading book (after the cap)	3,538	2,620	283
17	<i>Of which SEC-IRBA approach</i>	3,329	2,521	266
18	<i>Of which SEC-ERBA (including IAA)</i>	25	23	2
19	<i>Of which SEC-SA approach</i>	184	76	15
EU 19a	<i>Of which 1250% / deduction</i>			
20	Position, foreign exchange and commodities risks (Market risk)	5,016	5,586	401
21	<i>Of which the standardised approach</i>	692	749	55
22	<i>Of which IMA</i>	4,323	4,837	346
EU 22a	Large exposures			
23	Operational risk	17,874	17,874	1,430
EU 23a	<i>Of which basic indicator approach</i>			
EU 23b	<i>Of which standardised approach</i>	17,874	17,874	1,430
EU 23c	<i>Of which advanced measurement approach</i>			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	409	426	33
29	<b>Total</b>	<b>147,843</b>	<b>129,660</b>	<b>11,827</b>
	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	5,848	9,673	468
	Article 3 CRR Buffer			
	<b>Pillar 1 total</b>	<b>153,691</b>	<b>139,333</b>	<b>12,295</b>

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

During the third quarter the IRB REA increased, mostly due to the implementation of new retail models, partly offset by new securitisation transactions (seen in Other) and FX effects.

EURm

	Risk weighted exposure amount
	a
1 Risk weighted exposure amount Q2 2024	89,051
2 Asset size (+/-)	110
3 Asset quality (+/-)	206
4 Model updates (+/-)	19,578
5 Methodology and policy (+/-)	
6 Acquisitions and disposals (+/-)	
7 Foreign exchange movements (+/-)	-810
8 Other (+/-)	-1,472
9 Risk weighted exposure amount Q3 2024	106,663

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

This table only includes exposures calculated under the Internal Model Method (IMM). Increase in RWEA throughout the third quarter of 2024 is mainly driven by reduced interest rates over the quarter while impact from FX volatility was offset due to lower volumes into quarter end.

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

EURm	a	
Q2 2024	RWEA	
1 RWEA as at the end of the previous reporting period		1,689
2 Asset size		204
3 Credit quality of counterparties		
4 Model updates (IMM only)		29
5 Methodology and policy (IMM only)		
6 Acquisitions and disposals		
7 Foreign exchange movements		-109
8 Other		18
9 RWEA as at the end of the current reporting period		1,831

Table 5 - EU LIQ1 - Quantitative information of LCR

Nordea Group's short term liquidity risk exposure, measured by Liquidity Coverage Ratio (LCR), remained on a good and stable level during Q3 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 Q3 2024 net outflows were stable, but liquid assets slightly decreased and hence LCR was slightly lower. Liquidity buffer in Nordea Group is composed mainly of cash with central banks, government bonds, government related bonds and high quality covered bonds. During the quarter Nordea was able to actively use all its funding programs, maintained its strong name in the funding markets, and held a strong and diversified funding base across all main currencies. Nordea Group's main funding sources at the end of Q3 were customer deposits (36%) and issued debt securities (31%) 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 (30 September 2024)	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23
EU 1b Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>High-quality liquid assets</b>								
1 Total high-quality liquid assets (HQLA)					107,742	108,379	110,493	113,628
<b>Cash - Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:	110,655	110,129	109,783	109,619	7,670	7,684	7,722	7,755
3 <i>Stable deposits</i>	73,026	72,610	72,368	72,706	3,651	3,630	3,618	3,635
4 <i>Less stable deposits</i>	37,630	37,519	37,414	36,913	4,019	4,054	4,104	4,119
5 Unsecured wholesale funding	104,744	104,864	106,037	108,028	54,135	54,185	54,825	55,471
6 <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	18,549	18,934	19,350	20,790	4,623	4,718	4,822	5,181
7 <i>Non-operational deposits (all counterparties)</i>	77,423	76,392	76,615	76,930	40,741	39,928	39,930	39,981
8 <i>Unsecured debt</i>	8,772	9,539	10,072	10,309	8,772	9,539	10,072	10,309
9 Secured wholesale funding					6,528	3,973	3,811	3,454
10 Additional requirements	73,436	73,870	74,610	75,538	14,210	14,228	14,411	14,406
11 <i>Outflows related to derivative exposures and other collateral requirements</i>	6,281	6,313	6,598	6,622	5,948	5,889	6,106	6,112
12 <i>Outflows related to loss of funding on debt products</i>								
13 <i>Credit and liquidity facilities</i>	67,154	67,557	68,012	68,916	8,262	8,339	8,305	8,293
14 Other contractual funding obligations	2,392	2,268	2,249	2,354	2,392	2,268	2,249	2,261
15 Other contingent funding obligations	43,321	43,046	42,650	42,566	3,744	3,674	3,517	3,340
16 Total cash outflows					88,680	86,011	86,536	86,686
<b>Cash - Inflows</b>								
17 Secured lending (e.g. reverse repos)	32,852	30,541	29,260	27,295	5,961	4,459	3,992	3,588
18 Inflows from fully performing exposures	16,155	15,707	15,423	14,575	10,614	9,828	9,106	8,262
19 Other cash inflows	3,477	3,428	3,641	3,299	3,477	3,428	3,641	3,299
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	52,484	49,676	48,324	45,168	20,052	17,715	16,738	15,149
EU-20a <i>Fully exempt inflows</i>								
EU-20b <i>Inflows subject to 90% cap</i>								
EU-20c <i>Inflows subject to 75% cap</i>	52,076	49,183	47,945	44,761	20,052	17,715	16,738	15,149
<b>Total Adjusted Value</b>								
21 Liquidity buffer					107,742	108,379	110,493	113,628
22 Total net cash outflows					68,628	68,297	69,797	71,537
23 Liquidity coverage ratio					157%	159%	159%	159%

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

The Risk-Weighted Exposure Amount (RWEA) for Market Risk under the IMA decreased in Q3 2024 to EUR 4.3bn compared to EUR 4.8bn in Q2 2024 primarily driven by lower contribution from VaR.

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

EURm	a	b	c	d	e	f	g
	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
1 RWEAs Q1 2024	1,714	1,967	538	232		4,450	356
1a Regulatory adjustment	-1,221	-1,480	-56	-121		-2,878	-230
1b RWEAs Q1 2024 (end of the day)	493	487	482	111		1,572	126
2 Movement in risk levels	26	253	-93	122		308	25
3 Model updates/changes							
4 Methodology and policy							
5 Acquisitions and disposals							
6 Foreign exchange movements							
7 Other							
8a RWEAs Q2 2024 (end of the day)	519	740	389	232		1,881	150
8b Regulatory adjustment	1,507	1,450				2,957	237
8 RWEAs Q2 2024	2,026	2,190	389	232		4,837	387