

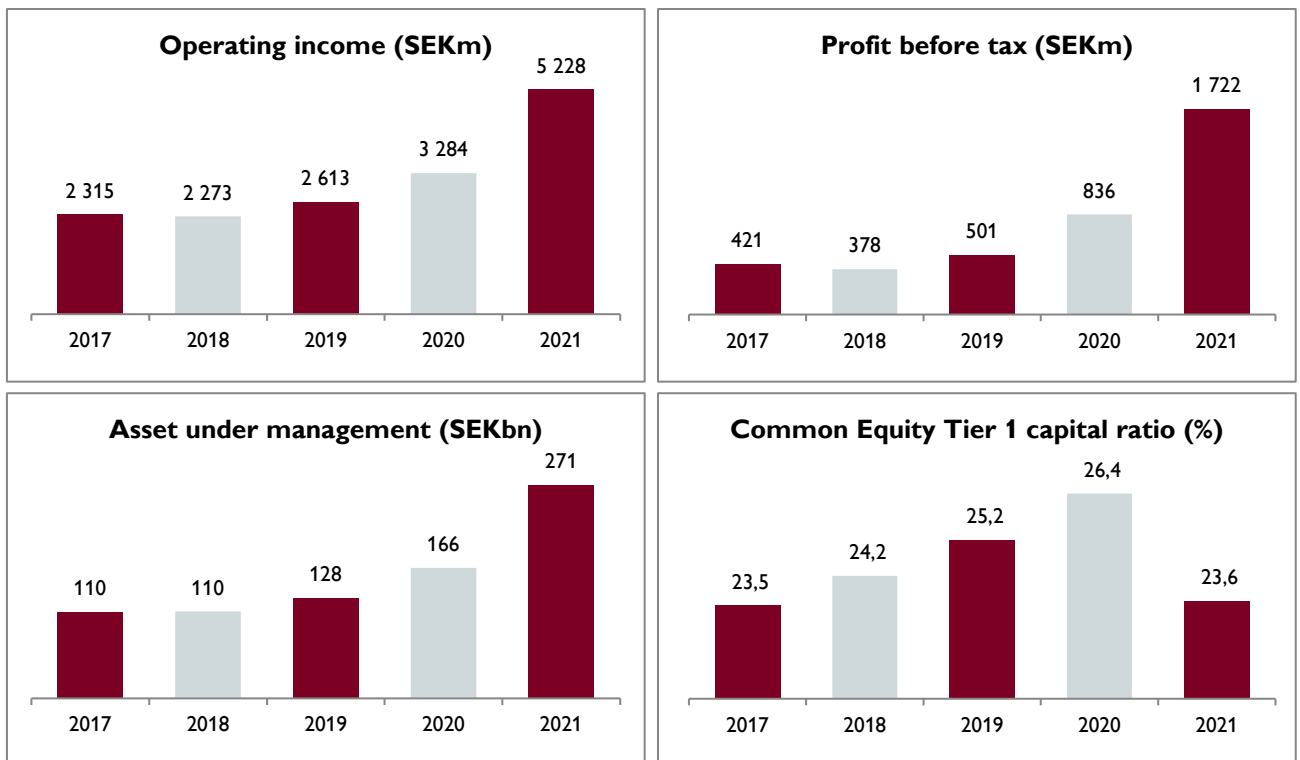
# CARNEGIE HOLDING AB

## Year-end Report

### 1 January–31 December 2021

- Operating income rose by 59 percent to SEK 5,228 million (3,284).
- Profit before tax rose by 106 percent to SEK 1,722 million (836).
- Assets under management amounted to SEK 271 billion (166).
- The common equity Tier 1 capital ratio was 23.6 percent (26.4).
- The board of directors is proposing a dividend of SEK 1,200 million (300).

#### FINANCIAL KEY DATA



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## THE YEAR IN BRIEF

The report refers to the Carnegie Group (“Carnegie”) and its parent company, Carnegie Holding AB.

- Carnegie’s leading market position combined with high market activity generated income growth of 59 percent.
  - Income within Investment Banking & Securities grew by 61 percent compared to the same period in 2020.
  - Income growth for Private Banking was 53 percent for the full year.
- Carnegie acted as the adviser in 111 ECM transactions in the Nordics, more than any other provider, including a record 51 IPOs.
- Carnegie continues to receive top marks from clients in all business areas in independent client surveys including Kantar Sifo Prospera, Financial Hearings and World Finance.
- Carnegie has bolstered its score in the annual employee survey: 96 percent (+1) say that they are engaged in their work and 94 percent (+1) say that they would recommend Carnegie as an employer.
- Operating expenses rose by 43 percent due to high business flow, new recruitments and IT investments.
- The board of directors is proposing a dividend of SEK 1,200 million (300), corresponding to 89 percent of profit for the year. The Group’s financial position remains strong, with a capital adequacy ratio of 23.6 percent (24.6). The common equity Tier 1 capital ratio and the liquidity coverage ratio both exceed legal requirements by a healthy margin.

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## CEO'S COMMENTS

### **Income growth spurred by high market activity**

While 2021 was yet another year defined by the pandemic, the mass vaccination programme begun early in the year led to simmering optimism. Strong stock market performance persisted, resulting in higher trading volume. There was also keen interest in taking companies to the market and investing in new companies, both listed and unlisted. Close cooperation among all Carnegie business units ensured that we could offer our private clients unique investment opportunities in high-growth unlisted companies, a contributing factor in the strong growth in our private client segment.

Carnegie participated in a total of 111 transactions, whereof 51 IPOs. That contributed to the number of companies covered by Carnegie's research department rose to 400; Carnegie now has the widest independent research coverage in the Nordics. The strong ecosystem that Carnegie has built through its focused and goal-oriented approach over the years has proven to be a successful strategy. Clients benefit from close cooperation among the business areas and Carnegie advisory is consequently highly sought after in the market. Client trust in Carnegie as an adviser remains strong and all business areas persistently top the rankings in independent client surveys.

Although high market activity required periods of intense work by the staff, Carnegie was able to allocate time for rest and recovery. It is also gratifying that Carnegie once again improved its employee survey score: 96 percent (+1 percent) of employees say they are engaged in their work. That our employees are happy and engaged in their work is essential to our continued success and, not least importantly, to ensuring that they are joined by other outstanding talents who choose Carnegie as an employer.

Carnegie has been working with an IT transformation in recent years aimed at modernising our infrastructure. A major system switch was carried out in October, which impacted certain app features and we have focused on dealing with this issue since then. The modern IT architecture we have now acquired gives us strong potential to further develop functionality and the offering and continue streamlining the business.

Carnegie partnered with Svenska Dagbladet Näringsliv for the eighth straight year to crown the Entrepreneur of Tomorrow. There was keen interest from the public and voting broke all previous records. The winner was Irriot, a company that develops smart irrigation systems.

In everything we do, our focus is always on clients of Carnegie. Client trust combined with employee engagement are critical to Carnegie's strong profit trend. Profit this year exceeded performance in 2020, itself a record year. Regardless of what happens in the financial markets in the future, Carnegie's mix of client focus and employee engagement is unshakable.

Björn Jansson

President and CEO, Carnegie

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## SIGNIFICANT EVENTS IN 2021

### Carnegie Sustainability Award

The Carnegie Sustainability Award was presented for the third consecutive year. The aim of the award is to highlight sustainability metrics that create share value and present good examples to inspire investors and other companies.

The 2021 winners:

**Large Cap: Ørsted.** Once one of the most coal-intensive energy companies in Europe, Ørsted has in 10 short years successfully transformed itself to become one of the most sustainable energy companies in the world. In so doing, the company has taken a position as a global leader in the transformation from brown to green energy.

**Small Cap: Camurus.** The Swedish biopharmaceutical company develops and commercialises innovative long-acting medicines for the treatment of severe and chronic conditions. The Buvidal product is used to treat opioid addiction, which is an escalating global health problem.

**Best Newcomer: Pexip.** The Norwegian company offers videoconferencing systems to companies that require high-level security. Videoconferencing systems became a business-critical tool in 2020 due to the global pandemic. Videoconferencing will remain an important tool even after the pandemic by reducing the need for business travel and contributing to lower emissions.

### Svenska Dagbladet Business Achievement Award

The SvD *Affärsbragd* Business Achievement Award for 2021 was awarded to Klarna and its founder Sebastian Siemiatkowski. Klarna and its founder Sebastian Siemiatkowski are among the growing corps of entrepreneurs who have successfully translated the technological advances and shifts in values of our time into a long-term business concept.

### The Entrepreneurs of Tomorrow

The eighth Entrepreneurs of Tomorrow finale was held in November in partnership with SvD Näringsliv. Interest in the competition ran high and a record number of SvD readers voted in this year's edition. The 2021 winner was artificial irrigation company Irriot, which has developed a wireless IoT irrigation solution focused on user benefit and profitability.

### Carnegie has received the following client recognition and awards during the period:

- For the sixth consecutive year, Carnegie was ranked first when clients evaluated Swedish Private Banking providers (Kantar Sifo Prospera, Oct 2021).
- Institutional clients in the Nordic market assessed Carnegie's Back Office capacity as the highest among all firms in the Nordics and in Sweden (Kantar Sifo Prospera, Oct. 2021).
- Institutional investors ranked Carnegie highest in Swedish equity research and sales for the sixth consecutive year. (Kantar Sifo Prospera, Dec 2021).
- For the sixth year running, Carnegie topped the adviser rankings in the Nordic market within Corporate Finance, M&A and ECM Transactions (Kantar Sifo Prospera, Dec 2021).
- Carnegie was ranked first in financial advisory and ECM transactions in Sweden for the eighth year in a row. (Kantar Sifo Prospera, Dec 2021).
- Carnegie was named Best Wealth Management Provider in Sweden by World Finance (World Finance, Jan 2021).

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- Financial Hearings recognised Carnegie as the best research house in Sweden (Financial Hearings, June 2021).

## IMPORTANT EVENTS AFTER THE PERIOD

- Carnegie became a partner in the digital investment platform Opti in January and will be represented on the company's board of directors. Carnegie's and Opti's offerings to private individuals are complementary; Opti addresses segments in which focus is on digital solutions, while Carnegie addresses segments that demand tailored solutions and personal service. In the first stage, Carnegie will own 9.8 percent of the shares in Opti, which will rise to 16.7 percent following the necessary approval from Finansinspektionen.

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## **THIS IS CARNEGIE**

Carnegie is the foremost financial adviser in the Nordics. We bring investors together with entrepreneurs and companies to enable clients, owners and society to grow sustainably. Simply put, Carnegie is where knowledge and capital meet.

### **OUR CLIENTS**

We work with companies, their owners, institutions and high net-worth individuals.

### **OUR MISSION**

We enable companies, capital and communities to grow sustainably.

### **OUR BUSINESS**

#### **Investment Banking**

Carnegie Investment Banking offers professional advisory in mergers and acquisitions (M&A) and equity capital market (ECM) transactions. The Debt Capital Markets (DCM) unit also provides advisory related to capital acquisition via corporate bonds and fixed income instruments. With unique understanding of sectors and capital markets in the Nordic region, Carnegie is a leading Nordic adviser in corporate finance. Operations in Denmark, Finland, Norway and Sweden.

#### **Securities**

Carnegie Securities offers institutional clients services within research, brokerage and sales trading and ECM translations. In addition, the Fixed Income unit offers bond research and sales. Carnegie's top-ranked research, brokerage and equity sales enjoy a globally leading position in Nordic equities. Operations in Denmark, Finland, Norway, Sweden, the UK and the US.

#### **Private Banking**

Carnegie Private Banking provides comprehensive financial advisory to high net worth individuals, small businesses, institutions and foundations. The staff includes experts in areas including asset allocation, asset management, law, tax management, pensions and trading in securities and fixed-income bonds. Operations in Denmark and Sweden.

## OPERATING INCOME STATEMENT and KEY DATA

### OPERATING INCOME STATEMENT and KEY DATA

(SEKm)	2021	2020	%
Investment Banking & Securities	4,228	2,631	61
Private Banking	1,000	653	53
<b>Operating income</b>	<b>5,228</b>	<b>3,284</b>	59
Personnel expenses	-2,768	-1,901	46
Other expenses	-720	-537	34
<b>Operating expenses</b>	<b>-3,487</b>	<b>-2,437</b>	43
<b>Operating profit</b>	<b>1,741</b>	<b>847</b>	106
Financing expenses, etc.	-19	-10	82
<b>Profit before tax</b>	<b>1,722</b>	<b>836</b>	106
Tax	-368	-197	86
<b>Profit for the year</b>	<b>1,354</b>	<b>639</b>	112
<b>Financial key data</b>			
Operating C/I ratio, %	67	74	
Operating income per employee, SEKm	8.0	5.5	
Operating expenses per employee, SEKm	5.4	4.1	
Operating profit margin, %	33	26	
Assets under management, SEKbn	271	166	
Return on equity, %	48	33	
Total assets	20,967	14,322	
<b>Financial position</b>			
Common equity Tier 1 capital ratio (CET1), %	23.6	26.4	
Equity, SEKm	3,422	2,332	
<b>Employees</b>			
Average number of employees	650	597	
Number of FTE employees at the end of the year	675	609	

See page 28 for definitions and calculations of key data.

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## MARKET & POSITION

### CORPORATE TRANSACTIONS MARKET

Carnegie once again solidified its position as the foremost Nordic adviser in Investment Banking with a record number of IPOs, which is contributing to a stable future client base in both M&A and various forms of financing. Trust in Carnegie remains strong, as confirmed by high scores in client evaluations and top placements on ranking lists.

#### **Equity capital market transactions (ECM)**

For the second consecutive year, Carnegie executed the most ECM transactions in the Nordic countries at 111 for the full year, including 51 IPOs. Carnegie's leading market position combined with high market activity generated impressive income growth for ECM. Performance varied slightly among the four Nordic offices according to the characteristics of the different markets. Carnegie acted as the global co-ordinator in several of the larger and more high-profile transactions in the Nordics, including the IPOs of AutoStore, Cint, CTEK, Kjell & Co, RevolutionRace, Spinnova, Storskogen and Trifork.

#### **Mergers, acquisitions & sales (M&A)**

Acquisition capacity is highly valued on the stock exchange, leading to increased M&A activity among listed companies. Along with persistent high activity in private equity, the overall result was a rise in the number of M&A transactions. Based on the unabated strength of Carnegie's market position, this brought growth in M&A income compared to the preceding year.

#### **Corporate bonds and fixed income instruments (DCM/Fixed Income)**

The strong trend in the credit and loan market persisted, although market anxiety driven by higher interest rates held back issue volumes somewhat in November and December. The trend towards the increasing presence of credit funds in the Nordic loan market continued in 2021 and Carnegie assisted its clients with some 20 loan financing deals, in connection to IPOs, acquisitions and refinancing arrangements, which is a steep rise compared to previous years. Bond issue volumes also climbed and 2021 ended as a record year in terms of issued volume.

#### **Nordic equity market (Equity Research & Trading)**

The 2021 market year was characterised by a high activity level in both primary and secondary trading and strong price performance in the market with very good underlying profit in listed companies. On the strength of a large network of global institutional investors, the Carnegie equity sales organisation successfully created liquidity in less liquid small and midcap companies. As a natural evolution of the large number of companies taken to the market, Securities increased the number of covered companies to 400 during the year. With that accomplished, Securities now has the widest research coverage of Nordic companies, excluding sponsored research.

Performance in fixed income trading during the year was characterised by lower volatility and slightly fewer transactions than expected.



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The high market activity combined with the advances in Securities' market positions in both primary and secondary trading contributed to good profitability in all regions. For the sixth year running, Carnegie took first place in Prospera's annual survey of institutional investors. Carnegie also won more than half of the research categories in the annual Financial Hearings survey and was recognised as the best research house in Sweden for the eighth consecutive year.

## **CAPITAL AND WEALTH MANAGEMENT MARKET**

The 2021 stock market year was off to a strong start after the extreme movements in 2020. The positive correction continued through the first half, while the second half was somewhat less stable. The market situation in the low interest rate environment spurred high activity in the equity market, both from the client side and for Carnegie. The total market for Private Banking in Sweden has expanded in recent years. Assets under management rose in 2021, as did new client inflow on the strength of high market attractiveness and unique investment opportunities. These included offering investments to clients in the private debt fund Ture Invest and the unlisted property company Green Yield, which acquires brown properties and converts them to green.

Sustainability is a priority area within Private Banking where developments have accelerated in recent years, mainly in three areas: energy conversion, green transport and future foods. Carnegie recruited several employees in 2021 whose work is dedicated to sustainability issues.

Carnegie initiated the Carnegie Accelerator network in 2021, in which the bank shares its knowledge in capital acquisition, acquisition preparation and IPOs with company founders, owners and entrepreneurs. The entrepreneurs also share their challenges and how they overcame them.

Private Banking's regular and popular activities and conferences, such as Themed Seminars, The Investment Year and The Autumn Stock Exchange, are an important aspect of building client relationships. Several were carried out in 2021 as digital events, which provide opportunities for more clients to participate from geographically far-flung locations.

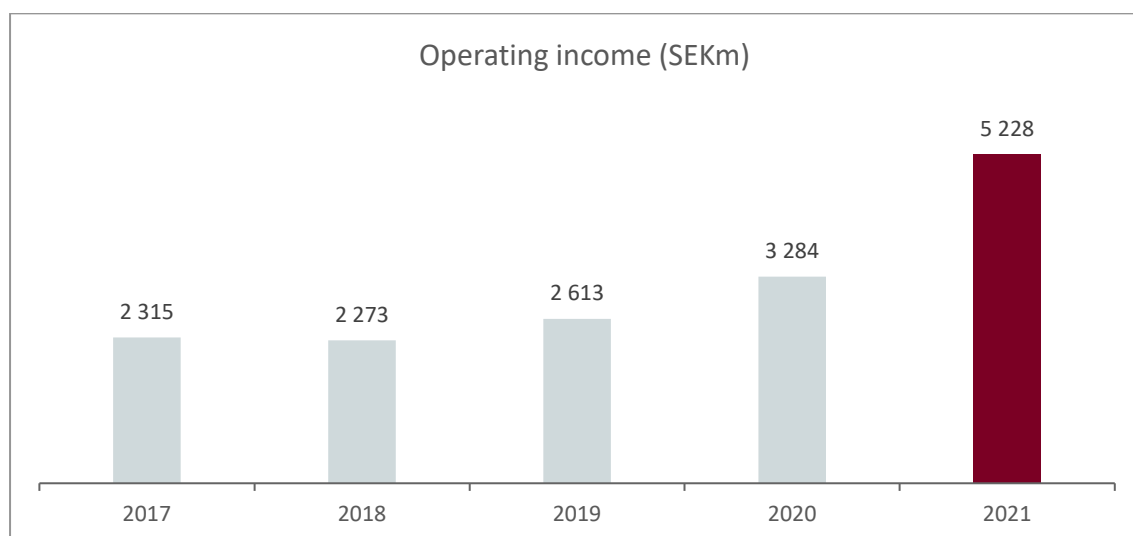
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## GROUP FINANCIAL PERFORMANCE

### INCOME

Group operating income amounted to SEK 5,228 million (3,284), an increase of 59 percent compared to the preceding year. Both business areas contributed to the strong performance, where ECM transactions were the main driver of the positive trend.

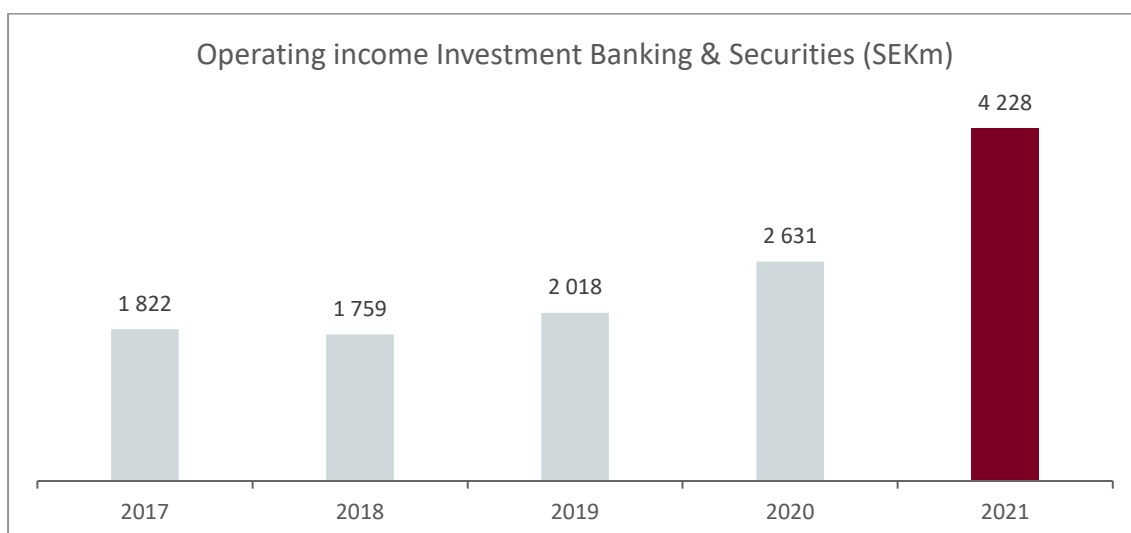
The chart below illustrates incomes per full year for the last five years and shows an increase of better than 125 percent between 2017 and 2021, corresponding to average annual growth of 23 percent.



### Investment Banking & Securities

Income within Investment Banking & Securities is generated via advisory fees related to ECM transactions and M&A, bond-related advisory income, commissions related to brokerage services and ECM transactions, and charges related to equity research. Investment Banking & Securities is reporting income of SEK 4,228 million (2,631) representing a 61 percent increase compared to 2020. With a record number of IPOs, ECM transactions were the main income driver but income from M&A and corporate transactions also rose. The strongest performance in Investment Banking was in Norway (+110 percent), driven primarily by ECM transactions combined with strong growth in M&A.

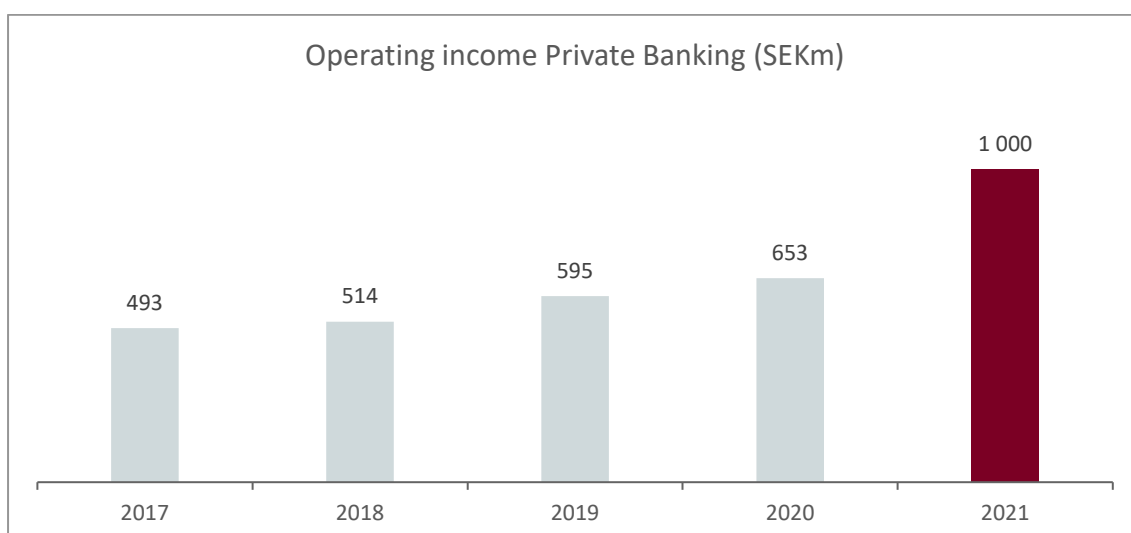
The chart below illustrates incomes per full year for the last five years and shows growth of nearly 130 percent between 2017 and 2021, corresponding to average annual growth of 23 percent.



### Private Banking

Income in Private Banking is generated mainly from discretionary management, advisory, net interest income and charges related to securities transactions. Income in Private Banking amounted to SEK 1,000 million (653), an increase of 53 percent compared to 2020. Assets under management grew from SEK 166 billion to SEK 271 billion alongside higher new client inflow.

The chart below illustrates incomes per full year for the last five years and shows increases of better than 50 percent between 2017 and 2021, corresponding to average annual growth of 19 percent.

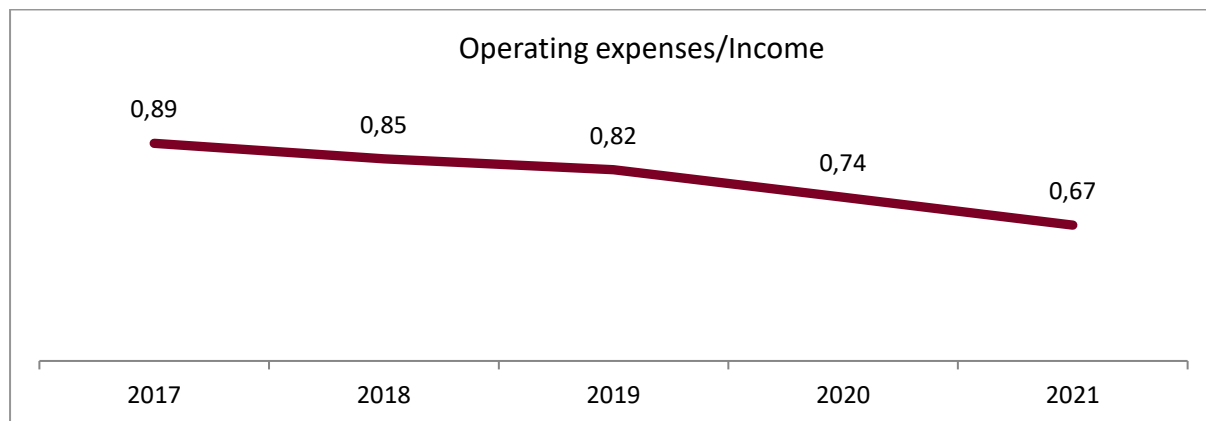


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## COSTS

Operating expenses rose by 43 percent due to high business flow, new recruitments and IT investments.

The chart below illustrates the relationship between operating expenses and operating income for the past 5 years.



## PROFIT

Profit before tax for the period was SEK 1,722 million (836), up 106 percent from the same period last year. Profit after tax for the period amounted to SEK 1,354 million (639).

## INVESTMENTS

Consolidated investments in non-current assets amounted to SEK 15 million (33) during the period.

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## FINANCIAL POSITION

The Group has a strong financial position owing to persistently good profitability and low exposure to financial risks. Two thirds of consolidated risk-weighted assets are comprised of operational risk and structural risk arising from ownership of foreign subsidiaries. Risk in the trading book makes up only one-half of one percent of consolidated risk-weighted assets.

The Group's liquidity investments have a low risk profile including short duration with exposure to institutions and instruments with low credit risk. Surplus liquidity is invested primarily in certificates, government and municipal bonds and senior secured notes with a minimum AAA rating. All investments have short maturities.

The common equity Tier 1 capital ratio (CET1) and the capital adequacy ratio were both 23.6 percent (26.4). Further information and comparative figures are presented in Note 3. A more detailed description of Carnegie's capital adequacy and liquidity is available online at [www.carnegie.se](http://www.carnegie.se).

The Group's financing comprises equity and deposits from the public. Equity accounts for 16 percent (16), deposits from the public account for 68 percent (68) and other debt accounts for 16 percent (16) of the balance sheet total.

## OVERVIEW OF THE PARENT COMPANY

Net sales in the parent company amounted to SEK 0 million (0). Net financial income amounted to SEK 1,209 million (305) and the net profit for the year was SEK 1,200 million (273).

There were no investments in fixed assets during the period (-). Liquidity, defined as cash and bank balances, was SEK 4 million (2) as of 31 December 2021. Equity amounted to SEK 2,985 million (2,086) as of 31 December 2021.

## RISKS AND UNCERTAINTIES

By nature of its business activities, the Carnegie Group is exposed to market, credit, liquidity and operational risks.

- Market risk is defined as the risk of loss due to, among else, the impact of movements in equity prices, interest rates or exchange rates.
- Credit risk is defined as the risk of loss due to failure of counterparties to fulfil contractual obligations. Credit risk originates mainly from lending to clients with shares as underlying collateral.
- Liquidity risks are linked to the need for, and access to, liquidity in operations.
- Operational risk refers to the risk of loss resulting from inadequate and/or failed processes or systems, the human factor, or external events.

No significant events occurred in 2021.

A more detailed description of risk and risk management at Carnegie is provided in the 2020 annual report and online at [www.carnegie.se](http://www.carnegie.se).

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## **RELATED PARTY TRANSACTIONS**

Carnegie's transactions with related parties are reported in Note 32 of the 2020 annual report. No material changes have subsequently occurred.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(SEKm)	2021	2020
Commission income	5,268	3,313
Commission expenses	-78	-67
<b>Net commission income</b>	<b>5,190</b>	<b>3,246</b>
Interest income	87	75
Interest expenses	-37	-27
<b>Net interest income</b>	<b>51</b>	<b>48</b>
Net loss from financial transactions	-12	-5
<b>Total operating income</b>	<b>5,229</b>	<b>3,289</b>
Personnel expenses	-2,768	-1,901
Other administrative expenses	-620	-479
Depreciation and amortisation of tangible and intangible assets	-111	-75
<b>Total operating expenses</b>	<b>-3,499</b>	<b>-2,454</b>
<b>Profit before credit losses</b>	<b>1,730</b>	<b>834</b>
Credit losses, net	-8	2
<b>Profit before tax</b>	<b>1,722</b>	<b>836</b>
Tax	-368	-197
<b>Net profit for the year</b>	<b>1,354</b>	<b>639</b>
<b>Other comprehensive income</b>		
Items that may subsequently be reclassified to the income statement		
Translation of foreign operations	35	-32
<b>Total comprehensive income for the year</b>	<b>1,389</b>	<b>607</b>

The profit is attributable in its entirety to the owners of the parent company.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(SEKm)	Note	31 Dec 2021	31 Dec 2020
<b>Assets</b>			
Cash and bank deposits with central banks		1,289	14
Negotiable government securities	1	6,525	3,960
Loans to credit institutions <sup>1)</sup>		5,537	3,710
Loans to the general public		4,179	3,148
Bonds and other interest-bearing securities	1	1,631	1,827
Shares and participations	1	377	535
Derivative instruments	1	10	15
Intangible assets		0	26
Tangible fixed assets		362	256
Current tax assets		280	118
Deferred tax assets		162	148
Other assets	2	418	492
Prepaid expenses and accrued income		198	72
<b>Total assets</b>		<b>20,967</b>	<b>14,322</b>
<b>Liabilities and equity</b>			
Liabilities to credit institutions		54	137
Deposits and borrowing from the general public <sup>1)</sup>		14,355	9,749
Short positions, shares	1	63	24
Derivative instruments	1	13	33
Current tax liabilities		384	220
Other liabilities	2	852	654
Accrued expenses and prepaid income		1,764	1,111
Other provisions		62	62
Equity		3,422	2,332
<b>Total liabilities and equity</b>		<b>20,967</b>	<b>14,322</b>
<b>Pledged assets and contingent liabilities</b>			
Pledged assets		1,463	1,067
Contingent liabilities		402	599

<sup>1)</sup> Whereof client funds, SEK 998m (216).



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(SEKm)	Jan-Dec 2021	Jan-Dec 2020
Equity – opening balance, 1 January 2021	2,332	1,725
Dividends paid	-300	0
Total comprehensive income for the year	1,389	607
<b>Equity – closing balance at 31 December 2021</b>	<b>3,422</b>	<b>2,332</b>

## CONSOLIDATED CASH FLOW STATEMENTS

(SEKm)	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities	3,881	3,168
Cash flow from investing activities	-15	-33
Cash flow from financing activities	-371	-65
<b>Cash flow for the year</b>	<b>3,495</b>	<b>3,070</b>
Cash and cash equivalents at the beginning of the period <sup>1)</sup>	7,131	4,117
Translation differences in cash and cash equivalents	79	-56
<b>Cash and cash equivalents at the end of the period<sup>1)</sup></b>	<b>10,706</b>	<b>7,131</b>

<sup>1)</sup> Excluding loans to credit institutions that are not payable on demand, cash and cash equivalents pledged as collateral and client funds.

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## PARENT COMPANY INCOME STATEMENT

<b>(SEKm)</b>	<b>2021</b>	<b>2020</b>
Net sales	-	-
Other external costs	-8	-1
Personnel expenses	-1	-1
<b>Operating loss</b>	<b>-9</b>	<b>-2</b>
Interest expenses and similar expenses	0	0
Profit from participations in subsidiaries	1,209	305
<b>Profit from financial items</b>	<b>1,209</b>	<b>305</b>
<b>Profit before tax</b>	<b>1,200</b>	<b>303</b>
Tax	0	-30
<b>Profit for the year</b>	<b>1,200</b>	<b>273</b>

## PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

<b>(SEKm)</b>	<b>2021</b>	<b>2020</b>
<b>Profit for the year</b>	<b>1,200</b>	<b>273</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>1,200</b>	<b>273</b>

## PARENT COMPANY BALANCE SHEET

(SEKm)	31 Dec 2021	31 Dec 2020
<b>Assets</b>		
Shares and participations in group companies	1,780	1,780
<b>Total financial non-current assets</b>	<b>1,780</b>	<b>1,780</b>
Receivables from group companies	1,209	305
Prepaid expenses and accrued income	10	0
Cash and bank balances	4	2
<b>Total current assets</b>	<b>1,223</b>	<b>307</b>
<b>Total assets</b>	<b>3,004</b>	<b>2,087</b>
<b>Equity and liabilities</b>		
Equity	2,985	2,086
Liabilities to group companies	-	1
Trade accounts payable	-	1
Current tax liabilities	0	-
Other current liabilities	0	0
Accrued expenses and prepaid income	18	0
<b>Total equity and liabilities</b>	<b>3,004</b>	<b>2,087</b>
<b>Pledged assets and contingent liabilities</b>		
Pledged assets	0	0
Contingent liabilities	113	113

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(SEKm)	Jan-Dec 2021	Jan-Dec 2020
Equity – opening balance at 1 January 2021	2,086	1,813
Dividends paid	-300	0
Total comprehensive income for the period	1,200	273
<b>Equity – closing balance at 31 December 2021</b>	<b>2,985</b>	<b>2,086</b>

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## ACCOUNTING POLICIES

With respect to the Group, this report was prepared in compliance with IAS 34 Interim Reporting, the Swedish Act on Annual Reports of Credit Institutes and Securities Companies (ÅRKL 1995:1559) and the Regulations and general recommendations regarding annual reporting of credit institutions and securities companies issued by the Swedish Financial Supervisory Authority (FFFS 2008:25). RFR 1, Supplementary Accounting Regulations for Corporate Groups, issued by the Swedish Financial Accounting Standards Council, was also applied. The parent company's accounts were prepared in accordance with the Swedish Annual Accounts Act (1995:1554, ÅRL) and recommendation RFR 2 Accounting of Legal Entities issued by the Swedish Financial Accounting Standards Council.

The accounting policies and calculation methods applied in this report are identical to those applied in the 2020 annual report.

Please note that rounding in the report may result in amounts in SEK millions not agreeing when summed. Unless otherwise specified, all comparison figures in the report refer to the corresponding period in 2020.

### **New and amended accounting standards effective 1 January 2021**

Amendments to accounting standards have had no impact on Carnegie's financial statements.

## NOTE 1 - Group financial instruments

### Classification of financial instruments

31 Dec 2021

(SEKm)	Amortised cost	Fair value through profit and loss	Non-financial assets/liabilities	Total
<b>Assets</b>				
Cash and bank deposits with central banks	1,289	-	-	1,289
Negotiable government securities	6,525	-	-	6,525
Loans to credit institutions	5,537	-	-	5,537
Loans to the general public	4,179	-	-	4,179
Bonds and other interest-bearing securities	1,625	6	-	1,631
Shares and participations	-	377	-	377
Derivative instruments	-	10	-	10
Other assets	334	-	84	418
Prepaid expenses and accrued income	120	-	78	198
<b>Total</b>	<b>19,609</b>	<b>393</b>	<b>162</b>	<b>20,164</b>
<b>Liabilities</b>				
Liabilities to credit institutions	54	-	-	54
Deposits and borrowing from the general public	14,355	-	-	14,355
Short positions, shares	-	63	-	63
Derivative instruments	-	13	-	13
Other liabilities	741	-	111	852
Accrued expenses and prepaid income	1,764	-	-	1,764
<b>Total</b>	<b>16,913</b>	<b>75</b>	<b>111</b>	<b>17,100</b>

31 Dec 2020

(SEKm)	Amortised cost	Fair value through profit and loss	Non-financial assets/liabilities	Total
<b>Assets</b>				
Cash and bank deposits with central banks	14	-	-	14
Negotiable government securities	3,960	-	-	3,960
Loans to credit institutions	3,710	-	-	3,710
Loans to the general public	3,148	-	-	3,148
Bonds and other interest-bearing securities	1,824	3	-	1,827
Shares and participations	0	535	-	535
Derivative instruments	0	15	-	15
Other assets	389	-	104	492
Prepaid expenses and accrued income	16	-	57	72
<b>Total</b>	<b>13,060</b>	<b>553</b>	<b>160</b>	<b>13,773</b>

<b>Liabilities</b>				
Liabilities to credit institutions	137	-	-	<b>137</b>
Deposits and borrowing from the general public	9,749	-	-	<b>9,749</b>
Short positions, shares	-	24	-	<b>24</b>
Derivative instruments	-	33	-	<b>33</b>
Other liabilities	625	-	29	<b>654</b>
Accrued expenses and prepaid income	1,111	-	-	<b>1,111</b>
<b>Total</b>	<b>11,621</b>	<b>57</b>	<b>29</b>	<b>11,707</b>

## Determination of the fair value of financial instruments

When the Group determines the fair value of financial instruments, various methods are used depending upon the degree of observability of market data upon measurement and market activity. A regulated or reliable marketplace on which quoted prices are readily available and demonstrate sufficient frequency is considered an active market. Activity is assessed on an ongoing basis by analysing factors such as differences in bid and ask prices

The methods are divided into three different levels:

Level 1 – Financial assets and financial liabilities valued on the basis of unadjusted quoted prices from an active market for identical assets or liabilities.

Level 2 – Financial assets and financial liabilities valued on the basis of either:

- a) adjusted quoted prices for similar assets or liabilities, or identical assets or liabilities from markets not deemed to be active; or
- b) measurement models based primarily on directly or indirectly observable inputs. Observable inputs are derived using market data such as public information about actual events or transactions, which reflects the assumptions that market actors would use in pricing the asset or liability.

Level 3 – Financial assets and financial liabilities that are not measured based on observable market data.

The level in the fair value hierarchy at which a financial instrument is classified is determined based on the lowest level of inputs material to the fair value in its entirety.

In cases where there is no active market, fair value is determined using established measurement methods and models. In these cases, assumptions that cannot be derived directly from a market are applied. These assumptions are then based on experience and knowledge about measurement in the financial markets. The goal is always, however, to maximise the use of data from an active market. Where deemed necessary, relevant adjustments are made to reflect a fair value in order to correctly reflect the parameters contained in the financial instrument and which must be reflected in its measurement.

The fair value of financial instruments recognised at fair value through profit or loss is determined primarily based on quoted closing prices for the assets on the reporting date.

Currency forwards are measured at fair value by using the current exchange rate and interest level.

Derivatives linked to equities and equity indices, consisting of forward contracts and options listed on Nasdaq are measured primarily at the official market prices. If such are outdated,

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unavailable or deemed misleading, a theoretical measurement is used based on observable market data. The measurement is carried out according to generally accepted models.

Unlisted derivatives are found to a minor extent. Where possible, they are measured based on the issuer's price. If that is impossible, they are measured based on observable market data and generally accepted models.

For lending and borrowing at a variable rate of interest, including loans secured by financial instruments or residential property, which are recognised at amortised cost, the carrying amount is deemed to coincide with fair value. For financial assets and financial liabilities in the statement of financial position with a remaining maturity of less than six months, the carrying amount is deemed to reflect fair value.

Fair value - financial instruments

31 Dec 2021

(SEKm)	Level 1	Level 2	Level 3	Total
<b>Financial assets recognised at fair value</b>				
Bonds and other interest-bearing securities	-	6	-	6
Shares and participations	342	-	35	377
Derivative instruments	-	10	-	10
<b>Total</b>	<b>342</b>	<b>16</b>	<b>-</b>	<b>393</b>
<b>Financial assets recognised at fair value for disclosure purposes</b>				
Cash and bank deposits with central banks	-	1,289	-	1,289
Negotiable government securities	-	6,523	-	6,523
Loans to credit institutions	-	5,537	-	5,537
Loans to the general public	-	4,179	-	4,179
Bonds and other interest-bearing securities	1,626	-	-	1,626
Other assets	-	334	-	334
Accrued income	-	120	-	120
<b>Total</b>	<b>1,626</b>	<b>17,982</b>	<b>-</b>	<b>19,608</b>
<b>Financial liabilities recognised at fair value</b>				
Short positions, shares	63	-	-	63
Derivative instruments	-	13	-	13
<b>Total</b>	<b>63</b>	<b>75</b>	<b>-</b>	<b>75</b>
<b>Financial liabilities recognised at fair value for disclosure purposes</b>				
Liabilities to credit institutions	-	54	-	54
Deposits and borrowing from the general public	-	14,355	-	14,355
Other liabilities	-	741	-	741
Accrued expenses	-	1,764	-	1,764
<b>Total</b>	<b>-</b>	<b>16,913</b>	<b>-</b>	<b>16,913</b>

31 Dec 2020

(SEKm)	Level 1	Level 2	Level 3	Total
<b>Financial assets recognised at fair value</b>				
Bonds and other interest-bearing securities	-	3	-	3
Shares and participations	493	-	42	535
Derivative instruments	-	15	-	15
<b>Total</b>	<b>493</b>	<b>18</b>	<b>42</b>	<b>553</b>



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**Financial assets recognised at fair value for disclosure purposes**

Cash and bank deposits with central banks	-	14	-	14
Negotiable government securities	-	3,960	-	3,960
Loans to credit institutions	-	3,710	-	3,710
Loans to the general public	-	3,148	-	3,148
Bonds and other interest-bearing securities	1,825	-	-	1,825
Other assets	-	389	-	389
Accrued income	-	16	-	16
<b>Total</b>	<b>1,825</b>	<b>11,236</b>	<b>-</b>	<b>13,061</b>

**Financial liabilities recognised at fair value**

Short positions, shares	24	-	-	24
Derivative instruments	-	33	-	33
<b>Total</b>	<b>24</b>	<b>33</b>	<b>-</b>	<b>57</b>

**Financial liabilities recognised at fair value for disclosure purposes**

Liabilities to credit institutions	-	137	-	137
Deposits and borrowing from the general public	-	9,749	-	9,749
Other liabilities	-	625	-	625
Accrued expenses	-	1,111	-	1,111
<b>Total</b>	<b>-</b>	<b>11,621</b>	<b>-</b>	<b>11,621</b>

**Description of measurement levels**

Level 1 mainly contains shares and municipal bonds for which quoted prices were used in the measurement.

Level 1 mainly contains derivative instruments and interest-bearing securities. Derivatives linked to equities and equity indices are measured using generally accepted models and based on observable market data. In other cases, issuer prices or the last price paid are used.

Level 3 contains other financial instruments where internal assumptions have material impact on the calculation of fair value. The Group holds no assets in this category.

**Transfers between levels**

There have been no transfers between the levels during the year or during the comparison periods.

## NOTE 2 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The table below presents the financial assets and liabilities that are presented net in the balance sheet. At the closing date, these financial instruments comprised of securities trading receivables and securities trading liabilities.

31 Dec 2021			
Financial assets and liabilities subject to offsetting			
(SEKm)	Gross amounts	Offset	Net amounts in balance sheet
<b>Assets</b>			
Securities trading receivables <sup>1)</sup>	3,083	-2,983	100
<b>Liabilities</b>			
Securities trading liabilities <sup>2)</sup>	3,134	-2,983	151
31 Dec 2020			
Financial assets and liabilities subject to offsetting			
(SEKm)	Gross amounts	Offset	Net amounts in balance sheet
<b>Assets</b>			
Securities trading receivables <sup>1)</sup>	1,686	-1,465	222
<b>Liabilities</b>			
Securities trading liabilities <sup>2)</sup>	1,534	-1,465	69

<sup>1)</sup> Included in the balance sheet item "Other assets"

<sup>2)</sup> Included in the balance sheet item "Other liabilities"

## NOTE 3 CAPITAL ADEQUACY

### NOTE 3 CAPITAL ADEQUACY

(SEKm)	Carnegie Group	
	31 Dec	31 Dec
	2021	2020
<b>Capital base, SEKm</b>		
Equity instruments and associated premium reserve	922	922
Retained earnings and reserves	2,524	1,482
Other comprehensive income	-24	-72
Less dividend	-1,200	-300
Goodwill and intangible assets	0	-26
Deferred tax assets	-2	-8
Further value adjustments	0	-1
<b>Common equity Tier 1 capital</b>	<b>2,220</b>	<b>1,998</b>
<b>Tier 1 capital</b>	<b>2,220</b>	<b>1,998</b>
<b>Capital base for capital adequacy purposes</b>	<b>2,220</b>	<b>1,998</b>
<b>Capital requirements</b>		
Credit risk (standardised method)	241	195
Trading book risk	3	7
Currency risk	98	41
Operational risk (base method)	411	361
<b>Total capital requirement</b>	<b>753</b>	<b>605</b>
Surplus capital	1,466	1,393
<b>Financial position</b>		
Equity, SEKm	3,422	2,332
Common equity Tier 1 capital, SEKm	2,220	1,998
Capital base, SEKm	2,220	1,998
Risk-weighted assets, SEKm	9,416	7,561
Common equity Tier 1 capital ratio (CET1), %	23.6	26.4
Capital adequacy ratio, %	23.6	26.4

## HISTORICAL DATA – GROUP<sup>1)</sup>

<b>Statements of comprehensive income, SEKm</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Continuing operations</b>					
Total income	5,229	3,289	2,830	2,448	2,472
Personnel expenses	-2,768	-1,901	-1,541	-1,480	-1,473
Other expenses	-731	-553	-612	-582	-538
Expenses before credit losses	-3,499	-2,454	-2,153	-2,062	-2,011
<b>Profit before credit losses</b>	<b>1,730</b>	<b>834</b>	<b>677</b>	<b>386</b>	<b>461</b>
Credit losses, net	-8	2	-5	4	2
<b>Profit before tax</b>	<b>1,722</b>	<b>836</b>	<b>672</b>	<b>390</b>	<b>463</b>
Tax	-368	-197	-78	-90	-124
<b>Profit for the year from continuing operations</b>	<b>1,354</b>	<b>639</b>	<b>593</b>	<b>300</b>	<b>339</b>
<b>Discontinued operations<sup>1</sup></b>					
Profit for the year from discontinued operations	-	-	-	-	7
<b>Profit for the year</b>	<b>1,354</b>	<b>639</b>	<b>593</b>	<b>300</b>	<b>346</b>
<i>Whereof profit from assets held for sale</i>	-	-	171	13	-
<b>Profit for the year excluding profit from assets held for sale</b>	<b>1,354</b>	<b>639</b>	<b>422</b>	<b>287</b>	<b>346</b>
<b>Financial key data, continuing operations</b>					
C/I ratio, %	67	75	76	84	81
Income per employee, SEKm	8.0	5.5	5.0	4.1	4.2
Expenses per employee, SEKm	5.4	4.1	3.8	3.4	3.4
Profit margin, %	33	25	24	16	19
Assets under management, SEKbn	271	166	128	110	110
Return on equity, % <sup>2</sup>	48	33	23	15	22
Total assets, SEKm	20,967	14,322	11,285	12,611	12,363
<b>Financial position</b>					
Common equity Tier 1 capital ratio (CET1), %	23.6	26.4	25.2	24.2	23.5
Equity, SEKm	3,422	2,332	1,725	2,024	1,917
<b>Employees, continuing operations</b>					
Average number of employees	650	597	569	600	590
Number of employees at the end of the year	675	609	585	606	598

<sup>1)</sup> The historical overview is based on the statutory statements of comprehensive income. Discontinued operations include operations within third-party distribution of structured products for 2017.

<sup>2)</sup> Profit for 2019 is adjusted for profit from assets held for sale.

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## DEFINITIONS – ALTERNATIVE PERFORMANCE MEASURES\*

### Average number of employees

The number of employees at the end of each month divided by number of months.

### Capital adequacy\*

Total regulatory capital base as a percentage of risk-weighted assets.

### Capital requirements

A measure of how much capital an institution must have given the risks involved in the business.

### Common equity Tier 1 capital ratio

Total regulatory common equity Tier 1 capital as a percentage of risk-weighted assets.

### Cost/income (C/I) ratio\*

Total costs before credit losses as a percentage of total income.

### Income per employee

Total income for the period divided by the average number of employees.

### Number of employees at end of period (FTE)

The number of annual employees (full-time equivalents) at the end of the period.

### Operating C/I ratio\*

Operating expenses as a percentage of operative income.

### Operating expenses\*

Operating expenses excluding financing costs and credit losses.

### Operating income\*

Operating income excluding income not generated by our business areas.

### Operating expenses per employee\*

Operating expenses for the period divided by the average number of employees.

### Operating income per employee\*

Operating income for the period divided by the average number of employees.

### Operating profit or loss\*

Operating profit or loss excluding financing costs and credit losses.

### Operating profit margin\*

Operating profit as a percentage of operating income.

### Profit margin

Profit or loss before tax as a percentage of total income.

### Return on equity\*

Twelve months' rolling profit or loss divided by average equity, adjusted for the effect of deferred tax on loss carryforwards.

## Bridge between alternative performance measures and the financial statements

A more detailed description of the calculation method is required for some performance measures.

**Return on equity, continuing operations** – To calculate average equity adjusted for the effect of deferred tax on loss carryforwards, we have used equity for the past 13 months and loss carryforwards for the past 13 months, divided thereafter by the number of months,  $\sum (\text{equity} - \text{loss carryforwards})/13$

**Return on equity** – To calculate average equity adjusted for the effect of deferred tax on loss carryforwards; see above.

**Operating income statement** – The differences between the Consolidated statements of comprehensive income on page 14 and the Operating income statement on page 7 are:

- SEK -11 million has been moved from Operating income to the line item Financing expenses, etc.
- SEK 11 million has been moved from Operating income to Operating expenses
- Net credit losses of SEK -8 million are included in the line item Financing expenses, etc.

The net change is SEK 19 million, which comprises income of SEK -11 million unrelated to the business areas and a cost of SEK -8 million from a loss allowance adjustment under IFRS 9.

\*Alternative Performance Measures, APM, are financial measures of historical or future financial performance, financial position, or cash flows that are not defined in the applicable reporting framework (IFRS) or in the EU Capital Requirements Directive (CRD)/Capital Requirements Regulation (CRR). Carnegie uses APM when it is relevant to track and describe Carnegie's financial performance and position and to provide further relevant information and tools to enable analysis of the same. APMs that describe Operating C/I ratio, Operating income and expenses per employee, Operating profit margin, like the profit margin and return on equity measures, provide information about Carnegie's earnings capacity and efficiency from various angles. All of these measures may differ from similar key data presented by other entities. How the performance measures are calculated is noted above.

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## REVIEW

This report has not been reviewed by the company's auditors.

Carnegie Holding AB  
Stockholm, 22 February 2022

**Björn Jansson**  
Chief Executive Officer