# Nordea Investment Management AB

Annual Report
**2021**

# Contents

# Board of Directors' report

## The Board of Directors and the Managing Director of Nordea Investment Management AB hereby submit their annual report for financial year 2021.

Nordea Investment Management AB (556060-2301), hereinafter referred to as the Parent Company, with its registered office in Stockholm, is a Swedish registered MiFID company under the supervision of Finansinspektionen (the Swedish financial supervision authority). It is a wholly owned subsidiary of Nordea Asset Management Holding AB (559104-3301), with Nordea Bank ABp (2858394-9) as the ultimate parent company.

The Parent Company conducts extensive operations outside of Sweden through branches with registered offices located in Copenhagen (Denmark), Helsinki (Finland), Bergen (Norway) and Frankfurt (Germany).

The Group also includes the wholly owned subsidiaries Nordea Asset Management UK Limited (UK), Nordea Investment Management North America Inc. (US) and Nordea Private Equity Holding A/S (Denmark) with subsidiaries.

The consolidated income statement and balance sheet presented in this annual report include the Parent Company as well as the above-mentioned operations, hereinafter jointly referred to as "the Group".

The Group is part of the business area Asset & Wealth Management in the Nordea Group.

### Operations

The main operations comprise discretionary asset management for institutional customers, including the management of the investment funds for Nordea's two fund companies Nordea Investment Funds S.A. and Nordea Funds Ltd. The Group manages Nordic, European and global Fixed-income, equity and multi asset products as well as a limited range of private equity and private loans products. It also provides fund administration and fund reporting to the two above mentioned fund companies. Finally, the Group has a sales force for sale of asset management products (segregated accounts and investment funds) to external institutional clients.

### Performance of the global equity and fixed income markets in 2021

The first half of 2021 was dominated by rising bond yields and a value-led equity market rally. The main drivers of this performance were the success of the vaccine rollout in US and Europe and massive fiscal stimulus programs in US and other developed markets coupled with an extraordinarily easy global monetary policy stance. It was mainly the US and European markets moving up letting emerging markets and Japan behind. The rise in bond yields has been closely correlated with significant outperformance for financials and value stocks. Higher commodity prices have also helped value stocks, with mainly oil and copper moving up. The common theme driving all these moves has been rising optimism about the outlook for global growth.

In the second half of 2021 there were periods with increased volatility due to fear of inflation leading to decrease in equity and bond prices as well as the emergence of the omicron corona virus end November led to risk-off market reaction and decrease in equity prices and increase of bond prices.

Looking at the full year the leading equity price indices for European and US, Euro Stoxx 50 (EUR) and S&P 500 (USD), increased with 24% and 31% respectively, while the Japanese NIKKEI index (JPY) increased with 7% and MSCI Emerging Markets (USD) decreased with 4%. The leading indicators for the US and European bond yields; US and German 10-year government bond yields, increased with about 0.5 percentage points during the year, and ended at about 1.5% yields in the US while the Germany yields continued to be in negative territory and just below 0%.

### Group outcome 2021[1]

- Operating profit was 4,217 SEKm [EURm 416]
- The equity/assets ratio rose 72%
- Assets under management increased to SEKm 3,010,139 [EURm 292,492]
- The capital ratio was 2,9.

The increase in operating profit of 44% compared to 2020 was primarily due to an increase in net fee and commission income mainly explained higher AuM driven by market appreciations, excess returns and net flows into high margin products.

The equity/assets ratio rose from prior year, attributable to the improved net profit.

Asset under management ended the year at SEKm 3,010,139 [EURm 292,495] which was an increase of SEKm 397,942 [EURm 38,668] (15%). SEKm 300,474 [EURm 29,197] was related to market appreciation and excess performance and SEKm 97,468 [EURm 9,471] was related to positive net flows.

Net flows were positive in all sales channels except for Institutional Distribution that was impacted by an outflow of SEKm 53,515 [EUR 5.2bn] from mandates related to the divestment of Nordea Life & Pension Denmark in 2018. Net flows in Wholesale Distribution were positive with SEKm 40,692 [EURm 3,954] and had in particular strong traction in ESG equity strategies, the Alpha strategies as well as the Low Duration covered bond strategies. Institutional Distribution had a negative net flow of SEKm 48,935 [EURm 4,755] and was impacted by an outflow mentioned above, when eliminating for this Institutional Distribution had as positive net flow of SEKm 4,137 [EURm 402] with a high value of net flow as a number of large high margin mandates was attracted.

1) Amounts [] refers to corresponding amount in euro.

Nordea's sales channels (Personal Banking, Private Banking and Business Banking) had a very strong business momentum and attracted positive net flows of SEKm 102,624 [EURm 9,972] which was more than tripling 2020 levels. Finally, net flow from Nordea Life & Pension (segregated accounts) was slightly positive with SEKm 3,087 [EURm 300].

The relative returns for the year (before fees) was strong across the board and 93% of the aggregated investment composites was outperforming their benchmark indices measured a 3-year horizon.

## Risk exposure and risk policy

Risk management at Nordea Investment Management Group is integrated into Nordea Bank Abp's risk management procedures. For more information about risk exposure and risk policy, see Note 2.

The pandemic due to the Corona virus continued during 2021 and societies started to open up as the vaccinations was rolled out. However, with the emergence of new virus mutations at the end of the year some restrictions was reintroduced in some countries. For the Group it continued to impact the way to work i.e. a wide extent of working from home and less travel activities as portfolio managers and sales staff to a large extent had virtual meetings with companies and clients during the year. The pandemic had less impact on the financial markets than in 2020 i.e. not same volatility, but some companies was impacted by shortage and rising prices on raw materials.

It is still very uncertain when the impact of the virus spread on society will be normalized. This can lead to continued volatility on the financial markets and affect the Asset Management business financially from decreasing asset values and withdrawals of client's assets. The Group has a very good solvency and can withstand significant income reductions with no significant impact or risk for the capitalization or the liquidity of the Group.

## Capital adequacy

The capital requirement in Nordea Investment Management AB follow the approach of a category 2 firm according to the Investment Firm Regulation. The company must at all times have a capital base greater than the highest of the following three capital requirements:

- The requirement calculated as 25% of the fixed overhead expenses in the company
- The permanent minimum capital requirement of 75 000 Euros
- The sum of the K-factors as defined by the Investment Firm Regulation

More information regarding capital adequacy can be found in Note 23.

## Commitments and disputes

The Parent Company have issued a finabcial guarantee of SEKm 20 to the benefit of the subsidiary in the US.

## Corporate Social Responsibility

Information about how Nordea works with sustainability is presented at nordea.com/sustainability and in Nordea Annual Report 2021. The Annual Report is also where we present the mandatory/regulatory Non-Financial Statement, according to the Finnish Accounting Act, which covers the parent company Nordea Bank Abp, (2858394-9) with registered office in Helsingfors, and its subsidiaries.

## Supplementary information for investment firms

In 2021 a new capital adequacy regulatory framework for investment firms came into force – the EU investment firm regulation and the provisions that implement the EU investment firms directive into Swedish law. Nordea Investment Management AB is subject to this regulatory framework. The new regulatory framework includes prudential arrangements, reporting requirements and own funds requirements as well as publication requirements regarding information for example on risk management, corporate governance, own funds, remuneration policies and remuneration practices. In addition to the information in this Annual Report, supplementary information is available at nordeaassetmanagement.com.

## Management and Board of Directors

Henrika Vikman was appointed as CEO of the Parent company the 16 August 2021 and replacing Jessica Malmfors that left the company as of 15 August 2021.

The Annual General Meeting will be held on 24 March 2022.

## Significant events during the year

No other specific events to report in addition to the information provided above.

## Essential events after the closing date

The war in Ukraine affects Nordea Investment Management financially and operationally. Financial markets have reacted to Russia's invasion of Ukraine with sharply plummeting world stock exchanges and substantially heightened volatility on equity markets. This affects the Group in the form of lower fee income, which has a negative impact on the earnings. The Group's exposure from investments in Russia and Russian companies is highly limited, equalling around 0.1% of total client assets. The forceful sanctions imposed on Russia and Russian individuals make these assets difficult to divest, with a valuation close to zero. Nordea Investment Management has no directly owned assets in Russia in its own balance sheet and has no customers on the sanctions list.

A branch of Nordea Investment Management AB with registered office located in Lisbon, Portugal, was established in January 2022.

## Proposed distribution of earnings

According to the parent company Nordea Investment Management AB's balance sheet, the following amount is available for distribution of the Annual general Meeting:

| SEK | |
|---|---|
| Retained earnings including net profit for the year | 4,789,297,000 |
| Other free funds | 15,173,000 |
| **Total** | **4,804,470,000** |

The Board of Directors proposes that the earnings be disposed as follows:

| SEK | |
|---|---|
| Cash dividend to shareholders, SEK 261,365 per share | 3,293,200,000 |
| To be carried forward | 1,511,270,000 |
| **Total** | **4,804,470,000** |

More information on the proposed distribution of earnings, including specification of free funds and the Board of directors justification can also be found in note 28.

# Financial statements

# Group income statement

| SEK 000s | Note | 2021 | 2020 |
|---|---|---|---|
| **Operating income** | | | |
| Interest income | | 1,505 | 2,897 |
| Interest expense | | -6,510 | -4,700 |
| **Net interest income** | 3 | **-5,005** | **-1,803** |
| Commission income | 4 | 7,888,454 | 6,492,187 |
| Commission expense | 4 | -1,529,039 | -1,465,206 |
| **Net commission income** | | **6,359,415** | **5,026,981** |
| Net result from items at fair value | 5 | -46,019 | -16,364 |
| Other operating income | 7 | 385,769 | 457,878 |
| **Total operating income** | 4 | **6,694,160** | **5,466,692** |
| **Operating expenses** | | | |
| General administrative expenses: | | | |
| - Staff costs | 8 | -1,600,248 | -1,477,819 |
| - Other administrative expenses | 9 | -839,550 | -1,022,916 |
| Depreciation and amortisation of tangible and intangible assets | 10 | -37,470 | -35,013 |
| **Total operating expenses** | | **-2,477,268** | **-2,535,748** |
| **Operating profit** | 4 | **4,216,892** | **2,930,944** |
| Taxes | 11 | -919,819 | -611,736 |
| **Net profit for the year** | | **3,297,073** | **2,319,208** |
| Attributable to: | | | |
| **Shareholders of the parent company** | | **3,297,073** | **2,319,208** |

# Group statement of comprehensive income

| SEK 000s | 2021 | 2020 |
|---|---|---|
| **Net profit for the year** | **3,297,073** | **2,319,208** |
| **Items that may be reclassified subsequently to the income statement** | | |
| Currency translation differences during the year | 88,969 | -123,201 |
| Tax on currency translation differences during the year | -16,007 | 22,368 |
| **Items that may Note be reclassified subsequently to the income statement** | | |
| Defined benefit plans: | | |
| Remeasurement of defined benefit plans | -3,992 | -9,605 |
| Tax on remeasurement of defined benefit plans | 891 | 1,485 |
| **Other comprehensive income, net of tax** | **69,861** | **-108,953** |
| **Total comprehensive income** | **3,366,934** | **2,210,255** |
| Attributable to: | | |
| **Shareholders of the parent company** | **3,366,934** | **2,210,255** |

# Group balance sheet

| SEK 000s | Note | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|---|
| **Assets** | | | |
| Loans to credit institutions | 12 | 4,951,231 | 3,502,960 |
| Intangible assets | | 1,419 | 2,761 |
| Tangible assets | 14 | 230,466 | 241,694 |
| Deferred tax assets | 11 | 40,205 | 36,424 |
| Current tax assets | | 49,366 | 43,061 |
| Retirement benefit assets | 21 | 2,776 | – |
| Other assets | 16 | 415,981 | 336,142 |
| Prepaid expenses and accrued income | 17 | 1,390,926 | 1,257,318 |
| **Total assets** | | **7,082,370** | **5,420,360** |
| **Liabilities** | | | |
| Current tax liabilities | | 167,935 | 116,404 |
| Other liabilities | 18 | 322,382 | 356,761 |
| Accrued expenses and prepaid income | 19 | 1,292,453 | 1,231,439 |
| Deferred tax liabilities | 11 | 22,320 | 17,589 |
| Provisions | 20 | 2,384 | 6,700 |
| Retirement benefit obligations | 21 | 140,369 | 125,345 |
| **Total liabilities** | | **1,947,843** | **1,854,238** |
| **Equity** | | | |
| Share capital | | 1,260 | 1,260 |
| Other reserves | | -6,805 | -76,666 |
| Retained earnings | | 5,140,072 | 3,641,528 |
| **Total equity** | | **5,134,527** | **3,566,122** |
| **Total liabilities and equity** | | **7,082,370** | **5,420,360** |
| **Memorandum items** | | | |
| Contingent liabilities | 22 | none | none |

# Group statement of changes in equity

| | Attributable to shareholders | | | | |
|---|---|---|---|---|---|
| | | Other reserves | | | |
| SEK 000s | Share capital[1] | Translation of foreign operations | Defined benefit plans | Retained earnings | Total equity |
| **Balance at 1 Jan 2021** | 1,260 | -22,902 | -53,764 | 3,641,528 | 3,566,122 |
| **Net profit for the year** | – | – | – | 3,297,073 | 3,297,073 |
| **Items that may be reclassified subsequently to the income statement** | | | | | |
| Currency translation differences during the year | – | 88,969 | – | – | 88,969 |
| Tax on currency translation differences during the year | – | -16,007 | – | – | -16,007 |
| **Items that may not be reclassified subsequently to the income statement** | | | | | |
| Defined benefit plans: | | | | | |
| - Remeasurement of defined benefit plans | – | – | -3,992 | – | -3,992 |
| - Tax on remeasurement of defined benefit plans | – | – | 891 | – | 891 |
| **Other comprehensive income, net of tax** | – | 72,962 | -3,101 | – | 69,861 |
| **Total comprehensive income** | – | 72,962 | -3,101 | 3,297,073 | 3,366,934 |
| Share-based payments | – | – | – | 5,431 | 5,431 |
| Dividends | | | | -1,803,960 | -1,803,960 |
| **Balance at 31 Dec 2021** | 1,260 | 50,060 | -56,865 | 5,140,072 | 5,134,527 |
| | | | | | |
| **Balance at 1 Jan 2020** | 1,260 | 77,931 | -45,644 | 2,780,598 | 2,814,145 |
| **Net profit for the year** | – | – | – | 2,319,208 | 2,319,208 |
| **Items that may be reclassified subsequently to the income statement** | | | | | |
| Currency translation differences during the year | – | -123,201 | – | – | -123,201 |
| Tax on currency translation differences during the year | – | 22,368 | – | – | 22,368 |
| **Items that may not be reclassified subsequently to the income statement** | | | | | |
| Defined benefit plans: | | | | | |
| - Remeasurement of defined benefit plans | – | – | -9,605 | – | -9,605 |
| - Tax on remeasurement of defined benefit plans | – | – | 1,485 | – | 1,485 |
| **Other comprehensive income, net of tax** | – | -100,833 | -8,120 | – | -108,953 |
| **Total comprehensive income** | – | -100,833 | -8,120 | 2,319,208 | 2,210,255 |
| Share-based payments | – | – | – | 5,597 | 5,597 |
| Dividends | – | – | – | -1,463,875 | -1,463,875 |
| **Balance at 31 Dec 2020** | 1,260 | -22,902 | -53,764 | 3,641,528 | 3,566,122 |

1) Totalt shares registered were 12,600 pcs, with a par value of 100 SEK.

# Parent company income statement

| SEK 000s | Note | 2021 | 2020 |
|---|---|---|---|
| **Operating income** | | | |
| Interest income | | 759 | 867 |
| Interest expense | | -9,400 | -3,155 |
| **Net interest income** | 3 | **-8,641** | **-2,288** |
| Commission income | | 7,838,587 | 6,431,108 |
| Commission expense | | -1,540,344 | -1,468,289 |
| **Net commission income** | | **6,298,243** | **4,962,819** |
| Net result from items at fair value | 5 | -46,115 | -15,329 |
| Dividends from group undertakings | 6 | 21,828 | 23,920 |
| Other operating income | 7 | 345,242 | 668,943 |
| **Total operating income** | | **6,610,557** | **5,638,065** |
| **Operating expenses** | | | |
| General administrative expenses: | | | |
| - Staff costs | 8 | -1,558,415 | -1,438,831 |
| - Other administrative expenses | 9 | -850,447 | -1,033,813 |
| Depreciation and amortisation of tangible and intangible assets | 10 | -10,730 | -9,337 |
| **Total operating expenses** | | **-2,419,592** | **-2,481,981** |
| **Operating profit** | | **4,190,965** | **3,156,084** |
| Taxes | 11 | -906,654 | -594,304 |
| **Net profit for the year** | | **3,284,311** | **2,561,780** |

# Parent company statement of comprehensive income

| SEK 000s | 2021 | 2020 |
|---|---|---|
| **Net profit for the year** | **3,284,311** | **2,561,780** |
| **Items that may be reclassified subsequently to the income statement** | | |
| Currency translation differences during the year | 49,856 | -62,055 |
| Tax on currency translation differences during the year | -16,007 | 11,494 |
| **Items that may not be reclassified subsequently to the income statement** | | |
| Defined benefit plans: | | |
| - Remeasurement of defined benefit plans during the year | 2,605 | -11,801 |
| - Tax on remeasurement of defined benefit plans during the year | -522 | 2,911 |
| **Other comprehensive income, net of tax** | **35,932** | **-59,451** |
| **Total comprehensive income** | **3,320,243** | **2,502,329** |

# Parent company balance sheet

| SEK 000s | Note | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|---|
| **Assets** | | | |
| Loans to credit institutions | 12 | 4,532,906 | 3,134,914 |
| Shares and participations in group undertakings | 13 | 65,026 | 65,026 |
| Intangible assets | | 1,418 | 2,761 |
| Tangible assets | | 13,978 | 22,437 |
| Deferred tax assets | 11 | 9,104 | 6,962 |
| Current tax assets | | 49,365 | 42,341 |
| Retirement benefit assets | 21 | 2,775 | – |
| Other assets | 16 | 392,333 | 317,068 |
| Prepaid expenses and accrued income | 17 | 1,397,393 | 1,262,030 |
| **Total assets** | | **6,464,298** | **4,853,539** |
| **Liabilities** | | | |
| Current tax liabilities | | 166,923 | 116,152 |
| Other liabilities | 18 | 107,088 | 136,649 |
| Accrued expenses and prepaid income | 19 | 1,273,624 | 1,225,303 |
| Deferred tax liabilities | 11 | 92 | – |
| Provisions | 20 | 2,384 | 6,700 |
| Retirement benefit obligations | 21 | 101,073 | 77,097 |
| **Total liabilities** | | **1,651,184** | **1,561,901** |
| **Equity** | | | |
| Share capital | | 1,260 | 1,260 |
| Staturory reserve | | 7,384 | 7,384 |
| Other reserves | | 15,173 | 14,310 |
| Retained earnings | | 4,789,297 | 3,268,684 |
| **Total equity** | | **4,813,114** | **3,291,638** |
| **Total liabilities and equity** | | **6,464,298** | **4,853,539** |
| **Memorandum items** | | | |
| Contingent liabilities | 22 | 20,583 | 20,044 |

# Parent company statement of changes in equity

| | Restricted equity | | Unrestricted equity | | | |
|---|---|---|---|---|---|---|
| | | | Other reserves: | | | |
| SEK 000s | Share capital[1] | Statutory reserve | Fair value reserve | Defined benefit plans | Retained earnings | Total equity |
| Balance at 1 Jan 2021 | 1,260 | 7,384 | -2,528 | 16,838 | 3,268,684 | 3,291,638 |
| **Net profit for the year** | – | – | – | – | 3,284,311 | 3,284,311 |
| **Items that may be reclassified subsequently to the income statement** | | | | | | |
| Currency translation differences during the year | – | – | -1,220 | – | 51,076 | 49,856 |
| Tax on currency translation differences during the year | – | – | – | – | -16,007 | -16,007 |
| **Items that may not be reclassified subsequently to the income statement** | | | | | | |
| Defined benefit plans: | | | | | | |
| - Remeasurement of defined benefit plans | – | – | – | 2,605 | – | 2,605 |
| - Tax on remeasurement of defined benefit plans | – | – | – | -522 | – | -522 |
| **Other comprehensive income, net of tax** | – | – | -1,220 | 2,083 | 35,069 | 35,932 |
| **Total comprehensive income** | – | – | -1,220 | 2,083 | 3,319,380 | 3,320,243 |
| Share-based payments | – | – | – | – | 5,194 | 5,194 |
| Dividends | – | – | – | – | -1,803,960 | -1,803,960 |
| **Balance at 31 Dec 2021** | 1,260 | 7,384 | -3,748 | 18,921 | 4,789,297 | 4,813,114 |
| | | | | | | |
| Balance at 1 Jan 2020 | 1,260 | 7,384 | -11,789 | 25,728 | 2,225,197 | 2,247,780 |
| **Net profit for the year** | – | – | – | – | 2,561,780 | 2,561,780 |
| **Items that may be reclassified subsequently to the income statement** | | | | | | |
| Currency translation differences during the year | – | – | 9,261 | – | -71,316 | -62,055 |
| Tax on currency translation differences during the year | – | – | – | – | 11,494 | 11,494 |
| **Items that may not be reclassified subsequently to the income statement** | | | | | | |
| Defined benefit plans: | | | | | | |
| - Remeasurement of defined benefit plans | – | – | – | -11,801 | – | -11,801 |
| - Tax on remeasurement of defined benefit plans | – | – | – | 2,911 | – | 2,911 |
| **Other comprehensive income, net of tax** | – | – | 9,261 | -8,890 | -59,822 | -59,451 |
| **Total comprehensive income** | – | – | 9,261 | -8,890 | 2,501,958 | 2,502,329 |
| Share-based payments | – | – | – | – | 5,404 | 5,404 |
| Dividends | – | – | – | – | -1,463,875 | -1,463,875 |
| **Balance at 31 Dec 2020** | 1,260 | 7,384 | -2,528 | 16,838 | 3,268,684 | 3,291,638 |

1) Total shares registered were 12,600 pcs, with a par value of 100 SEK.

## Dividend per share

Final dividend is not accounted for until it has been ratified at the Annual general Meeting (AGM). At the AGM on 24 March 2022, a dividend in respect of 2021 of SEK 261,365 per share totalling SEK 3,293,200 SEK 000s is proposed. The financial statements for fiscal year 2021 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in financial year 2022.

# Cash flow statements

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| **Operating activities** | | | | |
| Operating profit | 4,216,892 | 2,930,944 | 4,190,965 | 3,156,084 |
| Adjustment for items not included in cash flow | -64,898 | -548,785 | -89,848 | -783,938 |
| Income taxes paid | -873,749 | -529,351 | -866,218 | -505,713 |
| **Cash flow from operating activities before changes in operating assets and liabilities** | **3,278,245** | **1,852,808** | **3,234,899** | **1,866,433** |
| **Changes in operating assets** | | | | |
| Changes in Fund cash receivables | – | 883,109 | – | 883,109 |
| Changes in other operating assets | -36,697 | 73,095 | -66,541 | -45,899 |
| **Changes in operating liabilities** | | | | |
| Changes in Fund cash payables | – | -883,109 | – | -883,109 |
| Other changes in operating liabilities | -39,165 | 72,779 | -35,963 | 73,215 |
| **Cash flow from operating activities** | **3,202,383** | **1,998,682** | **3,132,395** | **1,893,749** |
| **Investing activities** | | | | |
| Sale of group undertakings | – | – | – | 295,323 |
| Acquisition of tangible assets | -385 | -22,679 | -385 | -22,679 |
| **Cash flow from investing activities** | **-385** | **-22,679** | **-385** | **272,644** |
| **Financing activities** | | | | |
| Dividend paid | -1,803,960 | -1,463,875 | -1,803,960 | -1,463,875 |
| Principal portion of lease payments | -25,966 | -26,414 | – | – |
| **Cash flow from financing activities** | **-1,829,926** | **-1,490,289** | **-1,803,960** | **-1,463,875** |
| **Cash flow for the year** | **1,372,072** | **485,714** | **1,328,051** | **702,519** |
| Cash and cash equivalents at the beginning of year | 3,502,960 | 3,121,069 | 3,134,914 | 2,530,094 |
| Translation difference | -76,199 | 103,823 | -69,941 | 97,699 |
| Cash and cash equivalents at the end of year | 4,951,231 | 3,502,960 | 4,532,906 | 3,134,914 |
| **Change** | **1,372,072** | **485,714** | **1,328,051** | **702,519** |
| **Adjustment for non-cash items** | | | | |
| Depreciation | 37,470 | 35,013 | 10,730 | 9,337 |
| Capital gain | – | – | – | -274,565 |
| Change in accruals and provisions | -73,630 | -639,131 | -80,714 | -574,944 |
| Changes in other provisions | -28,738 | 55,333 | -19,864 | 56,234 |
| **Total adjustment for items not included in cash flow** | **-64,898** | **-548,785** | **-89,848** | **-783,938** |

# Cash flow statements, cont.

## Supplementary information to the cash flow ststements

Cash flow from operating activities includes interest received and interest paid as follows:

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| Interest received | 1,505 | 2,897 | 789 | 867 |
| Interest paid | -7,009 | -4,874 | -9,822 | -3,326 |

## Cash and cash equivalents

The following items are included in cash equivalents

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Loans to credit institutions | 4,951,231 | 3,502,960 | 4,532,906 | 3,134,914 |
| **Total** | **4,951,231** | **3,502,960** | **4,532,906** | **3,134,914** |

## Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea Investment Managements cash flow statement has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and provision. The cash flows are classified by operating, investing and financing activities.

## Operating actvities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in the cash flow and income taxes paid. Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities.

## Investment activities

Investment activities include aqusitions and disposals of non-current assets, like property and equipment, intangible and financial assets.

## Financing activities

Financing activities are activities that result in changes equity, such as dividends, capital contributions and principal portion of lease payments.

## Reconciliation of liabilities arising from financing activities

The opening balance of lease liabilities was 219,513 SEK000s. During the period cash flows related to the liabilities was -25,966 SEK 000s and other changes from new, terminated and modified contracts and FX changes was 23,999 SEK 000s.

# 5 year overview

## Group

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Assets under management, SEKm | 3,010,139 | 2,543,854 | 2,458,379 | 2,095,319 | 2,200,621 |
| Equity ratio, % | 72 | 66 | 52 | 24 | 68 |
| Commission income SEK 000s | 7,888,454 | 6,492,187 | 5,409,618 | 5,237,095 | 5,427,836 |
| Commission expenses, SEK 000s | 1,529,039 | 1,465,206 | 1,296,417 | 1,366,040 | 1,361,223 |
| Other operating expenses, SEK 000s | 2,477,268 | 2,535,748 | 2,489,857 | 2,275,749 | 2,028,256 |
| Net interest income, SEK 000s | -5,005 | -1,803 | 3,120 | -3,254 | 6,400 |
| Operating profit, SEK 000s | 4,216,892 | 2,930,944 | 2,057,970 | 2,066,498 | 2,364,336 |
| Total assets, SEK 000s | 7,082,370 | 5,420,360 | 5,459,584 | 4,996,160 | 5,436,552 |
| Return on assets, % – Total operations | 48 | 41 | 29 | 24 | 34 |
| Average number of employees | 636 | 614 | 597 | 552 | 513 |

## Parent Company

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Assets under management, SEKm | 3,010,139 | 2,543,854 | 2,458,379 | 2,095,319 | 2,200,621 |
| Equity ratio, % | 74 | 68 | 49 | 18 | 66 |
| Commission income SEK 000s | 7,838,587 | 6,431,108 | 5,188,224 | 5,062,899 | 5,261,114 |
| Commission expenses, SEK 000s | 1,540,344 | 1,468,289 | 1,304,779 | 1,366,478 | 1,360,343 |
| Other operating expenses, SEK 000s | 2,419,592 | 2,481,981 | 2,397,103 | 2,240,268 | 1,978,400 |
| Net interest income, SEK 000s | -8,641 | -2,288 | -2,515 | -8,327 | 9,399 |
| Operating profit, SEK 000s | 4,190,965 | 3,156,084 | 1,857,816 | 1,941,778 | 2,397,868 |
| Total assets, SEK 000s | 6,464,298 | 4,853,539 | 4,577,727 | 4,519,031 | 5,055,859 |
| Return on assets, % – Total operations | 51 | 48 | 34 | 25 | 38 |
| Average number of employees | 631 | 604 | 580 | 540 | 497 |

# Definitions

| | |
|---|---|
| **Assets under management** | Total assets under management (including fund portfolios, institutional mandates, mandates for Nordea Life insurance companies, and Private Banking). All management takes place in the Nordic region, i.e. by the parent company. |
| **Equity ratio** | Total equity as a percentage of total assets at end of the year |
| **Return on assets** | Net profit of the year as a percentage of total assets at end of the year |
| **Average number of employees** | Number of full-time employees who worked during the year, after taking into account: employment rate, absenteeism and hourly rate for hourly employees. |
| **Own funds** | Equity net of proposed dividends and intangible assets. |
| **Capital ratio** | Own funds/Capital in ratio of the minimum capital requirement. |

# **Notes** to the financial statements

# Note 1. Significant Accounting Policies

## 1. Basis of presentation

The consolidated financial statements for the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the Supplementary Accounting Rules for Groups (RFR 1) from the Swedish Financial Reporting Board have been applied.

The disclosures, required in the standards, recommendations and legislation above, have been included in the notes or in other parts of the financial statements.

The accounting policies, methods of computation and presentations are unchanged in comparison with the Annual Report 2020.

Amounts are presented in thousands Swedish kronor (SEK 000s) unless indicated otherwise.

The financial statements was approved by the Board of Directors and the CEO on 18 March 2022 and will be finally approved by the Annual General Meeting on 24 March 2022.

## 2. Changed accounting policies and presentation

The accounting policies, methods of computation and presentations are unchanged in comparison with the Annual Report 2020.

No new or amended standard and interpretation implemented 1 January 2021 have had any significant impact on the accounting or financial statement for the subsidiaries or the Group. Further, none of the new or amended forthcoming changes published by the IASB not applied are assessed to have any significant impact on the financial statements, capital adequacy or large exposures.

### Other amended requirements

The Financial Supervision Authority, Finansinspektionen, has amended its regulation FFFS 2008:25 by issuing FFFS 2021:14 and the Swedish Financial Reporting Board has amended its recommendation for legal entities by issuing "RFR 2 – Supplementary accounting rules for legal entities – January 2021". These amendments were implemented on 1 January 2021 but have not had any significant impact on the financial statements.

## 3. Critical judgements and estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of judgements and estimates by management. Actual outcome can later to some extent differ from the estimates and the assumptions made.

Critical judgements and estimates are in particular associated with the actuarial calculations of pension liabilities and plan assets related to employees.

There are no change in significant critical judgements and assessments for the preparation of the annual report for 2021 compared with the previous year. Despite the general uncertainty regarding the potential long-term effects of COVID-19, this is not considered to have a significant impact on the items where critical judgements and assessments are used for the Groups financial statements.

### Actuarial calculations of pension liabilities and plan assets related to employees

Applied accounting policy for post-employment benefits is described in section 13.

The defined benefit obligation for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used.

The estimation of the discount rate is subject to uncertainty around whether corporate bond markets are deep enough and of high quality and also in connection to the extrapolation of yield curves to relevant maturities. In Sweden, Norway and Denmark the discount rate is determined with reference to covered bonds and in Finland with reference to corporate bonds. Other parameters, like assumptions about salary increases and inflation, are based on the expected long-term development of these parameters and also subject to estimation uncertainty. The main parameters used at year-end are disclosed in Note 21 "Retirement benefit obligations" together with a description of the sensitivity to changes in assumptions. The defined benefit obligation was 533,545 SEK 000s (502,945) at the end of the year.

## 4. Principles of consolidation

### Consolidated entities

The consolidated financial statements include the accounts of the parent company Nordea Investment Management AB and its subsidiaries. Subsidiaries are entities that the parent company controls. Control exists when the owning company is exposed to variability in returns from its investments in another entity and has the ability to affect those returns through its power over the other entity. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50% of the voting rights. Nordea Investment Management AB only has fully owned subsidiaries.

All group undertakings are consolidated using the acquisition method. Under the acquisition method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the group undertaking's assets and assumes its liabilities and contingent liabilities. The group's acquisition cost is established using a purchase price allocation analysis. In such analysis, the cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given and liabilities incurred or assumed.

Identifiable assets acquired and the liabilities assumed at their acquisition date fair values. Group undertakings are included in the consolidated accounts as from the date on which control is transferred and are no longer consolidated as from the date on which control ceases.

Intra-group transactions and balances between the consolidated group undertakings are eliminated.

In the consolidation process the reporting of the group undertakings is adjusted to ensure consistency with applied IFRS principles.

Note 13 lists the group undertakings in the group.

### Currency translation of foreign entities

The consolidated financial statements are prepared in Swedish kronor (SEK), the presentation currency of the parent company. When translating the financial statements of foreign entities (including branches) into SEK from their functional currency, the assets and liabilities of all foreign entities have been translated at the closing rates, while items in the

# Note 1. Significant Accounting Policies, cont.

income statement and statement of comprehensive income are translated at the average exchange rate for the year. The average exchange rates are calculated based on daily exchange rates divided by the number of business days in the period. Translation differences are recognised in other comprehensive income and are accumulated in the translation reserve in equity.

Any remaining equity in foreign branches is converted at the closing rates with translation differences recognised in other comprehensive income.

Information on important exchange rates is disclosed in section 19.

## 5. Recognition of operating income and impairment

### Net interest income

Interest income and expense are calculated and recognised based on the effective interest rate method. The effective interest rate equals the rate that discounts the estimated future cash flows to the carrying amount of the financial asset or financial liability.

Interest income and expenses from financial instruments are classified as "Net interest income".

### Net fee and commission income

Commission income isearned from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received

The major share of the revenues classified as "Commission income" constitutes revenue from contracts with customers according to IFRS 15. Fee income is recognised when performance obligations are satisfied.

Asset management commissions are generally recognised over time as services are performed and are normally based on assets under management. These fees are recognised based on the passage of time as the amount, and the right to receive the fee, corresponds to the value received by the customer. Variable fees that are based on the relative performance versus a benchmark are rare. These uncertainty relating to the variable consideration is normally resolved at least at each reporting date and the fee income can be recognised. The amount cannot generally be recognised if the outcome still is uncertain and subject to market developments.

Other fee income is generally transaction based. Commission expenses are normally transaction based and recognised in the period when the services are received.

### Net result from items at fair value

These items refers to realised and unrealised gains and losses which derive from:

- Shares/participations and other share-related instruments
- Foreign exchange gains/losses

Dividends received are recognised in the income statement as "Net result from items at fair value". Income is recognised in the period in which the right to receive payment is established.

### Other operating income

Net gains from divestments of shares in group undertakings and net gains from sale of tangible assets as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will be received and the significant risks and rewards have been transferred to the buyer (generally when the transaction is finalised).

## 6. Recognition and derecognition of financial instruments on the balance sheet

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 counterpart has performed its part of the agreement.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when the obligations against the counterpart is fulfilled, i.e. on settlement date. Financial liabilities under trade date accounting are generally derecognized and a liability is recognized as "Other liabilities" on the balance sheet on trade date.

## 7. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each subsidiary or branch is determined based on the primary economic environment in which the entity operates. The parent company Nordea Investment Management AB uses one functional currency (in addition to the functional currencies of the branches), SEK for reporting in consolidated accounts.

Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the line item "Net result from items at fair value".

## 8. Determination of fair value of financial instruments

The Group does not have any financial instruments held at fair value on the balance sheet. Note 25 shows the fair value of financial assets and liabilities measured at amortized cost.

## 9. Financial instruments

### Classification of financial instruments

The Group only has financial assets and liabilities that in accordance with IFRS 9 are classified in the category amortised cost.

The classification of a financial assets is dependent on the business model for the portfolio where the instrument is included and on whether the cash flows are solely payments of principal and interest (SPPI).

Financial assets and liabilities measured at amortised cost are initially recognised on the balance sheet at fair value, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. Amortised cost is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and for financial assets, adjusted for any loss allowance. For more information about the effective interest rate method, see section 5 about net interest income.

Interest on assets and liabilities classified at amortised cost is recognised in the item "Interest income" and "Interest expense" in the income statement.

# Note 1. Significant Accounting Policies, cont.

### Offsetting of financial assets and liabilities

Financial assets and liabilities are offset on the balance sheet if there is a legal right to offset and if the intent is to settle the items net or realise the asset and settle the liability simultaneously.

### 10. Loans to credit institutions

Financial instruments classified as "Loans to the credit institutions" on the balance sheet and into the category Loans and receivables are measured at amortised cost.

The group's balance sheet items under "Loans to the credit institutions" all refers to bank accounts within the Nordea group.

Any off-balance sheet commitments, contingent liabilities and loan commitments are also in scope for impairment calculations.

### 11. Leasing

At inception it is assessed whether a contract is or contains a lease. A lease is a contract that conveys the user the right to control the use of an asset for a period of time in exchange for consideration.

The right to use an asset in a lease contract is recognised on the commencement date as a right-of-use (ROU) asset and the obligation to pay lease payments is recognised as a lease liability. The ROU asset is initially measured as the present value of the lease payments, plus initial direct costs and the cost of obligations to refurbish the asset less any lease incentives received. Non-lease components are separated in real estate, car and IT contracts. The discount rate used to calculate the lease liability for each contract is the incremental borrowing rate at commencement of the contract. In significant premises contracts the rate implicit in the contract may be used if available.

The ROU assets are presented as similar owned assets and the lease liabilities as "Other liabilities" on the balance sheet. The depreciation policy is consistent with that of similar owned assets, but the depreciation period is normally capped at the end of the lease term. Impairment testing of the right-of-use assets is performed following the same principles as for similar owned assets. Interest expense on lease liabilities is presented as "Interest expense" in the income statement.

The assets are classified as Equipment and Land & buildings. Equipment consists mainly of company cars. The Group applies the practical expedient of short-term contracts (with a contract term of 12 months or less), primarily for premises and for IT-hardware and for other assets within other equipment. The practical expedient of low value assets is applied on IT-hardware and other assets. Short term and low value contracts are not recognised on the balance sheet and the payments are recognised as expenses in the income statement as "Other expenses" on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of the benefit.

Activated leases are mainly related to office premises contracts but also to company cars. The premises contracts are actively managed with the focus on the effective use of the premises and the changes in the business environment. The lease payments generally include fixed payments and especially in premises contracts also variable payments that depend on an index. Residual value guarantees, or purchase options are generally not used. The lease term is the expected lease term.

For further information on Leases, see also note 15.

### 12. Properties and equipment

Properties and equipment include own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of properties and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of properties and equipment comprise its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Properties and equipment are depreciated on a straight-line basis over the estimated useful life of the assets. The estimates of the useful life of different assets are reassessed on a yearly basis. Below follows the current estimates:

| | |
|---|---|
| **Buildings** | 5–10 years |
| **Equipment** | 3–5 years |
| **Leasehold improvements** | Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term. Fixtures installed in leased properties are depreciated over the shorter of 10–20 years and the remaining leasing term |

At each balance sheet date, it is assessed whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

### 13. Taxes

Taxes in the income statement comprises current- and deferred income tax. The income tax expense is recognised in the income statement, unless the tax effect relates to items recognised in other comprehensive income or directly in equity, in which case the tax effect is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are also recognised for any carry forward of unused tax losses and unused tax credits. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists and there is an intention to either settle the tax asset and the tax liability net or to recover the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are generally offset if there is a legally enforceable right to offset current tax assets and current tax liabilities.

## Note 1. Significant Accounting Policies, cont.

### 14. Provisions

Provisions (which are presented as a liability) are recognised when there is a present legal or constructive) obligation as a result of a past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions relating to Employee benefits are further described in section 15.

Contingent liabilities are not recognised as liabilities on the balance sheet but disclosed in Note 22 unless the possibility of an outflow is remote. A contingent liability is a possible obligation whose existence will be confirmed only by future event(s) not wholly within the company's control or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured within sufficient reliability.

### 15. Employee benefits

All forms of consideration given to employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed.

Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits consist only of pensions. Termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy.

#### Short-term benefits

Short term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services. There are also share-based payment programmes, which are further described in section 17. More information can also be found in Note 8.

#### Post-employment benefits

*Pension plans*

The companies within the group have various pension plans, consisting of both defined benefit pension plans and defined contribution pension plans, reflecting national practices and conditions in each respective country. Defined benefit pension plans are predominantly sponsored in Sweden, Norway and Finland. The major defined benefit pension plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation determined using the projected unit credit method, the net amount is recognised as a liability ("Retirement benefit liabilities"). If not, the net amount is recognised as an asset ("Retirement benefit assets"). Non-funded pension plans are recognised as "Retirement benefit liabilities".

Most pensions in Denmark, but also plans in other countries, are based on defined contribution arrangements that hold no pension liability for the company. All defined benefit pension plans are closed for new employees.

*Pension costs*

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Actuarial calculations including the projected unit credit method are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 21).

When establishing the present value of the obligation and the fair value of any plan assets, remeasurement effects may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The remeasurement effects are recognised immediately in equity through other comprehensive income.

When the calculation results in a benefit the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution are calculated and accounted for based on the net recognised surplus or deficit by plan and are included on the balance sheet as "Retirement benefit liabilities" or "Retirement benefit assets".

*Discount rate in defined benefit pension plans*

The discount rate is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. In Sweden, Norway and Denmark the discount rate is determined with reference to covered bonds and in Finland with reference to corporate bonds. In Sweden, Norway and Denmark the observed covered bond credit spreads over the swap curve is derived from the most liquid long dated covered bonds and extrapolated to the same duration as the pension obligations using the relevant swap curves. In Finland the corporate bond credit spread over the government bond rate is extrapolated to the same duration as the pension obligation using the government bond curve.

*Termination benefits*

As mentioned above termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy. Termination benefits do not arise if the employees have to continue performing services and the termination benefits can be considered to be normal compensation for those services.

Termination benefits are expensed when there is an obligation to make the payment. An obligation arises when there is a formal plan committed to on the appropriate organisational level and without realistic possibility of withdrawal, which normally occurs when the plan has been communicated to the group affected or to their representatives.

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement. Short-term benefits are classified as "Salaries and remuneration" and post-employment benefits as "Pension costs" in Note 8.

### 16. Equity

#### Other reserves

Other reserves comprise income and expenses, net after tax effects, which are reported in equity through other comprehensive income. These reserves includes accumulated remeasurements of defined benefit pension plans and translation differences.

# Note 1. Significant Accounting Policies, cont.

### Retained earnings
Retained earnings include undistributed profits from previous years.

## 17. Share-based payment
### Equity-settled programmes
The Group has annually issued programmes where employees participating in these programmes are granted share-based equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea at a significant discount compared to the share price at grant date. The grant date fair value of these rights is expensed on a straight-line basis over the vesting period. The fair value per right is estimated at grant date and not subsequently updated. The vesting period is the period over which the employees have to remain in service in Nordea in order for their rights to vest.

For rights with non-market performance conditions, the amount expensed is the grant date fair value per right multiplied by the best estimate of rights that will eventually vest, which is reassessed at each reporting date. For rights with market performance conditions, the total fair value is estimated based on the fair value of each right times the maximum number of rights at grant date. Market conditions are taken into account when estimating the fair value of the equity instruments granted. Therefore, if all other vesting conditions (e.g. service condition) are met, expense for grants of equity instruments with market conditions is recognised irrespective of whether that market condition is satisfied.

Social security costs are also allocated over the vesting period. The provision for social security costs is reassessed on each reporting date to ensure that the provision is based on the rights' fair value at the reporting date.

For more information, see Note 8.

### Cash-settled programmes
Under Nordic FSA's regulations and general guidelines, payments of variable salaries must be deferred. This is also the case with the Executive Incentive Programme (EIP). The deferred amounts are to some extent indexed using Nordeas TSR (Total Shareholders' Return) and these "programmes" are cash-settled share-based programmes. These programmes are fully vested when the payments of variable salaries are initially deferred and the fair value of the obligation is remeasured on a continuous basis over the deferral period using the Nordea TSR. The remeasurements are, together with the related social charges, recognised in the income statement in the item "Net result from items at fair value".

For more information, see Note 8.

## 18. Related party transactions
Related parties are defined as follows:
- Shareholder (Nordea Asset Management Holding AB)
- The ultimate parent company (Nordea Bank Abp)
- Group undertakings
- Key management personnel
- Other related parties

Key management personnel include the following positions:
- Board of Directors
- Chief Executive Officer (CEO)
- Group Executive Management (GEM)

All transactions with related parties are made on an arm's length basis, apart from loans granted to employees. For information about compensation, pensions and other transactions with senior executives, see Note 8.

### Other related parties
Other related parties comprise close family members to individuals in key management personnel. Other related parties also include companies significantly influenced by key management personnel as well as companies significantly influenced by close family members to these key management personnel. "Other related parties" also include Nordea's pension foundations.

Information concerning transactions with related parties is found in Note 27.

## 19. Exchange rates

| | Jan–Dec 2021 | Jan–Dec 2020 |
|---|---|---|
| **EUR 1 = SEK** | | |
| Income statement (average) | 10.1460 | 10.4889 |
| Balance sheet (at close of period) | 10.2913 | 10.0220 |
| **DKK 1 = SEK** | | |
| Income statement (average) | 1.3643 | 1.4071 |
| Balance sheet (at close of period) | 1.1389 | 1.3470 |
| **NOK 1 = SEK** | | |
| Income statement (average) | 0.9981 | 0.9776 |
| Balance sheet (at close of period) | 1.0272 | 0.9572 |
| **USD 1 = SEK** | | |
| Income statement (average) | 8.5755 | 9.1890 |
| Balance sheet (at close of period) | 9.0736 | 8.1696 |

## 20. Parent company
### Basis for presentation
The financial statements for the parent company, Nordea Investment Management AB, are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the accounting recommendation RFR 2 Accounting for legal entities issued by the Swedish Financial Reporting Board. This means that the parent company applies International Financial Reporting Standards (IFRS) as endorsed by the EU Commission to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation.

The Group's accounting policies are applicable also for the parent company, considering also the information provided below.

### Changed accounting policies and presentation
The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2020 Annual Report.

New accounting requirements implemented and forthcoming changes and their effects on the parent company's financial statements can be found in section 2. The conclusions within this section are also, where applicable, relevant for the parent company.

### *Leasing*
IFRS 16 is not applied for the Parent Company's accounts, instead the rules for leasing agreements in RFR2 are applied. Leasing fees are reported as expenses in the income statement, normally linearly distributed over the lease period (as an operating lease). The lease period is between 1 and 10

## Note 1. Significant Accounting Policies, cont.

years. Future minimum lease fees for non-cancellable leases are reported in Note 15.

### Accounting policies applicable for the parent company only:

*Investments in group undertakings*

The parent company's investments in group undertakings are recognised at acquisition value. At each balance sheet date, all shares in group undertakings are reviewed for indications of impairment.

Dividends paid by group undertakings to the parent company are anticipated if the parent alone can decide on the size of the dividend and if the formal decision has been made before the financial report is published.

Dividends paid to the shareholder Nordea Asset Management Holding AB are recorded as a liability to the shareholder following the approval of the Annual General Meeting.

*Pensions*

The accounting principle for defined benefit obligations in the parent company follows the Swedish rules ("Tryggandelagen") and the regulations of the Swedish Financial Supervisory Authority as this is the condition for tax deductibility. The significant differences compared with IAS 19 consist of how the discount rate is determined, that the calculation of the defined benefit obligation is based on current salary level without assumptions about future salary increases.

In Sweden, defined benefit pension commitments are guaranteed by a pension foundation or recognised as a liability. No net defined benefit assets are recognised. The pension cost in the parent company are in the income statement classified as Staff cost and consists of changes in recognised pension provisions (including special wage tax) for active employees, pension benefits paid, contributions made to or received from the pension foundation and related special wage tax. The pension obligations in the foreign branches are calculated in accordance with local accounting requirements.

# Note 2. Risk exposure and risk policy

## Risk governance and risk exposure
Risk management in the Group is, where required, an integral part of Nordea Bank Abp's risk management procedures. This means that the Nordea Group's risk-related instructions are adopted when required, but it is permitted to have internal governance adapted to the business operations. The objective is to have high-quality risk management (governance, control and monitoring) so that no individual event can seriously harm the financial position. Risk-related work is carried out in the three lines of defence. The first line of defence is represented by the business organisation, which is responsible for risk management in the daily business and for operating the business in line with policies for internal control and risk management. The Risk and Compliance functions constitute the second line of defence, which shall independently control, identify, measure and report risk management and compliance. The third line of defence consists of the internal audit, which monitors the efficiency in the risk management, control and governance processes.

## Regulations
In 2021, a new directive and regulations governing investment firms were introduced in the EU and in Swedish law, the Investment Firm Directive (IFD) and the Investment Firm Regulation (IFR). Nordea Investment Management AB is covered by these regulations through the classification as a class 2 investment firm, in that it is larger than a small one and a non-interconnected investment firm (class 3). Companies classified as class 1 are authorised to trade in their own balance sheet, which is not the case for Nordea Investment Management AB. Such companies come under rules for credit institutions.

In the new Investment Firm Regulation, the purpose is still for the company to hold sufficient capital, although not in relation to risk-weighted assets, but rather in relation to the risks (risks to client, risks to market and risks to firm) that are associated with the operations typical of investment firms. The Investment Firm Regulation contains rules on how to calculate the scope of the various operations, known as k-factors in the regulation, and the ratio to the investment firm's own funds. While the rules concerning the item in relation to which the investment firm's capital shall suffice differ entirely from the rules for credit institutions, the rules concerning capital quality are the same in many respects. In both instances, it is a case of the capital being of a certain quality and own funds consisting of CET1 capital, additional tier 1 capital for the purpose of capital adequacy and tier 2 capital.

The changes do not have any significant impact on the assessment of overall risk or capital adequacy in Nordea Investment Management AB.

## Operational risk
The Group's most material risk is operational risk, and it is categorised as risks to clients or risks to firm according to the new regulations described above.

Operational risk is defined as the risk of direct or indirect loss, or damage to reputation, resulting from deficiencies or errors attributable to internal processes, humans, systems or external events. Operational risk also covers legal risk and compliance risk, as well as market risk on customers' account. The Group has well-structured operational risk management with a clear strategy and internal rules to ensure knowledge and awareness about operational risks throughout the entire business.

## Risks to client
Risks to client are the risks that Nordea Investment Management, as an investment firm, can cause to its customers. Within this category, k-factors are used for calculating capital requirements. Clients' exposure to market risks, such as market fluctuations in their investments, are not covered by this risk category, as it is not attributable to the company.

## Risk to firm
*Foreign exchange risk exposure* emerges through the monthly revaluation of assets and liabilities to SEK in connection with consolidation. Small positions regarding foreign exchange exposures also arise due to payments in foreign currency. The overall exposure constitutes a non-material risk for the company.

*Credit risk exposure* pertains mainly to investments within the Nordea Group and, to a lesser extent, in other banks. Credit risk exposure is 412 MSEK (325) for the Group and 388 MSEK (306) for the Parent Company, see Note 16. There are no receivables past due or eligible for impairment. The credit quality of receivables is considered good. As part of credit risk exposure, interest-rate risk arises, albeit immaterial.

The company's earnings are primarily based on contractually regulated investment services for institutions and companies, both within and outside of the Group. Liquidity risk is considered to be low, thanks to e.g. a high degree of diversification in orders. The liquidity risk is continually verified and evaluated. With respect to maturity information, see note 26.

## Risk to market
Market risk exposure ensuing from holdings in financial instruments in the Parent Company's balance sheet can arise, but is immaterial in that case. No trade for gain or speculation in the Parent Company's own cash occurs.

## Risk reporting
The Board of Directors of Nordea Investment Management AB is regularly informed about the Group's risk management, observations and measures focusing on minimising undesirable risk exposure.

# Note 3. Net interest income

| | Group | | Parent Company | |
|---|---|---|---|---|
| **SEK 000s** | **2021** | **2020** | **2021** | **2020** |
| **Interest income** | | | | |
| Lending to credit institutions | 914 | 2,730 | 245 | 700 |
| Other interest income | 591 | 167 | 514 | 167 |
| **Total** | **1,505** | **2,897** | **759** | **867** |
| **Interest expense** | | | | |
| Liabilities to credit institutions | -5,252 | -2,743 | -5,068 | -2,454 |
| Other interest expenses | -1,258 | -1,957 | -4,332 | -701 |
| **Total** | **-6,510** | **-4,700** | **-9,400** | **-3,155** |
| **Net interest income** | **-5,005** | **-1,803** | **-8,641** | **-2,288** |

# Note 4. Country by country reporting

Nordea Investment Management Group core operations comprice asset management. The table below shows each country where the Group is established, ie where Nordea Investment Management Group has a physical presence, geographical area, commission income, commission expense, operating income, operating profit and tax. The Group is considered to have a physical presence in a country if the Group has a subsidiary, associated company or branch in the country.

Nordea Investment Management also discloses the names of the subsidiaries and branches for each country where the Group is established. These disclosures are presented in the table below and in Note 13. Average number of emplyees per country are included in Note 8 and addresses can be found on the last page of the annual report.

### Branches to Nordea Investment Management AB:

**Denmark**
Nordea Investment Management AB, Denmark Branch

**Norway**
Nordea Investment Management AB, Norway Branch

**Finland**
Nordea Investment Management AB, Finland Branch

**Germany**
Nordea Investment Management AB, German Branch

| 2021 | Geographical area | Commission incone | Commission expence | Operating income | Operating profit | Tax |
|---|---|---|---|---|---|---|
| **Country** | | | | | | |
| Sweden | Sweden | 1,182,951 | -357,112 | 882,210 | 428,226 | -98,516 |
| Norway | Norway | 556,746 | -410,830 | 187,970 | 67,421 | -16,857 |
| Denmark | Denmark | 5,155,751 | -777,321 | 4,504,603 | 2,825,383 | -613,223 |
| Finland | Finland | 1,469,003 | -673,610 | 874,443 | 741,026 | -148,353 |
| USA | New York | 76,871 | -26,404 | 51,136 | 16,680 | -3,218 |
| Germany | Frankfurt | 226,826 | -74,161 | 154,091 | 128,237 | -37,763 |
| UK | London | 10,715 | -10 | 43,907 | 9,919 | -1,889 |
| Eliminations[1] | | -790,409 | 790,409 | -4,200 | – | – |
| **Total** | | **7,888,454** | **-1,529,039** | **6,694,160** | **4,216,892** | **-919,819** |

1) Eliminations of internal transactions mainly concern commission income and commission expence.

| 2020 | Geographical area | Commission incone | Commission expence | Operating income | Operating profit | Tax |
|---|---|---|---|---|---|---|
| **Country** | | | | | | |
| Sweden | Sweden | 1,051,239 | -434,011 | 676,856 | 203,664 | -13,342 |
| Norway | Norway | 383,040 | -240,758 | 194,144 | 84,690 | -21,157 |
| Denmark | Denmark | 4,193,449 | -832,347 | 3,571,972 | 1,823,361 | -400,984 |
| Finland | Finland | 1,203,459 | -499,108 | 788,931 | 660,510 | -132,276 |
| USA | New York | 86,280 | -26,186 | 62,124 | 34,161 | -7,181 |
| Germany | Frankfurt | 192,589 | -54,733 | 137,998 | 118,312 | -34,482 |
| UK | London | 4,078 | -11 | 38,553 | 6,246 | -2,314 |
| Eliminations[1] | | -621,948 | 621,948 | -3,886 | – | – |
| **Total** | | **6,492,187** | **-1,465,206** | **5,466,692** | **2,930,944** | **-611,736** |

1) Eliminations of internal transactions mainly concern commission income and commission expence.

# Note 5. Net result from items at fair value

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| Fair value adjusted deferred variable salary | -41,057 | 6,366 | -41,057 | 6,366 |
| Foreign exchange gains/losses | -4,962 | -22,730 | -5,058 | -21,695 |
| **Total** | **-46,019** | **-16,364** | **-46,115** | **-15,329** |

# Note 6. Dividends from group undertakings

| SEK 000s | 2021 | 2020 |
|---|---|---|
| **Parent Company** | | |
| Nordea Private Equity Holding A/S | 21,828 | 23,920 |
| **Total** | **21,828** | **23,920** |

# Note 7. Other operating income

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| Compensation for administrative services | 371,388 | 429,276 | 338,296 | 393,738 |
| Capital gain sale of group undertaking | – | – | – | 274,565 |
| Other | 14,381 | 28,602 | 6,946 | 640 |
| **Total** | **385,769** | **457,878** | **345,242** | **668,943** |

# Note 8. Staff costs

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| Salaries and remunerations | -1,252,234 | -1,154,226 | -1,209,274 | -1,120,497 |
| Pension costs | -129,098 | -105,380 | -128,370 | -103,259 |
| Social security contributions | -204,563 | -206,704 | -208,366 | -205,111 |
| Other staff costs[1] | -14,353 | -11,509 | -12,405 | -9,964 |
| **Total** | **-1,600,248** | **-1,477,819** | **-1,558,415** | **-1,438,831** |

## Salaries and remuneration

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| To executives[2] | | | | |
| - Fixed compensation | -11,824 | -13,518 | -3,734 | -3,828 |
| - Variable salary component and allocation to profit-sharing | -6,401 | -7,696 | -785 | -1,492 |
| **Total** | **-18,225** | **-21,214** | **-4,519** | **-5,320** |
| To other employees | -1,234,009 | -1,133,012 | -1,204,755 | -1,115,177 |
| **Total** | **-1,252,234** | **-1,154,226** | **-1,209,274** | **-1,120,497** |

1) Allocation to the profit-sharing fund 2021 amounted to -2.293 SEK 000s (-1,616 ) in the group, of which -4.584 SEK 000s is a new allocation and 2.291 SEK 000s is a release related to prior years. The Parent company allocation to the profit-sharing fund in 2021 amounted to -2,290 SEK 000s (-1,612), of which -4.581 SEK 000 is a new allocation and 2.291 SEK 000s is a release related to prior years.

2) Executives includes the Board and the Chief Executive Officer (CEO) of the Parent Company. The group's executives also include CEO's in operating subsidiaries.

## Pension costs

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| Defined benefit plans[1] | -23,834 | -7,104 | -2,205 | -1,937 |
| Defined contribution plans | -105,264 | -98,276 | -126,165 | -101,322 |
| **Total**[2, 3] | **-129,098** | **-105,380** | **-128,370** | **-103,259** |

1) Including social security expenses in the group and in the parent companies foreign branches, excluding social security expenses in the Swedish parent company.

2) Pension costs for senior executives are specified below.

3) See Note 21 for further information about pensions and retirement benefit obligations.

## Pension expense and pension obligation

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| **To executives**[1] | | | | |
| Pension expense | -789 | -877 | -464 | -434 |
| Pension obligation | -9,338 | -9,579 | -9,024 | -9,607 |

1) Executives include the Board, CEO of the Parent Company and former CEO's. The group executives also include CEO's in operating subsidiaries.

## Note 8. Staff costs, cont.

### Board Remuneration Committee

The Nordea Asset Management group has a joint Board Remuneration Committee consisting of three members, one of whom is elected from the board of Nordea Asset Management Holding AB – Snorre Storset, one from the board of Nordea Investment Management AB – Carl Lindgren, and one from the board of Nordea Investment Funds S.A. – Graham Goodhew. The committee prepares materials and provides recommendations to each board regarding remuneration-related matters, such as remuneration policy, identification of risk-bearers according and recommendations regarding remuneration packages for senior executives and managers in control functions.

### Remuneration of senior executives

Fixed salary, variable salary and other remunerations to the CEO are proposed by the Remuneration Committee in the Board and approved by the Board. The remuneration level for functional managers, who belong to the group of other senior executives, is determined in the same way.

### Remuneration of the Board

The Annual General Meeting (AGM) decides on annual remuneration for the Board of Directors. Separate remuneration is not paid to members who are employees of the Nordea Group. No additional remuneration is paid for committee work. Nordea covers or reimburses all costs and expenses related to the Board membership. There are no commitments for severance pay, pension or other remuneration for the members of the Board.

### Remuneration, notice period, pension commitments and severance pay for the CEO

Henrika Vikman was appointed as CEO of the Parent Company in August 2021. The CEO receives a fixed salary and variable remuneration. The variable remuneration can amount to a maximum of 75% of the base salary. Benefits are included at taxable values. The CEO is covered by the Finnish statutory pension scheme. The notice period of the CEO is mutually 6 months followed by a 6 month non-compete provision upon the managing directs own resignation. If the company terminates the contract, a severance payment equivalent of 12 month salary is paid.

### Remuneration, notice period, pension obligations and severance pay to other senior executives

Conditions for other senior executives differ, partly due to the number of years they have been employed in Nordea Group and to seniority. Other senior executives have notice periods of three to six months and the company has a notice period of three to twelve months.

### Additional disclosures on remuneration under Nordic FSAs regulations and general guidelines

Nordea Group has a common remuneration policy regarding FSA regulations. The qualitative disclosures under these regulations are found in a separate section on remuneration, presented in Nordea Bank Abp's Annual report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com).

### Loans to senior executives

Loans to senior executives exists between Nordea Bank Abp and senior executives. It is not mandatory to report for them in this annual report.

No company within the Nordea Investment Management group has any loans to senior executives.

### Share-based transactions

| Earning year | Equity- or cash-settled | Vesting years | Expense 2021 | Expense 2020 | Liability 31 Dec 2021 | Liability 31 Dec 2020 | Outstanding |
|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | |
| - Bonus | Equity-settled | 2022–2027 | – | – | – | – | No |
| **2020** | | | | | | | |
| - Bonus | Equity-settled | 2021–2026 | -9,767 | – | – | – | Yes |
| Previous years | Cash-settled | 2022–2025 | 2,795 | -969 | 3,224 | 4,965 | No |
| **Total** | | | **-6 972** | **-969** | **3 224** | **4 965** | |

Until the performance year 2018 Nordea's share-based variable pay programmes were partly in the form of cash-linked total shareholder return (TSR) indexation and partly in the form of cash. The programmes were consequently all settled in cash and the portion indexed with Nordea's TSR was accounted for as a cash- settled share-based payment programme. Starting from the 2019 performance year share-based variable pay programmes are partly in the form of cash and partly in the form of Nordea shares which makes the portion paid in Nordea shares an equity-settled share-based programme. TSR indexation may be used for share-based variable pay programmes, subject to operational, administrative or tax issues as well as applicable regulation in certain legal entities. For Nordea Investment Management AB this is only relevant for employees identified as risk takers from a Nordea Bank Abp perspective.

In 2021 63 326 shares in Nordea were allotted to the participants in these programmes, corresponding to SEKm 5.3 based on the share price at the award date. Another 63 448 shares were granted to the participants but deferred. These deferred shares had a fair value of SEKm 5.3 based on the share price at the award date.

The table above covers all programmes with share-based programme expenses recognised in 2021, as well as the comparative figures for 2020. Figures for 2021 are based on the expected 2021 outcome and are excluding social security expenses. The expense for 2021 is based on an assumption about the number of shares that will be granted and deferred for delivery in later years.

## Note 8. Staff costs, cont.

### Expired Long Term Incentive Programmes

LTIP 2012 was fully expensed in May 2015. All shares in LTIP 2012 are fully vested and consequently not conditional. 60% of the vested shares were deferred with forfeiture clauses in line with regulatory requirements and allotted over a five-year period, for LTIP 2012 starting May 2015.

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Matching Share | Performance Share I | Performance Share II | Matching Share | Performance Share I | Performance Share II |
| **Conditional rights LTIP 2012** | | | | | | |
| Outstanding at the beginning of year | – | – | – | 1,210 | 3,630 | 1,210 |
| Granted | – | – | – | – | – | – |
| Allotted | – | – | – | -1,210 | -3,630 | -1,210 |
| **Outstanding at end of year[1]** | **–** | **–** | **–** | **–** | **–** | **–** |
| - of which currently exercisable | – | – | – | – | – | – |

1) Allotment of rights have been deferred following retention requirements by the Nordic FSAs. There is no exercise price for the deferred rights.

### Variable remuneration programmes

This section covers the part to the variable programmes that are deferred with TSR indexation and in shares (Nordea Bank Abp equity-settled programme as from 2019).

The programme is annual with a service condition for the respective years and are fully expensed in the year when it is earned. The individual allocations are awarded in the beginning of the subsequent year.

In 2021 bonus schemes were offered only to selected groups of employees. The aim is to ensure strong performance and maintain cost flexibility. Individual awards are determined based on detailed performance assessments covering a range of financial and non-financial goals. 2021 bonus awards from bonus schemes are paid to the majority in cash. For Material Risk Takers, awards are delivered with subsequent retention where the amounts are linked to an index of the development of the managed funds. Parts of the awards for Material Risk Takers in a bonus scheme are subject to a three-to-five year pro-rata deferral period with forfeiture conditions applying during the deferral period. For employees who are identified as Material Risk Taker from a Nordea Bank Abp perspective the deferred funds are obtained at 50% in shares, which is described in more detail in Nordea Bank´s annual report.

The table below shows the remaining liabilities for the cash-settled share-based programmes used 2014–2018.

**2014–2018 Share linked deferrals (cash-settled)**

| | Group | | Parent Company | |
|---|---|---|---|---|
| **SEK 000s** | **2021** | **2020** | **2021** | **2020** |
| Opening balance | 4,965 | 16,292 | 3,429 | 11,056 |
| Deferred/earned during the year | 366 | – | – | – |
| TSR indexation during the year | 2,795 | -969 | 1,744 | -702 |
| Payments during the year | -4,972 | -9,283 | -3,075 | -6,842 |
| Ohter adjustments | 216 | -1,055 | – | – |
| Translation differences | -146 | -19 | -104 | -83 |
| **Closing balance** | **3,224** | **4,965** | **1,994** | **3,429** |

## Note 8. Staff costs, cont.

The closing balances are expected to be settled the following years:

| | 2021 | 2020 |
|---|---|---|
| 2021 | – | 3,246 |
| 2022 | 2,895 | 1,719 |
| 2023 | 66 | – |
| 2024 | 66 | – |
| 2025 | 66 | – |
| 2026 | 66 | – |
| 2027 | 66 | – |
| **Total** | **3,224** | **4,965** |

Starting from the 2019 performance year, share-based variable pay programmes are partly in the form of cash and partly in form of Nordea shares, which makes the portion paid in Nordea shares an equity-settled share-based programme.

### 2019–2020 share linked deferrals (equity-settled)

| | 2021 | 2020 |
|---|---|---|
| Outstanding at the beginning of the year | 89,052 | – |
| Granted[1] | 105,743 | 148,417 |
| Forfeited | – | – |
| Allotted[2] | -63,326 | -59,365 |
| **Outstanding at end of year** | **131,469** | **89,052** |
| - of which currently exercisable | – | – |

1) Granted rights are the number of shares from 2020 variable renumeration programmes granted in 2021. Allotment of rights have been deferred folllowing retention requirements by Nordic FSAs. there is no exercise price for the deferred rights.

2) Alloted right are subject to a one-year retention period after allotment to participants. Includes shares that have been allotted to participants but withheld to cover income taxes or social charges.

The outstanding rights are expected to be allotted the following years:

| | 2021 | 2020 |
|---|---|---|
| 2021 | – | 21,031 |
| 2022 | 38,426 | 21,031 |
| 2023 | 38,428 | 21,033 |
| 2024 | 30,369 | 12,972 |
| 2025 | 18,612 | 12,985 |
| 2026 | 5,634 | – |
| **Total** | **131,469** | **89,052** |

### Average number of employees

| | Group | | | | | | Parent Company | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | | Male | | Female | | Total | | Male | | Female | |
| Full-time equivalents | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Denmark | 452 | 426 | 327 | 315 | 125 | 111 | 452 | 426 | 327 | 315 | 125 | 111 |
| Finland | 55 | 51 | 32 | 33 | 24 | 18 | 55 | 51 | 32 | 33 | 24 | 18 |
| Sweden | 93 | 95 | 63 | 64 | 30 | 31 | 93 | 95 | 63 | 64 | 30 | 31 |
| Norway | 23 | 25 | 18 | 18 | 5 | 7 | 23 | 25 | 18 | 18 | 5 | 7 |
| United Kingdom | 1 | 5 | – | 4 | 1 | 1 | – | – | – | – | – | – |
| USA | 4 | 5 | 3 | 4 | 1 | 1 | – | – | – | – | – | – |
| Germany | 7 | 7 | 4 | 4 | 3 | 3 | 7 | 7 | 4 | 4 | 3 | 3 |
| **Total** | **636** | **614** | **447** | **442** | **189** | **172** | **631** | **604** | **444** | **434** | **187** | **170** |

### Gender distribution, senior executives

| | Group | | Parent Company | |
|---|---|---|---|---|
| % | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Board and CEO – men | 60 | 60 | 60 | 60 |
| Board and CEO – women | 40 | 40 | 40 | 40 |
| Other executives – men | 100 | 100 | – | – |
| Other executives – women | – | – | – | – |

# Note 9. Other administrative expenses

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| Information technology | -352,238 | -412,520 | -352,238 | -412,506 |
| Marketing and representation | -4,017 | -2,124 | -2,730 | -1,741 |
| Postage, transportation, telephone and office expenses | -6,749 | -7,533 | -6,340 | -7,244 |
| Rents, premises and real estate | -49,349 | -62,521 | -70,803 | -82,950 |
| Other[1] | -427,197 | -538,218 | -418,336 | -529,372 |
| **Total** | **-839,550** | **-1,022,916** | **-850,447** | **-1,033,813** |

1) Including fees and remuneration to auditors distributed as below.

### Auditors' fees

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| PWC | | | | |
| Auditing assignments | -2,763 | -3,167 | -2,326 | -2,719 |
| Other assignments | -421 | -362 | -421 | -160 |
| **Total** | **-3,184** | **-3,529** | **-2,747** | **-2,879** |

# Note 10. Depreciation, amortisation and impairment charges of tangible and intangible assets

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| Tangible assets | -36,072 | -33,571 | -9,332 | -7,895 |
| Intangible assets | -1,398 | -1,442 | -1,398 | -1,442 |
| **Total** | **-37,470** | **-35,013** | **-10,730** | **-9,337** |

The amounts above fully refers to depreciations according to plan. No impairments during 2020 or 2021.

# Note 11. Taxes

### Income tax expense

| | Group | | Parent Company | |
|---|---|---|---|---|
| **SEK 000s** | | **2020** | | **2020** |
| Current tax | -916,012 | -609,737 | -907,022 | -593,321 |
| Deferred tax | -3,807 | -1,999 | 368 | -983 |
| **Total** | **-919,819** | **-611,736** | **-906,654** | **-594,304** |

For current and deferred tax recognised in Other comprehensive income, see Statement of comprehensive income.

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate in Sweden du to the below items:

| | Group | | Parent Company | |
|---|---|---|---|---|
| **SEK 000s** | **2021** | **2020** | **2021** | **2020** |
| Profit before tax | 4,216,892 | 2,930,944 | 4,190,965 | 3,156,084 |
| Tax calculated at a tax rate of 20,6% | -868,836 | -627,086 | -863,339 | -675,402 |
| Effect of different tax rates in other countries | -5,664 | -4,741 | – | – |
| Tax–exempt income | 6,305 | 5,267 | 5,097 | 63,882 |
| Non–deductible expenses | -3,870 | -1,067 | -164 | -194 |
| Adjustments relating to prior years | 9,787 | 17,423 | 9,292 | 18,942 |
| Change of tax rate | – | -436 | – | -436 |
| Not creditable foreign taxes | -57,541 | -1,096 | -57,541 | -1,096 |
| **Tax charge** | **-919,819** | **-611,736** | **-906,654** | **-594,304** |
| Average effective tax rate | 22% | 21% | 22% | 19% |

### Deferred tax

| | Group | | Parent Company | |
|---|---|---|---|---|
| **SEK 000s** | **2021** | **2020** | **2021** | **2020** |
| Deferred tax relates to | | | | |
| – Retirement benefit obligations | -22,320 | -17,589 | -92 | – |
| – Retirement benefit obligations | 36,151 | 34,348 | 6,302 | 5,582 |
| – Provisions | 4,054 | 2,634 | 2,802 | 1,938 |
| – Other | – | -558 | – | -558 |
| **Total** | **17,885** | **18,835** | **9,012** | **6,962** |

# Note 12. Loans to credit institutions

| | Group | | Parent Company | |
|---|---|---|---|---|
| **SEK 000s** | **31 Dec 2021** | **31 Dec 2020** | **31 Dec 2021** | **31 Dec 2020** |
| Loans, not impaired[1] | 4,951,231 | 3,502,960 | 4,532,906 | 3,134,914 |
| **Loans, carrying amount** | **4,951,231** | **3,502,960** | **4,532,906** | **3,134,914** |

1) The amount entirely refers to bank acounts, mainly within the Nordea Group.

# Note 13. Investments in group undertakings

## Parent Company

| SEK 000s | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Acquisition value at beginning of year | 65,026 | 83,771 |
| Sales | – | -18,745 |
| **Acquisition value at end of year** | **65,026** | **65,026** |
| **Total** | **65,026** | **65,026** |

## Parent Company

| | Number of shares | Recognised value in the Parent Company 31 Dec 2021 | Net result in the subsidiary 31 Dec 2021 | Equity in the subsidiary 31 Dec 2021 | Shares of votes, % | Domicile | Registration number |
|---|---|---|---|---|---|---|---|
| Nordea Investment Management North AM Inc | 700/700 | 34,923 | 13,461 | 347,242 | 100 | New York, USA | 13-34422282 |
| Nordea Private Equity Holding A/S | 1,000/1,000 | 7,020 | 12,142 | 25,263 | 100 | Copenhagen, Denmark | 25654625 |
| Nordea Private Equity III – GLOBAL A/S[1] | 500/500 | | | | 100 | Copenhagen, Denmark | 28299702 |
| Nordea Private Equity II – EU MM Buyout A/S[1] | 500/500 | | | | 100 | Copenhagen, Denmark | 28299729 |
| PWM Global Private Equity III ApS[1] | 125/125 | | | | 100 | Copenhagen, Denmark | 31890535 |
| Nordea Asset Management UK Ltd | 5,000 | 23,083 | 8,030 | 42,515 | 100 | London, United Kingdom | 11297178 |
| **Total** | | **65,026** | **33,633** | **415,020** | | | |

1) Owned by Nordea Private Equity Holding A/S.

# Note 14. Property and equipment

| Group, SEK 000s | 31 Dec 2021 Owned | 31 Dec 2021 Right of use assets | 31 Dec 2021 Total | 31 Dec 2020 Owned | 31 Dec 2020 Right of use assets | 31 Dec 2020 Total |
|---|---|---|---|---|---|---|
| Equipment | 14,117 | 2,029 | 16,146 | 22,576 | 793 | 23,369 |
| Land and buildings | – | 214,320 | 214,320 | – | 218,325 | 218,325 |
| **Total** | **14,117** | **216,349** | **230,466** | **22,576** | **219,118** | **241,694** |

| Equipment | | | | | | |
|---|---|---|---|---|---|---|
| Acquisition value at beginning of year | 35,681 | 1,494 | 37,175 | 14,646 | 1,045 | 15,691 |
| Adjustments to opening balance | -288 | – | -288 | 48 | 0 | 48 |
| Acquisitions during the year | 385 | 1,969 | 2,354 | 22,679 | 1,032 | 23,711 |
| Sales/disposals during the year | – | -862 | -862 | – | -512 | -512 |
| Translation differences | 1,090 | 83 | 1,173 | -1,692 | -71 | -1,763 |
| **Acquisition value at end of year** | **36,868** | **2,864** | **39,552** | **35,681** | **1,494** | **37,175** |
| Accumulated depreciation at beginning of year | -13,105 | -700 | -13,805 | -5,888 | -624 | -6,512 |
| Adjustment to opening balance | 288 | – | – | – | – | – |
| Accumulated depreciation on sales/disposals during the year | – | 862 | 862 | – | 512 | 512 |
| Depreciations according to plan for the year | -9,346 | -796 | -10,142 | -7,910 | -627 | -8,537 |
| Translation differences | -588 | -21 | -609 | 693 | 38 | 731 |
| **Accumulated depreciation at end of year** | **-22,751** | **-655** | **-23,406** | **-13,105** | **-701** | **-13,806** |
| **Total** | **14,117** | **2,029** | **16,146** | **22,576** | **793** | **23,369** |

| Land and buildings | | | | | | |
|---|---|---|---|---|---|---|
| Acquisition value at beginning of year | – | 263,152 | 263,152 | – | 223,418 | 223,418 |
| Acquisitions during the year | – | 15,928 | 15,928 | – | 50,694 | 50,694 |
| Translation differences | – | 7,725 | 7,725 | – | -10,960 | -10,960 |
| **Acquisition value at end of year** | **–** | **286,806** | **286,806** | **–** | **263,152** | **263,152** |
| Accumulated depreciation at beginning of year | – | -44,827 | -44,827 | – | -21,766 | -21,766 |
| Depreciation according to plan for the year | – | -25,931 | -25,931 | – | -25,034 | -25,034 |
| Translation differences | – | -1,728 | -1,728 | – | 1,973 | 1,973 |
| **Accumulated depreciation at end of year** | **–** | **-72,486** | **-72,486** | **–** | **-44,827** | **-44,827** |
| **Total** | **–** | **214,320** | **214,320** | **–** | **218,325** | **218,325** |

# Note 15. Leasing

### Nordea Investment Management as a lessee

| Group, SEK 000s | 2021 | 2020 |
|---|---|---|
| Expense related to short term leases | -62,438 | -70,226 |
| Expense related to low value leases | -20 | -20 |
| Expense related to variable payments | -4,625 | -4,747 |
| Interest expense during the year | -1,149 | -1,249 |
| Sublease income | 863 | 888 |
| Total cash outflow of leases | -94,198 | -102,655 |

### Contractual maturity of undiscounted cash flows, lease liabilities

| EURm | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Less than one year | 27,953 | 26,266 |
| 1–2 year | 27,162 | 26,152 |
| 2–5 year | 85,100 | 75,493 |
| 5–10 year | 87,473 | 96,651 |
| **Total** | **227,688** | **224,562** |

### Other Lease disclosures

See note 14 for futher information related to Right to use assets.

See note 26 for further infromation of the maturity.

There are no significant lease commitments for leases which have not yet commenced.

Nordea operates in leased premises. The premises are divided into external premises contracts, in Copenhagen and Bergen, and short term Nordea intra group contracts in all other locations. The Bergen contract has a fixed 5 year lease term and the Copenhagen lease contract is in force until further notice with an option to terminate at the earliest by 31.12.2024 withour penalties. The premises contracts does not contain purchase options. The company car contracts generally have a fixed lease term of less than 5 years.

## Note 15. Leasing, cont.

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

| Parent Company, SEK 000s | 2021[1] | 2020[1] |
|---|---|---|
| 1 year | 60,441 | 73,102 |
| 2 years | 26,852 | 27,326 |
| 3 years | 26,379 | 27,198 |
| 4 years | 28,799 | 26,396 |
| 5 years | 28,744 | 25,242 |
| Later Years | 86,231 | 100,966 |
| **Total** | **257,446** | **280,230** |

# Note 16. Other assets

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Account receivables | 411,785 | 325,352 | 388,171 | 306,297 |
| Other | 4,196 | 10,790 | 4,162 | 10,771 |
| **Total** | **415,981** | **336,142** | **392,333** | **317,068** |

# Note 17. Prepaid expenses and accrued income

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Accrued interest income | 246 | – | 246 | – |
| Other accrued income | 1,303,793 | 1,198,577 | 1,310,580 | 1,203,529 |
| Prepaid expenses | 86,887 | 58,741 | 86,567 | 58,501 |
| **Total** | **1,390,926** | **1,257,318** | **1,397,393** | **1,262,030** |

# Note 18. Other liabilities

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Accounts payable | 68,339 | 80,475 | 71,126 | 80,377 |
| Other | 254,043 | 276,286 | 35,962 | 56,272 |
| **Total** | **322,382** | **356,761** | **107,088** | **136,649** |

# Note 19. Accrued expenses and prepaid income

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Accrued interest | – | 253 | – | 177 |
| Other accrued expenses | 1,291,593 | 1,230,747 | 1,272,764 | 1,224,687 |
| Prepaid income | 860 | 439 | 860 | 439 |
| **Total** | **1,292,453** | **1,231,439** | **1,273,624** | **1,225,303** |

# Note 20. Provisions

| SEK 000s | Group 31 Dec 2021 | Group 31 Dec 2020 | Parent Company 31 Dec 2021 | Parent Company 31 Dec 2020 |
|---|---|---|---|---|
| Reserve for restructuring costs | 2,384 | 6,700 | 2,384 | 6,700 |
| **Total** | **2,384** | **6,700** | **2,384** | **6,700** |

### Changes in the Balance Sheet

| SEK 000s | Restructuring | Total 2021 | Total 2020 |
|---|---|---|---|
| **Group** | | | |
| At beginning of year | 6,700 | 6,700 | 35,171 |
| New provisions made | 1,988 | 1,988 | – |
| Provisions utilised | -6,535 | -6,535 | -28,032 |
| Translation differences | 231 | 231 | -440 |
| **At end of year** | **2,384** | **2,384** | **6,699** |
| **Parent Company** | | | |
| At beginning of year | 6,700 | 6,700 | 11,774 |
| New provisions made | 1,988 | 1,988 | – |
| Provisions utilised | -6,535 | -6,535 | -4,558 |
| Translation differences | 231 | 231 | -516 |
| **At end of year** | **2,384** | **2,384** | **6,700** |

This restructuring provision relates to severence pay. Most of the reserve is expexted to be utilized during 2022. As with all reserves there is an uncertainity about timing and amount, but this uncertainty is expected to decrease as the plan is executed.

# Note 21. Retirement benefit obligations

## Group

| SEK 000s | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Retirement benefit assets | 2,776 | – |
| Retirement benefit liabilities | 140,369 | 125,345 |
| **Net liability (–)/asset(+)** | **-137,593** | **-125,345** |

The Group sponsors both defined contribution plans (DCP) and defined benefit plans (DBP). IAS 19 ensures that the pension obligations net of plan assets backing these obligations are reflected on the Group's balance sheet. The major plans in each country are funded schemes covered by assets in pension funds/foundations.

The plans are structured in accordance with local regulations and legislation, local practice and, where applicable, collective agreements. The Group's main DBPs in Sweden, Norway and Finland are all employer-financed final salary and service-based pension plans providing pension benefits on top of the statutory systems. All DBPs are closed to new entrants; new employees are offered DCPs.

In Sweden DBPs are mainly offered in accordance with collective agreements and subject to the regulations of the Pension Obligations Vesting Act (Tryggandelagen). Plan assets are held in a separate pension foundation.

In Norway the DBPs are in accordance with the Nordea Investment Management´s Norway occupational pension plan and subject to the Occupational Pension Act (Foretakspensjonloven). In Norway plan assets are also held in a separate pension fund.

In Finland Nordea provides additional pension benefits on top of the statutory system in accordance with the Nordea Finland occupational pension plan and follows the regulations of the Employees' Pension Act (TyEL). Plan assets are generally held in a separate pension foundation.

Minimum funding requirements differ between plans, but where such requirements are based on collective agreements or internal policies, the funding requirement is generally that the pension obligations measured using local requirements will be covered in full with a predefined surplus or alternatively safeguarded by a credit insurance contract (Sweden only). Some pension plans are not covered by funding requirements and are generally unfunded. Quarterly assessments are performed to monitor the likely level of future contributions.

DBPs may impact the Group via changes in the net present value of obligations and/or changes in the market value of plan assets. Changes in obligations are most importantly driven by changes in assumptions on discount rates (interest rates and credit spreads), inflation, salary increases, turnover and mortality as well as relevant experience adjustments where the actual outcome differs from the assumptions.

Assets are invested in diversified portfolios as further disclosed below, with bond exposures mitigating the interest rate risk to the obligations and a fair amount of real assets (inflation protected) to reduce the long-term inflationary risk to liabilities.

### Multiemployer plan

In 2010 the Norwegian Parliament decided to change the AFP(Avtalefestet Pensjon) plan in Norway as from 2011. The change gave rise to a new multiemployer defined benefitplan that cannot be calculated as such, as information on Nordea Investment Management's share of the liabilities and pension

## Note 21. Retirement benefit obligations, cont.

costs in the plan is not available from Fellesordningen (the administrator). Consequently the new AFP plan has to be accounted for as a defined contribution plan in accordance with IAS 19. Information on the funded status in the plan is not available.

The AFP plan gives the entitled employees a lifelong addition to regular pensions from the age of 62. Further, the new scheme allows the employees to continue working while receiving AFP without this affecting the pension rights. The plan is founded on the basis of a three party cooperation between employer organisations, employee organisations and the Norwegian government. The government covers one third of the pension expense to the AFP plan while the member organisations collectively cover the remaining two thirds of the pension expense. The premium the member organisations are paying to the plan is determined to be sufficient to cover on-going pension expenses as well as to provide a basis for building up a pension fund. The purpose of the pension fund is to ensure sufficient ability to cover expected future pension obligations.

The premium rate for 2021 was 2.5% of the employee's wages between 1 and 7.1 times the average base amount according to the Norwegian National Insurance Act. The premium is calculated based on the average wages and base amounts from the previous year, excluding employees over the age of 61. Total premiums paid in 2021 amount to 434 NOK 000s. Payments to the plan covered 23 employees. The premium rate for 2022 will be 2.6% of the employee's wages between 1 and 7.1 times the average base amount according to the Norwegian National Insurance Act. The expected premium in 2022 amounts to 450 NOK 000s.

The employees that meet the requirements for AFP are guaranteed AFP payments regardless of the solvency of their employers. As a result the employer members have joint responsibility for two thirds of the payable pensions to the employees that at any given time meet the requirements for AFP. Any deficit or surplus on windup of the plan or entitie's withdrawal from the plan will not have any impact on the Group.

### Assumptions[1]

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| % | Sweden | Norway | Finland | Sweden | Norway | Finland |
| Discount rate | 1,77 | 1,96 | 0,65 | 1.06 | 1.80 | 0.15 |
| Salary increase | 3,00 | 2,25 | 2,25 | 2.50 | 1.75 | 1.75 |
| Inflation | 2,00 | 1,50 | 1,75 | 1.50 | 1.50 | 1.25 |
| Mortality | DUS14 | K2013BE | Gompertz | DUS14 | K2013BE | Gompertz |

1) The assumptions disclosed for 2021 have an impact on the liablilty calculation by year-end 2021, while the assumptions disclosed for 2020 are used for calculating the pension expense in 2021.

### Net retirement benefit liabilities/assets

| SEK 000s | Total 2021 | Total 2020 |
|---|---|---|
| Obligations | 533,383 | 502,945 |
| Plan assets | 395,790 | 377,600 |
| **Net liability(-)/asset(+)** | **-137,593** | **-125,345** |
| - of which retirement benefit liabilities | 140,369 | 125,345 |
| - of which retirement benefit assets | 2,776 | – |

### Movements in the obligation

| SEK 000s | Total 2021 | Total 2020 |
|---|---|---|
| At beginning of year | 502,945 | 481,934 |
| Current service cost | 10,002 | 7,632 |
| Interest cost | 5,706 | 6,820 |
| Pensions paid | -6,726 | -5,983 |
| Tranferred pension obligations, curtailments and settlements | -3,415 | -2,175 |
| Past service cost and settlements | – | 31 |
| Remeasurement from changes in financial assumptions | 9,185 | 19,265 |
| Remeasurement from experience adjustments | 7,945 | 4,034 |
| Translation differences | 7,288 | -9,428 |
| Change in provision for SWT/SSC[2] | 615 | 815 |
| **At end of year** | **533,545** | **502,945** |
| - of which relates to the active population, % | 14 | 15 |

1) The Group has pension obligations in Sweden, Norway and Finland. The main part refers to employees in Sweden.
2) Change in provision wage tax (SWT) in Sweden and social security contribution (SSC) in Norway, calculated amounts in the balance sheet.

## Note 21. Retirement benefit obligations, cont.

The average duration of the obligation is about 21 (22) years in Sweden, about 18 (17) years in Norway, and about 17 (17) years in Finland, based on discounted cash-flow. The fact that all DBPs are closed for new entrants leads to lower duration.

### Movements in the fair value of plan assets

| SEK 000s | Total 2021 | Total 2020 |
|---|---|---|
| At beginning of year | 377,600 | 365,503 |
| Interest income (calculated using the discount rate) | 4,255 | 5,319 |
| Pensions paid | -1,910 | -1,234 |
| Tranferred pension obligations, curtailments and settlements | -1,893 | 1,854 |
| Contributions by employer | -619 | – |
| Remeasurement (actual return less interest income) | 12,975 | 13,695 |
| Translation differences | 5,382 | -7,537 |
| **At end of year** | **395,790** | **377,600** |

1) Main part of plan assets refers to Sweden.

The expected payments for defined benefit plans during financial year 2022 amounts to 4,888 SEK 000s.

## Parent company

### Pensions provisions

The pension liabilities of Nordea Investment Management AB are mainly covered by allocations to its pension foundation. The pension obligation in Sweden are based on calculations in accordance with Swedish rules (Tryggandelagen) and in the foreign branches in accordance with local accounting requirements. A part of the pension obligations in Sweden are covered as a pension provision in the balance sheet in combination with a credit insurance.

### Specification of amounts recognised on the balance sheet

| SEK 000s | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Present value of commitments relating to in whole or in part funded pension plans | -259,499 | -290,714 |
| Fair value at the end of the period relating to specifically separated assets | 291,796 | 290,822 |
| **Deficit(-)/surplus(+) in the pension foundations** | **32,297** | **108** |
| Present value of commitments relating to other foundations | -129,719 | -112,524 |
| Plan assets in other foundations | 99,125 | 85,425 |
| Unrecognised deficit/surplus in the pension foundation | -32,297 | -106 |
| Provision for pensions | -67,703 | -50,000 |
| **Reported liability net on the balance sheet**[1] | **-98,297** | **-77,097** |
| - of which retirement benefit liabilities | 101,073 | 77,097 |
| - of which retirement benefit asstes | 2,776 | – |

1) The pension obligations in the foreign branches are based on calculations in accordance with local accounting requirements.

### Assumptions for benefit-determined obligations

| | 2021 | 2020 |
|---|---|---|
| Discount rate, % | -0.1 | 0.2 |
| The calculation is based on pay and pension levels on the accounting date | Yes | Yes |

Next year’s expected payment regarding defined benefit plans amounts to 4,888 SEK 000s.

# Note 22. Contingent liabilities

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK 000s | 2021 | 2020 | 2021 | 2020 |
| Other contingent liabilities | – | – | 20,583 | 20 044 |
| **Total** | **–** | **–** | **20,583** | **20 044** |
| - of which internally within the Group | – | – | 20,583 | 20 044 |

The Parent company has issued a guarantee in favor of the subsidiary Nordea Investment Management North America Inc.

# Note 23. Capital adequacy

The information in this section refers to the parent company Nordea Investment Management AB, corporate identity number 556060-2301, including subsidiaries and branches, i.e. the Nordea Investment Management Group. Consolidated financial statements for the parent company are published twice a year.

### New capital adequacy rules for investment firms

In the new Investment Firm Regulation, the purpose is still for the company to hold sufficient capital, although not in relation to risk-weighted assets, but rather in relation to the risks (risks to client, risks to market and risks to firm) that are associated with the operations typical of investment firms. The Investment Firm Regulation contains rules on how to calculate the scope of the various operations, known as K-factors in the regulation, and the ratio to the investment firm's own funds. While the rules concerning what the investment firm's capital must be in relation to differs from the rules for credit institutions, the rules concerning capital quality are the same in many respects. In both instances, it is a case of the capital being of a certain quality and own funds consisting of CET1 capital, additional tier 1 capital for the purpose of capital adequacy and tier 2 capital.

### Capital adequacy

Nordea Investment Management AB, which is classified as a class 2 investment firm, shall follow capital adequacy requirements according to the Investment Firm Regulation (IFR).

Own funds requirements are described in Articles 9 and 10 of IFR. Article 11 stipulates that the company is expected, at all times, to have own funds greater than the highest of the following three capital requirements:

- Capital requirement calculated in accordance with fixed overheads
- Permanent minimum capital requirement
- Capital requirement from the sum of K-factors

In accordance with article 54 of IFR, the company shall, on a quarterly basis, report information on own funds, capital adequacy and liquidity requirements to Finansinspektionen.

### Capital requirement calculated in accordance with fixed overheads

The capital requirement for fixed overheads consists of one quarter of the prior year's fixed overheads. 'Fixed overheads' refers to costs that are not variable, which are defined as the company's total operating expenses.

### Permanent minimum capital requirement

The permanent minimum capital requirement is defined as the necessary initial capital for a class 2 investment firm, such as Nordea Investment Management, to EUR 75,000.

### Capital requirement from the sum of K-factors

The K-factors are divided into three categories: Risks to client, risks to market and risks to firm, which describe the company's risk exposure. Each category contains a number of K-factors that quantify the risk exposure for the company.

Risks to client (applicable in part for Nordea Investment Management):
K-AuM, Client assets under management
K-ASA, Assets safeguarded and administered
K-COH, Client orders handled
K-CMH, Client money held

Risks to market (not applicable for Nordea Investment Management):
K-NPR, Net position risk
K-CMG, Total margins

Risks to firm (not applicable for Nordea Investment Management):
K-TCD, An investment firm's exposure to the default of their trading counterparties
K-DTF, Daily trading flow
K-CON, Concentration risk in large exposures

### Own funds

Own funds at Nordea Investment Management AB consist exclusively of equity. The own funds used for capital adequacy are calculated using an assumption that the net earnings of the Group after tax are distributed to the holding company.

### Capital governance

In accordance with FFFS 2014:12, Chapter 10, an internal capital adequacy assessment process (formerly ICAAP, now ICARA) is performed annually to ensure that there is sufficient capital to cover internal and external risks, and set forward-looking capital adequacy targets linked to business performance.

### Capital requirements

The capital requirement was SEK 629 m at the end of the year. The ICR should be compared to the own funds, which amounted to SEK 1 840 m. For risk management, see note 2 "Risk exposure and risk policy".

# Note 23. Capital adequacy, cont.

## Summary of items incuded in own funds[1]

| SEK 000s | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Own funds | 1,839,908 | 1,476,074 |
| Tier 1 Capital | 1,839,908 | 1,476,074 |
| Common Equity Tier 1 Capital | 1,839,908 | 1,476,074 |
| Fully paid up capital instruments | 1,260 | 1,260 |
| Retained earnings | 1,839,488 | 1,546,857 |
| Previous years retained earnings | 1,835,615 | 1,314,936 |
| Profit or loss eligible[2] | 3,873 | 231,921 |
| Accumulated other comprehensive income | -6,805 | -76,666 |
| Other reserves | 7,384 | 7,384 |
| Total deductions from common equity Tier 1 | -1,419 | -2,761 |
| Other intangible assets | -1,419 | -2,761 |

1) Profit eligible reduced for assumption of dividend in accordance with proposed distribution of earnings for 2021.

2) Except for profit eligible/retained earnings, balance sheet items included under the regulatory scope of consolidation above fully corresponds to the Financial statements' Group Balance sheet.

## Minimum capital requirement

| SEK 000s | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Permanent minimum capital requirement | 759 | 786 |
| Fixed overhead requirement | 629,341 | 611,715 |
| Total K-Factor Requirement | 31,425 | 34,398 |
| Minimum capital requirement (the largest amount of the above) | 629,341 | 611,715 |

## K-Factor requirements

| | 31 Dec 2021 | | 31 Dec 2020 | |
|---|---|---|---|---|
| SEK 000s | Factor amount | K-factor requirement | Factor amount | K-factor requirement |
| Total K-Factor requirement | | 31,425 | | 34,398 |
| Risk to client | | 31,425 | | 34,398 |
| Assets under management | 152,410,164 | 30,482 | 168,142,556 | 33,629 |
| Client orders handled – Cash trades | 906,597 | 907 | 750,079 | 750 |
| Client orders handled - Derivatives trades | 365,006 | 37 | 195,576 | 20 |

## Capital Ratios

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| CET 1 Ratio | 2.9 | 2.4 |
| Surplus(+)/Deficit(-) of CET 1 Capital, SEK 000s | 1,487,477 | 1,133,514 |
| Tier 1 Ratio | 2.9 | 2.4 |
| Surplus(+)/Deficit(-) of Tier 1 Capital, SEK 000s | 1,367,902 | 1,017,288 |
| Own Funds Ratio | 2.9 | 2.4 |
| Surplus(+)/Deficit(-) of Total capital, SEK 000s | 1,210,567 | 864,359 |

## Liquidity requirement

| SEK 000s | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Liquidity requirement (1/3 of fixed overheads) | 209,780 | 203,905 |
| Liquid assets (Common Equity Tier 1 Capital) | 1,839,908 | 1,476,074 |

## Note 23. Capital adequacy, cont.

### Capital instruments' main features

| Common Equity Tier 1 | | |
|---|---|---|
| 1 | Issuer | Nordea Investment Management AB |
| 3 | Governing law(s) of the instrument | Swedish |
| **Regulatory treatment** | | |
| 4 | Transitional CRR rules | Common Equity Tier 1 |
| 5 | Post-transitional CRR rules | Common Equity Tier 1 |
| 6 | Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated | Solo |
| 7 | Instrument type (types to be specified by each jurisdiction) | Share capital as published in Regulation (EU) No 575/2013 article 28 |
| 8 | Amount recognised in regulatory capital (currency in million, as of most recent reporting date) | 1.3 SEKm |
| 9 | Nominal amount of instrument | 1,260,000 SEK |
| 10 | Accounting classification | Shareholders' equity |
| 12 | Perpetual or dated | Perpetual |
| 13 | Original maturity date | No maturity |
| 14 | Issuer call subject to prior supervisory approval | No |
| **Coupons / dividends** | | |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Fully discretionary |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Fully discretionary |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Senior debt |
| 36 | Non-compliant transitioned features | No |

# Note 24. Classification of financial instruments

## Group

| 31 Dec 2021, SEK 000s | Amortised cost | Non-financial assets | Total |
|---|---|---|---|
| **Assets** | | | |
| Loans to credit institutions | 4,951,231 | – | 4,951,231 |
| Intangible assets | – | 1,418 | 1,418 |
| Properties and equipment | – | 230,466 | 230,466 |
| Deferred tax assets | – | 40,205 | 40,205 |
| Current tax assets | – | 49,367 | 49,367 |
| Retirement benefit assets | | 2,776 | 2,776 |
| Other assets | 411,785 | 4,196 | 415,981 |
| Prepaid expenses and accrued income | 1,304,039 | 86,887 | 1,390,926 |
| **Total** | **6,667,055** | **415,315** | **7,082,370** |

| 31 Dec 2021, SEK 000s | Amortised cost | Non-financial liabilities | Total |
|---|---|---|---|
| **Liabilities** | | | |
| Current tax liabilities | – | 167,935 | 167,935 |
| Other liabilities | 285,817 | 36,565 | 322,382 |
| Accrued expenses and prepaid income | – | 1,292,453 | 1,292,453 |
| Deferred tax liabilities | – | 22,320 | 22,320 |
| Provisions | – | 2,384 | 2,384 |
| Retirement benefit liabilities | – | 140,369 | 140,369 |
| **Total** | **285,817** | **1,662,026** | **1,947,843** |

| 31 Dec 2020, SEK 000s | Amortised cost | Non-financial assets | Total |
|---|---|---|---|
| **Assets** | | | |
| Loans to credit institutions | 3,502,960 | – | 3,502,960 |
| Intangible assets | – | 2,761 | 2,761 |
| Properties and equipment | – | 241,694 | 241,694 |
| Deferred tax assets | – | 36,424 | 36,424 |
| Current tax assets | – | 43,061 | 43,061 |
| Other assets | 325,352 | 10,790 | 336,142 |
| Prepaid expenses and accrued income | 1,198,577 | 58,741 | 1,257,317 |
| **Total** | **5,026,889** | **393,471** | **5,420,360** |

| 31 Dec 2020, SEK 000s | Amortised cost | Non-financial liabilities | Total |
|---|---|---|---|
| **Liabilities** | | | |
| Current tax assets | – | 116,404 | 116,404 |
| Other liabilities | 300,632 | 56,129 | 356,761 |
| Accrued expenses and prepaid income | 253 | 1,231,186 | 1 231,439 |
| Deferred tax liabilities | – | 17,589 | 17,589 |
| Provisions | – | 6,700 | 6,700 |
| Retirement benefit liabilities | – | 125,345 | 125,345 |
| **Total** | **301,324** | **1,552,914** | **1,854,238** |

## Note 24. Classification of financial instruments, cont.

### Parent Company

| 31 Dec 2021, SEK 000s | Amortised cost | Non-financial assets | Total |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 4,532,906 | – | 4,532,906 |
| Shares and participation in group undertakings | – | 65,026 | 65,026 |
| Intangible assets | – | 1,418 | 1,418 |
| Properties and equipment | – | 13,978 | 13,978 |
| Deferred tax assets | – | 9,104 | 9,104 |
| Current tax assets | – | 49,365 | 49,365 |
| Retirement benefit assets | – | 2,775 | 2,775 |
| Other assets | 388,171 | 4,162 | 392,333 |
| Prepaid expenses and accrued income | 1,310,825 | 86,568 | 1,397,393 |
| **Total** | **6,231,902** | **232,396** | **6,464,298** |

| 31 Dec 2021, SEK 000s | Amortised cost | Non-financial liabilities | Total |
|---|---|---|---|
| **Liabilities** | | | |
| Current tax liabilites | – | 166,923 | 166,923 |
| Other liabilities | 71,078 | 36,010 | 107,088 |
| Accrued expenses and prepaid income | – | 1,273,624 | 1,273,624 |
| Deferred tax liabilities | – | 92 | 92 |
| Provisions | – | 2,384 | 2,384 |
| Retirement benefit liabilities | – | 101,073 | 101,073 |
| **Total** | **71,078** | **1,580,106** | **1,651,184** |

| 31 Dec 2020, SEK 000s | Amortised cost | Non-financial assets | Total |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 3,134,914 | – | 3,134,914 |
| Shares and participation in group undertakings | – | 65,026 | 65,026 |
| Intangible assets | – | 2,761 | 2,761 |
| Properties and equipment | – | 22,437 | 22,437 |
| Deferred tax assets | – | 6,962 | 6,962 |
| Current tax assets | – | 42,341 | 42,341 |
| Other assets | 306,298 | 10,771 | 317,068 |
| Prepaid expenses and accrued income | 1,203,529 | 58,501 | 1,262,029 |
| **Total** | **4,644,741** | **208,799** | **4,853,539** |

| 31 Dec 2020, SEK 000s | Amortised cost | Non-financial liabilities | Total |
|---|---|---|---|
| **Liabilities** | | | |
| Current tax liabilites | – | 116,152 | 116,152 |
| Other liabilities | 81,403 | 55,246 | 136,649 |
| Accrued expenses and prepaid income | 177 | 1,225,126 | 1,225,303 |
| Provisions | – | 6,700 | 6,700 |
| Retirement benefit liabilities | – | 77,097 | 77,097 |
| **Total** | **81,580** | **1,480,321** | **1,561,901** |

# Note 25. Assets and liabilities at fair value

## Assets and liabilities at fair value

The Nordea investment Management Group has no assets and liabilities held at fair value on the balance sheet.

### Financial assets and liabilities not held at fair value on the balance sheet.

**Group**

| SEK 000s | 31 Dec 2021 Carrying amount | 31 Dec 2021 Fair value | 31 Dec 2020 Carrying amount | 31 Dec 2020 Fair value | Level in fair value hierarchy |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Loans to credit institutions | 4,951,231 | 4,951,231 | 3,502,960 | 3,502,960 | 3 |
| Other assets | 411,785 | 411,785 | 325,352 | 325,352 | 3 |
| Prepaid expenses and accrued income | 1,304,039 | 1,304,039 | 1,198,577 | 1,198,577 | 3 |
| **Total** | **6,667,055** | **6,667,055** | **5,026,889** | **5,026,889** | |
| **Financial liabilities** | | | | | |
| Other liabilities | 285,817 | 285,817 | 300,632 | 300,632 | 3 |
| Accrued expenses and prepaid income | – | – | 253 | 253 | 3 |
| **Total** | **285,817** | **285,817** | **301,324** | **301,324** | |

**Parent Company**

| SEK 000s | 31 Dec 2021 Carrying amount | 31 Dec 2021 Fair value | 31 Dec 2020 Carrying amount | 31 Dec 2020 Fair value | Level in fair value hierarchy |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Loans to credit institutions | 4,532,906 | 4,532,906 | 3,134,914 | 3,134,914 | 3 |
| Other assets | 388,171 | 388,171 | 306,297 | 306,297 | 3 |
| Prepaid expenses and accrued income | 1,310,825 | 1,310,825 | 1,203,529 | 1,203,529 | 3 |
| **Total** | **6,231,902** | **6,231,902** | **4,644,740** | **4,644,740** | |
| **Financial liabilities** | | | | | |
| Other liabilities | 71,078 | 71,078 | 81,403 | 81,403 | 3 |
| Accrued expenses and prepaid income | – | – | 177 | 177 | 3 |
| **Total** | **71,078** | **71,078** | **81,580** | **81,580** | |

## Determination of fair value for items measured at fair value on the balance sheet

Fair value measurements of assets and liabilities carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

Level 2 in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. The fair values are based on quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. Alternatively, the fair values are estimated using valuation techniques or valuation models based on market prices or inputs prevailing at the balance sheet date and where any unobservable inputs have had an insignificant impact on the fair values..

Level 3 in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates.

## Note 25. Assets and liabilities at fair value, cont.

### Cash and balances with central banks

The fair value of "Cash and balances with central banks" is, due to its short term nature, therefore assumed to equal the carrying amount and is categorised into level 3 in the fair value hierarchy.

### Loans to credit institutions

The balance sheet item "Loans to credit institutions" consists of intra-Group bank balances, and fair value is, due to their short-term nature, therefore assumed to be the same as the carrying amounts and they are referred to level 3 in the fair value hierarchy.

### Other assets and prepaid expenses and accrued income

The balance sheet items "Other assets" and "Prepaid expenses and accrued income" consist of short receivables, mainly accrued comission income. The fair value is therefore considered to equal the carrying amount and is categorised into level 3 in the fair value hierarchy."

### Other liabilities and accrued expenses and prepaid income

The balance sheet items "Other liabilities" and "Accrued expenses and prepaid income" consist of short-term liabilities. The fair value is therefore considered to be equal to the carrying amount and is categorised into Level 3 in the fair value hierarchy.

## Note 26. Maturity analysis for assets and liabilities

### Expected maturity

| SEK 000s | 31 Dec 2021 Expected to be settled: | | | 31 Dec 2020 Expected to be settled: | | |
|---|---|---|---|---|---|---|
| Group | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **Financial assets** | | | | | | |
| Loans to credit institutions | 4,951,231 | – | 4,951,231 | 3,502,960 | – | 3,502,960 |
| Intangible assets | – | 1,418 | 1,418 | – | 2,761 | 2,761 |
| Tangible assets | 29,166 | 201,300 | 230,466 | 25,925 | 215,769 | 241,694 |
| Deferred tax assets | 55,383 | -15,178 | 40,205 | 44,983 | -8,559 | 36,424 |
| Current tax assets | 49,367 | – | 49,367 | 43,061 | – | 43,061 |
| Retirement benefit assets | – | 2,776 | 2,776 | – | – | – |
| Other assets | 415,981 | – | 415,981 | 336,142 | – | 336,142 |
| Prepaid expenses and accrued income | 1,390,926 | – | 1,390,926 | 1,257,318 | – | 1,257,318 |
| **Total** | **6,892,054** | **190,316** | **7,082,370** | **5,210,389** | **209,971** | **5,420,360** |
| **Financial liabilities** | | | | | | |
| Current tax liabilities | 167,935 | – | 167,935 | 116,404 | – | 116,404 |
| Other liabilities | 131,066 | 191,316 | 322,382 | 162,401 | 194,360 | 356,761 |
| Accrued expenses and prepaid income | 1,289,255 | 3,198 | 1,292,453 | 1,231,439 | – | 1,231,439 |
| Deferred tax liabilities | – | 22,320 | 22,320 | – | 17,589 | 17,589 |
| Provisions | 385 | 1,999 | 2,384 | 3,940 | 2,760 | 6,700 |
| Retirement benefit liabilities | 72,591 | 67,778 | 140,369 | 54,833 | 70,512 | 125,345 |
| **Total** | **1,661,232** | **286,611** | **1,947,843** | **1,569,017** | **285,221** | **1,854,238** |

# Note 26. Maturity analysis for assets and liabilities, cont.

| SEK 000s | 31 Dec 2021 Expected to be settled: | | | 31 Dec 2020 Expected to be settled: | | |
|---|---|---|---|---|---|---|
| Parent Company | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **Financial assets** | | | | | | |
| Loans to credit institutions | 4,532,906 | – | 4,532,906 | 3,134,914 | – | 3,134,914 |
| Investments in group undertakings | – | 65,026 | 65,026 | – | 65,026 | 65,026 |
| Intangible assets | – | 1,418 | 1,418 | – | 2,761 | 2,761 |
| Tangible assets | 297 | 13,681 | 13,978 | 369 | 22,068 | 22,437 |
| Deferred tax assets | 54,902 | -45,798 | 9,104 | 44,983 | -38,021 | 6,962 |
| Current tax assets | 49,365 | – | 49,365 | 42,341 | – | 42,341 |
| Retirement benefit assets | – | 2,775 | 2,775 | – | – | – |
| Other assets | 392,333 | – | 392,333 | 317,068 | – | 317,068 |
| Prepaid expenses and accrued income | 1,397,393 | – | 1,397,393 | 1,262,030 | – | 1,262,030 |
| **Total** | **6,427,196** | **37,102** | **6,464,298** | **4,801,705** | **51,834** | **4,853,539** |
| **Financial liabilities** | | | | | | |
| Current tax liabilities | 166,923 | – | 166,923 | 116,152 | – | 116,152 |
| Other liabilities | 107,088 | – | 107,088 | 136,649 | – | 136,649 |
| Accrued expenses and prepaid income | 1,273,624 | – | 1,273,624 | 1,225,303 | – | 1,225,303 |
| Deferred tax liabilities | – | 92 | 92 | – | – | – |
| Provisions | 385 | 1,999 | 2,384 | 3,940 | 2,760 | 6,700 |
| Retirement benefit liabilities | 72,591 | 28,482 | 101,073 | 54,833 | 22,264 | 77,097 |
| **Total** | **1,620,611** | **30,573** | **1,651,184** | **1,536,877** | **25,024** | **1,561,901** |

# Note 27. Related-party transactions

The information below shows the effect from related party transactions on the Group figures. The information on definitions, see Note 1, section 18. For information regarding renumerations and loans to senior executives, see Note 8.

| SEK 000s | Nordea Bank Abp | | Other related parties | |
|---|---|---|---|---|
| Group | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Assets | 4,911,269 | 3,468,795 | 1,496,859 | 1,335,909 |
| Liabilities | 30,750 | 47,261 | 57,802 | 46,605 |
| Interest income | 914 | 2,687 | – | – |
| Interest expense | -4,528 | -2,540 | – | – |
| Other operating income | 125,194 | 117,154 | 7,397,997 | 6,020,209 |
| Other operating expense | -307,256 | -447,497 | -481,865 | -289,913 |

| SEK 000s | Nordea Bank Abp | | Other related parties | |
|---|---|---|---|---|
| Parent Company | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| Assets | 4,537,518 | 3,138,239 | 1,497,143 | 1,336,669 |
| Liabilities | 30,441 | 46,980 | 63,433 | 47,415 |
| Interest income | 245 | 700 | – | – |
| Interest expense | -4,369 | -2,292 | – | – |
| Other operating income | 125,194 | 117,154 | 7,396,110 | 6,013,757 |
| Other operating expense | -299,532 | -437,747 | -497,308 | -293,435 |

# Note 28. Distribution of earnings

According to the parent company Nordea Investment Management AB's balance sheet, the following amount is available for distribution of the Annual general Meeting:

| SEK | |
|---|---|
| Retained earnings including net profit for the year | 4,789,297,000 |
| Other free funds | 15,173,000 |
| **Total** | **4,804,470,000** |

The Board of Directors proposes that the earnings be disposed as follows:

| SEK | |
|---|---|
| Cash dividend to shareholders, SEK 261,365 per share | 3,293,200,000 |
| To be carried forward | 1,511,270,000 |
| **Total** | **4,804,470,000** |

The proposed dividend of 3,293,200 SEK 000s temporarily reduces the Company's equity/assets ratio from 74% to 24%. Although the equity/assets ratio decreases it will remain, in light of the Company's profitable operations, at a satisfactory level and meet the capital requirements stipulated by the Securities Market Act. It is the assessment of the Board that the group contribution is justifiable considering the requirements that the nature, scope and risks of the operations place on the size of the Company's equity, consolidation requirements, liquidity and financial position in general. It is assessed that liquidity in the Company can be maintained at a similarly satisfactory level. The Group's and the Parent Company's earnings and position in general are presented in the annual report.

# Signing of the Annual Report

The Board of Directors and the President and CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the International Reporting Standards (IFRS/IAS) referred to in the European parliament and councils' regulation (EC)1606/2002, from 19 July 2002, on application of International Accounting Standards. They give a true and fair view of the Group's and the Company's financial position and result. The Board of Directors' report for the Group and the Company gives a true and fair overview of the development of the operations, financial position and result of the Group and the Company and describes the material risks and uncertainties that the Company and the Group companies are facing.

Stockholm 18 March 2022

Henrika Vikman
*CEO*

Nils Bolmstrand
*Chairman*

Marek Rydén

Carl Lindgren

Anna Ramel

Our audit report was submitted on 18 March 2022

PricewaterhouseCoopers AB

Anders O Carlsson
*Authorised Public Accountant*
*Auditor in charge*

Victoria Moberg
*Authorised Public Accountant*

# Auditor’s report

## To the general meeting of the shareholders of Nordea Investment Management AB, corporate identity number 556060-2301

### Report on the annual accounts and consolidated accounts

#### Opinions

We have audited the annual accounts and consolidated accounts of Nordea Investment Management AB for the year 2021. The annual accounts and consolidated accounts for the company are included on page 1-43 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

#### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Other Information than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and can be found on page 46. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and the consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Swedish Inspectorate of Auditors’ website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nordea Investment Management AB for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Stockholm 18 March 2022

PricewaterhouseCoopers AB

Anders O Carlsson
*Authorised Public Accountant*
*Auditor in charge*

Victoria Moberg
*Authorised Public Accountant*

# Governance

## Information in accordance with the Investment Firm Regulation (IFR), Article 48

**Investment firms shall disclose the following information regarding internal governance arrangements, in accordance with Article 46:**

a) the number of directorships held by members of the management body;
The number of directorships held by Nordea Investment Management AB's board members and CEO are as follows:

Nils Bolmstrand (Board Chairman): 4
Carl Lindgren (Board member): 11
Anna Ramel (Board member: 7
Marek Rydén (Board member): 3
Henrika Vikman (CEO): 5

(b) the policy on diversity with regard to the selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved;
Nordea Investment Management AB strives to promote diversity of the members of the board with the aim to ensure that the board as a whole for the purpose of its work possesses the requisite knowledge of and experience in the social, business and cultural conditions of the regions and markets in which the main activities of Nordea Investment Management AB are carried out.

All board member nominations should be based on merit with the prime consideration being to maintain and enhance the board's overall effectiveness. Within this, a broad set of qualities and competences is sought for and it is recognised that diversity, including age, gender, geographical provenance and educational and professional background, is an important factor to take into consideration. Nordea Investment Management AB´s objective is to have a fair, equal and balanced representation of different genders and other diversifying factors in the board collectively.

The board is assessed to be collectively composed of members with adequate diversity and breadth in terms of competence, experience and background. The gender distribution is, considering the number of board members, currently assessed as well balanced and work is continuously ongoing with securing a balanced representation in terms of gender.

c) whether or not the investment firm has set up a separate risk committee and the number of times the risk committee has met annually.
Nordea Investment Management AB has set up a separate Risk & Compliance Committee whose objective is to advise and support the Board on the company's overall current and future planning in relation to compliance, risk, information security and anti-money laundering and financial sanctions and to assist the board in overseeing the implementation of the respective plans by the senior management. The Risk & Compliance Committee was established during the second half of 2021 and held 2 meetings.

# Addresses

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