

Nordea

Nordea Investment Management AB



Annual Report
2022

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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 2022.

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), Frankfurt (Germany) and Lisbon (Portugal).

The Group also includes the wholly owned subsidiaries Nordea Asset Management UK Limited (UK), Nordea Investment Management North America Inc. (US), Nordea Asset Management Singapore Pte. Ltd. (Singapore) 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 2022

The first half of 2022 was difficult for both stocks and bonds. Several factors affected the market negatively: Lock down in many cities and regions in China due to the covid-19 pandemic. Lack of components to several industries due to the lock down in China and logistic problems. Concern over the economic implications of the Russian invasion of Ukraine and the potential for a faster pace of interest rate hikes to combat the inflation. The US central Bank (FED) more aggressive line and rising US interest rates was likewise an important factor for the weak markets. These factors continued to impact the financial markets negatively and led to continued volatility in the 2nd half of 2022.

Looking at the full year the leading equity price indices for European, US, Japan and Emerging Markets; Euro Stoxx 50, S&P 500, NIKKEI 225 index and MSCI Emerging Markets Index they all ended below start of the year, but with highest decreases in MSCI Emerging Markets (USD) and S&P500 (USD) that decreased 23% and 20% respectively, while Euro Stoxx 50 (EUR) and NIKKEI index (JPY) decreased with 13% and 11% respectively. The leading indicators for the US and European bond yields; US and German 10-year government bond yields, increased with around 2.5 percentage points during the year, and ended at about 3.9% yields in the US and the Germany yields went from being slight negative to 2.6%.

Group outcome 2022¹

- Operating profit was 4,331 SEKm [EURm 408]
- The equity/assets ratio rose to 73%
- Assets under management dropped to SEKm 2,654,535 [EURm 238,714]
- The capital ratio was 3.5.

Assets under management fell, but the Group still reports stable results. Operating profit increased 3%, mainly due to positive exchange rate effects. Net interest income was positive and other operating income increased.

Average AuM was about 7% lower than last year, but margin effects from changes in asset mix outweighed some of the negative AuM effect.

Due to the stable profit, also the equity/assets ratio remained high and stable.

Asset under management ended the year at SEKm 2,654,535 [EURm 238,714] which was a decrease of SEKm 598,053 [EURm 53,781] (18%). SEKm 456,048 [EURm 41,011] was related to market depreciation and SEKm 142,004 [EURm 12,770] was related to negative net flows.

Net flows were negative in all sales channels and reflecting investors reluctance to invest. Net flows in Wholesale Distribution were negative with SEKm 58,514 [EURm 5,262] with the vast majority of outflow within fixed-income strategies. Institutional Distribution had a negative net flow of SEKm 45,392 [EURm 4,082] where more than half of the outflow was expected outflows from mandates related to the divestment of Velliv, Nordea's former Life & Pension company in Denmark, in 2018. When eliminating for this, Institutional Distribution had a negative net flow of SEKm 12,377 [EURm 1,113].

Nordea's sales channels (Personal Banking, Private Banking and Business Banking) had negative net flows of SEKm 31,459 [EURm 2,829]. Finally, net flow from Nordea Life & Pension (segregated accounts) was negative with SEKm 6,639 [EURm 597].

The relative returns for the year (before fees) was impacted negatively by the market volatility but long term (3-Years) per-

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

formance remained strong with 90% of the aggregated investment composites was outperforming their benchmark indices.

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.

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 financial guarantee of SEKm 22 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 2022. 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 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

No change within the board or management has taken place during the year.

The Annual General Meeting will be held on 23 March 2023.

Significant events during the year

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

A subsidiary of Nordea Investment Management AB with registered office located in Singapore was established at the end of August 2022.

Essential events after the closing date

No significant event to report.

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	4,962,187,000
Other free funds	13,766,000
Total	4,975,953,000

The Board of Directors proposes that earnings be distributed as follows:

SEK	
Dividend paid to shareholders	3,135,086,000
Retained earnings	1,840,867,000
Total	4,975,953,000

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	2022	2021
Operating income			
Interest income		21,799	1,505
Interest expense		-5,401	-6,510
Net interest income	3	16,398	-5,005
Commission income	4	7,848,188	7,888,454
Commission expense	4	-1,343,064	-1,529,039
Net commission income		6,505,124	6,359,415
Net result from items at fair value	5	27,297	-46,019
Other operating income	7	434,850	385,769
Total operating income	4	6,983,669	6,694,160
Operating expenses			
General administrative expenses:			
- Staff costs	8	-1,619,004	-1,600,248
- Other administrative expenses	9	-994,554	-839,550
Depreciation and amortisation of tangible and intangible assets	10	-39,475	-37,470
Total operating expenses		-2,653,033	-2,477,268
Operating profit	4	4,330,636	4,216,892
Taxes	11	-957,205	-919,819
Net profit for the year		3,373,431	3,297,073
Attributable to:			
Shareholders of the parent company		3,373,431	3,297,073

Group statement of comprehensive income

SEK 000s	2022	2021
Net profit for the year	3,373,431	3,297,073
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the year	220,823	88,969
Tax on currency translation differences during the year	-27,759	-16,007
Items that may Note be reclassified subsequently to the income statement		
Defined benefit plans:		
Remeasurement of defined benefit plans	33,926	-3,992
Tax on remeasurement of defined benefit plans	-7,370	891
Other comprehensive income, net of tax	219,620	69,861
Total comprehensive income	3,593,051	3,366,934
Attributable to:		
Shareholders of the parent company	3,593,051	3,366,934

Group balance sheet

SEK 000s	Note	31 Dec 2022	31 Dec 2021
Assets			
Loans to credit institutions	12	5,298,463	4,951,231
Intangible assets		–	1,419
Tangible assets	14	208,786	230,466
Deferred tax assets	11	11,001	40,205
Current tax assets		253,796	49,366
Retirement benefit assets	21	13,968	2,776
Other assets	16	411,568	415,981
Prepaid expenses and accrued income	17	1,289,275	1,390,926
Total assets		7,486,857	7,082,370
Liabilities			
Current tax liabilities		430,259	167,935
Other liabilities	18	305,249	322,382
Accrued expenses and prepaid income	19	1,184,224	1,292,453
Deferred tax liabilities	11	4,956	22,320
Provisions	20	2,549	2,384
Retirement benefit obligations	21	125,833	140,369
Total liabilities		2,053,070	1,947,843
Equity			
Share capital		1,260	1,260
Other reserves		212,815	-6,805
Retained earnings		5,219,712	5,140,072
Total equity		5,433,787	5,134,527
Total liabilities and equity		7,486,857	7,082,370
Memorandum items			
Contingent liabilities	22	none	none

Group statement of changes in equity

SEK 000s	Attributable to shareholders				Total equity
	Share capital ¹	Other reserves		Retained earnings	
		Translation of foreign operations	Defined benefit plans		
Balance at 1 Jan 2022	1,260	50,060	-56,865	5,140,072	5,134,527
Net profit for the year	-	-	-	3,373,431	3,373,431
Items that may be reclassified subsequently to the income statement					
Currency translation differences during the year	-	220,823	-	-	220,823
Tax on currency translation differences during the year	-	-27,759	-	-	-27,759
Items that may not be reclassified subsequently to the income statement					
Defined benefit plans:					
- Remeasurement of defined benefit plans	-	-	33,926	-	33,926
- Tax on remeasurement of defined benefit plans	-	-	-7,370	-	-7,370
Other comprehensive income, net of tax	-	193,064	26,556	-	219,620
Total comprehensive income	-	193,064	26,556	3,373,431	3,593,051
Share-based payments	-	-	-	-591	-591
Dividends	-	-	-	-3,293,200	-3,293,200
Balance at 31 Dec 2022	1,260	243,124	-30,309	5,219,712	5,433,787
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

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

Parent company income statement

SEK 000s	Note	2022	2021
Operating income			
Interest income		17,540	759
Interest expense		-4,149	-9,400
Net interest income	3	13,391	-8,641
Commission income		7,798,933	7,838,587
Commission expense		-1,358,239	-1,540,344
Net commission income		6,440,694	6,298,243
Net result from items at fair value	5	27,684	-46,115
Dividends from group undertakings	6	7,143	21,828
Other operating income	7	398,900	345,242
Total operating income		6,887,812	6,610,557
Operating expenses			
General administrative expenses:			
- Staff costs	8	-1,606,426	-1,558,415
- Other administrative expenses	9	-1,003,564	-850,447
Depreciation and amortisation of tangible and intangible assets	10	-10,594	-10,730
Total operating expenses		-2,620,584	-2,419,592
Operating profit		4,267,228	4,190,965
Taxes	11	-941,935	-906,654
Net profit for the year		3,325,293	3,284,311

Parent company statement of comprehensive income

SEK 000s	2022	2021
Net profit for the year	3,325,293	3,284,311
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the year	165,645	49,856
Tax on currency translation differences during the year	-27,759	-16,007
Items that may not be reclassified subsequently to the income statement		
Defined benefit plans:		
- Remeasurement of defined benefit plans during the year	3,368	2,605
- Tax on remeasurement of defined benefit plans during the year	-1,095	-522
Other comprehensive income, net of tax	140,159	35,932
Total comprehensive income	3,465,452	3,320,243

Parent company balance sheet

SEK 000s	Note	31 Dec 2022	31 Dec 2021
Assets			
Loans to credit institutions	12	4,794,762	4,532,906
Shares and participations in group undertakings	13	66,832	65,026
Intangible assets		–	1,418
Tangible assets		9,101	13,978
Deferred tax assets	11	9,183	9,104
Current tax assets		253,759	49,365
Retirement benefit assets	21	247	2,775
Other assets	16	403,813	392,333
Prepaid expenses and accrued income	17	1,291,446	1,397,393
Total assets		6,829,143	6,464,298
Liabilities			
Current tax liabilities		428,703	166,923
Other liabilities	18	104,638	107,088
Accrued expenses and prepaid income	19	1,182,824	1,273,624
Deferred tax liabilities	11	–	92
Provisions	20	2,549	2,384
Retirement benefit obligations	21	125,832	101,073
Total liabilities		1,844,546	1,651,184
Equity			
Share capital		1,260	1,260
Statutory reserve		7,384	7,384
Other reserves		13,766	15,173
Retained earnings		4,962,187	4,789,297
Total equity		4,984,597	4,813,114
Total liabilities and equity		6,829,143	6,464,298
Memorandum items			
Contingent liabilities	22	22,240	20,583

Parent company statement of changes in equity

SEK 000s	Restricted equity		Unrestricted equity			Total equity
	Share capital ¹⁾	Statutory reserve	Other reserves:			
			Fair value reserve	Defined benefit plans	Retained earnings	
Balance at 1 Jan 2022	1,260	7,384	-3,748	18,921	4,789,297	4,813,114
Net profit for the year	-	-	-	-	3,325,293	3,325,293
Items that may be reclassified subsequently to the income statement						
Currency translation differences during the year	-	-	-3,680	-	169,325	165,645
Tax on currency translation differences during the year	-	-	-	-	-27,759	-27,759
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
- Remeasurement of defined benefit plans	-	-	-	3,368	-	3,368
- Tax on remeasurement of defined benefit plans	-	-	-	-1,095	-	-1,095
Other comprehensive income, net of tax	-	-	-3,680	2,273	141,566	140,159
Total comprehensive income	-	-	-3,680	2,273	3,466,859	3,465,452
Share-based payments	-	-	-	-	-769	-769
Dividends	-	-	-	-	-3,293,200	-3,293,200
Balance at 31 Dec 2022	1,260	7,384	-7,428	21,194	4,962,187	4,984,597
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

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 23 March 2023, a dividend in respect of 2022 of SEK 248,816.35 per share totalling 3 135 086 SEK 000s is proposed. The financial statements for fiscal year 2022 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in financial year 2023.

Cash flow statements

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Operating activities				
Operating profit	4,330,636	4,216,892	4,267,228	4,190,965
Adjustment for items not included in cash flow	-20,037	-64,898	-4,282	-89,848
Income taxes paid	-891,305	-873,749	-881,920	-866,218
Cash flow from operating activities before changes in operating assets and liabilities	3,419,294	3,278,245	3,381,026	3,234,899
Changes in operating assets				
Changes in other operating assets	78,051	-36,697	10,830	-66,541
Changes in operating liabilities				
Other changes in operating liabilities	-18,658	-39,165	-17,513	-35,963
Cash flow from operating activities	3,478,687	3,202,383	3,374,343	3,132,395
Investing activities				
Acquisition of group undertakings	-	-	-1,806	-
Acquisition of tangible assets	-3,442	-385	-3,398	-385
Cash flow from investing activities	-3,442	-385	-5,204	-385
Financing activities				
Dividend paid	-3,293,200	-1,803,960	-3,293,200	-1,803,960
Principal portion of lease payments	-26,512	-25,966	-	-
Cash flow from financing activities	-3,319,712	-1,829,926	-3,293,200	-1,803,960
Cash flow for the year	155,533	1,372,072	75,940	1,328,051
Cash and cash equivalents at the beginning of year	4,951,231	3,502,960	4,532,906	3,134,914
Translation difference	-191,699	-76,199	-185,916	-69,941
Cash and cash equivalents at the end of year	5,298,463	4,951,231	4,794,762	4,532,906
Change	155,533	1,372,072	75,940	1,328,051
Adjustment for non-cash items				
Depreciation	39,475	37,470	10,594	10,730
Change in accruals and provisions	-32,835	-73,630	-41,215	-80,714
Changes in other provisions	-26,677	-28,738	26,339	-19,864
Total adjustment for items not included in cash flow	-20,037	-64,898	-4,282	-89,848

Cash flow statements, cont.

Supplementary information to the cash flow statements

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

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Interest received	21,514	1,505	17,255	789
Interest paid	-5,550	-7,009	-4,298	-9,822

Cash and cash equivalents

The following items are included in cash equivalents

SEK 000s	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Loans to credit institutions	5,298,463	4,951,231	4,794,762	4,532,906
Total	5,298,463	4,951,231	4,794,762	4,532,906

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 activities

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 acquisitions 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 217,546 SEK000s. During the period cash flows related to the liabilities was -26,512 SEK 000s and other changes from new, terminated and modified contracts and FX changes was 12,218 SEK 000s.

5 year overview

Group

	2022	2021	2020	2019	2018
Assets under management, SEKm	2,654,535	3,010,139	2,543,854	2,458,379	2,095,319
Equity ratio, %	73	72	66	52	24
Commission income SEK 000s	7,848,188	7,888,454	6,492,187	5,409,618	5,237,095
Commission expenses, SEK 000s	1,343,064	1,529,039	1,465,206	1,296,417	1,366,040
Other operating expenses, SEK 000s	2,653,033	2,477,268	2,535,748	2,489,857	2,275,749
Net interest income, SEK 000s	16,398	-5,005	-1,803	3,120	-3,254
Operating profit, SEK 000s	4,330,636	4,216,892	2,930,944	2,057,970	2,066,498
Total assets, SEK 000s	7,486,857	7,082,370	5,420,360	5,459,584	4,996,160
Return on assets, % – Total operations	48	48	41	29	24
Average number of employees	692	636	614	597	552

Parent Company

	2022	2021	2020	2019	2018
Assets under management, SEKm	2,654,535	3,010,139	2,543,854	2,458,379	2,095,319
Equity ratio, %	73	74	68	49	18
Solvency ratio, %	10	10	10	12	16
Commission income SEK 000s	7,798,933	7,838,587	6,431,108	5,188,224	5,062,899
Commission expenses, SEK 000s	1,358,239	1,540,344	1,468,289	1,304,779	1,366,478
Other operating expenses, SEK 000s	2,620,584	2,419,592	2,481,981	2,397,103	2,240,268
Net interest income, SEK 000s	13,391	-8,641	-2,288	-2,515	-8,327
Operating profit, SEK 000s	4,267,228	4,190,965	3,156,084	1,857,816	1,941,778
Total assets, SEK 000s	6,829,143	6,464,298	4,853,539	4,577,727	4,519,031
Return on assets, % – Total operations	49	51	48	34	25
Average number of employees	680	631	604	580	540

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, the accounting regulations of the Swedish Financial Supervisory Authority and the Supplementary Accounting Rules for Groups 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 2021.

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 20 March 2023 and will be finally approved by the Annual General Meeting on 23 March 2023.

2. Changed accounting policies and presentation

The accounting policies, methods of computation and presentations are unchanged in comparison with the Annual Report 2021.

No new or amended standard and interpretation implemented 1 January 2022 have had any significant impact on the accounting or financial statement for the parent company, 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.

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 2022 compared with the previous year.

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 SEK 436,113 SEK 000s (533,545) 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 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.

Note 1. Significant Accounting Policies, cont.

Information on important exchange rates is disclosed in section 17.

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.

Net fee and commission income

Commission income is earned 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. 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".

7. Financial instruments

Classification of financial instruments

The Group does not have any financial instruments held at fair value on the balance sheet, only financial assets and liabilities that in accordance with IFRS 9 are classified in the category amortised cost. Note 25 shows the fair value of financial assets and liabilities measured at amortized 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.

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.

8. Loans to credit institutions

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

All loans and any off-balance sheet commitments, contingent liabilities and loan commitments are in scope for impairment calculations.

9. 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

Note 1. Significant Accounting Policies, cont.

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.

10. 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.

11. 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.

12. Provisions

Provisions are recognised as liabilities 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 13.

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.

13. 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.

Note 1. Significant Accounting Policies, cont.

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 15. 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.

**14. 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.

Retained earnings

Retained earnings include undistributed profits from previous years.

**15. Share-based payment
Equity-settled programmes**

The Group has previously 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 multi-

Note 1. Significant Accounting Policies, cont.

plied 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 Nordea 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.

16. 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.

17. Exchange rates

	Jan–Dec 2022	Jan–Dec 2021
EUR 1 = SEK		
Income statement (average)	10.6274	10.1460
Balance sheet (at close of period)	11.1202	10.2913
DKK 1 = SEK		
Income statement (average)	1.4285	1.3643
Balance sheet (at close of period)	1.4954	1.3839
NOK 1 = SEK		
Income statement (average)	1.0520	0.9981
Balance sheet (at close of period)	1,0572	1.0272
USD 1 = SEK		
Income statement (average)	10,0873	8.5755
Balance sheet (at close of period)	10.4029	9.0736

18. 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, the accounting regulations of the Swedish Financial Supervisory Authority 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 2021 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 years. Future minimum lease fees for non-cancellable leases are reported in Note 15.

Note 1. Significant Accounting Policies, cont.

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 Investment Firm Regulation, the purpose is 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 did 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 401 MSEK (412) for the Group and 391 MSEK (388) 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

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Interest income				
Lending to credit institutions	21,504	914	17,392	245
Other interest income	295	591	148	514
Total	21,799	1,505	17,540	759
Interest expense				
Liabilities to credit institutions	-2,993	-5,252	-2,841	-5,068
Other interest expenses	-2,408	-1,258	-1,308	-4,332
Total	-5,401	-6,510	-4,149	-9,400
Net interest income	16,398	-5,005	13,391	-8,641

Note 4. Country by country reporting

Nordea Investment Management Group core operations comprise 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. The group has no associated company. Average number of employees 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

Portugal

Nordea Investment Management AB, Portugal Branch

2022	Geographical area	Commission income	Commission expense	Operating income	Operating profit	Tax
Country						
Sweden	Sweden	1,593,940	-458,185	1,191,734	764,980	-171,245
Norway	Norway	960,174	-556,134	412,017	302,023	-75,458
Denmark	Denmark	5,062,984	-722,847	4,674,238	2,789,595	-606,423
Finland	Finland	1,642,701	-1,202,055	477,395	332,862	-66,191
USA	New York	72,385	-22,612	53,840	24,415	-5,604
Germany	Frankfurt	168,269	-48,142	121,462	97,500	-28,342
UK	London	14,670	-13	49,217	18,676	-3,616
Singapore	Singapore	-	-	-	-863	-
Portugal	Lisbon	-	-11	23 792	1 448	-326
Eliminations ¹		-1,666,935	1,666,935	-20,026	-	-
Total		7,848,188	-1,343,064	6,983,669	4,330,636	-957,205

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

2021	Geographical area	Commission income	Commission expense	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
Singapore	Singapore	-	-	-	-	-
Portugal	Lissabon	-	-	-	-	-
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 expense.

Note 5. Net result from items at fair value

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Fair value adjusted deferred variable salary	19,960	-41,057	19,960	-41,057
Foreign exchange gains/losses	7,337	-4,962	7,724	-5,058
Total	27,297	-46,019	27,684	-46,115

Note 6. Dividends from group undertakings

SEK 000s	2022	2021
Parent Company		
Nordea Private Equity Holding A/S	7,143	21,828
Total	7,143	21,828

Note 7. Other operating income

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Compensation for administrative services	420,301	371,388	385,503	338,296
Other	14,549	14,381	13,397	6,946
Total	434,850	385,769	398,900	345,242

Note 8. Staff costs

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Salaries and remunerations	-1,236,130	-1,252,234	-1,202,495	-1,209,274
Pension costs	-128,971	-129,098	-147,516	-128,370
Social security contributions	-225,348	-204,563	-230,221	-208,366
Other staff costs ¹	-28,555	-14,353	-26,194	-12,405
Total	-1,619,004	-1,600,248	-1,606,426	-1,558,415

Salaries and remuneration

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
To executives ²				
- Fixed compensation	-13,694	-11,824	-3,947	-3,734
- Variable salary component and allocation to profit-sharing	-5,632	-6,401	-1,476	-785
Total	-19,326	-18,225	-5,423	-4,519
To other employees	-1,216,804	-1,234,009	-1,197,072	-1,204,755
Total	-1,236,130	-1,252,234	-1,202,495	-1,209,274

1) Allocation to the profit-sharing fund 2022 amounted to -4.683 SEK 000s (-2,293) in the group, of which -3.273 SEK 000s (-4,584) is a new allocation and -1,410 SEK 000s (2,291) is a release related to prior years. The Parent company allocation to the profit-sharing fund in 2022 amounted to -4,683 SEK 000s (-2,290), of which -3,273 SEK 000 (-4,581) is a new allocation and -1,410 SEK 000s (2,291) is a release related to prior years.

2) Executives include the Board, Chief Executive Officer (CEO of the Parent Company). The group also include CEO in operating subsidiaries. Executives amounted to 6 (5) positions and in the Group the Parent Company 3 (3).

Note 8. Staff costs, cont.

Pension costs

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Defined benefit plans ¹	-13,213	-23,834	-3,563	-2,205
Defined contribution plans	-115,758	-105,264	-143,953	-126,165
Total^{2,3}	-128,971	-129,098	-147,516	-128,370

- 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

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
To executives¹				
Pension expense	-1,254	-789	-720	-464
Pension obligation	-8,248	-9,338	-8,580	-9,024

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

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 and recommendations regarding remuneration packages for senior executives and managers in control functions.

Remuneration in Nordea Investment Management

Nordea Investment Management's remuneration structure contains fixed and variable salary components. There is a balance between variable and fixed remuneration in accordance with prevailing law. The ratio between fixed and variable salary varies between units and different personnel categories. The cap for variable components for risk-takers is set at 100% of fixed salary. All variable salary programmes have a one-year term.

Variable remuneration for risk-takers follows a disbursement plan in which 40–60% is deferred for a period of three to five years. During the deferral period, the deferred component tracks an index relevant to the employee's role. The indices reflect the performance of assets under management at Nordea Asset Management. Previously, disbursement was partly in the form of Nordea shares, but from 2022 all remuneration to all employees is cash-settled and linked to the performance of the relevant index.

neration to all employees is cash-settled and linked to the performance of the relevant index.

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

The CEO receives a fixed salary and variable remuneration. The variable remuneration can amount to a maximum of 100% of the base salary. Benefits are included at taxable values. The CEO is participating in the BTP1 contribution pension plan and the Nordea Executive Pension Scheme. The notice period of the CEO is mutually 6 months. If the company terminates the contract, a severance payment equivalent of 12 month salary is paid.

Note 8. Staff costs, cont.

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. 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). Supplementary remuneration disclosures for Nordea Investment Management AB in accordance with the investment firm regulation is also available at nordeaassetmanagement.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 Asset Management group has any loans to senior executives.

Share based transactions

The Group has the last years applied several variable pay plans for selected employees. Information related to share-share based plans can be found below. Until the end of 2018,

Nordea's share-based variable remuneration plans were partly in the form of cash-linked total shareholders' return indexation (TSR) and partly in the form of cash. The plans were consequently generally settled in cash and the portion indexed with Nordea's total shareholders' return was accounted for as a cash-settled share-based payment plan. Remaining liability for these share linked deferrals from 2014–2018 was at year-end 2022 323 SEK 000's and will be settled during 2023–2027, whereof 65 SEK 000's will be settled in 2023. The expense for 2022 of 221 KSEK 000's refers to TSR indexation.

For the performance years 2019–2021, share-based variable pay plans are partly to be settled in the form of cash not linked to the Nordea share and partly in the form of Nordea shares, which makes the portion paid in Nordea shares defined as an equity-settled share-based plan. Remaining number of rights for the share linked deferrals for 2019–2021 was at year-end 2022. 93,043 and the rights will be allotted during 2023–2026, whereof 38,428 rights will be allotted in 2023.

The table below covers all plans with share-based plan expenses recognised in 2022 and 2021 and the remaining liability for all share based payment plans. Figures for 2022 are based on the expected outcome and all figures are excluding social security expenses. The expense for 2022 is based on an assumption about the number of shares that will be awarded and deferred for delivery in later years.

As described above, from 2022 there are no new share based pay plans within the Nordea Asset Management Group.

Share-based transactions

Earning year	Equity- or cash-settled	Vesting years	Expense KSEK 2022	Expense KSEK 2021	Liability 31 Dec 2022 KSEK	Liability 31 Dec 2021 KSEK	Outstanding
2019 & 2020							
- Bonus	Equity-settled	2021–2026	-1,652	-9,767	–	–	93,043
Previous years							
- Bonus	Cash-settled	2022–2025	-221	2,795	323	3,224	–
Total			-1,873	-6,972	323	3,224	93,043

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Staff costs, cont.

Average number of employees

Full-time equivalents	Group						Parent Company					
	Total		Male		Female		Total		Male		Female	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Denmark	463	452	332	327	130	125	462	452	332	327	130	125
Finland	57	55	32	32	25	24	57	55	32	32	25	24
Sweden	95	93	64	63	31	30	95	93	64	63	31	30
Norway	27	23	19	18	8	5	27	23	19	18	8	5
United Kingdom	7	1	5	–	2	1	–	–	–	–	–	–
US	4	4	4	3	–	1	–	–	–	–	–	–
Germany	7	7	4	4	3	3	7	7	4	4	3	3
Portugal	32	–	25	–	7	–	32	–	25	–	7	–
Singapore	1	–	1	–	–	–	–	–	–	–	–	–
Total	692	636	486	447	206	189	680	631	476	444	204	187

Gender distribution, senior executives

%	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Board and CEO – men	60	60	60	60
Board and CEO – women	40	40	40	40
Other executives – men	33	100	–	–
Other executives – women	67	–	–	–

Note 9. Other administrative expenses

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Information technology	-389,370	-352,238	-389,352	-352,238
Market data services	-249,211	-215,999	-249,211	-215,999
Marketing and representation	-5,724	-4,017	-4,141	-2,730
Postage, transportation, telephone and office expenses	-7,081	-6,749	-6,578	-6,340
Rents, premises and real estate	-61,199	-49,349	-82,345	-70,803
Other ¹	-281,969	-211,198	-271,937	-202,337
Total	-994,554	-839,550	-1,003,564	-850,447

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

Auditors' fees

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
PwC				
Auditing assignments	-2,709	-2,763	-2,128	-2,326
Other assignments	-229	-421	-229	-421
Total	-2,938	-3,184	-2,357	-2,747

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

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Tangible assets	-38,011	-36,072	-9,130	-9,332
Intangible assets	-1,464	-1,398	-1,464	-1,398
Total	-39,475	-37,470	-10,594	-10,730

The amounts above fully refers to depreciations according to plan. No impairments during 2021 or 2022.

Note 11. Taxes

Income tax expense

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Current tax	-948,573	-916,012	-938,744	-907,022
Deferred tax	-8,632	-3,807	-3,191	368
Total	-957,205	-919,819	-941,935	-906,654

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 due to the below items:

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Profit before tax	4,330,636	4,216,892	4,267,228	4,190,965
Tax calculated at a tax rate of 20,6%	-892,594	-868,836	-879,049	-863,339
Effect of different tax rates in other countries	-1,282	-5,664	-	-
Tax-exempt income	1,667	6,305	1,674	5,097
Non-deductible expenses	-231	-3,870	-216	-164
Adjustments relating to prior years	-6,804	9,787	-6,383	9,292
Not creditable foreign taxes	-57,961	-57,541	-57,961	-57,541
Tax charge	-957,205	-919,819	-941,935	-906,654
Average effective tax rate	22%	22%	22%	22%

Deferred tax

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Deferred tax relates to				
Deferred tax liabilities on retirement benefit assets	-4,956	-22,320	-	-92
Deferred tax liabilities on retirement obligations	9,183	36,151	9,183	6,302
Deferred tax assets on provisions	1,048	4,054	-	2,802
Deferred tax assets on other	770	-	-	-
Total	6,045	17,885	9,183	9,012

Note 12. Loans to credit institutions

SEK 000s	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Loans, not impaired ¹⁾	5,298,463	4,951,231	4,794,762	4,532,906
Loans, carrying amount	5,298,463	4,951,231	4,794,762	4,532,906

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

Note 13. Investments in group undertakings

Parent Company

SEK 000s	31 Dec 2022	31 Dec 2021
Acquisition value at beginning of year	65,026	65,026
Acquisitions during the year	1,806	–
Acquisition value at end of year	66,832	65,026
Total	66,832	65,026

Parent Company

	Number of shares	Recognised value in the Parent Company 31 Dec 2022	Net result in the subsidiary 31 Dec 2022	Equity in the subsidiary 31 Dec 2022	Shares of votes, %	Domicile	Registration number
Nordea Investment Management North AM Inc	700/700	34,924	18,811	417,697	100	New York, USA	13-34422282
Nordea Private Equity Holding A/S	1,000/1,000	7,020	2,486	22,423	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	15,060	58,747	100	London, United Kingdom	11297178
Nordea Asset Management Singapore PTE.Ltd	500	1,805	-863	1,026	100	Singapore, Singapore	202219416W
Total		66,832	35,494	499,893			

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

Note 14. Property and equipment

Group, SEK 000s	31 Dec 2022			31 Dec 2021		
	Owned	Right of use assets	Total	Owned	Right of use assets	Total
Equipment	9,277	1,532	10,809	14,117	2,029	16,146
Land and buildings	–	197,977	197,977	–	214,320	214,320
Total	9,277	199,509	208,786	14,117	216,349	230,466

Equipment

Acquisition value at beginning of year	36,868	2,684	39,552	35,681	1,494	37,175
Adjustment to opening balance	–	–	–	-288	–	-288
Acquisitions	3,442	364	3,806	385	1,969	2,354
Sales/disposals during the year	–	-296	-296	–	-862	-862
Translation differences	3,012	192	3,204	1,090	83	1,173
Acquisition value at end of year	43,322	2,944	46,266	36,868	2,864	39,552
Accumulated depreciation at beginning of year	-22,751	-655	-23,406	-13,105	-700	-13,805
Adjustment to opening balance	–	–	–	288	–	288
Accumulated depreciation on sales/disposals during the year	–	296	296	–	862	862
Depreciations according to plan for the year	-9,153	-980	-10,133	-9,346	-796	-10,142
Translation differences	-2,141	-73	-2,214	-588	-21	-609
Accumulated depreciation at end of year	-34,045	-1,412	-35,457	-22,751	-655	-23,406
Total	9,277	1,532	10,809	14,117	2,029	16,146

Land and buildings

Acquisition value at beginning of year	–	286,806	286,806	–	263,152	263,152
Acquisitions	–	-4,199	-4,199	–	15,928	15,928
Sales/disposals during the year	–	-3,171	-3,171	–	–	–
Translation differences	–	22,696	22,696	–	7,725	7,725
Acquisition value at end of year	–	302,132	302,132	–	286,806	286,806
Accumulated depreciation at beginning of year	–	-72,486	-72,486	–	-44,827	-44,827
Accumulated depreciation on sales/disposals during the year	–	3,171	3,171	–	–	–
Depreciation according to plan for the year	–	-27,878	-27,878	–	-25,931	-25,931
Translation differences	–	-6,962	-6,962	–	-1,728	-1,728
Accumulated depreciation at end of year	–	-104,155	-104,155	–	-72,486	-72,486
Total	–	197,977	197,977	–	214,320	214,320

Note 15. Leasing

Nordea Investment Management as a lessee

Group, SEK 000s	2022	2021
Expense related to short term leases	-52,732	-62,438
Expense related to low value leases	-21	-20
Expense related to variable payments	-5,967	-4,625
Interest expense during the year	-1,063	-1,149
Sublease income	1,594	863
Total cash outflow of leases	-86,295	-94,198

Contractual maturity of undiscounted cash flows, lease liabilities

EURm	31 Dec 2022	31 Dec 2021
Less than one year	30,825	27,953
1–2 year	30,365	27,162
2–5 year	100,197	85,100
5–10 year	66,668	87,473
Total	228,055	227,688

Other Lease disclosures

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

See note 26 for further information 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 short term Nordea intra group contracts in all other locations. The Bergen contract was terminated by 31.12.2021 and the Copenhagen lease contract is in force until further notice with an option to terminate at the earliest by 31.12.2024 without 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	2022	2021
Within		
1 year	56,182	60,441
2 years	29,054	26,852
3 years	31,981	26,379
4 years	31,905	28,799
5 years	31,840	28,744
Later Years	63,680	86,231
Total	244,642	257,446

Note 16. Other assets

SEK 000s	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Account receivables	400,789	411,785	390,704	388,171
Other	10,779	4,196	13,109	4,162
Total	411,568	415,981	403,813	392,333

Note 17. Prepaid expenses and accrued income

SEK 000s	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Accrued interest income	298	246	298	246
Other accrued income	1,187,842	1,303,793	1,190,431	1,310,580
Prepaid expenses	101,135	86,887	100,717	86,567
Total	1,289,275	1,390,926	1,291,446	1,397,393

Note 18. Other liabilities

SEK 000s	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Accounts payable	71,360	68,339	75,000	71,126
Other	233,889	254,043	29,638	35,962
Total	305,249	322,382	104,638	107,088

Note 19. Accrued expenses and prepaid income

SEK 000s	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Accrued interest	70	–	70	–
Other accrued expenses	1,181,414	1,291,593	1,180,014	1,272,764
Prepaid income	2,740	860	2,740	860
Total	1,184,224	1,292,453	1,182,824	1,273,624

Note 20. Provisions

SEK 000s	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Reserve for restructuring costs	2,549	2,384	2,549	2,384
Total	2,549	2,384	2,549	2,384

Changes in the Balance Sheet

SEK 000s	Restructuring	Total 2022	Total 2021
Group			
At beginning of year	2,384	2,384	6,700
New provisions made	3,425	3,425	1,988
Provisions utilised	-3,392	-3,392	-6,535
Translation differences	132	132	231
At end of year	2,549	2,549	2,384
Parent Company			
At beginning of year	2,384	2,384	6,700
New provisions made	3,425	3,425	1,988
Provisions utilised	-3,392	-3,392	-6,535
Translation differences	132	132	231
At end of year	2,549	2,549	2,384

This restructuring provision relates to severance pay. Most of the reserve is expected to be utilized during 2023. As with all reserves there is an uncertainty 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 2022	31 Dec 2021
Retirement benefit assets	13,968	2,776
Retirement benefit liabilities	125,833	140,369
Net liability (-)/asset(+)	-111,865	-137,593

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 (Foretaks-pensjonloven). 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.

Note 21. Retirement benefit obligations, cont.

Multiemployer plan

In Norway, Nordea is part of a collectively agreed multiemployer pension plan in the private sector (AFP), providing the entitled employees a lifelong addition to their regular pensions. As no information is available on Nordea Investment Management's share of the liabilities/assets and pension

cost, the AFP is accounted for as a defined contribution plan in accordance with IAS 19.

The AFP plan is financed by an annual premium, for 2022 equal to 2.6% of employees' salary between 1 and 7.1 times the Norwegian social security base amount. The premium for 2022 was NOK 446,462.

Assumptions¹

%	2022			2021		
	Sweden	Norway	Finland	Sweden	Norway	Finland
Discount rate	3.28	3.40	2.95	1.77	1.96	0.65
Salary increase	3.00	3.50	3.10	3.00	2.25	2.25
Inflation	2.00	2.00	2.60	2.00	1.50	1.75
Mortality	DUS21	K2013BE	Gompertz	DUS14	K2013BE	Gompertz

1) The assumptions disclosed for 2022 have an impact on the liability calculation by year-end 2022, while the assumptions disclosed for 2021 are used for the calculating the pension expense 2022.

Net retirement benefit liabilities/assets

SEK 000s	Total 2022	Total 2021
Obligations	436,113	533,383
Plan assets	324,248	395,790
Net liability(-)/asset(+)	-111,865	-137,593
- of which retirement benefit liabilities	125,833	140,369
- of which retirement benefit assets	13,968	2,776

Movements in the obligation

SEK 000s	Total 2022 ¹	Total 2021 ¹
At beginning of year	533,545	502,945
Current service cost	8,768	10,002
Interest cost	7,887	5,706
Pensions paid	-7,313	-6,726
Transferred pension obligations, curtailments and settlements	-	-3,415
Remeasurement from changes in Demographic assumptions	-1,147	-
Remeasurement from changes in financial assumptions	-148,949	9,185
Remeasurement from experience adjustments	37,371	7,945
Translation differences	4,857	7,288
Change in provision for SWT/SSC ²	1,094	615
At end of year	436,113	533,545
- of which relates to the active population, %	13	14

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 21. Retirement benefit obligations, cont.

The average duration of the obligation is about 17 (21) years in Sweden, about 16(18) years in Norway, and about 14(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 2022	Total 2021
At beginning of year	395,790	377,600
Interest income (calculated using the discount rate)	5,913	4,255
Pensions paid	-2,356	-1,910
Transferred pension obligations, curtailments and settlements	–	-1,893
Contributions by employer	-191	-619
Remeasurement (actual return less interest income)	-78,799	12,975
Translation differences	3,891	5,382
At end of year	324,248	395,790

1) Main part of plan assets refers to Sweden.

The expected payments for next year regarding defined benefit plans amounts to 6,161 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 2022	31 Dec 2021
Present value of commitments relating to in whole or in part funded pension plans	-208,589	-259,499
Fair value at the end of the period relating to specifically separated assets	215,977	291,796
Deficit(-)/surplus(+) in the pension foundations	7,388	32,297
Present value of commitments relating to other foundations	-127,028	-129,719
Plan assets in other foundations	94,055	99,125
Unrecognised deficit/surplus in the pension foundation	-7,388	-32,297
Provision for pensions	-92,612	-67,703
Reported liability net on the balance sheet¹	-125,585	-98,297
- of which retirement benefit liabilities	125,832	101,073
- of which retirement benefit asstes	247	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

	2022	2021
Discount rate, %	0.8%	-0.1
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 6,161 SEK 000s.

Note 22. Contingent liabilities

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Other contingent liabilities	–	–	22,240	20,583
Total	–	–	22,240	20,583
- of which internally within the Group	–	–	22,240	20,583

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.

Capital adequacy rules for investment firms

In the Investment Firm Regulation introduced 2021 the purpose is 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 634 m at the end of the year. The ICR should be compared to the own funds, which amounted to SEK 2,299 m. For risk management, see note 2 "Risk exposure and risk policy".

Note 23. Capital adequacy, cont.

Summary of items included in own funds¹

SEK 000s	31 Dec 2022	31 Dec 2021
Own funds	2,298,701	1,839,908
Tier 1 Capital	2,298,701	1,839,908
Common Equity Tier 1 Capital	2,298,701	1,839,908
Fully paid up capital instruments	1,260	1,260
Retained earnings	2,356,312	1,839,488
Previous years retained earnings	2,117,867	1,835,615
Profit or loss eligible ²	238,345	3,873
Accumulated other comprehensive income	-66,155	-6,805
Other reserves	7,384	7,384
Total deductions from common equity Tier 1	-	-1,419
Other intangible assets	-	-1,419

1) 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.

2) Profit eligible reduced for assumption of dividend in accordance with proposed distribution of earnings for 2022.

Minimum capital requirement

SEK 000s	31 Dec 2022	31 Dec 2021
Permanent minimum capital requirement	801	759
Fixed overhead requirement	633,957	629,341
Total K-Factor Requirement	28,700	31,425
Minimum capital requirement (the largest amount of the above)	633,957	629,341

K-Factor requirements

SEK 000s	31 Dec 2022		31 Dec 2021	
	Factor amount	K-factor requirement	Factor amount	K-factor requirement
Total K-Factor requirement		28,700		31,425
Risk to client		28,700		31,425
Assets under management	140,718,605	28,144	152,410,164	30,482
Client orders handled – Cash trades	555,799	556	906,597	907
Client orders handled - Derivatives trades	4,454	0	365,006	37

Capital Ratios

	31 Dec 2022	31 Dec 2021
CET 1 Ratio	3,5	2,9
Surplus(+)/Deficit(-) of CET 1 Capital, SEK 000s	1,926,885	1,487,477
Tier 1 Ratio	3,5	2,9
Surplus(+)/Deficit(-) of Tier 1 Capital, SEK 000s	1,800,733	1,367,902
Own Funds Ratio	3,5	2,9
Surplus(+)/Deficit(-) of Total capital, SEK 000s	1,634,744	1,210,567

Liquidity requirement

SEK 000s	31 Dec 2022	31 Dec 2021
Liquidity requirement (1/3 of fixed overheads)	211,319	209,780
Liquid assets (Common Equity Tier 1 Capital)	2,298,701	1,839,908

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 2022, SEK 000s	Amortised cost	Non-financial assets	Total
Assets			
Loans to credit institutions	5,298,463	–	5,298,463
Properties and equipment	–	208,786	208,786
Deferred tax assets	–	11,001	11,001
Current tax assets	–	253,796	253,796
Retirement benefit assets	–	13,968	13,968
Other assets	400,788	10,780	411,568
Prepaid expenses and accrued income	1,188,140	101,135	1,289,275
Total	6,887,391	599,466	7,486,857

31 Dec 2022, SEK 000s	Amortised cost	Non-financial liabilities	Total
Liabilities			
Current tax liabilities	–	430,259	430,259
Other liabilities	274,797	30,452	305,249
Accrued expenses and prepaid income	–	1,184,224	1,184,224
Deferred tax liabilities	–	4,956	4,956
Provisions	–	2,549	2,549
Retirement benefit liabilities	–	125,833	125,833
Total	274,797	1,778,273	2,053,070

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

NOTES TO THE FINANCIAL STATEMENTS

Note 24. Classification of financial instruments, cont.

Parent Company

31 Dec 2022, SEK 000s	Amortised cost	Non-financial assets	Total
Assets			
Cash and balances with central banks	4,794,762	–	4,794,762
Shares and participation in group undertakings	–	66,831	66,831
Properties and equipment	–	9,101	9,101
Deferred tax assets	–	9,183	9,183
Current tax assets	–	253,760	253,760
Retirement benefit assets	–	247	247
Other assets	390,704	13,109	403,813
Prepaid expenses and accrued income	1,190,729	100,717	1,291,446
Total	6,376,195	452,948	6,829,143

31 Dec 2022, SEK 000s	Amortised cost	Non-financial liabilities	Total
Liabilities			
Current tax liabilities	–	428,703	428,703
Other liabilities	75,194	29,444	104,638
Accrued expenses and prepaid income	–	1,182,824	1,182,824
Provisions	–	2,549	2,549
Retirement benefit liabilities	–	125,832	125,832
Total	75,194	1,769,352	1,844,546

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 liabilities	–	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

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 2022		31 Dec 2021		Level in fair value hierarchy
	Carrying amount	Fair value	Carrying amount	Fair value	
Financial assets					
Loans to credit institutions	5,298,463	5,298,463	4,951,231	4,951,231	3
Other assets	400,789	400,789	411,785	411,785	3
Prepaid expenses and accrued income	1,188,140	1,188,140	1,304,039	1,304,039	3
Total	6,887,392	6,887,392	6,667,055	6,667,055	
Financial liabilities					
Other liabilities	274,797	274,797	285,817	285,817	3
Total	274,797	274,797	285,817	285,817	

Parent Company

SEK 000s	31 Dec 2022		31 Dec 2021		Level in fair value hierarchy
	Carrying amount	Fair value	Carrying amount	Fair value	
Financial assets					
Loans to credit institutions	4,794,762	4,794,762	4,532,906	4,532,906	3
Other assets	390,704	390,704	388,171	388,171	3
Prepaid expenses and accrued income	1,190,729	1,190,729	1,310,825	1,310,825	3
Total	6,376,195	6,376,195	6,231,902	6,231,902	
Financial liabilities					
Other liabilities	75,194	75,194	71,078	71,078	3
Total	75,194	75,194	71,078	71,078	

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 commission 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 2022			31 Dec 2021		
	Expected to be settled:			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	5,298,463	–	5,298,463	4,951,231	–	4,951,231
Intangible assets	–	–	–	–	1,418	1,418
Tangible assets	31,305	177,481	208,786	29,166	201,300	230,466
Deferred tax assets	56,149	-45,148	11,001	55,383	-15,178	40,205
Current tax assets	253,796	–	253,796	49,367	–	49,367
Retirement benefit assets	–	13,968	13,968	–	2,776	2,776
Other assets	411,568	–	411,568	415,981	–	415,981
Prepaid expenses and accrued income	1,289,275	–	1,289,275	1,390,926	–	1,390,926
Total	7,340,556	146,301	7,486,857	6,892,054	190,316	7,082,370
Financial liabilities						
Current tax liabilities	430,259	–	430,259	167,935	–	167,935
Other liabilities	129,062	176,187	305,249	131,066	191,316	322,382
Accrued expenses and prepaid income	1,184,224	–	1,184,224	1,289,255	3,198	1,292,453
Deferred tax liabilities	–	4,956	4,956	–	22,320	22,320
Provisions	1,483	1,066	2,549	385	1,999	2,384
Retirement benefit liabilities	6,161	119,672	125,833	72,591	67,778	140,369
Total	1,751,189	301,881	2,053,070	1,661,232	286,611	1,947,843

NOTES TO THE FINANCIAL STATEMENTS

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

SEK 000s	31 Dec 2022 Expected to be settled:			31 Dec 2021 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	4,794,762	–	4,794,762	4,532,906	–	4,532,906	
Investments in group undertakings	–	66,831	66,831	–	65,026	65,026	
Intangible assets	–	–	–	–	1,418	1,418	
Tangible assets	1,774	7,327	9,101	297	13,681	13,978	
Deferred tax assets	55,769	-46,586	9,183	54,902	-45,798	9,104	
Current tax assets	253,760	–	253,760	49,365	–	49,365	
Retirement benefit assets	–	247	247	–	2,775	2,775	
Other assets	403,813	–	403,813	392,333	–	392,333	
Prepaid expenses and accrued income	1,291,446	–	1,291,446	1,397,393	–	1,397,393	
Total	6,801,324	27,819	6,829,143	6,427,196	37,102	6,464,298	
Financial liabilities							
Current tax liabilities	428,703	–	428,703	166,923	–	166,923	
Other liabilities	104,638	–	104,638	107,088	–	107,088	
Accrued expenses and prepaid income	1,182,824	–	1,182,824	1,273,624	–	1,273,624	
Deferred tax liabilities	–	–	–	–	92	92	
Provisions	1,483	1,066	2,549	385	1,999	2,384	
Retirement benefit liabilities	6,161	119,671	125,832	72,591	28,482	101,073	
Total	1,723,809	120,737	1,844,546	1,620,611	30,573	1,651,184	

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 remunerations and loans to senior executives, see Note 8.

SEK 000s Group	Nordea Bank Abp		Other related parties	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Assets	5,183,052	4,911,269	1,381,662	1,496,859
Liabilities	33,352	30,750	64,340	57,802
Interest income	21,504	914	–	–
Interest expense	-2,884	-4,528	–	–
Other operating income	138,032	125,194	7,412,983	7,397,997
Other operating expense	-334,079	-307,256	-526,392	-481,865

SEK 000s Parent Company	Nordea Bank Abp		Other related parties	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Assets	4,739,154	4,537,518	1,384,097	1,497,143
Liabilities	32,708	30,441	71,595	63,433
Interest income	17,392	245	–	–
Interest expense	-2,732	-4,369	–	–
Other operating income	138,032	125,194	7,403,637	7,396,110
Other operating expense	-325,331	-299,532	-540,860	-497,308

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	4,962,187,000
Other free funds	13,766,000
Total	4,975,953,000

The Board of Directors proposes that earnings be distributed as follows:

SEK	
Dividend paid to shareholders, SEK 248 816,35 per share	3,135,086,000
Retained earnings	1,840,867,000
Total	4,975,953,000

The proposed dividend of SEK 3,135,086,000 temporarily reduces the Company's equity/assets ratio from 73% to 27%. 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 20 March 2023

Henrika Vikman
CEO

Nils Bolmstrand
Chairman

Marek Rydén

Carl Lindgren

Anna Ramel

Our audit report was submitted on 20 March 2023

PricewaterhouseCoopers AB

Anders O Carlsson
Authorised Public Accountant
Auditor in charge

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 2022. 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 2022 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 2022 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/revisorsansvar. 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 2022 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 ensur-

ing 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/revisorsnansvar. This description is part of the auditor's report.

Stockholm 20 March 2023

PricewaterhouseCoopers AB

Anders O Carlsson
Authorised Public Accountant
Auditor in charge

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): 12

Anna Ramel (Board member): 7

Marek Rydén (Board member): 3

Henrika Vikman (CEO): 6

(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 has held 4 meetings during 2022.

Addresses

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